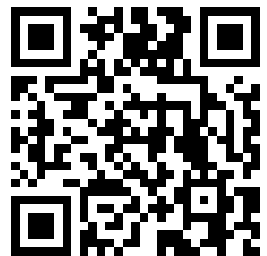

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Journal
of
The American Asiatic Association
VOL. IV.

Ch2.1(4)

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Journal of The American Asiatic Association

VOL. IV.

February, 1904
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NUMBER I

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THE balance hangs in even poise between peace and war. The public opinion of the United States has pronounced itself with remarkable unanimity in favor of Japan and against the pretensions of Russia. With but few exceptions, the leading newspapers of the country are anti-Russian; and the side which has the sympathies of our Government is that of Japan. That the permitted utterances of the Russian press should show a good deal of feeling in regard to the apparent alienation of American sentiment is not a matter of surprise. The legend that American friendship could be steadily counted on as a return for the attitude of Russia during our civil war, has been most sedulously nursed, and was thought to be one of the most valuable assets of Russian diplomacy. The growing perception of the highly unsubstantial nature of the services rendered by Russia to the cause of the Union, has had something to do with qualifying the feeling of gratitude, but the effective cause of the almost total extinction of pro-Russian feeling here must be sought in the reasons which have combined to make Russia despised and distrusted throughout the civilized world. A Government without honor, scruple, or common honesty; the natural foe of all liberty and all enlightenment; can hardly wonder at the position of isolation in which it finds itself in the present crisis of its affairs. A diplomacy of unblushing falsehood and a policy of brute force are the weapons which Russia has steadily employed in her advance from the Ural Mountains to the Pacific. A frontier that no treaties could confine, and a lust for territory that no concessions could satisfy, have been the uniform accompaniments of the secular advance of the Empire of the Czars. It is a perception of the fact that Japan is fighting the battle of civilization in resisting the further progress of a Power whose influence falls like a blight on everything it touches, that, apart from all special considerations of trade, or of national interest, has created a sentiment among the American people which can hardly fail to determine the attitude of their Government during the course and at the conclusion of the impending conflict.

OUR Government has shown very conclusively how it regards the Russian position in Manchuria, by hastening the ratification of the new commercial treaty with China, and by promptly nominating the consuls who are to represent the country at the new treaty ports at Mukden and Antung. Accompanying the President's proclamation of January 13, declaring this treaty in effect, a very significant memorandum was issued to the press by the State Department. After alluding to the fact that the provision of the treaty which most interests the public is the opening

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of two new localities in Manchuria to foreign trade, the memorandum went on to say: "It is highly probable that the presence in these localities at an early date of American consular officers, and those of other nationalities, will greatly tend to the establishment of order in this much disturbed borderland of China, and will powerfully contribute toward insuring the principles of the 'open door', to which this country stands irrevocably committed, as well as aiding in insuring the integrity of China and its administrative control over its Manchurian provinces." Oblivious of the fact that the concluding phrase was a textual repetition of a previous declaration of Secretary Hay, the ever alert Count Cassini hastened to the Department of State to discover whether there was a veiled menace in the words which had been used. Of the result of his interview with the Secretary of State, we have only the Count's own version, and that, with characteristic disregard of diplomatic propriety, he gave out without submitting it to Mr. Hay. On January 15, there was sent to the newspapers a statement that what might have developed into an unfortunate misunderstanding between the Governments of the United States and Russia, regarding the interest of the United States in Manchuria was "adjusted" at a conference at the State Department between the Secretary of State and the Russian Ambassador. It was added that, as a result, the Russian Government would be advised by the Ambassador that he has the best assurances that the interest of this country in Manchuria "is absolutely and exclusively commercial, and that the consuls sent to Mukden and Antung will confine their activities to the faithful care of American trade interests in that province."

THERE is the best possible reason for saying that the Russian Ambassador received no such assurances from Secretary Hay. The functions of the consuls at the new treaty ports will, of necessity, be more political or diplomatic, than commercial. They are certainly not to be sent there because the United States has, in either port, or is likely in the near future to have, any considerable interests of trade which demand their attention. They will be expected to cooperate with the Government they represent in its declared policy of "aiding and insuring the integrity of China and its administrative control over its Manchurian provinces," and one obvious way of doing so, will be to report whatever influences come under their notice tending to impair that integrity or divert into other hands that administrative control. It is a piece of uncommon good fortune that our Government should be able to secure for its representative at Mukden a man so thoroughly qualified to deal intelligently and discreetly with the situation which he will find there as Mr. Fleming D. Cheshire. To our readers in China, the qualifications of Mr. Cheshire for the post for which he has been appointed are sufficiently well known, and during his residence here he has been able to demonstrate how thorough is his mastery of the Chinese language and his knowledge of all subjects bearing on the interests of the Chinese people. Mr. James W. Davidson who has been appointed to Antung, though a man of much less experience, is eminently well fitted for such duties as his new post may demand. Altogether, the choice made of our representatives at the new Manchurian treaty ports is not calculated to sustain the assurances which Count Cassini says he felt warranted in conveying to his Government in regard to the policy which the United States proposes to pursue in the Far East.

THE ratification of the Japanese treaty, simultaneously with our own, was equally an event calculated to give the Russian Government cause for reflection. In addition to the treaty ports in Manchuria, conceded to the United States, Japan secures Tatungkou, at the mouth of the Yalu and Changsha-fu, in the province of Hunan, and obtains the very significant concession that in case of and after the complete withdrawal of the foreign troops stationed in the province of Chihli and of the Legation guards, a place of international residence and trade in Peking shall be forthwith opened by China itself. As will be perceived from the full text of this treaty, elsewhere published, one of its annexes formulates the conditions under which this is to be effected. Of more immediate interest, are the provisions of the Japanese treaty relating to the navigation of the inland waterways of China. The Japanese negotiators have succeeded in giving a definiteness to the rules governing the steam navigation of inland waters which the British and American treaties equally fail to provide. The unworkable character of the existing regulations has been sufficiently proved, and a good deal has been gained in procuring the agreement of the Chinese Government to amend them. As to the finality of the new rules which have been determined on and are appended to the treaty, we must leave experts to judge, but they are certainly sufficiently explicit and do not appear to be lacking on the score of liberality. An obviously important step in advance has been made by the stipulation of Article III of the Japanese treaty to the effect that any steamer capable of navigating the inland waterways may proceed for the purposes of trade from a treaty port to places inland on complying with the original and supplementary regulations. The agreement of Japan to cooperate in reforming the judicial system of China may be found to involve consequences of no little moment in the immediate future.

To anyone who believes that there is in Russia even a rudimentary perception of what constitutes commercial justice, we commend the perusal of an article elsewhere reproduced on "American Interests in Russia" from the *Iron Age*. The writer shows a thorough familiarity with his subject, and gives, with some detail, the unfortunate experience of the Singer Sewing Machine Company and the Westinghouse Air Brake Company in Russia. The latter concern erected workshops on the assurance of the Russian Government that they would take a certain number of brakes annually, and for a time the contract was kept. But one of M. De Witte's last acts was to strike from the annual appropriation list a million dollars for the coming year's supply of air brakes. In answer to the protest of the Westinghouse officials, the Minister said that while the Government would be only too glad to keep their contract by taking the air brakes, there would be no money forthcoming to pay for them. Hints had previously come from the Russian Government which caused the discharge from the Westinghouse works of all American workmen and employees and the filling of their places with Russians. In short, the Government interests itself directly in every foreign enterprise, and aids in its promotion up to a certain point, merely with the view of converting it into a purely Russian affair. When the time comes to expropriate the intrusive foreigner, and that is after the Government is satisfied that it can continue his enterprise without the necessity of paying for his aid, there is no scruple whatever about the means employed. When Russia professes herself as being ready and anxious to stimulate the development of foreign commerce in Manchuria, her practice at home may be not unprofitably referred to as an aid to the interpretation of her policy in the Far East.

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the twelve months ending December 31, 1902 and 1903.

EXPORTS TO CHINA.

Months. 1902.	Cotton Cloths. Yards.		Mineral Oils. Gallons.		Wheat Flour. Barrels.	
January	37,672,467	\$1,773,585	1,298,767	\$128,301	12,075	\$35,955
February	33,737,739	1,599,116	2,535,430	212,016	12,903	38,639
March	32,577,022	1,612,916	4,244,910	355,585	7,250	25,900
April	32,614,187	1,606,509	5,800,495	487,204	9,823	28,568
May	32,719,327	1,604,031	8,422,538	701,106	2,737	8,064
June	30,169,047	1,464,406	2,327,604	197,784	2,952	8,713
July	32,036,120	1,658,250	70,139	13,505	1,465	4,606
August	23,366,570	1,087,054	730,110	57,474	2,657	9,108
September	23,759,038	1,190,977	55,492	11,800	8,804	25,589
October	20,472,678	1,036,726	3,017,797	270,697	18,620	56,636
November	6,712,750	340,422	2,292,023	198,958	16,717	50,510
December	20,582,544	1,074,463	6,205,559	529,109	11,546	37,273
Total	326,419,489	\$16,048,455	37,000,864	\$3,161,539	107,549	\$329,561

January	18,440,398	\$924,882	1,944,706	\$197,967	8,637	\$26,288
February	34,642,500	1,713,994	878,660	92,265	1,524	4,805
March	37,929,363	1,850,571	1,712,040	179,780	9,457	31,372
April	34,640,141	1,608,487	1,163,320	126,709	6,536	22,132
May	14,737,775	717,564	849,368	93,756	3,675	12,348
June	10,351,623	486,470	874,691	96,069	2,750	8,970
July	9,751,868	443,228	1,384,881	147,423	166	587
August	4,096,161	189,133	1,644,834	142,882	1,653	6,650
September	3,377,050	168,208	1,001,398	109,456	9,016	31,407
October	9,370,600	414,156	5,509,766	647,751	7,448	25,937
November	1,038,835	69,055	3,376,910	405,300	17,325	58,033
December	3,665,364	230,546	2,496,200	303,123	10,812	38,951
Total	181,741,678	\$8,801,964	22,836,774	\$2,542,481	78,999	\$267,480

EXPORTS TO HONGKONG.

January	4,397	\$ 694	1,979,530	\$165,004	226,079	\$693,850
February	24,077	3,503	7,100	1,423	160,823	485,277
March	27,327	3,321	720,336	60,848	106,229	313,654
April	15,678	2,971	1,884,946	160,764	63,665	187,513
May	19,135	2,315	2,235,970	188,030	14,738	41,140
June	28,949	4,122	142,753	19,625	40,433	118,755
July	1,200	220	1,301,020	101,420	75,811	228,906
August	38,103	2,470	768,590	69,360	93,998	295,892
September	14,739	1,418	33,250	4,002	141,598	437,587
October	17,550	3,111	5,100,885	439,318	137,672	422,355
November	6,568	1,400	3,023,690	264,956	147,545	477,722
December	69,107	6,395	2,894,751	286,066	240,937	826,823
Total	266,830	\$31,940	20,092,821	\$1,760,816	1,449,528	\$4,528,974

January	22,099	\$3,811	.....	\$.....	142,918	\$460,238
February	161,346	9,798	1,001,830	105,190	126,693	427,199
March	36,588	3,267	.....	.....	106,520	395,479
April	32,210	4,544	1,222,283	128,955	74,107	245,989
May	35,658	4,864	1,300,540	137,880	48,670	183,531
June	57,269	6,577	793,477	85,301	65,961	227,003
July	117,991	13,468	822,392	86,725	39,890	143,890
August	60,502	9,083	124,179	16,514	83,724	330,075
September	7,652	828	1,773,512	199,683	193,545	736,441
October	24,740	4,840	1,581,553	174,495	165,903	658,178
November	5,963	809	1,241,310	148,971	128,144	494,014
December	17,825	3,058	5,955,043	721,169	175,682	646,422
Total	580,113	\$64,977	15,816,119	\$1,804,883	1,351,757	\$4,948,459

DEPARTMENT OF COMMERCE AND LABOR,

Bureau of Statistics.

WASHINGTON, D. C., January 27, 1904.

**Imports of Tea and Silk into the United States for the twelve months ending
December 31, 1901, 1902 and 1903.**

TEA.

Imported from	1901.		1902.		1903.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	3,425,157	641,568	5,264,757	883,437	6,190,806	1,263,513
British North America....	1,399,374	254,236	1,824,295	333,787	2,341,793	524,529
Chinese Empire.....	30,352,239	3,321,474	60,837,270	7,187,320	43,952,049	6,221,545
East Indies.....	2,394,796	294,048	5,761,676	712,460	6,540,698	970,402
Japan.....	30,385,675	4,194,204	34,578,325	5,391,871	43,491,073	8,001,006
Other Asia and Oceania ..	205,942	26,799	475,194	58,558	542,876	64,571
Other countries	57,470	11,861	8,947	2,852	23,902	4,886
Total.....	68,220,653	8,744,190	108,750,464	14,570,285	103,083,197	17,050,452

SILK.

RAW, OR AS REELED FROM THE COCOON.						
Imported from	1901.		1902.		1903.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France.....	444,226	1,561,286	627,204	2,244,631	354,774	1,401,123
Italy.....	2,346,884	8,942,541	2,836,745	11,365,057	2,392,283	10,320,620
Chinese Empire.....	2,731,771	7,432,889	3,415,110	9,461,356	2,649,761	7,671,465
Japan.....	6,630,556	21,171,188	6,592,430	22,738,264	6,206,374	23,449,870
Other countries	124,554	383,451	290,765	926,896	85,940	295,920
Total.....	12,277,991	39,491,355	13,762,254	46,736,204	11,689,132	43,138,998
Waste.....	1,353,673	774,737	1,891,349	1,113,104	2,835,512	1,238,964
Total unmanufactured .....	.....	40,267,786	.....	47,849,546	.....	44,388,717

**DIPLOMATIC AND CONSULAR SERVICE OF THE UNITED STATES
IN EASTERN ASIA.**

CORRECTED TO SEPTEMBER 14, 1903.

DIPLOMATIC.

COUNTRY TO WHICH ACCREDITED.	NAME AND RANK.	RESIDENCE.	WHERE BORN.	WHENCE APPOINTED.	DATE OF COMMISSION.
CHINA.....	Edwin H. Conger, E. E. & M. P.....	Peking ..	Illinois.....	Iowa.....	Jan. 19, 1898
	John Gardner Coolidge, Sec. of Leg.....	do.....	Massachusetts.....	Massachusetts.....	May 22, 1902
	Henry P. Fletcher, 2d Sec. of Leg.....	do.....	Pennsylvania.....	Pennsylvania.....	April 29, 1903
	Edward T. Williams, Chinese Sec.....	do.....	Ohio.....	Ohio.....	Feb. 23, 1901
	Julean H. Arnold, Stud. Interp.....	do.....	California.....	California.....	July 18, 1902
	Thomas W. Haskins, Stud. Interp.....	do.....	Connecticut.....	do.....	do.....
	Frederick D. Cloud, Stud. Interp.....	do.....	Indiana.....	Iowa.....	Aug. 7, 1902
	Clarence Clowe, Stud. Interp.....	do.....	Canada.....	Washington.....	Oct. 2, 1902
	P. S. Heintzleman, Stud. Interp.....	do.....	Pennsylvania.....	Pennsylvania.....	Oct. 25, 1902
	Willard B. Hull, Stud. Interp.....	do.....	Iowa.....	Iowa.....	Nov. 26, 1902
	Albert W. Pontius, Stud. Interp.....	do.....	Minnesota.....	Minnesota.....	Mar. 9, 1903
	Charles L. L. Williams, Stud. Interp.....	do.....	Ohio.....	Ohio.....	Mar. 17, 1903
	Lt. Com. Charles C. Marsh, Nav. Att.....	Tokyo (Yedo).....	Indiana.....	Navy.....	Oct. 3, 1901
	Capt. André W. Brewster, Mil. Att.....	Peking.....	New Jersey.....	Army.....	June 6, 1902
JAPAN.....	Lloyd C. Griscom, E. E. & M. P.....	Tokyo (Yedo).....	do.....	Pennsylvania.....	Dec. 16, 1902
	Huntington Wilson, Sec. of Leg.....	do.....	Illinois.....	Illinois.....	Oct. 10, 1900
	John M. Ferguson, 2d Sec. of Leg.....	do.....	Pennsylvania.....	Pennsylvania.....	Nov. 5, 1900
	Lt. Com. Charles C. Marsh, Nav. Att.....	do.....	Indiana.....	Navy.....	Oct. 3, 1901
	Maj. Oliver E. Wood, Mil. Att.....	do.....	Connecticut.....	Army.....	June 5, 1901
KOREA.....	Ransford Stevens Miller, Jr., Int.....	do.....	New York.....	New York.....	Aug. 27, 1898
	Horace N. Allen, E. E. & M. P.....	Seoul.....	Ohio.....	Ohio.....	June 21, 1901
	G. Paddock, Sec. of Leg. & C. G.....	do.....	New York.....	New York.....	May 23, 1902
SIAM.....	Capt. André W. Brewster, Mil. Att.....	Peking.....	New Jersey.....	Army.....	June 10, 1902
	Kwon Yu Sup, Int.....	Seoul.....	Korea.....	Korea.....	Aug. 1, 1898
	Hamilton King, E. E. & M. P.....	Bangkok.....	Canada.....	Michigan.....	Apr. 27, 1903
	Paul Nash, Sec. of Leg. & C. G.....	do.....	New York.....	New York.....	Feb. 19, 1903
	Leng Hui, Int.....	do.....	Siam.....	Siam.....	Aug. 27, 1901

DIPLOMATIC AND CONSULAR SERVICE OF THE UNITED STATES IN EASTERN ASIA.

CORRECTED TO SEPTEMBER 14, 1903.

CONSULAR.

PLACE.	NAME AND TITLE.	WHERE BORN.	WHENCE APPOINTED.	DATE OF COMMISSION.
CHINA.				
Amoy.....	John H. Fesler.....C	Illinois.....	Colorado.....	Mar. 2, 1901
Do.....	Carl Johnson.....V. & D. C.	Iowa.....	do.....	Nov. 18, 1902
Do.....	Carl Johnson.....Mar	do.....	do.....	Jan. 11, 1898
Do.....	Li Ung Bing.....Int	China.....	China.....	Apr. 29, 1898
Canton.....	Robert M. McWade.....C. G.	Ireland.....	Pennsylvania.....	Dec. 9, 1902
Do.....	Russell Colegrove.....V. C. G.	Missouri.....	New York.....	July 22, 1903
Do.....	Russell Colegrove.....Mar	do.....	do.....	Dec. 2, 1902
Do.....	do.....Int	do.....	do.....	do.....
Chefoo.....	John Fowler.....C	New York.....	Massachusetts.....	May 26, 1896
Do.....	Henry A. C. Emery.....V. & D. C.	China.....	China.....	Dec. 2, 1896
Do.....	Henry A. C. Emery.....Int	do.....	do.....	Oct. 1, 1896
Do.....	Royal J. Spear.....Mar	Missouri.....	Missouri.....	Mar. 18, 1903
Fuchau.....	Samuel L. Gracey.....C	Pennsylvania.....	Massachusetts.....	Apr. 5, 1897
Do.....	Wilbur T. Gracey.....V. & D. C.	Massachusetts.....	do.....	May 2, 1902
Do.....	Wilbur T. Gracey.....Mar	do.....	do.....	Apr. 1, 1899
Do.....	Thomas Ling.....Int	China.....	China.....	Sept. 16, 1898
Hankau.....	Levi S. Wilcox.....C. G.	Illinois.....	Illinois.....	Feb. 3, 1903
Do.....	George A. Walters.....V. & D. C. G.	Canada.....	Michigan.....	Sept. 11, 1903
Do.....	do.....Int	do.....	do.....	do.....
Do.....	George A. Walters.....Mar	Canada.....	Michigan.....	Sept. 11, 1903
Nankin.....	William Martin.....C	England.....	New York.....	May 19, 1902
Do.....	Schawa Singh.....Mar	India.....	China.....	Feb. 11, 1903
Do.....	Wan Bing Chung.....Int	China.....	do.....	Aug. 16, 1902
Niuchwang.....	Henry B. Miller.....C	Ohio.....	Oregon.....	Mar. 20, 1901
Do.....	J. J. Fred. Bandinel.....V. & D. C.	England.....	China.....	Sept. 17, 1875
Do.....	Walter J. Lister.....Mar	China.....	do.....	Feb. 11, 1902
Do.....	Hsu Wei-Lun.....Int	do.....	do.....	Feb. 12, 1902
Shanghai.....	John Goodnow.....C. G.	Indiana.....	Minnesota.....	July 12, 1897
Do.....	do.....V. C. G.	do.....	do.....	do.....
Do.....	Arthur H. White.....D. C. G.	New York.....	New York.....	Nov. 13, 1897
Do.....	George A. Derby.....Mar	Pennsylvania.....	do.....	Jan. 13, 1899
Do.....	Stephen P. Barchet.....Int	Germany.....	Maryland.....	Dec. 2, 1898
Tientsin.....	James W. Ragsdale.....C. G.	Indiana.....	California.....	Feb. 2, 1903
Do.....	Allan W. Murphy.....V. C. G.	California.....	do.....	Feb. 7, 1903
Do.....	Allan W. Murphy.....Mar	do.....	do.....	do.....
Do.....	Chiang Woo Tsang.....Int	China.....	China.....	Feb. 17, 1902
Hongkong, China.....	Edward S. Bragg.....C. G.	New York.....	Wisconsin.....	Sept. 15, 1902
Do.....	Harry M. Hobbins.....V. & D. C. G.	Wisconsin.....	do.....	Jan. 14, 1903
Do.....	Chin Poy Woo.....Int	China.....	China.....	Nov. 4, 1893
Singapore, Straits Settlements.....	Oscar F. Williams.....C. G.	do.....	do.....	Jan. 9, 1901
Do.....	Thomas Davidson.....V. & D. C. G.	Strts. Settlements.....	Strts. Settlements.....	Feb. 6, 1902
Penang.....	Otto Schüle.....Agt.	Switzerland.....	do.....	Mar. 11, 1897
JAPAN.				
Kobé.....	Samuel S. Loyn.....C	New Jersey.....	New Jersey.....	June 20, 1902
Do.....	Hunter Sharp.....V. & D. C.	North Carolina.....	North Carolina.....	Aug. 1, 1902
Do.....	Hunter Sharp.....Int	do.....	do.....	do.....
Nagasaki.....	Charles B. Harris.....C	Indiana.....	Indiana.....	Oct. 21, 1897
Do.....	Fred D. Fisher.....V. C.	Oregon.....	Oregon.....	Aug. 22, 1901
Do.....	Fred D. Fisher.....Int	do.....	do.....	do.....
Tamsui, Formosa.....	James W. Davidson.....C	Minnesota.....	Minnesota.....	June 2, 1898
Do.....	Alexander C. Lambert.....V. C.	England.....	Formosa.....	July 22, 1902
Yokohama.....	E. C. Bellows.....C. G.	Wisconsin.....	Washington.....	May 9, 1900
Do.....	John McLean.....V. & D. C. G.	Canada.....	California.....	Nov. 3, 1902
Do.....	George H. Scidmore.....D. C. G.	Iowa.....	Wisconsin.....	Nov. 5, 1902
Do.....	George H. Scidmore.....C. C.	do.....	do.....	May 6, 1876
Do.....	John McLean.....Int	Canada.....	California.....	Nov. 4, 1902
KOREA.				
Seoul.....	Gordon Paddock.....C. G.	New York.....	New York.....	May 23, 1902
Batavia, Java.....	Bradstreet S. Rairden.....C	Louisiana.....	Maine.....	Oct. 10, 1900
Do.....	Leopold T. Haasmann.....V. C.	Germany.....	Java.....	July 7, 1902
Macassar, Celebes.....	Karl Auer.....Agt.	Switzerland.....	Celebes.....	Sept. 14, 1895
Padang, Sumatra.....	Cornelius G. Veth.....Agt.	Netherlands.....	Sumatra.....	Mar. 15, 1900
Samarang.....	B. Caulfeild-Stoker.....Agt.	Ireland.....	Java.....	Nov. 13, 1899
Soerabaya.....	Benjamin N. Powell.....Agt.	England.....	do.....	Oct. 29, 1897
Dalny, Manchuria.....	Maurice M. Langhorne.....C. A.	Virginia.....	Virginia.....	Feb. 19, 1903
Vladivostok, Siberia.....	Richard T. Greener.....C. A.	Pennsylvania.....	New York.....	July 21, 1898
Do.....	do.....Int	do.....	do.....	do.....

THE ANNUAL MEETING OF THE AMERICAN ASSOCIATION OF CHINA.

The meeting was held at 1 Yuen-ming-yuen road, Shanghai, on December 17, 1903, and was called to order by the president, Dr. A. P. Parker, who read the report of the Executive Committee for the year 1903, of which the following are the opening paragraphs:

"Since the last annual meeting of the Association several subjects of importance have been treated by the executive committee. In the first place, in regard to the matter of the extension of the domestic rates of postage to the United States Postal Agency at Shanghai and to the cities in China served through that agency, the sincere appreciation and thanks of the committee and members of the Association have been conveyed to the Consul-General of the United States at Shanghai, to the Postmaster-General and to the Superintendent of Foreign Mails for their action in the matter. The attention of the committee has been drawn to the construction which the Chinese Imperial postal authorities place upon the extension of the United States domestic rates of postage to the cities served in China through the United States Postal Agency at Shanghai. Letters have been received from Nanking, from Soochow and from Hangchow enclosing covers which showed that an excess of postage was charged upon letters which bore a 2 cent (gold) United States postage stamp and which had been sent to cities in China served through the United States Postal Agency at Shanghai. The position taken by the Chinese postal authorities is that such mail is insufficiently paid. The former rate was 5 cents (gold). A letter, therefore, which arrives from the United States and bears only 2 cents (gold) in stamps is considered to be short paid to the amount of 3 cents and, therefore, double postage is collected upon it, that is the sum of 6 cents (gold). The attention of the Consul-General and postal agent at Shanghai has been directed to this matter by your committee and his assistance has been requested in asking the United States Postal Department to make some arrangement with the Chinese authorities by which this extra tax upon letters to cities in China served through the United States Postal Agency at Shanghai shall be corrected. The matter, it is understood, has now been referred by the United States postal authorities in Shanghai to the United States Minister at Peking for direct negotiation with the Inspector-General of Customs.

"A letter from New York merchants asking for the names of manufacturers in China who imported their raw materials from the United States has been referred to your committee for consideration. The names of firms using raw cotton, lumber and tobacco have, therefore, been forwarded in response to the inquiry.

"Another matter of importance which has come before the committee has been the question of the separation of the consular and judicial functions of the United States Consulate-General at Shanghai. On account of the in-

creasing amount of business which falls to that Consulate-General and the inadequate number of the members of the staff, the necessity is obvious for the establishment in Shanghai of a United States Supreme Court for China. A judge appointed by the President for such a court would be able to relieve the Consul-General of the great burden of judicial work falling to his share. The precedent of the action of the British Government in separating the judicial from the consular functions can be cited. A communication has, therefore, been addressed to the secretary of the American Asiatic Association requesting that the committee of that Association forward proposals to that effect to the Department of State.

"Another matter which has come before your committee has been the question of the issuing of passports by the United States Consulate-General at Shanghai for persons passing through Manchuria and the territory beyond. The Russian consuls at Treaty Ports refuse to visé trip passports issued by the United States consuls for Chinese territory. This causes delay to business men and others who may wish to travel to Newchwang and other Manchurian cities by way of Port Arthur or Dalny on account of the time taken to obtain a passport for Russian territory through the mails from the United States Legation at Peking. Correspondence has, therefore, been begun with the sister Association in the United States in regard to requesting the Department of State to permit universal passports and passports for Chinese and Russian territory to be issued by the United States Consul-General at Shanghai, as is done by the British and other consul-generals at this port."

A ballot being taken for the Executive Committee for the year 1904, the ballot committee, Messrs. Reed and Dr. Coltman, reported the following members as elected on the ballot: Messrs. Warner, Jameson, Leavenworth, Irvine, Parker, Baldwin, Danforth, Fiske, Lincoln, Fessenden and Osgood.

Dr. Parker proposed as president for 1904 a gentleman who had been a member of the Association from the beginning, and who by his position in the community was well qualified to fill the post of president, with the best results for the Association. He proposed the election of Mr. J. N. Jameson.

Mr. A. W. Danforth seconded, and this was carried unanimously. Mr. Jameson thanked the members, but thought Dr. Parker should have been prevailed upon to take a second term. For vice-president he proposed Mr. Murray Warner. Mr. Baldwin seconded, and this was also carried unanimously.

Mr. Himrod proposed and Mr. Baldwin seconded that Mr. Leavenworth be elected honorary secretary, which was carried unanimously. Mr. Leavenworth proposed and Mr. Baldwin seconded that Mr. Irvine be elected treasurer, and this was carried unanimously.

REVIEW OF THE YEAR IN CHINA.

From the Peking Correspondence of the London Times.

The year just past has witnessed no great changes in China. The Court remains unchanged; there has been no indication of a desire for reform, no attempt to set the house in order. In fact this is practically impossible under the Dowager Empress, guided by the eunuch Li Lien-ying and the aged reactionaries, whose combined ignorance of all modern state affairs is colossal. The Wai-wu-pu is the same cumbrous body as was the Tsung-li-Yamen, the only change being a reduction of the number of ministers and an alteration of the shape of the table at which they sit.

Unquestionably, however, the internal condition of the country is better at the end of 1903 than it was at the beginning. The general tranquillity is satisfactory. The province of Kwang-si, under its energetic Viceroy, has much improved; in the neighboring province of Yun-nan the condition is normal, and in Sze-chuan order is complete. Not an instance of attack upon foreigners has been recorded during the year. Missionaries have pursued their calling with more encouragement than ever before, even in Hu-nan province, formerly the most hostile of all the provinces. All the Roman Catholic missionary claims in Sze-chuan and other provinces have been settled, while an important advance in toleration has been made by the authorities in the removal of Roman Catholic disability to enter Chinese examinations in Shan-tung Province, a measure which will be extended to the whole Empire. Travelers of several nationalities have visited every part of the Empire from Peking to Turkestan and from Canton to Mongolia without molestation. Considerable additions have been made to our intimate knowledge of the interior, and, finally, the myth of military activity in the northwest, where General Tung Fu-hsiang was reported to be marching with 50,000 men on Peking, has been dispelled. Tung Fu-hsiang, who is seventy-one years of age, is known to be living in retirement at his home, where he recently received a friendly visit from a German officer.

Trade, in spite of increased taxation, the continued rapacity of the Central Government, and the uncertainties of the political situation, has been better than in 1902. The average gold value of the tael is slightly higher; the customs revenue has been £3,982,000, as against £3,900,915 in 1902, though the general revenue has again suffered serious loss owing to the appropriation by Russia of all the customs revenues of Niu-chwang. The year ends with the tael, after many fluctuations, at 32½d. as compared with 29d. at the end of 1902. China has had no difficulty in meeting all her financial obligations, but still refuses to sign the gold bonds in respect of the Boxer indemnity. The postal department, though still a heavy charge for appropriation and maintenance on the maritime customs, shows a great extension; 300 head offices and 600 branches are now open. The increase in the items handled numbers millions; the service work is uninterrupted, except in Kwang-si, where occasionally couriers are molested; Kan-su is the only province unconnected, and it will be connected early next year, with a head office at Lan-chau, the capital.

In the Canton delta and elsewhere the waterways have seen a great increase of steam traffic plying under the inland steam navigation rules. The traffic is almost entirely in the hands of Chinese, the regulations rendering difficult the participation of foreigners. Electric light is coming more into use in the interior. The telegraph charges are still more exorbitant than anywhere in the world. The bicycle is now in common use among the Chinese. Here in Peking and at Tien-tsin, as at Shanghai, many officials drive in foreign carriages. The Dowager Empress recently received a consignment of motor cars.

As regards education, there is still great need of some provincial colleges teaching Western knowledge. Peking University, under the Japanese, is a failure, but American

missionaries are doing excellent work in their schools and colleges. There has been a large increase during the year in the sale of translations of foreign literature. The native press throughout the country is conducted with much independence, and its increasing knowledge of foreign affairs is most encouraging.

The Mackay Treaty was ratified during the year, but China persistently declines to give information regarding the native customs and the opium stations therein promised, though such information is essential. China also declines to give the information asked regarding the consumption tax.

During the year there has been constant activity at the arsenals, and since the removal of the prohibition of the importation there has been a great increase in the purchase of arms. Japan for the first time has been a large purveyor. Japan has everywhere developed commercial intercourse with China, especially in the Yang-tse Valley. Her activity has been remarkable; Japanese are now the principal instructors in China, and a steady movement of Chinese students to Japan has been noticeable throughout the year.

France has improved her position by the conciliatory attitude shown toward China during the disturbances in the Kwang-si and Yun-nan provinces bordering on Indo-China. As a result she has negotiated on advantageous terms the Yun-nan Railway. Germany, who has been less aggressive than formerly, has improved her position in Shan-tung and has emphasized the neutralization of the Yang-tse Valley. Russia has concentrated her attention on Manchuria.

British trade activity shows no diminution. The Shanghai Municipal Council, under the able guidance of its chairman, has by the Supao and other cases added prestige to the city, which is the chief British asset in China. Services such as are rendered gratuitously by the council to the Empire would in England be rewarded; but, being in China, it has never even been thanked by the British Government; while China is still permitted to block the formation of the River Conservancy Board, which was provided for by the Protocol and is of vital importance to the city.

During the year railway construction has made considerable progress. On the Franco-Belgian Peking-Han-kau main line work has been proceeding from both ends. Of the total of 768 miles 465 have been completed, and 117 more will be open to the public next August, while the whole line, including the great bridge over the Yellow River, will be open early in 1906. The American short railway from Canton to Fat-shan is open. The German main line from Kiao-chau to Tsi-nan-fu, the capital of Shan-si, is to be 255 miles, of which 189 are completed. The remainder will be finished next year, besides a branch line to the Po-shan collieries. The Belgians have displayed much activity; for, besides having half of the Canton-Han-kau trunk line in the British sphere, and the concession of the Kai-fong-Ho-nan-Si-ngan-fu line, they have joined the British Yang-tse Valley Syndicate, and are now reported to be lending their assistance in financing the Shanghai-Nanking British railway. The capital of the Ching-ting-Tai-yuen-fu Railway was subscribed in Paris many times over, yet we are to believe that the British cannot alone find capital to finance a railway of infinitely more promise.

British railway enterprise does not compare favorably with that of other nations. The Peking Syndicate have built 75 miles of railway in the interior of Ho-nan province and are sinking a shaft, hoping to find coal at a payable depth which they may be able to sell in Tien-tsin. The syndicate deserve support, having sunk capital and shown a disposition to work their concession. Their policy, however, lacks proper guidance; their inability to determine what they want and their constant alteration of the routes of the railways asked for render support difficult.

U. S. CONSULAR REPORTS.

OPPORTUNITIES FOR AMERICAN MERCHANTS IN MANCHURIA.

The building of the great Siberian Railway has helped to open up a new world to the merchants and manufacturers of the West. Lands which hitherto it took three, four, five and six months to reach may now be entered in the short period of thirty days. The whole Western world is intensely interested in every effort being made to open Manchuria, Eastern Siberia and the vast provinces of Asia to the merchants and manufacturers of the West. The economic and industrial papers of Europe teem with reports and articles concerning the opportunities offered by these vast lands to different people of Europe.

The *Russian-German Messenger* (*Der Russisch-Deutsche Bote*), published in Russian and German, devotes many pages to the consideration of the economic problems of Siberia, Manchuria and Asia. From an article written by Ferdinand Meinecke, for four years a merchant in Siberia, many of the following notes have been extracted. Among other things he says that the principal business in Eastern Siberia is in the hands of some Russian and German wholesale houses. They have covered all the important places of Siberia and Manchuria with retail branches carrying all classes of goods. The exchange of goods for goods instead of for money has not been entirely eradicated in some wild regions of the Far East. Skins of tigers, bears and sables are exchanged both for commodities and for money.

The evil connected with all the Russian trade and one to be avoided by Western merchants seeking an entrance into this market is the delay in delivery after orders have been secured. Cheap freight rates along the rivers are only possible during the summer months, inasmuch as the rivers are frozen over during the remainder of the year. The result of delays is that goods are often delivered at a time when the rivers are icebound and when it is impossible to forward them by the cheap water freight rates, in which case it is necessary for the wares to remain useless in the warehouses. Since the building of the railroad, however, goods, of course, can be forwarded by rail, but at much greater cost. Cities like Vladivostock and Chabarowsk and cities in Manchuria can, when necessary, get their goods shipped by rail. In spite of this fact most of the firms in the East prefer to have goods come to them by sea and river transportation, since it is cheaper and because the railroad in many cases is somewhat uncertain; in addition, many wares in shipment are broken or stolen, and all complaints for damages are, as a rule, disregarded. Great efforts are being made by the local authorities in the Far East to get better connections for their cities with the western traffic. As soon as these connections are made, vast regions, with immense natural and mineral resources, will be opened to the Western world.

In order to get the most out of these regions it will be necessary to encourage the immigration of miners and farmers. It is reported that the Russian Government is

about to put at least 1,000,000 of its European farmers into that Far Eastern section. After this is done there can be no doubt of the vast extent the commercial and industrial relations in those parts will assume.

The importing business of Eastern Siberia was materially affected by the introduction of the protective tariff, which is so high that business men have found it impossible to import many foreign articles. It is easy to understand that the Russian Government has put this tariff in operation for the protection of its own industries, although one can hardly say much concerning home industries in Eastern Siberia up to the present time. Besides, it is a well known fact that the industries of European Russia are hardly in a position to supply many of the articles needed in a new country like Manchuria and Eastern Siberia. Hence, the merchant in the Far East will have to rely upon European and American manufactures to satisfy the necessities of his client. Exporters will make every effort for prompt deliveries and always up to sample in order to hold old customers and for the purpose of securing new. The writer from whom these notes are being taken liberally says that Germany's greatest competitor in the East and in East Siberia is the American; and to keep step with the American for any length of time will be a very difficult task. Above all things, Germany, he says, must work to secure the success which in the last ten years it has won in the East against the English. A new working field for the German export trade is offered at Port Arthur and at Dalny. Both of these places were for a long time free trading places, but quite recently were placed under a protective tariff. As Port Arthur is almost exclusively a naval port, the situation of Dalny, it seems, will cause the bulk of exports and imports to go through it. Thus Dalny, in spite of its recent coming into existence, has already become an important business city, and seems to have a greater future in store, since the trade with all Manchuria will go in and out of its gates.

One great difficulty for foreigners in Eastern Siberia is the Russian language. Russians do all in their power to make themselves understood when questions of trade are involved. People in commercial and industrial circles do all they can to make the life of foreigners as pleasant as possible. In general, clever young Germans are engaged in the mercantile business in Siberia and Manchuria at wages which afford them little more than a bare living, all the necessities being very expensive. One who expects a position in that far country cannot hope to do very much more than to buy necessities and to learn the language and conditions under which trade is carried on. Everybody going there should make it a point to be well prepared with clothing and other necessary equipment for the undertaking in which he is to engage.

In the cities along the border lines between Russia and China the Chinese element is largely predominant. These people are welcome in the cities because of their willingness to work, their peaceful disposition and their desire to live and to work and to be let alone. They are industrious, tireless in their efforts and far superior to most others.

The best lines of goods to send into Eastern Siberia and Manchuria are various agricultural and industrial machinery, tools, woolen cloths of all kinds, cotton cloths to a

certain extent, hardware for the kitchen and for the thousand and one purposes to which articles of hardware can be put, and some articles of luxury. The largest sales in Eastern Siberia will be, of course, for agricultural machinery. The demand for these machines will increase with the development of the agriculture of the country. The writer says, in conclusion, that, according to his own experience, preference is given in Eastern Siberia to German machinery for the farm over American machinery because the construction of the German machine is more solid. Whether this is so or not is, of course, another question. Efforts on the part of American manufacturers to enter the field and to demonstrate the superior services to be obtained by their machines will be of great value to the American manufacturers.

LUMBER INDUSTRY OF MANCHURIA AND SIBERIA.

(From United States Consul Miller, Niuchwang, China.)

There are many lumbering enterprises being established in Manchuria, Siberia and Sakhalin, preparing to compete with the Pacific Coast lumber.

The most important is the Russian Timber and Mining Company of the Far East, with headquarters at Port Arthur. This company is organized by some of the most prominent men connected with the Russian Government, and is reputed to have a capital of 20,000,000 rubles (\$10,300,000). Its principal operations will be on the Yalu River, where it runs down timber from the forests of Korea as well as the large forests of Manchuria.

I have been informed by men who have seen these forests that they are very extensive and contain immense quantities of exceedingly fine timber. There is much fine timber in this market from that locality, and it has been the source of supply for both this and the Tientsin market for ages.

The ocean and river junks are built of this timber, hewn out in large pieces, often 3 feet and more in width. There are about 25,000 of these junks trading at this port. The timber is mostly pine, very much like the white pine of the United States. This is the best quality of lumber that I have seen in China. The percentage of clear wood is not very large.

There is also considerable fir, usually much smaller than the pine, and also a timber similar to our tamarack. These are the three varieties from the Yalu district that I have seen. It is brought into this market and the other markets of China on junks, a photograph of which is enclosed. These junks, when coming to this market, usually sail in fleets as a means of protection against pirates, who often board them near the mouth of this river and rob them or levy tribute on them.

Most of this timber is driven or rafted down the Yalu in short lengths, and it is almost impossible to get long timbers from this district. The Chinese in their native affairs seldom use any but short timbers, and all the timber cut for Chinese consumption is cut into short lengths in the forests.

Up to the present the logs from this section have been cut into lumber by the whipsaw method, the natives using a thin and narrow saw blade with teeth set so as to cut both ways. Where the Russians have charge of the native sawmills they have introduced large and heavy saws, cutting only on the downward stroke—such saws as are used in our country for whipsawing lumber. With these the natives accomplish much more.

On the Yalu this old method is now to give way to another; Russia is to construct at the mouth of this river the third largest sawmill in the world. I have not been able to get the details or to ascertain whether the mill is to come from the United States or not; but it is certain that a great mill enterprise is already in process of construction.

It is to be situated at one of the points of political controversy. It is at this place that the great naval battle between China and Japan was fought, the conclusion of which practically settled that war.

The establishment of this enterprise is very likely to influence the lumber trade of China to some extent, but more particularly in Manchuria and North China. I am inclined to the opinion that it will not seriously affect the trade in Central China.

In addition to this competition—which is already supplying large quantities of timber and lumber to Port Arthur, Dalny and Niuchwang and to the Chinese Eastern Railway—the Russians are now shipping to all of these places by steamer from Vladivostock and vicinity and the island of Sakhalin large quantities of lumber.

This lumber, so far as I have seen it, is of a rather inferior quality compared with the Yalu lumber; it is harder, coarser grained, warps and twists badly, and is difficult to work. Compared with the Yalu timber it is about like the Norway pine compared with the white pine. It is, in fact, very much like the poor grade of Norway pine. What I have seen may not be the best quality, however. I am informed that the forests of Siberia and Sakhalin Island are quite extensive, and that the lumber production in that section is susceptible of great development.

This information I have from very reliable sources, but I cannot write of it from personal observation. Mr. Clarkson, formerly of Portland, Ore., has a sawmill and sash and door factory at or near Vladivostock, and is reported to be having much success in this enterprise.

Another point of Russian competition in the lumber business is developing on the Sungari River, where the Chinese Eastern Railway crosses it, about 80 miles south of Harbin. Timber in considerable quantities is run down this river to this point and is being made into lumber by the Chinese method, several hundred men being engaged in the work. I am of the opinion that lumber from this source will never reach the sea in competition for the trade of China, but it will be a splendid source of supply for railway use and for the city of Harbin.

This timber, so far as I have been able to find out, is a fair grade of white pine, but the logs are all small. Whether this is due to the difficulties of driving on the stream or to the small growth in the forests, I have not been able to learn.

Harbin is today only three years old, but it is one of the greatest cities of Asia, and has the largest European population of any Asiatic city, containing 60,000 Russians, besides the soldiers. At Harbin there are two small sawmills cutting timber from the Sungari River coming from below the city. On the railway line between Harbin and Vladivostock there are two large sawmills, the machinery for which cost, in place, 150,000 rubles (\$77,250). These mills are engaged in cutting lumber at present for the railway and for the town of Harbin.

It is clear that Russia intends to provide for all the requirements of lumber in Manchuria and Siberia, with a possibility of entering the Chinese market.

The Government has established a ruling that all railway and Government supplies must be purchased from the Russian companies if possible. This is encouraging many industries in Manchuria, of which the lumber industry is one.

The recent purchase of considerable quantities of lumber from the United States was due to the haste in providing quarters for Russia's army in Manchuria.

The railway will require many ties, or sleepers, as these decay very fast, many having to be replaced before the railroad is completed. This is due to the fact that the railway is not yet ballasted, and the ties are laid deep in the earth and sand, not even the ends being exposed to the air. These ties are now coming in considerable quantities from Siberia and Japan, and I do not believe it possible for our country to compete for the trade.

The Russians are familiar with the lumber, wheat and flour business, and as they have the natural advantages and the earnest support of their banks, railways and Government throughout Manchuria, I am convinced that their development of these industries is likely to soon close this market to our country in these products, and if they show intense energy and enterprise they will become severe competitors in the great markets of China for flour, especially, and possibly for lumber.

There is none of the lumber that I have yet seen equal to the Oregon pine; but much of it is good enough for the common markets of China, and will be accepted for most purposes.

I do not know who is furnishing the mill and logging outfits for these Russian companies, but I believe that the machinery companies of the Pacific Coast could secure this trade if they made the effort necessary.

The United States commercial agent at Vladivostok is the proper party to address in regard to the Russian Timber and Mining Company, of the Far East, at Port Arthur.

HENRY B. MILLER, Consul.

NIUCHWANG, China, November 4, 1903.

INDIAN-AMERICAN TRADE.

The following article appeared in the *Anglo-Indian Review* for January:

"There is every indication of a steadily growing commercial relationship between India and the United States, and our astute cousins seem determined to cultivate it. Backed up by a singularly persistent consul general at Calcutta, who knows his subject and whose faith in India's commercial importance is perhaps not less than our own, the American Government has taken the trouble to lay before its traders the position which India holds among the markets of the world. Of course, that position is well known to readers of the *Anglo-Indian Review*, and there is no reason for reiterating it. To Americans, however, it is perhaps not so obvious, and it is probably for this reason that the Washington Bureau of Statistics in the latest issue of its model reports draws attention to the fact that more than 50 per cent. of the imports of India are of a class which might be called indigenous to the United States, and a greater part—fully three-fourths—of the entire whole is made up of goods successfully produced by and exported from the United States; consequently, it is lamented that less than 2 per cent. of Indian imports come from America. Well, the proportion is small, but there is no reason for despondency. In a free market the cheapest and best will ultimately win. As Consul General Patterson rightly says, there are no restrictions on trade in India, and therefore no reason why American exports should not compete successfully, especially in cotton goods and iron and steel manufactures. On the face of it it says a good deal for the esteem with which British manufacturers are held in India that importations from the United Kingdom continue to increase in proportion to the rapid growth of the total import trade.

"This is not the case with America. In 1899 the United States supplied 2 per cent. of India's imports; in 1900, 1.7 per cent.; in 1901, 1.6 per cent.; in 1902, 1.4 per cent.; but it should be remembered that American trade is badly handicapped by the want of an efficient steamship service. The only way to ship goods from New York to Calcutta is via Glasgow, Liverpool, London or Naples. As a consequence, the goods are frequently delayed a long time waiting transshipment, and are often not received until after they are required. This is undoubtedly the greatest drawback which one meets in the extension of American trade with India, and, curiously enough, there does not seem to be any present idea of overcoming it. Nevertheless, it will undoubtedly

come in time, for there is another aspect in the study of Indian-American trade relationships. While, as we have said, the volume of trade is not increasing proportionately to the growing total of importation, India's exports to America are assuming very large proportions. Indeed, in manufactured products America is one of India's best customers. In ten years she has taken jute manufactures to the value of about £2,000,000 (\$9,733,000), unmanufactured jute worth about £8,000,000 (\$38,932,000), and hides and skins to the value of nearly £2,000,000. This latter item alone has nearly doubled during the past four years. It will therefore be seen that the American desire to cultivate Indian trade is of a reciprocal nature, and, being so, British traders can have no cause to view with alarm such developments as will be shown in the near future, for it is not the nature of their trans-Atlantic competitors to neglect such a remunerative market as India affords for American manufactures."

DEPRECIATED MONEY VALUE IN INDO-CHINA.

Considerable embarrassment is felt and complaints made in France in respect to the present economical and financial crisis in the colony of Indo-China resulting from the depreciation in value of the piaster as compared to the value of gold.

In order not to suffer loss, French firms, in selling to the natives of Tonkin and Anam, are compelled to raise their prices in proportion to the amount of the piaster's depreciation. This would not matter so much if the consumption of the colony were always the same, but, unhappily, when prices advance buying ceases or is greatly checked, and the colonists not only suffer for necessities but the French manufacturer lacks orders. This is particularly true at present of the cotton industry.

Another difficulty under which Indo-China labors is the constant fluctuation in the value of silver. The French merchant in consigning his goods does not know at what price he can sell them, as between the day the merchandise leaves France and that of its arrival in Indo-China the change can be of such a nature as to upset all calculations and make a promised profitable affair a very unprofitable one. This fluctuation has been complained of for a long time in the colony and in France, and the cry is for a stable monetary system.

The problem is not only economic, but is financial as well, and its solution interests the colonial budget as much as general commerce. The decreasing value of the piaster increases more and more the fiscal charges of the colony, and renders burdensome the heavy debts which have been contracted to carry on the building of railroads. The obligation to pay the coupons of the loans in gold demands the giving of more and more piasters, consequently increasing the taxpayer's burden.

The present crisis is exactly similar to that through which India passed several years ago. England tried several measures, but on account of the continued depreciating value of the rupee and the obligation to pay in gold the interest on borrowed money, the colony saw its debt annually and ruinously augment. It was only when the English Government established a fixed ratio between gold and the rupee (15 rupees = £1) that the finances of the colony were placed on a firm footing. In April, 1899, the Indian treasury had a gold reserve of £2,000,000 (\$9,730,000), which in 1902 had increased to £7,000,000 (\$34,063,300), without including £1,500,000 (\$7,299,750) deposited in the Bank of England.

The affairs of Indo-China will prosper only when the French Government follows the example of England by fixing a permanent ratio between the value of gold and the piaster.

THORNWELL HAYNES, Consul.

ROUEN, France, November 18, 1903.

SIBERIAN-MANCHURIAN RAILWAYS.

The Siberian Railroad asks for an appropriation of \$303,459 for 1903 for a connecting line of the Trans-Baikal Railroad with the Manchurian, and \$10,300,000 for the Circum-Baikal. The Chinese Eastern Railroad Company has surrendered to the newly formed Siberian Association its steamers that kept up communication between the ports in Tartary Bay, in Peter the Great Bay, in the Okhotsk and Behring seas, and between Vladivostock and the ports of Korea, Japan and China. The railroad company retains only the steamers Manchuria and Mongolia for communication.

The Ussuri Railroad's exploitation has not been able to make both ends meet. The deficits have been considerable, and a reduction in the salaries of the employees is imminent.

The work of constructing the Peking-Kalgan line will soon begin; necessary funds are now being collected. According to last year's decision this line must be built by Chinese capital, and the shareholders must all be Chinese officials or military people. Of the net income 30 per cent. will go to the Chinese Government, 30 per cent. to shareholders, 1 per cent. for running expenses and 1 per cent. premium to employees. The largest portion of the capital will be supplied by the Russo-Chinese Bank, which will make the railroad a Russian concern.

Russian exporters—Moscow, Warsaw, etc.—have been seeking a way to secure cheap rates for the transit of their merchandise across Siberia. It was suggested that a combination of railways and sea going and river lines should pool issues and give Russian goods a better chance to compete with foreign goods in the Far Eastern market. While the railroads readily offered rebates in a line with their usual reduction, the Volunteer Fleet Company refused, probably because their rates are already at bottom figures, considering the distance. Therefore, the Amur Steam Navigation Company, almost out of business at present, is the only one to take part in such rebate for Russian goods via Sretensk. With railroad lines under Government control, the Volunteer Fleet Company a subsidized Government concern, and the Amur Steam Navigation Company also subsidized by the Government, such a pooling of issues would seem easily accomplished.

The Moscow Board of Trade applied to the Government to have a fast merchandise train on the Siberian Railroad for Manchuria, to leave Moscow daily. The Government is willing to grant this request, but the question now is, What merchandise will this train carry? The Moscow manufacturers seem to have given up all intention of competing with the Japanese, who have taken complete possession of the Manchurian dry goods trade to such an extent that it seems impossible for the Russians to dislodge them.

With regard to the transportation of tea, the Russian importers are still shy of the Manchurian Railway, receiving the product by other ways, for the reason that they cannot get their goods insured by Russian companies for transit across Manchuria.

RICHARD T. GREENER, Commercial Agent.

VLADIVOSTOCK, Siberia, October 5, 1903.

AN ORIGINAL SPECIMEN OF
"PIDGIN" ENGLISH.

The following "pidgin" English letter, from a compradore at Shanghai, to his employer, now in the United States, will be of special interest to the old China hands among our readers. We may add for the benefit of others that it is an actual unstudied and unedited production, affording a fairer illustration of the business and social correspondence possibilities of its curious dialect than is

to be had from the more artificial compositions therein which are occasionally met with in literature.

The uninitiated should remember that "pidgin" (i. e., *business*) English, however much it may suggest "baby talk," or provoke one's risibles, is yet a serious and serviceable medium of communication between the natives and foreigners throughout the ports of China from Shanghai south, not only in ordinary intercourse but in business of the highest consequence. That it also serves the uses of natives otherwise separated by provincial dialects is likewise to be remarked. Framed on the bare bones of language structure, without inflections, or ornament, and containing no sound which a Chinese cannot master—being indeed a *mélange* of English, Chinese, Portuguese, etc.—this handy jargon originated with the needs of the first foreign contact in the early days of the tea trade, and is now well established and thoroughly effective.

As a brief guide or glossary for the last mentioned class of our readers, we may add that "chop-chop" means soon, promptly, etc.; "any-man," one, or someone, or anybody; "piece-good," American or other piece goods (such as manufactured cottons, muslins, sheetings, etc.); "chin-chin," talk, talking, or a phrase of salutation or parting, as the case may be, and finally that "leason," "ploper," "bloke," etc., may be elucidated by substituting our letter "r" (which the Chinese are unable to pronounce) for the native "l" sound. As will be observed the compradore shows good taste and excellent feeling, as well as business capacity in his letter to his chief. He is in the habit of thus dictating to the office stenographer, who takes down and typewrites his exact language:

(DICTATED.)

SHANGHAI, 19th Dec. 1903

MY DEAR MR. ———

Just now belong six moon you makee leavee Shanghai, and my too muchee glad you can come back chop chop.

My too muchee glad looksee Newpaper he makee writee you belong just now No. 2 piecee Taipan, and also you belong just now plopa American man.

Mr. Wrightson talkee my you just now belong too muchee busy America side makee do Taipan pidgin. He talkee my he no savee what time you come back Shanghai.

Any kind pidgin this year belong No. 1 bad. Have got plenty dealer makee lose too muchee money. My all same no have catchee chance this year, piece good pidgin. Leason belong plenty man have makee settle exchange, before very low and when cargo come this side, exchange have makee go up.

Tientsin belong this year No. 1 bad. Have got plenty merchant and plenty Chinaman Bank "bloke." Newchwang belong more bad. That side any man too muchee fear that war pidgin. Any man talkee belong Russia man must wanchee fightee Japan man. So fashion any Shanghai Bank no wanchee pay Newchwang dealer money makee do piecegood pidgin. My too muchee glad all this trouble makee finish, because so fashion no can do any pidgin American piecegoods. Just now belong Christmas time and all same time belong Foreign man New Year. My too muchee hope you catchee plenty plenty chance new year time.

My too muchee sorry no can pay you some "cumshaw" this year all same any year, because any man talkee belong too muchee trouble sendee anything go America side.

All my family belong all ploper, and my hopee you makee all ploper all same.

My makee writee you this letter because my long time no have talkee you.

My chin-chin you too muchee, and hope you come back Shanghai vely soon.

My belong youl good flend
Compradore

"——"

THE NEW JAPANESE TREATY OF COMMERCE AND NAVIGATION WITH CHINA.

The following is the complete text of the Treaty of Commerce and Navigation just concluded between China and Japan:

His Majesty the Emperor of Japan and His Majesty the Emperor of China, in order to give full effect to the provisions of Article XI of the Final Protocol signed at Peking on the seventh day of the ninth month of the thirty-fourth year of Meiji, corresponding to the twenty-fifth day of the seventh moon of the twenty-seventh year of Kuang-Hsu, have resolved to conclude a Supplementary Treaty of Commerce and Navigation, designed to facilitate and promote the commercial relations between Japan and China, and have for that purpose named as their plenipotentiaries, that is to say:

His Majesty the Emperor of Japan: Hioki Eki, Jugoi, Fifth Class of the Imperial Order of the Rising Sun, First Secretary of Legation, and Odagiri Masnoske, Shorokui, Fifth Class of the Imperial Order of the Rising Sun, Consul-General;

And His Majesty the Emperor of China: Lu Hai-Huan, President of the Board of Public Works; Sheng Hsuan-Huai, Junior Guardian of the Heir Apparent, formerly Senior Vice President of the Board of Public Works, and Wu T'ing-Fang, Senior Vice President of the Board of Commerce:

Who, after having communicated to each other their full powers found to be in good and due form, have agreed upon and concluded the following articles:

ARTICLE I.

Whereas China, with the object of reforming its fiscal system, proposes to levy a surtax in excess of the tariff rates on all goods passing through the customs houses, whether maritime or inland and frontier, in order to compensate in a measure for the loss incurred by the complete abolition of likin, Japan consents to pay the same surtax as is agreed upon between China and all the Treaty Powers. With regard to the production tax, consumption tax and excise, and the taxes on native opium and salt, leviable by China, Japan also consents to accept the same arrangements as are agreed upon between all the Treaty Powers and China. It is understood, however, that the commerce, rights and privileges of Japan shall not, on account of the above, be placed at any disadvantage as compared with the commerce, rights and privileges of other Powers.

ARTICLE II.

The Chinese Government agree to permit Japanese steamship owners to erect, at their own expense, appliances for hauling through the rapids of that part of the Yangtse-Kiang between Ichang and Chungking. But as the interests of the population of the provinces of Szechuen, Hunan and Hupeh are involved, it is therefore necessary that the approval of the Imperial Maritime Customs be obtained before such appliances may be so erected.

These appliances, which shall be at the disposal of all vessels, both steamers and junks, shall not obstruct the waterway nor interfere with the free passage of junks or of persons on the banks of the river. Such appliances shall be subject to special regulations to be drawn up by the Imperial Maritime Customs.

ARTICLE III.

The Chinese Government agree that any Japanese steamer capable of navigating the inland waterways, upon

reporting at the Imperial Maritime Customs, may proceed for the purpose of trade from a treaty port to places inland, so reported, on complying with the Original and Supplementary Regulations for Steam Navigation Inland.

ARTICLE IV.

In case Chinese subjects conjointly with Japanese subjects organize a partnership or company for a legitimate purpose, they shall equitably share the profits and possess with all the members according to the terms of the agreement or memorandum and articles of association and the regulations framed thereunder, and they shall be liable to the fulfillment of the obligations imposed by the said agreement or memorandum and articles of association and the regulations framed thereunder as accepted by them and as interpreted by Japanese courts. Should they fail to fulfill the obligations so imposed and legal action be taken against them in consequence, Chinese courts shall at once enforce fulfillment of such obligations.

It is understood that in case Japanese subjects conjointly with Chinese subjects organize a partnership or company, they shall also equitably share the profits and losses with all the members according to the terms of the agreement or memorandum and articles of association and the regulations framed thereunder. Should such Japanese subjects fail to fulfill any of the obligations imposed by the said agreement or memorandum and articles of association or by the regulations framed thereunder, Japanese courts shall in like manner at once enforce fulfillment of such obligations by them.

ARTICLE V.

The Chinese Government agree to make and faithfully enforce such regulations as are necessary for preventing Chinese subjects from infringing registered trademarks held by Japanese subjects.

The Chinese Government likewise agree to make such regulations as are necessary for affording protection to registered copyrights held by Japanese subjects in the books, pamphlets, maps and charts written in the Chinese language and specially prepared for the use of Chinese people.

It is further agreed that the Chinese Government shall establish registration offices where foreign trademarks and copyrights, upon application for the protection of the Chinese Government, shall be registered in accordance with the provisions of the regulations to be hereafter framed by the Chinese Government for the purpose of protecting trademarks and copyrights.

It is understood that Chinese trademarks and copyrights properly registered according to the provisions of the laws and regulations of Japan will receive similar protection against infringement in Japan.

This article shall not be held to protect against due process of law any Japanese or Chinese subject who may be the author, proprietor or seller of any publication calculated to injure the well being of China.

ARTICLE VI.

China agrees to establish itself, as soon as possible, a system of uniform national coinage and provide for a uniform national currency which shall be freely used as legal tender in payment of all duties, taxes and other obligations by Japanese subjects as well as by Chinese subjects in the Chinese Empire. It is understood, however,

that all customs duties shall continue to be calculated and paid on the basis of the Haikwan tael.

ARTICLE VII.

As the weights and measures used by the mercantile and other classes for general and commercial purposes in the different provinces of China vary and do not accord with the standards fixed by the Imperial Government Boards, thus resulting in detriment to the trade of Chinese and foreigners, the Governors General and Governors of all the provinces, after careful inquiry into existing conditions, shall consult together and fix upon uniform standards which, after a memorial to the Throne for sanction, shall be adopted and used in all transactions by officials and people throughout all the Empire. These standards shall be first used in the places opened to foreign trade and gradually extended to inland places. Any differences resulting from divergence between the new weights and measures and those now in vogue shall be equitably settled, whether by way of increase or decrease, according to the amount of such difference.

ARTICLE VIII.

The Regulations for Steam Navigation Inland of the fifth moon of the twenty-fourth year of Kuang-Hsu and the Supplementary Rules of the seventh moon of the same year having been found in some respects inconvenient in working, the Chinese Government hereby agree to amend them and to annex such new rules to this Treaty.

These rules shall remain in force until altered by mutual consent.

ARTICLE IX.

The provisions of all treaties and engagements now subsisting between Japan and China, in so far as they are not modified or repealed by this act, are hereby confirmed; and it is hereby expressly stipulated in addition that the Japanese Government, officers, subjects, commerce, navigation, shipping, industries and property of all kinds shall be allowed free and full participation in all privileges, immunities and advantages which have been or may hereafter be granted by His Majesty the Emperor of China or by the Chinese Government or by the Provincial or Local Administrations of China to the Government, officers, subjects, commerce, navigation, shipping, industries or property of any other nation.

The Japanese Government will do its utmost to secure to Chinese officers and subjects resident in Japan the most favorable treatment compatible with the laws and regulations of the Empire.

ARTICLE X.

The high contracting parties hereto agree that, in case of and after the complete withdrawal of the foreign troops stationed in the Province of Chihi and of the Legation guards, a place of international residence and trade in Peking will be forthwith opened by China itself. The detailed regulations relating thereto shall be settled in due time after consultation.

The Chinese Government agree to open to foreign trade, within six months from the exchange of the ratifications of this Treaty, Ch'angsha-fu, in the Province of Hunan, on the same footing as the ports already opened to foreign trade. Foreigners residing in this open port are to observe the municipal and police regulations on the same footing as Chinese residents, and they are not to be entitled to establish a municipality and police of their own within the limits of this treaty port, except with the consent of the Chinese authorities.

The Chinese Government agree that, upon the exchange of the ratifications of this Treaty, Mukden and Tatungkow, both in the Province of Shengking, will be

opened by China itself as places of international residence and trade. The selection of suitable localities to be set apart for international use and occupation and the regulations for these places set apart for foreign residence and trade shall be agreed upon by the Governments of Japan and China after consultation together.

ARTICLE XI.

The Government of China having expressed a strong desire to reform its judicial system and to bring it into accord with that of Japan and Western nations, Japan agrees to give every assistance to such reform, and will also be prepared to relinquish its extra-territorial rights when satisfied that the state of the Chinese laws, the arrangements for their administration and other considerations warrant it in so doing.

ARTICLE XII.

The present Treaty is signed in the Japanese, Chinese and English languages. In order, however, to prevent future discussions, the plenipotentiaries of the high contracting parties have agreed that in case of any divergence in the interpretation between the Japanese and Chinese texts of the Treaty the difference shall be settled by reference to the English text.

ARTICLE XIII.

The present Treaty shall be ratified by His Majesty the Emperor of Japan and His Majesty the Emperor of China, and the ratifications thereof shall be exchanged at Peking as soon as possible and not later than six months from the present date.

In witness whereof the respective plenipotentiaries have signed the same and have affixed thereto the seals of their arms.

Done at Shanghai this eighth day of the tenth month of the thirty-sixth year of Meiji, corresponding to the eighteenth day of the eighth moon of the twenty-ninth year of Kuang-Hsu.

(L. S.)

HIOKI EKI.

(L. S.)

ODAGIRI MASNOKE.

Signature of His Excellency Lu Hai-Huan.

Signature of His Excellency Sheng Hsuan-Huai.

Signature of His Excellency Wu T'ing-Fang.

ANNEX I.

INLAND WATERS STEAM NAVIGATION. ADDITIONAL RULES.

1. Japanese steamship owners are at liberty to lease warehouses and jetties on the banks of waterways from Chinese subjects for a term not exceeding twenty-five years, with option of renewal on terms to be mutually arranged. In cases where Japanese merchants are unable to secure warehouses and jetties from Chinese subjects on satisfactory terms, the local officials, after consultation with the Governor or Governor General or Minister of Commerce, shall arrange to provide these on renewable lease, as above mentioned, at current equitable rates.

2. Jetties shall only be erected in such positions that they will not obstruct the inland waterway or interfere with navigation, and with the sanction of the nearest commissioner of customs; such sanction, however, shall not be arbitrarily withheld.

3. Japanese merchants shall pay taxes and contributions on these warehouses and jetties on the same footing as Chinese proprietors of similar properties in the neighborhood. Japanese merchants may only employ Chinese agents and staff to reside in warehouses so leased at places touched at by steamers engaged in inland traffic to carry on their business; but Japanese merchants may visit these

places from time to time to look after their affairs. The existing rights of Chinese jurisdiction over Chinese subjects shall not by reason of this clause be diminished or interfered with in any way.

4. Steam vessels navigating the inland waterways of China shall be responsible for loss caused to riparian proprietors by damage which they may do to the tanks or works on them, and for the loss which may be caused by such damage.

In the event of China desiring to prohibit the use of some particular shallow waterway by launches, because there is reason to fear that the use of it by them would be likely to injure the banks and cause damage to the adjoining country, the Japanese authorities, when appealed to, shall, if satisfied of the validity of the objection, prohibit the use of that waterway by Japanese launches, provided that Chinese launches are also prohibited from using it.

Both foreign and Chinese launches are prohibited from crossing dams and weirs at present in existence on inland waterways where they are likely to cause injury to such works which would be detrimental to the water service of the local people.

5. The main object of the Japanese Government in desiring to see the inland waterways of China opened to steam navigation being to afford facilities for the rapid transport of both foreign and native merchandise, they undertake to offer no impediment to the transfer to a Chinese company and the Chinese flag of any Japanese steamer which may now or hereafter be employed on the inland waters of China, should the owner be willing to make the transfer.

In the event of a Chinese company registered under Chinese law being formed to run steamers on the inland waters of China, the fact of Japanese subjects holding shares in such a company shall not entitle the steamers to fly the Japanese flag.

6. Registered steamers and their tows are forbidden, just as junks have always been forbidden, to carry contraband goods. Infraction of this rule will entail the penalties prescribed in the treaties for such an offense, and cancellation of the Inland Waters Navigation Certificate carried by the vessels, which will be prohibited from thereafter plying on inland waters.

7. As it is desirable that the people living inland should be disturbed as little as possible by the advent of steam vessels to which they are not accustomed, inland waters not hitherto frequented by steamers shall be opened as gradually as may be convenient to merchants and only as the owners of steamers may see prospect of remunerative trade.

In cases where it is intended to run steam vessels on waterways on which such vessels have not hitherto run, intimation shall be made to the Commissioner of Customs at the nearest open port, who shall report the matter to the Ministers of Commerce. The latter, in conjunction with the Governor General or Governor of the province, after careful consideration of all the circumstances of the case, shall at once give their approval.

8. A registered steamer may ply within the waters of a port, or from one open port or ports to another open port or ports, or from one open port or ports to places inland, and thence back to such port or ports. She may, on making due report to the customs, land or ship passengers or cargo at any recognized places of trade passed in the course of the voyage; but may not ply between inland places exclusively except with the consent of the Chinese Government.

9. Any cargo and passenger boats may be towed by steamers. The helmsman and crew of any boat towed shall be Chinese. All boats, irrespective of ownership, must be registered before they can proceed inland.

10. The above rules are supplementary to the regulations published in the fifth and seventh moons of the twenty-fourth year of Kuang-Hsu, which remain in full force and effect in so far as they are not modified by the rules now agreed upon.

The present rules and the regulations of the fifth and seventh moons of the twenty-fourth year of Kuang-Hsu may hereafter be modified, as circumstances require, by mutual consent.

Done at Shanghai this eighth day of the tenth month of the thirty-sixth year of Meiji, corresponding to the eighteenth day of the eighth moon of the twenty-ninth year of Kuang-Hsu.

[L. S.]
[L. S.]

HIOKI EKI.
ODAGIRI MASNOSKE.

Signature of His Excellency
LU HAI-HUAN.

Signature of His Excellency
SHENG HSUAN-HUAL.

Signature of His Excellency
WU T'ING-FANG.

ANNEX 2.

IMPERIAL JAPANESE COMMISSIONERS FOR TREATY REVISION TO IMPERIAL CHINESE COMMISSIONERS FOR TREATY REVISION.

SHANGHAI, the 8th Day of the 10th Moon
of the 36th Year of Meiji.

GENTLEMEN—According to Article III of the present treaty the Chinese Government agree that any Japanese steamer capable of navigating the inland waterways, upon reporting at the Imperial Maritime Customs, may proceed for the purpose of trade from a treaty port to places inland, so reported, on complying with Original and Supplementary Regulations for Steam Navigation Inland.

It is understood that all classes of Japanese steamers, whatever their size, provided they are capable of navigating the inland waterways, may on complying with the regulations receive an inland waters certificate and carry on trade with inland places, and the Chinese Government will in no case raise difficulties and stop such steamers from plying to and from inland places.

We have the honor, in order to prevent future misunderstandings, to address this dispatch to Your Excellencies and to request that instructions be sent to the Inspector General of Maritime Customs to act in accordance with this understanding. We have further the honor to request a reply from Your Excellencies.

We have the honor to be, gentlemen,

Your obedient servants,

(Signed) HIOKI EKI.
(Signed) ODAGIRI MASNOSKE.

Their Excellencies

LU HAI-HUAN.
SHENG HSUAN-HUAL.
WU T'ING-FANG.

His Imperial Chinese Majesty's Commissioners for Treaty Revision.

ANNEX 3.

IMPERIAL CHINESE COMMISSIONERS FOR TREATY REVISION TO IMPERIAL JAPANESE COMMISSIONERS FOR TREATY REVISION.

SHANGHAI, the 18th Day of the 8th Moon
of the 29th Year of Kuang-Hsu.

GENTLEMEN—We have the honor to acknowledge the receipt of Your Excellencies' dispatch of this date, written with a view of preventing future misunderstandings, to the effect that, in accordance with the provisions of Article III

of the present Treaty, all classes of Japanese steamers, whatever their size, provided they are capable of navigating the inland waterways, may on complying with the regulations receive an inland waters certificate and ply to and from inland places, and that the Chinese Government will in no case raise difficulties and stop them.

During the negotiations of this Article, we received a list from Your Excellencies of the Japanese steamers, viz: Sanyo Maru, Setagawa Maru, Hiuga Maru, Urato Maru, Neisei Maru, Heian Maru, Taiko Maru, Yoshino Maru, Meiko Maru, Fukuju Maru, Hijikawa Maru, Nagata Maru, Kyodo Maru, Horai Maru, Kwanko Maru, Keiko Maru, Kinriu Maru, Zensho Maru and Kohei Maru, ranging from 120 tons to 410 tons register—plying from Chefoo to inland places in Manchuria, under inland waters certificate and in accordance with the Regulations for Steam Navigation Inland, which vessels have not been prevented from doing so on account of their class.

At that time we instructed the Deputy Inspector General of Customs to make inquiries into the records of the customs houses, and he reported that the circumstances were in accordance with Your Excellencies' statement.

In consequence of the receipt of Your Excellencies' dispatch we shall communicate with the Wai-wu Pu and request that instructions be sent to the Inspector General of Customs to take these circumstances into consideration and to act accordingly, and we have the honor to write this dispatch for purposes of record.

We have the honor to be, gentlemen,

Your obedient servants,

Signature of His Excellency

LU HAI-HUAN.

Signature of His Excellency

SHENG HSUAN-HUAL.

Signature of His Excellency

WU T'ING-FANG.

Their Excellencies

HIOKI EKI,

ODAGIRI MASNOKE,

His Imperial Japanese Majesty's Commissioners for Treaty Revision.

ANNEX 4.

IMPERIAL JAPANESE COMMISSIONERS FOR TREATY REVISION TO IMPERIAL CHINESE COMMISSIONERS FOR TREATY REVISION.

SHANGHAI, the 8th Day of the 10th Moon
of the 36th Year of Meiji.

GENTLEMEN—The provision contained in No. 9 of the Supplementary Rules governing steam navigation on inland waters, published in the seventh moon of the twenty-fourth year of Kuang-Hsu, regarding the appointment of an officer to collect dues and duties, not having in all cases been given effect to, we have the honor to request that Your Excellencies' Government will again issue instructions to all provinces to give strict effect to this provision, as it is a matter of importance.

We trust that Your Excellencies will comply with the request contained in this dispatch and that you will favor us with a reply.

We have the honor to be, gentlemen,

Your obedient servants,

(Signed) HIOKI EKI.

(Signed) ODAGIRI MASNOKE.

Their Excellencies

LU HAI-HUAN.

SHENG HSUAN-HUAL.

WU T'ING-FANG.

His Imperial Chinese Majesty's Commissioners for Treaty Revision.

ANNEX 5.

IMPERIAL CHINESE COMMISSIONERS FOR TREATY REVISION TO IMPERIAL JAPANESE COMMISSIONERS FOR TREATY REVISION.

SHANGHAI, the 18th Day of the 8th Moon
of the 29th Year of Kuang-Hsu.

GENTLEMEN—We have the honor to acknowledge the receipt of Your Excellencies' dispatch of this date to the effect that the provision contained in No. 9 of the Supplementary Rules governing steam navigation on inland waters published in the seventh moon of the twenty-fourth year of Kuang-Hsu, regarding the appointment of an officer to collect dues and duties, not having in all cases been given effect to, you request that instructions be again issued to all provinces to give strict effect to this provision, as it is a matter of importance.

We have noted the above and have communicated with proper authorities in order that action may be taken, and have now the honor to write this reply for Your Excellencies' information.

We have the honor to be, gentlemen,

Your obedient servants,

Signature of His Excellency

LU HAI-HUAN.

Signature of His Excellency

SHENG HSUAN-HUAL.

Signature of His Excellency

WU T'ING-FANG.

Their Excellencies

HIOKI EKI,

ODAGIRI MASNOKE,

His Imperial Japanese Majesty's Commissioners for Treaty Revision.

ANNEX 6.

IMPERIAL CHINESE COMMISSIONERS FOR TREATY REVISION TO IMPERIAL JAPANESE COMMISSIONERS FOR TREATY REVISION.

SHANGHAI, the 18th Day of the 8th Moon
of the 29th Year of Kuang-Hsu.

GENTLEMEN—According to the provision of Article X of this Treaty, regarding the establishment in Peking of a place of international residence and trade, it is agreed that in case of and after the complete withdrawal of the foreign troops now guarding the Legations and Communications, a place in Peking outside the Inner City, convenient to both parties and free from objections, shall be selected and set apart as a place where merchants of all nationalities may reside and carry on trade. Within the limits of this place merchants of all nationalities shall be at liberty to lease land, build houses and warehouses, and establish places of business; but as to the leasing of houses and land belonging to Chinese private individuals, there must be willingness on the part of the owners and the terms thereof must be equitably arranged without any force or compulsion. All roads and bridges in this place will be under the jurisdiction and control of China. Foreigners residing in this place are to observe the municipal and police regulations on the same footing as Chinese residents, and they are not to be entitled to establish a municipality and police of their own within its limits except with the consent of the Chinese authorities. When such place of international residence and trade shall have been opened and its limits properly defined, the foreigners who have been residing scattered both within and without the city walls shall all be required to remove their residence thereto and they shall not be allowed to remain in separate places and thereby cause inconvenience in the necessary supervision by the Chinese authorities. The value of the land and buildings held by such foreigners shall be agreed upon equitably and

due compensation therefor shall be paid. The period for such removal shall be determined in due time, and those who do not remove before the expiry of this period shall not be entitled to compensation.

We have considered it to be to our mutual advantage to come to the present basis of understanding in order to avoid unnecessary negotiations, and we beg that Your Excellencies will consider and agree to it and will favor us with a reply. We have the honor to be, gentlemen,

Your obedient servants,

Signature of His Excellency

LU HAI-HUAN.

Signature of His Excellency

SHENG HSUAN-HUAL.

Signature of His Excellency

WU T'ING-FANG.

Their Excellencies

HIOKI EKI,

ODAGIRI MASNOSKE,

His Imperial Japanese Majesty's Commissioners for Treaty Revision.

In reply we beg to inform you that we agree generally to all the terms contained in the dispatch under acknowledgment. As to the detailed regulations, they shall in due time be considered and satisfactorily settled in accordance with Article X of this Treaty; but it is understood that such regulations shall not differ in any respect to our prejudice from those which may be agreed upon between China and other Powers. We have the honor to send Your Excellencies this communication in reply and for your information. We have the honor to be, gentlemen,

Your obedient servants,

(Signed)

HIOKI EKI.

(Signed)

ODAGIRI MASNOSKE.

Their Excellencies

LU HAI-HUAN.

SHENG HSUAN-HUAL.

WU T'ING-FANG.

His Imperial Chinese Majesty's Commissioners for Treaty Revision.

ANNEX 7.

IMPERIAL JAPANESE COMMISSIONERS FOR TREATY REVISION TO IMPERIAL CHINESE COMMISSIONERS FOR TREATY REVISION.

SHANGHAI, the 8th Day of the 10th Moon
of the 36th Year of Meiji.

GENTLEMEN—We have the honor to acknowledge the receipt of Your Excellencies' dispatch of this date in which you state that—

"According to the provision of Article X of this Treaty, regarding the establishment in Peking of a place of international residence and trade, it is agreed that in case of and after the complete withdrawal of the foreign troops now guarding the Legations and Communications, a place in Peking outside the Inner City, convenient to both parties and free from objections, shall be selected and set apart as a place where merchants of all nationalities may reside and carry on trade. Within the limits of this place merchants of all nationalities shall be at liberty to lease land, build houses and warehouses and establish places of business; but as to the leasing of houses and land belonging to Chinese private individuals, there must be a willingness on the part of the owners and the terms thereof must be equitably arranged without any force or compulsion. All roads and bridges in this place will be under the jurisdiction and control of China. Foreigners residing in this place are to observe the municipal and police regulations on the same footing as Chinese residents, and they are not to be entitled to establish a municipality and police of their own within its limits except with the consent of the Chinese authorities. When such place of international residence and trade shall have been opened and its limits properly defined, the foreigners who have been residing scattered both within and without the city walls shall all be required to remove their residence thereto, and they shall not be allowed to remain in separate places and thereby cause inconvenience in the necessary supervision by the Chinese authorities. The value of the land and buildings held by such foreigners shall be agreed upon equitably and due compensation therefor shall be paid. The period for such removal shall be determined in due time, and those who do not remove before the expiry of this period shall not be entitled to compensation.

"We have considered it to be to our mutual advantage to come to the present basis of understanding in order to avoid future unnecessary negotiations, and we beg that Your Excellencies will consider and agree to it and will favor us with a reply.

AMERICAN INTERESTS IN RUSSIA.

By A. H. FORD.

(From the Iron Age.)

The first question I was asked on my return from Russia this winter was, "Is the Government of the Czar prepared to turn out from its workshops the necessary ordnance and war material needful for a prolonged campaign?" Judging from the seeming carelessness displayed in the larger machine shops which I visited, I should have answered promptly, "The Russian workmen are too slothful and the officials too dishonest to ever permit of that thoroughness in their foundries and machine shops that characterized the work yards I had inspected in Japan and other countries." Yet, on mature reflection, the question is one that is certainly open to argument.

THE MANUFACTURE OF WAR MATERIAL.

At the St. Petersburg Government works American lathes, the largest ever constructed for any country, bore large cannon. Duplicate machinery has been installed at the Nevsky works to turn propeller shafts for the navy, and at Sormov, near Nijni Novgorod, I witnessed 13,000 workmen at American machines, turning out gun carriages for prospective use in Manchuria, and first class steel cars to transport Russian troops through hostile country; while a 20,000 horse power engine, the largest ever built in Russia, has just been completed for a Russian cruiser. What mechanical resources a war with Japan may develop in Russia only those familiar with the recent strides of the country in this direction can begin to surmise.

Wages are low in Russia; the Sormov works, founded in 1848, and the oldest machine shops in Russia, pay their 13,000 workmen about \$150,000 a month. These works were of no great importance, however, until a few years ago, when a company of Americans visiting Russia in search of a site for locomotive works combined with the Russian works and equipped the concern with the most complete and up to date machinery then in existence. Steel bridges, locomotives, steel barges and river steamers 300 feet in length, machinery for ocean going vessels and every kind of equipment for Russian railways and workshops were turned out with rapidity and precision. But soon the unconquerable desire of the Russian to have everything to himself asserted itself, and one by one the American partners and workmen were squeezed out, until today there is not an English speaking engineer left to advise where

duplicate parts of the magnificent pieces of machinery can be procured. In justice to the Russian workmen, however, be it said that with clumsy tools they turn out remarkably serviceable substitutes. With the marvelous and delicate tools of the American workshop the Russian is not a success, but in a land where these are not to be found everywhere he is far more useful than the most skilled Yankee mechanic, for the Russian workman has learned to make his own tools, and with these he can in time turn out a copy of anything he has seen others create.

Oil is the only fuel used at the Sormovar works, and, judging from the power generated by the large electric motors that supply the power used throughout the vast shops, coal is not needed.

Other works of equal magnitude would certainly spring up throughout Russia to enable her to prepare herself for any conflict with external or internal foes; but Russia has ceased to welcome foreign investment, and her policy of squeezing the stranger within her territory has done more to create sympathy for Japan abroad than any other combination of circumstances.

Vast docks and shipyards have been constructed at Port Arthur and Vladivostock on the Pacific, but Russia realizes that foundries and machine shops established in her Far Eastern provinces at present may, in the course of events, be used to turn out cannon and war material for a Japanese army of occupation. Therefore, every pound of ordnance and ammunition must go overland, via the Trans-Siberian Railway, and if the Japanese succeed in breaking Russia's line of communication, as did the Boxers, the foundries and machine shops beyond the Urals would avail the besieged troops of Vladivostock and Siberia but little.

However, it is the probable treatment that American interests in Russia and the Far East will receive as a result of Japanese defeat that chiefly interests our business men, and since one may safely prophesy as to the future from a review of the past and present, a few facts as to Russia's policy toward American investors may not be out of place.

THE EXPERIENCE OF AMERICAN INVESTORS.

When the first Baldwin locomotive started out from Port Arthur some four years ago over an American railway through Manchuria, I was one of the several Americans in the cab of the Yankee engine to voice a prophecy that an American commercial and Russian territorial conquest would quickly follow the Yankee locomotive across Northern China.

Trains are now running regularly from Port Arthur to Moscow and St. Petersburg. The beginning of American commercial supremacy in Russia I witnessed in the Far East. Throughout the vast continent of the Czar it rose to a height that promised much for American foreign trade, and as suddenly fell again under the blighting hand of autocratic authority. I saw practically the finishing blows delivered last fall at the St. Petersburg and Moscow end of the line.

From the point of view of the real Slav, Asia begins at St. Petersburg and Moscow; but certainly the treatment accorded American investors in these so called European cities is far more severe than that Russia yet dares to mete out to the Yankees who have invaded Manchuria and Eastern Siberia. It would seem as though Russia was bent upon demonstrating to Americans how greatly to their financial advantage would be Japanese success at arms in the Far East.

While Japan eagerly offers every possible inducement to Americans to become investors in the Island Kingdom, Russia is engaged in hounding from her vast continent almost the last American enterprises she has so far allowed to remain and flourish.

THE SINGER SEWING MACHINE.

Many years ago it was that the Singer Sewing Machine Company began their invasion of Russia. Rapidly the useful American invention found its way to even the most remote parts of the Empire. I have encountered it in far off Siberia and Manchuria, and even have a photograph of a Central Asian tent home in which the wives of an unruly chief stitch garments for their lord and master upon this ingenious Yankee machine. I have met Jewish traders who have carried the American sewing machine by camel caravan far into Thibet, from whence returning native traders report sales even in the sacred city of Lhasa, where the feet of no white man have trod for nearly a century. Such success caused Russian officials to smile upon American enterprise and suggest a factory on Russian soil. Now such a suggestion in Russia carries with it the assurance that if not favorably acted upon import dues will be levied that will force the foreign manufacturer to terms. At present there is a magnificent Singer sewing machine factory at Moscow, and almost my first view of the Russian capital included the one modern office building in all Russia, that the company are erecting on the Nevsky Prospect. All of this display of wealth, it is needless to say, has excited the cupidity of the Czar's tax collectors, and when it is also taken into consideration that American enterprise in Russia is held largely responsible for the spread of revolutionary doctrines, it is not surprising that the reactionists now in power have organized a campaign of petty annoyances to either drive the American company out of Russia or force them to sell at a sacrifice, either direct to the paternalist Government or to some purely Russian company.

RUSSIAN CHICANERY.

Now, all men are not wise in all things at all times—not even Yankee investors—so it came about that to curry favor with the Government the Singer Sewing Machine Company took the almost fatal step of depositing their receipts with the Imperial Bank. Promptly the tax agents demanded of the state bank access to the accounts of the American company. The officers of the Singer Sewing Machine Company were officially informed that as they were depositing large amounts of money they must pay the Government larger taxes. In vain the directors pointed out that the deposits were gross receipts, not profits, and that, moreover, the company were paying their full quota of taxes demanded by law. Not being able to refute the latter statement, the Government officials retired and consulted, with the result that they returned with a demand that the exact collections of each and every one of the thousands of sales agents throughout Russia be reported to the Government. This would entail, of course, the employment of a large number of accountants, as the amounts collected are often not more than a few kopecks; and, being a manifest impossibility, the company flatly refused.

The next move of the Government was a threat to tax the company a thousand or more rubles for each agent, on the ground that, the stock of the company being owned by foreigners, their agents were drummers for foreign goods and subject to the heavy tax imposed on all foreign salesmen in Russia. I found, upon careful inquiry, that the experiences of this company are comparatively mild compared with the treatment meted out to some other Yankee concerns attempting to conduct business in Russia at present.

In a thousand ways the American investor is made to rue the day he first thought of establishing a branch plant in the land of the Czar, and what, in the eyes of the American colony in Russia, is far more needful to the permanent industrial welfare of Russia than the Czar's arbitration court is an international industrial court of appeals that will have power to enforce fair treatment toward all investors of foreign capital in the great Slavonic continent.

Japan has set an example that her sluggish, semi-Oriental sister may do well to follow, yet American capital seems to fight shy of the Mikado's kingdom, while it flows in a steady stream toward Russia, where the enthusiastic investor finds too often that it is a case of the fool and his money soon parted.

The prophecy made in Manchuria has been brought to naught by the action of the reactionists in power at St. Petersburg; it remains to be seen, therefore, if America will be compelled to throw her interests in the balance with those of England and Japan to secure a fair share of the commerce of Asia.

Knowing Asiatic Russia as a well worked and profitable field for American enterprise, I entered the great European state at the time of Minister De Witte's recent downfall, only to find that America's commercial boom in the great Russian continent had burst, gone out, as it were, like a bubble pricked by a pin.

At St. Petersburg I found the Russians one and all discussing the downfall of De Witte, the ex-Minister of Finance and present President of the Imperial Senate. Everyone was picturing the new Prime Minister, deprived of his vote, sitting at the head of the deliberative council, without voice, observed only when he struck the bell to call the body to order; but De Witte was off scouring the world to raise more money for Russia before his enemies had an opportunity of seeing him sit tamely at the head of the council table, and the talk once more drifted back to the finances of Russia and the possibilities of ever again interesting foreign capital after the lamentable past experiences of French and Belgian capital in Russia and the present trials and tribulations of the American companies located there.

Despite our recent ill luck in the land of the Czar and the persecutions to which our commercial enterprises have been subjected by Russian officials, I was informed on the very day of my arrival in the Russian capital that emissaries of a combination of American capitalists had just returned from looking over the field, and that it is quite within the range of possibility that mammoth works for the manufacture of American agricultural machinery may soon be erected in Russia, where more than a third of our total exports of agricultural implements find their way. Inquiry corroborated the report that the ground has been overlooked, and unless the projectors of the scheme take warning from the recent unjust treatment of American enterprises in Russia by the Government officials, one more Yankee plant may be captured in toto by the too zealous servants of the Czar and turned into a purely Government enterprise by the paternalist party, now in absolute power at St. Petersburg. From time to time, ever since the tariff tiff between Mr. Gage and the now ex-Minister of Russian Finance, De Witte, rumors have reached America of unpleasant squeezes to which Yankee promoters have been subjected in the land of the Czar. It was to trace these rumors to their source that I visited Russia, and as the American colony seemed unanimous in the opinion that not even the outgoing friendly minister could refrain from taking advantage of his American guest when, in his opinion, it best served the interest of his Government to do so, we may just as well first at last look the facts in the face as they exist in Russia today. The Government interests itself directly in every foreign enterprise, with a view to converting it into a purely Russian affair; nor are the servants of the Czar particular as to the methods used. From De Witte down results have been all that was looked for, Russian officials frankly admitting the charges of discriminating against American enterprises, and the Americans who have founded machine shops and factories in Russia are forced to realize that their progressive methods, instead of setting a pace, have startled the Russians to a degree that has worked the downfall of almost every Yankee venture in European Russia.

THE WESTINGHOUSE PLANT.

I have spoken of the Sormovar works on the Volga, where a few years ago an American company equipped with Yankee machinery the most extensive and complete locomotive works in all Russia, where, however, the promoters, investors and workmen of American persuasion have been gotten rid of, until today in these vast works, employing some 13,000 men, not an American is to be found. At St. Petersburg I was regaled with the trials and tribulations of the Westinghouse Air Brake Company in Russia, another object lesson to any American capitalist who looks upon Russia as a field of great returns. What a flourish of trumpets when this Yankee concern secured contracts from the Russian Government for supplying all the railways with air brakes—merely on condition that they erect workshops in Russia. Up went a factory that gave employment at one time to nearly 1,000 workmen. Under the patronage of Minister De Witte the company was enabled to pay enormous dividends. Rumors reached America that this was to become the greatest factory in all Russia; it was even positively announced that the Russian Government had granted a million dollar subsidy to aid the Westinghouse people in the erection at St. Petersburg of the most perfectly equipped electrical equipment plant in all Europe. But the real facts, as I found them, were that in place of subsidies came gentle hints from the Russian Government that caused the discharge from the air brake works of all American workmen and employees and the filling of their places with Russians. This was followed by promises that caused the New York Air Brake Company to erect extensive rival works at Moscow. The promises have not been kept, so that affairs at the Moscow works are in a bad way, and one of the ex-minister's last acts was to strike from the annual appropriation list a million dollars for the coming year's supply of air brakes. In vain the Westinghouse officials protested that the Government was bound by contract to take a certain number of brakes annually. Smilingly and suavely the great minister assured the official that the Government would be only too glad to take the air brakes, but that there would be no money forthcoming to pay for them. Down dropped air brake stock, and it seemed as though the policy of playing the two companies one against the other would successfully land one of them in the fold of purely Government works, so that the Czar could manufacture his own air brakes; but it is evident that De Witte reckoned without his host, for I am reliably informed that the sharp Yankees who have their money invested in the works at St. Petersburg have a trump card up their sleeve which will tend to confound Russian plans when it is played.

De Witte often gave new enterprises started on Russian soil by foreign capital liberal aid from the Government vaults, with motives ulterior, perhaps; but I was positively assured by present Russian officials that no aid whatever can be expected from the reactionary party now in absolute power. These men, truly devoted to the interests of their home industries, bluntly informed me that in time Russia, through her tariff, will find a means to force the Yankee manufacturers of American agricultural machinery to erect and equip extensive plants in the Czar's domain. Why, therefore, the harvester and reaper people should rush in before they are compelled to make the move puzzles every American resident in Russia who has had any business dealing with the Slav Government.

Russia needs our agricultural machinery to enable her to supply her army with flour and at the same time permit her to draw new army recruits from among the peasants. Still more she needs foreign aid and capital in the development of her foundries and machine shops. A war with Japan may teach her how dependent she is on outside aid, and prove, in the long run, the greatest blessing to the Russian people and to those with whom they have business dealings.

COASTWISE AND REVENUE LAWS IN THE PHILIPPINES.

From the second special report of W. Morgan Shuster, Collector of Customs for the Philippine Islands, we extract the following passages in regard to subjects of general interest:

COASTWISE LAWS.

The coastwise shipping laws of the islands have been for some time past, and still are, in an unsatisfactory condition. This fact, coupled with the natural uncertainty on the part of possible investors of new capital as to the date and form of permanent legislation on the subject, has done much to retard the development of what may be termed "the arteries of commerce in the Philippines."

Shortly after the American occupation of these islands on July 8, 1899, the War Department issued Tariff Circular No. 81, publishing an executive order dated July 3, 1899, prescribing the form and rules of issuance for "certificates of protection" and the flag of the United States to vessels in the Philippine Islands.

This order restricted the right to engage in the coastwise trade of these islands to vessels bona fide owned by a citizen of the United States residing in the Philippine Islands, or a native inhabitant upon his taking the oath of allegiance, or a resident of the islands who had become a citizen hereof by virtue of the Treaty of Paris.

Under this order a number of private individuals, firms, and corporations domiciled here and actually owning and operating a considerable proportion of the available coastwise vessels would have been prevented from continuing in that trade.

So great was the exigency requiring that such vessels should continue in the coasting trade that no close investigation into the bona fides of transfers of such vessels, where made from the then owners to citizens of the United States or of the Philippine Islands and where the transferees took out certificates of protection, was deemed wise by the military government. To have excluded vessels obtaining certificates of protection in this manner would have brought disaster to the business of the islands and have done great damage to their inhabitants. The result, however, of the leniency with which the transfers mentioned were regarded by the military authorities is that many of the large coasting vessels now engaged in trade under the flag of the United States would have much difficulty in establishing by evidence their right to this privilege under the terms of Section 117 of the Philippine Customs Administrative Act hereafter quoted.

The Spanish commercial laws of these islands regulating the formation of corporations or companies are decidedly different from those in the United States, in that the laws here permit the incorporation of a body of foreigners resident in these islands.

Shortly after the undersigned assumed charge of this bureau, over two years ago, strict instructions were issued that no certificates of protection should be granted to any vessels not bona fide owned by one of the three classes of individuals mentioned in the original Executive Order of July 3, 1899, and subsequently embodied in Section 117 of the Philippine Customs Administrative Act.

No reason has since appeared for departing from those instructions.

The following extract from a special report previously rendered by this office explains the present conditions in regard to the local coastwise trade:

* * * It is clear, however, that, whatever subsequent action might be taken by either the Legislature or the judicial branch of the Government, the President intended to limit the "protection and flag of the United States" to such foreign built vessels as precedents in similar cases, such as the Territories of Alaska and Hawaii, showed him would be the only vessels to which Congress would grant American registers.

Viewing the matter in this light, the Executive Order of July 3, 1899, is very clear and exact in its terms; it needed no liberal interpretation in order to be understood and obeyed. It took what is probably the only stand in the matter of granting American registry which Congress would affirm, and any deviation from the exact and provident terms of that order could only be excused on the grounds of a strictly military necessity. As it is, that order has been for over two years and is being today violated by what is termed a "broad and liberal interpretation" thereof. That the present conditions of trade in these islands urge and advise such a measure nobody will deny, but that the present situation of the Insular Government as to the Philippine coastwise trade is a safe or satisfactory one nobody dare affirm.

The President's order granted the protection and flag of the United States "on the high seas and in all parts"—in other words, any place on the face of the globe where a vessel could go. Under these conditions, the necessity of safeguarding this privilege and restricting it to owners of vessels owing allegiance to the United States is only too apparent. This was the precise effect of a fair interpretation of the order in question. Any pretended construction by which, in the guise of a corporation, a body of persons owing allegiance to a foreign power were granted the protection and the flag of the United States completely nullified and derogated this reasonable and clearly expressed intention.

In the light of subsequent experience, however, and especially in view of the evident hesitation which has existed on the part of American capital to invest in local shipping interests during the past two years, it seems imperative that the vessels actually engaged in the coastwise trade at this time should be permitted to continue therein.

To this end the following statement of the law and prevailing conditions is given:

Section 3 of the Act of Congress approved March 8, 1902, states that until July 1, 1904, the provisions of law restricting to vessels of the United States transportation of passengers and merchandise directly or indirectly from one port of the United States to another port of the United States shall not be applicable to foreign vessels engaging in trade between the Philippine Archipelago and the United States, or between ports in the Philippine Archipelago.

The question of what action, if any, will be taken by Congress affecting this trade after the 1st of next July is therefore of vital interest to ship owners and agents both here and in certain portions of the mainland territory.

For the purposes of discussion, it is convenient to consider the question in two parts:

(1) The general or technical coastwise trade, or rather what will become such in case these islands are made a great coasting district of the United States after July 1,

1904; and (2) the purely local coastwise trade—i. e., between ports in the Philippine Islands.

It is believed that in all legislation affecting these two phases of the question they should be considered as separate and distinct, since the conditions involved differ widely and the effects of a change in the present laws would be correspondingly varied.

At the present time both the trade between these islands and the mainland territory of the United States and the trade between ports in these islands are open to the vessels of the world, irrespective of flags or owners. The protection and flag of the United States is, however, limited to the vessels mentioned in Section 117 of the Philippine Customs Administrative Act, which reads as follows:

Sec. 117. Collectors of customs may issue a certificate of protection entitling the vessel to which it is issued to the protection and flag of the United States in all ports and on the high seas, if the vessel is owned by:

(a) A citizen of the United States residing in the Philippine Islands.

(b) A native inhabitant of the Philippine Islands upon taking the oath of allegiance to the United States.

(c) A resident of the Philippine Islands before April 11, 1899, hitherto a subject of Spain, upon abjuring his allegiance to the crown of Spain and taking the oath of allegiance to the United States.

and to vessels or other craft built in the Philippine Islands or in the United States and owned by citizens of the United States or by inhabitants of the Philippine Islands, "which vessels are engaged in lighterage or other exclusively harbor business," under Section 3 of the Act of Congress above referred to.

Act No. 520 of the Philippine Commission, however, by its terms permits strictly foreign vessels to engage in the Philippine coastwise trade only until July 1, 1904.

In the absence of prior legislation, therefore, the local coastwise trade of these islands will of necessity be carried on in the vessels at present operating under Section 117 of the Philippine Customs Administrative Act above set forth. It has already been shown that these vessels are inadequate to the present demands of trade, as well as utterly insufficient to handle the steadily growing water commerce of these islands.

A list of the licensed vessels of all kinds at present in these islands, giving their rig, gross tonnage, date and place of construction, is hereto attached, marked Appendix E.

These vessels are, almost without exception, foreign built. The largest ones, belonging to the most important lines, are owned by Spanish or British subjects, either individually, or in firms or corporations. A number of the small steamers are owned by citizens of these islands.

It will be admitted without question that, eventually, the coastwise trade of these islands should be carried on only in American or Philippine bottoms (including those now here which may be given American registry), and only by citizens of the United States or Filipinos. Just how soon that result can be accomplished will depend largely upon the commercial prosperity of the Philippines and the readiness of American capital to come here.

Meanwhile it is believed that some comparatively permanent policy and legislation should be adopted to meet the existing situation and encourage the investment of capital in local shipping.

In seeking a base for immediate legislation by Congress on this subject, it may be safely premised that no course should be adopted which will place any additional burden in the way of freights on Philippine products shipped either locally or to the mainland territory for some years to come. For a similar reason no law should be passed which will appreciably increase the freight rates from the mainland territory to these islands.

Cheap and adequate transportation between the mainland territory and these islands and between Philippine ports is vitally necessary to successful development here.

At the present time the greater part of the freight traffic between the Philippines and New York is carried on in foreign bottoms. So far as indications go, any law which prevented the continuance of that trade in foreign bottoms until an equal tonnage of cheaply operated American freighters is actually available to take up that trade, and maintain a healthy rate competition, would result in a decided increase over the present rates of freight. This additional burden would fall upon the already weakened resources of these islands, and such a result would be more than lamentable from every standpoint.

The tonnage plying between these islands and the Pacific Coast is about equal to the present freight supply, and no change in the present law seems advisable so far as trans-Pacific routes are concerned.

It is therefore earnestly recommended that the present laws, so far as they permit foreign bottoms to trade between these islands and the mainland territory of the United States, be not changed for a period of at least five years from July 1, 1904, and that positive legislation to that effect be had by Congress at an early date.

With regard to the vessels at present operating in the Philippine coastwise trade, under the certificate of protection and the United States flag, granted by Section 117 of the Philippine Customs Administrative Act hereinbefore set forth, it is believed that early legislation should be had by Congress granting American registry to such vessels as actually possess certificates of protection on the date of the passage of such a law, provided that said vessels are bona fide owned on that date wholly by—

1. Citizens of the United States;
2. Citizens of the Philippine Islands;
3. Jointly by both;
4. A corporation created under the laws of any of the States of the United States;
5. A corporation or company duly constituted under the existing laws of the Philippine Islands, provided that at least three-fifths of the entire stock shall be at all times owned by citizens of the United States or citizens of the Philippine Islands, or jointly by both, and provided further that all transfers of stock, by way of mortgage or otherwise, shall be at once registered in the books of the corporation and company concerned and in the records of the custom house nearest the head office of said corporation or company.

Provisions similar to those in the United States navigation laws should be made for the enrollment of certain vessels and the licensing of those employed only in river or bay work.

Such a law should also provide for the granting of American registry to vessels subsequently entering the local trade, provided that said vessels were built in the United States or the Philippine Islands and are owned by one of the classes of persons or corporations mentioned above.

A provision in effect that vessels built in the Philippine Islands would be required to pay only one-half of the regular license fees and other maritime charges would tend to encourage the establishment of shipyards and docking plants, which are greatly needed here.

To the end that all trade between these islands and the mainland territory may, in the course of a few years, be carried on in American and "Americanized" bottoms, it is believed that the Pacific army transport service should be greatly reduced, if not entirely abolished, and that all Government freight and passenger traffic should be given, under regular contracts, to commercial lines plying that course.

A similar policy in regard to the inter-island army transport service would do much to assist in extending the Philippine merchant marine.

CRITICISM OF THE CUSTOMS SERVICE.

In complying with instructions to render a report fully covering the organization and operation of the Philippine customs service during the past year, it is perhaps not improper to conclude by a reference to the somewhat numerous criticisms which, with more or less authority, have been voiced in the press of this city respecting the present customs administration, especially that at the port of Manila.

The general tone of those criticisms has been against the alleged strictness with which the revenue and collateral laws have been enforced, coupled with complaints against the regulations ostensibly prescribed for the orderly conduct of customs business.

To these complaints this office has heretofore made no reply, but the matter is deemed to be of sufficient importance to warrant a statement here of the principles which it has been sought to follow in the administration of all customs laws in these islands.

After a continuous experience of over five years with customs work in countries which were formerly under Spanish rule, the undersigned could not fail to note that one of the most frequent arguments against a strict and impartial enforcement of revenue laws in such countries is that it hampers and prejudices trade and causes loss to the business community. In the opinion of the undersigned no doctrine could be more false and shortsighted; none more disastrous to those very ones who urge its policy. It is plain that customs laws, like most others, are made for everyone—to govern and protect both the rich and the poor, the wholesaler and the retailer, the shrewd and the dull. With specialized leniency, which has been so strenuously counseled, favoritism, so called liberal constructions, in reality amounting to violations of the spirit of the statutes, and in general with a policy where personalities or affiliations of any kind hold sway, but one result can follow both for the authorities and for the public.

It is true that for a time, under certain conditions, the immediate results of such a policy often appear to support the opposite view; that is to say, the manifestation of such a disposition on the part of an administration may give an unnatural stimulus to importations and for a time show greatly increased revenues as a result; but to reach such a conclusion is to be deceived, since such a state must of necessity be temporary, for the obvious reason that no amount of importations, however great, can create a demand for the commodities imported, which would not otherwise exist. Hence even this abnormal inducement to import only reacts in the same degree as it arose. Commercial prosperity rests upon more solid ground than a loose interpretation of the laws, and such an interpretation is objectionable on the grounds of its necessary partiality, ambiguity and inequality of application, if for no other reasons.

It is not meant by this that revenue laws should be harshly administered or that unnecessary restrictions should be thrown around legitimate trade, but it is meant that the ordinary canons of statutory interpretation should be applied by a revenue officer just as they would be if the questions were the subject of judicial decision. The personal opinions or inclinations of executive officers and their belief or convictions as to the propriety or justice of the statutes involved can properly have no part in the enforcement of those laws. All such influences go beyond the scope of a reasonable discretion.

It is true that where discretion is given an executive officer he may be guided in his exercise of it by his personal opinions as to that particular law, or by the spirit of the particular community in which he may be enforcing the law, but even under those circumstances the

spirit of the legislators and the object of the law must be kept ever in mind.

To adopt any other principle of executive procedure is to invite chaos, injustice and fraud. The ordinary canons of statutory interpretations are comparatively few, exact and known. Any appreciable divergence from them is easily detected and subject to remedy, hence the administration of laws under such a procedure is simple, uniform and necessarily fair. Permit, however, the personal opinions or desires of the numerous officials charged with enforcing a set of laws to have weight in the manner of their enforcement, or the apparent sentiment of a particular community to influence the method of their administration, and the law becomes more or less the expression of the naturally diverse opinions of those charged with its execution, influenced by their immediate surroundings, instead of being subject to one uniform rule. The results of such a policy are too obvious to require comment.

A republican form of government is based upon the will of the people. This ruling factor must make its wishes known in some tangible and definite way. Thus a legislature is created. With such a body the people deposit their instructions, confidence and discretion, and it is for the legislature to proclaim the will of the people in clear and unmistakable terms. This being done, there arises the necessity for machinery to enforce the will of the people, but always along the lines shown by the people's mouthpiece and interpreter—the legislature. Any information as to the policy with which to execute a general law must be gained from its purpose and spirit as discussed and considered by the legislature and not from the sentiment of any particular local community in which the law may happen to be enforced. The executive is but the machinery of the Legislature and its functions are limited to a reasonable interpretation and absolutely impartial enforcement of the legislative will.

Even within these bounds, however, questions of interpretation will necessarily arise and disputes occur as to the scope and intent of every law. To settle such questions and to declare the legislative will in all doubtful cases the judiciary is created and vested with absolute and unrestrained interpretative power, and in all cases with an ample and freely exercised discretion.

Through these three branches the functions of government are carried on, and any encroachment, however small and apparently unimportant, by one branch on the rights and duties of the other cannot fail to produce disorder and derangement of the governmental system.

The executive officer who departs from the plain legislative intent is usurping the powers conferred by the people on the legislature, and whether his departure be in the direction of oppressive use of the powers conferred upon him or a so called lax administration, the results to the community are equally bad. It is possible to "read the reason out of" any statute, but such is not the proper function of an executive officer.

The powers and jurisdiction of executive and judicial officers often overlap, and at all times are so closely interwoven that in many cases the difference in their jurisdictions lies more in the method of procedure in interpreting and declaring the meaning of the laws than in any fundamental distinction. In such cases there is usually an appeal to the judiciary where a deprivation of life, liberty or property by reason of executive decision is alleged. In other and fewer instances, however, the legislative branch has specifically conferred upon the executive what are plainly judicial or quasi-judicial powers making the decisions of the executive final and beyond judicial appeal. In such cases the highest tribunal of the United States has usually upheld this action and refused to interfere, especially where the statute is clear and explicit on the point of pure executive jurisdiction.

CHINESE CURRENCY AND BANKING.

BY WONG KAI-KAH, IMPERIAL VICE-COMMISSIONER FOR CHINA TO THE LOUISIANA PURCHASE EXPOSITION.

The paper from which the following copious extracts are taken was read by Mr. Wong Kai-Kah before The Round Table, St. Louis, and has been printed in pamphlet form by that association:

The present monetary system of the Empire is arranged on the principle of weight, and the names of taels, maces, candarins and cash are applied to the divisions.

The tael, a word for our liang or ounce, was introduced into China by the Portuguese from the Indian tala, possibly because the tala and liang were the highest denominational weights of money known in Bombay and Canton. The standard liang or tael weighs 579.84 grs. Troy, or about $1\frac{1}{2}$ ounces. But there are trifling discrepancies in its weight all over the Empire, even to the extent of 40 grs.

There are at least four different kinds of tael: the Treasury Kuping tael, which may be taken as the normal weight and always used in Government dealings; the customs Haikwan tael, which is heavier than the Treasury tael, in which the revenue for imports is collected and transactions with foreigners are often carried on; the commercial Hsang Ping tael, used in mercantile transactions and varying in different districts, and the light Ching Ping tael, bearing a relation to the Treasury tael, in the proportion of 100 to 98 of the latter. Rents, etc., are paid in the light tael. There is also the Hsiang tael, so called because it was used during the Tai-ping rebellion to pay the Hunan troops enrolled from the Hsiang district of that province. It is a trifle less than the commercial tael.

The term mace is derived from the Malayan word Mas, abridged from the Hindu Masha, a weight of 15 grs. Troy. The Chinese word is Tsien, a denomination next to the tael. As to the origin of the word candarin, I cannot, like the two other terms, find the source of derivation. For copper coins, which the Chinese called Tsien, foreigners used the word cash—this, Dr. Williams says, is from the Moorish word Caiza, a tin coin made at Malacca in A. D. 1500. The cash is a thin, circular copper piece, about three-quarters of an inch in diameter, with a square hole in the middle, to be strung together by the hundred or by the thousand, for the convenience of being carried about. The circular form is supposed to represent the heavens and the square hole the earth. This hole, as was stated in the beginning, was a continuation of the custom of boring through the cowries for the purposes of stringing. On the obverse side is the name of the dynasty and the reigning monarch in Manchu characters, while the reverse has four Chinese words, two words meaning "precious circulation," the other two, the name of the Emperor's reign.

The tael, mace and candarin are only nominal values, the cash, up to the year 1885, being the only coin minted.

Fourteen Cash make 1 Fan or Candarin.

Ten Candarins make 1 Tsien or Mace.

Ten Maces make 1 Tael.

Twenty-five years ago the cash was valued at about 1,500 to the dollar, but from the depreciation of silver, 750 cash

equal a Mexican dollar today. About a century ago a large copper coin worth about 100 cash and a smaller one of the value of 10 cash were coined and circulated in Peking, but they are now discontinued. The mints for coining cash are established in each provincial capital under the Board of Revenue, which forwards the molds. The workmen in the mints are required to remain within the building, except when allowed leave of absence. The coins must be of pure copper, each weighing a mace, or 58 grs. Troy, which, according to the price of copper, was worth more than its face value, so that the cash coinage meant a considerable loss to the Government. Sagacious merchants, taking advantage of this fact, used to export cash to Japan or foreign countries, selling them as copper at a good profit, to be melted again for coins, utensils or works of art. Our Government, after discovering this traffic, made the exportation of cash punishable by law. The difference between the market and the face value of the cash, in spite of the efforts and precautions of the Government, has encouraged unprincipled persons to issue private coins in immense amounts, such coins being mixed with sand, iron and tutenag, so that these counterfeits are about the most debased coins in any country. The result was that, instead of the Government being benefited from the seigniorage, private individuals were waxing fat from the profits. The drainage of copper coins from export, hoarding and other causes, led the Government to introduce, about seventeen or eighteen years ago, the minting, at Canton, of a cash of a uniform size and of a lesser weight, by machinery brought from England. The object was, firstly, to supply a deficiency in the copper currency, and, secondly, to produce a cash of such weight that the counterfeit mints shall find it unprofitable to carry on their work, and thus keep the coinage in the hands of the Government.

The British Government in the middle of the last century minted in Hong Kong a cash for local currency. It had a small, round hole in the centre, and so small was the coin that the idea of counterfeit was absolutely out of the question. This little copper coin was, however, discontinued more than thirty years ago.

From the latest papers, just arrived from China, I learn that the question of the weight of the cash is now under discussion in Peking. It is proposed that the new copper coin shall be half of the weight of the existing ones, thus saving copper and preventing counterfeits. Since the introduction of machinery into the Canton mint by the Viceroy Chang Chi Tung, similar machinery has been supplied to the mints in Foo Chow, Hang Chow, Nan King, Woo Chang, An-Ching, Tien Tsin, Kirin and Moukden. In these mints, besides the copper cash, there are minted the dollar, which is about the same as the Mexican dollar in weight and fineness; the 20 cent piece and 10 cent piece, all silver coins, and the copper cent piece worth 10 cash.

In the reign of Tao Kwang, a silver dollar was minted in Foo Chow as an experiment. It weighed 7 maces, 2

candarins, or about 517 grs. Troy. On the obverse side was the god of longevity. The reverse presented a tripod, with the word Formosa in Manchu stamped on it.

Before the employment of foreign machinery in our mints, the silver was cast into ingots of about 50, 10 and 5 taels, known as "shoes." The bullion is called sycee, meaning refined silver, which denotes its purity. These "shoes" pass current throughout China, and are not issued by the Government, though with the Government's sanction, but by private refiners or bankers, who stamp them with their names, the year and the district in which they are cast, and sometimes, also, the kind of tax to be paid with them. They are passed in lumps, just as they are cast, or heated, flattened and cut into smaller pieces, and taken at the value indicated by weight. In large transactions the particular sort of tael or ounce is always specified.

Gold bullion is cast into similar "shoes" or made into bars, but more frequently beaten into leaves, each of which is placed between thin paper. This last form is preferred, because it is easily carried and small amounts can be disposed of without trouble.

Our native copper is procured from the mines of Yunnan, perhaps the richest province for mineral products in the whole of China. Recent copper mines, or examination of old ones abandoned years ago, reveal the richest deposits of almost pure metal in the middle provinces of Hunan and Hu-peh and Sz-Chuen in the West. Gold is obtained in the sands of the rivers in Yunnan and Sz Chuen, particularly from the upper section of the Yang-tse-Kiang, which is there known by the name of the "River of Golden Sand." The gold is worked by the washing process, and in the days of Yu, B. C. 2205-2197, was sent to the capital as tributes. The largest amount is, perhaps, from Li Kiang, on the Yang-tse, and Yung Chang prefecture on the Cambodia in Yunnan.

The greatest use for gold in China is, perhaps, the manufacture of personal ornaments, and gildings, very little being passed as currency.

Silver is brought from Yunnan, where the mines are extensive and easily worked. The output was probably large, but the export of the metal was so great in quantity in payment for opium from the year 1834 onward that the drain alarmed the Chinese Government. To stop this drain, our Government thought it was first necessary to stop the opium trade, which eventually led to a war with England in 1840. It has been asserted by good authority that the importation of silver, in the form of Spanish and Mexican dollars, during the two centuries of European trade between 1648 and 1848, could hardly equal the exportation of the metal from China. Spanish and South American dollars are now very rare in China, but the British dollars of the Straits Settlements and Hong Kong, like the Mexican dollar, are largely employed as a commercial medium in all treaty ports, and their value is well understood, even in the interior districts throughout the empire.

The United States trade dollars once figured in the Chinese market, and some enterprising Yankee of the famous firm of Russell & Co. conceived the idea of importing to Shanghai, between the sixties and seventies, 100,000

of the coin, which he thought might be extensively circulated in the empire and supply a need in silver currency, which the Chinese mints then never dreamt of coining. No sooner were the coins landed, than nearly the whole supply was melted and cast into the characteristic "shoes" of sycee. This was the first and last attempt of an American firm to introduce a standard silver coin into China from the United States mint.

The common custom, once very prevalent, but now going out of use, is the stamping of all silver dollars with the metal stamps of the native bankers' mark as a pledge of their purity, or boring them with steel instruments to ascertain their quality against counterfeit. This destroys the permanent form of the imported currency and takes away the chief advantage of a fixed and uniform weight. The steel stamps driven into the coins soon flatten their shape and obliterate their impression, and successive blows by the different bankers' marks reduce them into fragments, which are then taken by weight or melted into "shoes." A coin thus stamped is called a "chopped dollar," which term has been diverted to be the general nickname for anyone whose face is pitted with marks of the smallpox.

The British in Hong Kong passed a law years ago making it a criminal act to drive steel stamps or any instruments whatever into the British dollar of the Straits Settlements or Hong Kong, in order to save the currency from destruction and disfigurement.

For the discovery of counterfeits there are published many Chinese books, in which are embodied minute rules and methods. The present mode of testing the soundness of the dollar, whether imported or native coined, is by tinkling and weighing, for either of which there are professional examiners employed in every native bank and even in foreign banks in China.

BANKS.

Up to within a few years China has never had, in her long centuries of national history, such an institution as a national bank. It was explained at the outset that the lack was due to the fact that the Board of Revenue received the Government revenues and taxes direct from the provincial treasurers, without the intermediary agencies of banks. However, local and interprovincial banks have been in existence for a long time.

Any person or number of persons may start a bank in China, the only requisite being a good financial standing among the merchants. They are not required to petition the authorities or make known officially their intention and commercial project in any way. They start business without a charter from the provincial or metropolitan government, and may, therefore, at any time, open an office for the purpose of receiving deposits, discounting promissory notes, or issuing paper currency for local circulation.

The only time when the authorities come into play is when the banks fail, in which case, if the bankers cannot effect a compromise between themselves and the creditors, the magistrate or some higher official is appealed to to adjust the matter to the satisfaction of all the parties.

The smallest business done in a purely financial line is that of the money changer, who starts business with a

thousand, or a few hundred dollars, the greater part of which consists of small coins. He hires one side of a shop, provides himself with a chest, a small counter and a few books. These money changers are found in every street at certain intervals. Their signboard, with the words "Money Changer," is conspicuously hung out, and pasted against the window of their shop is a bill informing the public of the value of a dollar in cash or small coins, according to the daily local rate. This rate is fixed by the money changers' guild, which in turn is governed by the guild of bankers, who, more than the authorities, control the local money market. The money changers make about 5 cents for changing a dollar into cash, and if you take the same amount of cash to another money changer to get a dollar you will have to pay him 5 cents for premium. In case of an American or British sailor, the victim pays a little more, but the jolly jack, bent on a good time, seems never to mind an extra cent or two.

The capital of the local bank ranges from 10,000 taels upward. They are found in all large towns or cities, some of them paying interest on deposits, and all are subject to the full amount of their liabilities, the word "limited" having never been employed as a safeguard, thinking that to limit their capital or liabilities would only destroy their financial standing. The more important banks may be divided, for convenience of treatment, into three classes, viz: banks in Chinese cities, banks in Hong Kong and foreign settlements, banks which are organized on the modern foreign system.

The typical native bank in any Chinese city, unlike the palatial banking houses of Europe and America, has a very common looking appearance. It has no iron vaults or strongly built stone basement against fire, though great precaution is exercised against robbery. I suppose this is because banks are not required by law to keep on hand a large deposit as security against the issuing of notes. They are entirely local enterprises for the facility of merchants and traders, and receive deposits for which they pay from 5 to 8 per cent. per annum, the rate varying according to the condition of the money market at the time of deposit, and the number of months the money is to be deposited, the shortest period being six months. There is, however, some latitude in drawing deposits from a bank. Suppose I deposited \$500 for six months in a well known bank with which I do considerable business. If, four months after my deposit I have an urgent bill to pay, I ask the bank to accommodate me, which it generally does, provided I pay, say, three months' interest. In this way the bank makes a small gain, while the depositor is saved from embarrassment. The bank invariably gives the depositor a receipt, on which is specified whether the money is to be drawn by the depositor himself or simply by bearer. The amount of interest is also put down and the date. In case the depositor is to draw the money, no other person will be given the money under any circumstances, and in case of mistake the bank bears all losses. But if the receipt specifies that the money may be drawn by the bearer, anyone, even a thief who had stolen the document, may draw the money, the depositor being the loser. In case the receipt is burned or stolen, the depositor must give timely notice and bring to the bank a reliable and trustworthy person to testify to his words and become surety. When the bank is satisfied, a new receipt is made out, the lost one being no more valid. The depositor is also given an interest book, marked with the stamp and signature of the bankers. With this book the depositor may draw his interest by the month or by the quarter, as agreed upon between the parties. The local banks sometimes issue a limited amount of notes, but these have no wide circulation, unless the bank has an old standing and is in a strong financial position. This

status of a bank is ascertained by "watchers," who are employed by banks and commercial houses, and whose sole business is to make daily visits to the banks and closely observe their dealings and financial conditions. Bank notes or promissory bills are issued only by leading bankers in a city, varying in value from 50 cents to \$1,000, and supplying many advantages, with but very little danger. The blue, black and red colors which are blended together with many private signatures and fanciful indorsements on these bills give them a rather gay appearance. The name of the issuing house and the characters or words traced around the face in bright blue ink form the original impression. The date of issue and some ingeniously wrought cipher, device or monogram, and the spaces marked for the reception of signatures and certain mystic or secret marks for the prevention of forgeries, are of deep red. The entry of the sum, the names of the partners and cashiers stand forth in large black characters. On the back are the indorsements of various individuals through whose hands the note has passed, in order to trace the course of the note and facilitate the detection of forgery. The indorsers of these notes are not, however, liable or responsible for any irregularities. These notes are not regarded as legal tender, but accepted on good business faith and redeemable in silver dollars or copper cash on presentation. The issuing of these notes enables the bankers to divert their capital for other legitimate business and may thus increase their earnings. For their own interest bankers do not issue these notes more than they can readily redeem in case of a rush, which often happens when some rival house or an evil person spreads the rumor that a bank is not in a firm position.

New banks whose credit is not considered well established by the commercial community never attempt to issue such notes, because they will never be accepted by the public. Age and a long standing reputation mean everything to the Chinese merchant.

There are various ways of making money by the native banks. If they are agents of some provincial banks they discount bills. They often deal in bills of exchange, acting as agents of Chinese banks in Honk Kong, Macao, or Shanghai, where bills may come from emigrants residing in the United States, Australia or other foreign countries. They receive deposits, which are lent out to merchants at a good profit. In lending out their money they ascertain by their watchers the business standing, character and financial position of the applicant, and if they are satisfied the money is loaned on personal security, which is nothing more than business faith. The applicant, of course, refers the bankers to some reliable business men, who act as security, usually receiving something for their trouble and risk, for, if the applicant fails to pay the loan, the security has to be responsible for the whole debt.

There is a saying in China that a man will be comparatively happy if he is not a witness or a surety in any case. It seldom happens that a loan is secured on mortgages of real estate, though goods and merchandise may be handed over to the banker, who will advance the money. In Shang-tung, Sz-Chuen, and other places, bankers have large godowns, in which they stow grain, bees' wax, medicinal herbs and other stuff, deposited as security by their customers. They also make a large profit by the handling of silver. In receiving silver dollars by weight for payment, they require the clean dollar, which must not be marked by ink, or vermillion, but in paying out they stamp it with their own mark, with ink on one side and vermillion on the other. They warrant the coin to be good as long as their mark is on it, but in case their mark is obliterated they will not be responsible. The difference in weight of the coin becomes their profit. When the foreign trade was concentrated in Canton, one bank made \$100,000 in one year from this source alone. Many banks have a sycee mint of their own for the coining of silver "shoes" or

lumps. All the Mexican dollars that have been either chopped, clipped, or have no standard ring in them, are melted and cast into sycees of 5, 10 or 50 taels. On these "shoes" of silver the names of the bankers and workmen, and the date are stamped, the firm issuing the silver being held responsible for any irregularity. The way bankers make a profit from their mint is as follows: They buy from brokers whose business is to purchase all silver dollars of a low standard, or not passable at the full rate, from shops and money changers. These dollars are bought at a price far below the value of the silver contained in them, the brokers, by their experience and training, being able to judge with great accuracy the market value of such coins. The brokers sell these suspicious dollars to the bankers at a small profit, and the bankers in turn melt the coins down, and extract the pure silver, which is cast into "shoes" of sycee. The banker's margin of profit is the real value of the silver extracted from a dollar above the price he paid for it.

The Chinese banks which do business in the foreign settlements, such as Hong Kong, Shanghai, Tien Tsin and other places, differ from banks in purely Chinese cities in only one respect, which is, that they do business much more on real estate security than they do on personal security. This adoption of real estate securities in the foreign settlements is a means of safeguarding the banker's own interests, because it often happens that in a lawsuit heard in the Consular or in the mixed court, a personal security, with nothing more than a record of the transaction in their books, is in many cases not considered sufficient evidence. Being made wiser by foreigners and Western methods of business, they have thus been obliged to demand solid securities, beyond the standing and reputation of those who negotiate for loans. Technicalities of Western law rather puzzle the mind of Chinese merchants, so that in large and important transactions, a European lawyer is generally employed to draw up the deeds. Money is lent on mortgages, and bankers will accept bills of lading or receipts from foreign firms through whom the borrower has ordered goods, such bills or receipts in these cases being invariably indorsed by some shipping firm or business house. These banks do a large business among the Chinese merchants of the treaty ports, and even with foreign countries, from which their Chinese agents will remit the money sent by emigrants to the interior of China. In these latter instances the banks make something by the exchange, and the depreciation of silver has somewhat increased the earnings of the banks by remittances and drafts.

Of all the Chinese banks which transact business by purely native methods, the Shan-si banks are the most famous and influential. By perhaps a thousand years of experience they have reduced their methods to an elaborate system.

They have worked out among themselves a very high commercial morality by a vigorous domestic discipline. If an employee defrauds one of these banks no appeal is made to law or to the magistrate, but the culprit is sent home, to be dealt with by his clan, which forces him to refund the money, or punishes him in a drastic manner. The clans generally recommend these employees or act as their securities, for which reason the bankers, in order to get satisfaction, find it the most efficient way to return the delinquents to the heads and elders of their families. These exchange banks monopolize the business of transmission of money from one part of the empire to another. They have agencies in every province and important city, and are so high in their standing that they have been intrusted with the transmission of army pay from Nan King to Ili. The private funds of officials and the gentry are intrusted to them as a favor, the parties receiving 5 to 6 per cent. per annum. They also act in the capacity of fiscal agents of the Government. Deposits from the public they do not care to receive, thinking that this would reflect upon their credit and injure their standing. They do not hesitate to lend to

reliable business houses on personal security 200,000 or 300,000 taels, on which they would receive from 10 to 12 per cent. per annum. This impresses the public that the bank can meet its drafts. A piece goods merchant with ample resources would have to give for such advances 7 to 12 per cent. per annum, according to the state of the money market. These banks employ many "watchers" or agents, who are always about the business quarters, inquiring into the proceedings of their customers, so as to enable them to be well posted about their credit.

Pawnshops, especially the larger establishments, are connected with banking houses. When a person fails to secure a loan on account of bad personal credit or some other drawback, the pawnshop is the last resort. His personal wardrobe, consisting sometimes of fifty or sixty trunks full of furs and silk gowns, his jewelry and curios, are sent to the pawnbrokers, who advance money amounting to one-half or two-thirds of the value of the goods deposited, charging 12 or 15 per cent. per annum for their money. If the pawnee does not redeem his goods at the end of three years the pawnshop is at liberty to dispose of them. Bankers who cannot advance money on bad personal security are always unwilling to lose any business, so that in order to bring about the transaction in some other way they give the needy individuals a chance in their pawnshops, to the satisfaction of all parties.

In 1898, say six years ago, an edict was issued authorizing the establishment of the Imperial Bank of China on a European basis, with headquarters at Shanghai. Since then other similar banks have been established at Tien-tsin, Han-Kow, etc. There are in the Chinese treaty ports many European banks, such as the Hong Kong and Shanghai Bank, the Chartered Bank of India, China and Australia, the French Bank, the German or Deutsche-Asiatic Bank, the Yokohama Specie Bank, the Russo-Chinese Bank, the International Bank of New York, and the agents of the New York Guarantee Trust Company. In each of these institutions there is a compradore or Chinese agent at the head of the Chinese department, whose business it is to keep the banks posted about the condition of the Chinese money market, the standing of the Chinese banks with which they do business, and the credit of customers to whom the foreign banks may advance money on security. These compradores are indispensable, not only to the foreign banks in China, but to every foreign mercantile house in the treaty ports, acting as they do the part of middlemen between the foreign and Chinese merchants. They are men of means and have much executive ability, are exceedingly well posted in the condition of the Chinese market, and at the same time are as shrewd as a Scotchman.

In the case of mercantile houses, it is not to be supposed that these compradores are merely employees. In some new firms it often happens that the compradore advances several hundred thousand dollars to the foreign merchant as security for good faith, the merchant in turn proving his own standing by showing the compradore his power of agency and the orders for goods from Europe, America or Japan. The compradores have an immense responsibility and personal risk, for in the case of banking houses they are responsible for all loans negotiated through their advice, while in mercantile houses all the goods ordered by the Chinese merchants through their firm, as well as goods sold to the native dealers by the foreign firm, pass through their hands.

The compradore in a foreign bank is placed at the head of the Chinese department, and under him are employed many trained subordinates, who carry on their work in pretty much the same way as business is done in a real native banking house. The same set of books, the same process of testing the silver dollars by tinkling, the same method of calculating by the employment of the abacus are retained. Foreign banks have, as a general rule, flourished in China and prospered with the expansion of trade.

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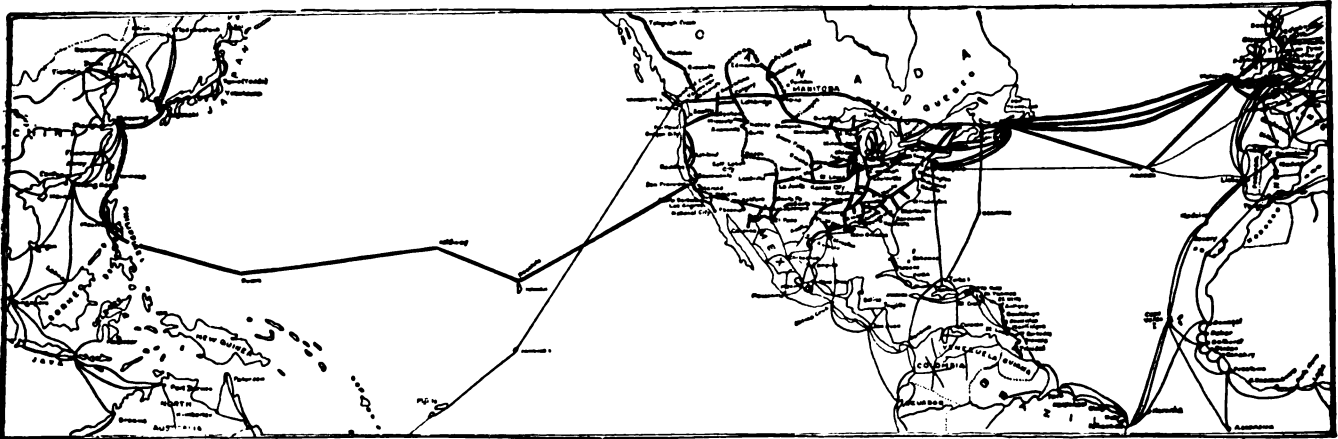
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THE month of February, 1904, will be memorable in all history for the epoch-making victories of Japan. Mr. Edward Dicey has recorded the opinion that when the history of the Victorian era shall have passed into the domain of philosophical investigation, the great phases of internal and external change which it includes will be studied, "not so much for their intrinsic importance, as for the bearing they may be supposed to have had on the growth of the colossal Empire of the North." He imagines celestial beings gifted with the power to see moral darkness as the power to recognize physical darkness is bestowed on the denizens of this planet, watching with alarm how the moral darkness of Russia's rule has spread continuously over the face of the terrestrial globe. It will be discerned in the future, more clearly perhaps than it is today, that the wiping out in a single stroke of at least one-third of the effective naval power of Russia, and the reduction to virtual powerlessness of the Russian navy in Asiatic waters, was the beginning of a new era of human progress—the first stage of the recession of the Russian shadow from the face of Eastern Asia. The achievement was not unlooked for by those who knew Japan. When Mr. Arthur May Knapp, the editor of the *Yokohama Advertiser* was here in December, he stated, repeatedly and emphatically: "the initial victories of Japan will astonish the world." It may be permissible to add that the world which knew little or nothing of the preparedness of Japan for a conflict which was commonly regarded as a hopelessly unequal one, has still some surprises in store for it when it comes to a question of demonstrating that the efficiency of the Japanese army is by no means inferior to that of the Japanese navy.

A more detailed and exact account than has yet been published of the course of the negotiations preceding the war, will be found in this number of the JOURNAL. The exchange of views therein recorded brings out in strong relief the disingenuousness of the Russian pretense that the question of Manchuria was an afterthought on the part of Japan, and was not included in the original demands made upon Russia. It was, in fact, the starting point of the whole negotiations, which were invited by Japan with a very distinct reference to the apparent determination of Russia to evade the execution of her promises in regard to the restoration of Manchuria to the sovereignty of China. The Manchurian Convention of April 8, 1902, was distinct and positive in its terms, and while it immediately concerned only the two powers—Russia and China—which were parties to it, Japan rightly recognized that a Manchuria Russified in defiance of this Convention, would be a menace

to her own safety as well as to the peace of the Far East. If Japan's seizure of the Liaotung Peninsula could be construed as such a menace in 1895, the persistent military occupation of all the three provinces of Manchuria by Russia, could hardly be deemed less than a plain intimation that the dismemberment of China had begun, and that with it must disappear the independence of Corea and the national existence of Japan. "A mutual engagement to respect the independence and territorial integrity of the Chinese and Corean Empires," was, therefore, the very first of the demands formulated by Japan, last August as "a mutual engagement to maintain the principle of the equal opportunity for the commerce and industry of all nations in those two countries," was, with characteristic breadth of view, made the second. From first to last, the independence and integrity of China and Corea was insisted on as an indispensable preliminary to any basis of agreement, and the Japanese Government very naturally failed to see why Russia, "who hitherto so often professed to have no intention of absorbing Manchuria, should be disinclined to insert in the proposed Convention, a provision which is in complete harmony with her own repeatedly declared principle of respecting the sovereignty and territorial integrity of China." The world has already paid its tribute to the patience and forbearance of Japan throughout these negotiations, and there has been an all but unanimous agreement, on this side of the Atlantic at least, with the statement of the Imperial Japanese Rescript: "Russia never met such proposals in a spirit of conciliation, but by her wanton delays put off the settlement of the serious question, and by ostensibly advocating peace on the one hand, while she was on the other extending her naval and military preparations, sought to accomplish her own selfish designs."

A good deal of discussion has been excited by the note sent to the Treaty Powers by Secretary Hay inviting their cooperation in an effort to localize within as small an area as possible, the hostilities in the Far East, and to insure over as much of China as possible her neutrality. Some little time was required to enable critics at home and abroad to grasp the significance of this very timely communication. It was by some mistaken for an effort to bring about the "neutralization" of China, and by others as an invitation to the Powers to guarantee the neutrality of China and the integrity of her dominions. While it is barely possible that the German Government which was, in some quarters, credited with prompting Mr. Hay's note, would have liked to see China "neutralized," *i. e.*, tied hand and foot throughout the present struggle, nothing could have been much further from the design of the American Secretary of State. All that he has tried to do was to bring about an agreement on the part of the belligerents to respect the territorial integrity and administrative entity of China outside of that part of her Empire which happens to be the scene of hostilities. China must be held to have the same right to abandon a position of neutrality as she has to assume it, and with her identification with either combatant must inevitably come an acceptance of all the risks of war. The work undertaken by Mr. Hay was emphatically one in the line of international duty, because no other Government, save our own, could have brought to it the same freedom from any suspicion of self-interest. A refusal to undertake such a task would have been a manifest shirking of the responsibilities pertaining to the unique position occupied by the United States, but its successful accomplishment is none the less a conspicuous triumph for the clear-sighted and tactful diplomacy of Secretary Hay.

THE controversy in regard to the genuineness of the evidences of friendship displayed by Russia toward the cause of the Union during the Civil War has been actively waged in the daily press of late, and has invaded our columns in the shape of a letter from an esteemed fellow member, Mr. Clarence Cary. Mr. Cary's fine sense of justice has been somewhat outraged by our adoption of the views of Mr. Ralph M. McKenzie in regard to the illusory character of the services rendered by Russia to this country in 1863, and to the mythical character of the "sealed orders" carried by the Commander of that skillfully exploited squadron. At the present writing, the careful student of this question has four separate theories among which to seek for the true explanation of the appearance of the Russian ships in New York harbor in September, 1863: First, that of Count Cassini, apparently accepted by Mr. Cary, that Alexander II, the late Emperor of Russia, out of pure friendship offered to aid the North with his fleet of ships, with orders to the Commanding Admiral, in the event of recognition of the Confederacy by France and England, to place his fleet at the disposition of the American Government. Second, that of Mr. McKenzie, that the fleet was sent here so that in case of an outbreak of hostilities as the consequence of Prince Gortschakoff's ultimatum in regard to the Black Sea clause of the Treaty of Paris, the fleet would be safe in neutral waters and not cooped up for destruction as had been the fleet in the harbor of Sebastopol. Third, as a well informed correspondent of the *New York Times* suggests, that the visit of the Russian ships was brought about by Secretary Seward for the purpose of creating the impression in England and France that there was a secret treaty for an offensive and defensive alliance between the United States and Russia. Fourth, as suggested by a correspondent of the *Evening Post*, that during our Civil War, Russia was practically without a fleet, her Black Sea and Baltic fleets having been destroyed during the Crimean War to prevent their falling into the hands of the enemy, and no new vessels having been built before 1870, that the half dozen old wooden ships sent here really imposed upon nobody, though furnishing the innocent occasion for a good deal of effervescent oratory and those much quoted lines by Holmes for which he was afterwards rebuked by James Russell Lowell.

THE decision, elsewhere reproduced in full, of the Supreme Court of the United States in regard to the constitutionality of the Tea Inspection Law has a considerably wider scope than its immediate subject matter. It affords a very clear exposition of the competency of Congress to delegate to a department of the Executive branch of the Government powers which are virtually legislative, as well as of the absolute discretion possessed by Congress to refuse admission to the country, on any ground of public policy, of any article of import. That is to say, no individual has a vested right to trade with foreign countries which is so broad in character as to limit and restrict what articles of merchandise may be imported into this country and the terms upon which a right to import may be exercised. It is hardly necessary to add that this final declaration in favor of the validity of a law which has been persistently assailed almost from the date of its enactment, is a piece of great good-fortune for the future of the tea trade of the United States. That trade was brought to the verge of ruin by the absence of restrictive legislation, making this country the dumping ground of worthless and spurious tea, and a steady renewal of its prosperity on legitimate lines may now be held to be assured.

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the seven months ending January 31, 1903 and 1904.

EXPORTS TO CHINA.

Months. 1902.	Cotton Cloths. Yards.		Mineral Oils. Gallons.		Wheat Flour. Barrels.	
July	32,036,120	\$1,658,250	70,139	\$13,505	1,465	\$4,606
August	23,366,570	1,087,054	730,110	57,474	2,657	9,108
September	23,759,038	1,190,977	55,492	11,800	8,804	25,589
October	20,472,678	1,036,726	3,017,797	270,697	18,620	56,636
November	6,712,750	340,422	2,292,023	198,958	16,717	50,510
December	20,582,544	1,074,463	6,205,559	529,109	11,546	37,273
1903. January	18,440,398	924,882	1,944,706	197,967	8,637	26,288
Total	145,370,098	\$7,312,774	14,315,826	\$1,277,510	68,446	\$210,010

1903. July	9,751,868	\$443,228	1,384,881	\$147,423	166	\$587
August	4,096,161	189,133	1,644,834	142,882	1,653	6,650
September	3,377,050	168,208	1,001,398	109,456	9,016	31,407
October	9,370,600	414,156	5,509,766	647,751	7,448	25,937
November	1,038,835	69,055	3,376,910	405,300	17,325	58,033
December	3,665,364	230,546	2,496,200	303,123	10,812	38,951
1904. January	8,906,813	476,609	3,772,243	447,712	6,303	24,019
Total	39,906,691	\$1,976,605	19,186,232	\$2,203,647	52,723	\$185,584

EXPORTS TO HONGKONG.

1902. July	1,200	\$220	1,301,020	\$101,420	75,811	\$228,906
August	38,103	2,470	768,590	69,360	93,998	295,892
September	14,739	1,418	33,250	4,002	141,598	437,587
October	17,550	3,111	5,100,885	439,318	137,672	422,355
November	6,568	1,400	3,023,690	264,956	147,545	477,722
December	69,107	6,395	2,894,751	286,066	240,937	826,823
1903. January	22,099	3,841	.....	.....	142,918	460,238
Total	169,366	\$18,855	13,122,186	\$1,165,122	980,479	\$3,149,023

1903. July	117,991	\$13,468	822,392	\$86,725	39,890	\$143,890
August	60,502	9,083	124,179	16,514	83,724	330,075
September	7,652	828	1,773,512	199,683	193,545	736,441
October	24,740	4,840	1,581,553	174,495	165,903	658,178
November	5,963	809	1,241,310	148,971	128,144	494,014
December	17,825	3,058	5,955,043	721,169	175,682	646,422
1904. January	5,877	994	955,320	112,700	155,130	574,431
Total	240,550	\$33,080	12,453,309	\$1,460,257	942,018	\$3,583,451

DEPARTMENT OF COMMERCE AND LABOR,
Bureau of Statistics.

WASHINGTON, D. C., February 27, 1904.

Imports of Tea and Silk into the United States for the seven months ending January 31, 1902, 1903 and 1904.

TEA.						
Imported from	1902.		1903.		1904.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	1,829,007	363,916	3,529,969	580,039	3,619,916	702,774
British North America....	1,060,261	181,764	1,238,505	237,410	1,170,209	266,136
Chinese Empire.....	27,366,577	2,900,171	49,975,122	6,298,883	40,209,388	5,762,609
East Indies.....	1,396,373	191,688	4,188,045	493,523	4,446,143	684,205
Japan.....	27,413,380	3,698,648	31,723,212	5,075,316	37,248,485	6,851,516
Other Asia and Oceania ..	225,361	29,101	292,891	34,155	330,620	40,848
Other countries	53,614	9,928	5,484	2,359	15,576	2,426
Total.....	59,344,573	7,375,216	90,953,228	12,721,685	87,040,337	14,310,514
SILK.						
RAW, OR AS REELED FROM THE COCOON.						
Imported from	1902.		1903.		1904.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France.....	306,303	1,053,373	396,737	1,492,913	153,137	605,276
Italy.....	1,433,571	5,517,700	1,741,238	7,134,001	913,632	4,158,312
Chinese Empire.....	1,781,742	5,037,145	2,145,046	6,096,053	1,635,527	4,751,420
Japan.....	4,052,048	13,569,973	4,818,046	17,061,880	3,907,148	14,686,545
Other countries	75,155	248,751	36,560	125,350	65,635	231,129
Total	7,648,819	25,426,942	9,137,627	31,910,197	6,675,079	24,432,682
Waste	913,339	528,719	1,092,002	665,549	2,573,695	1,003,096
Total unmanufactured .....	.....	25,957,216	.....	32,575,844	.....	25,446,473

CHINA'S EXHIBITS AT THE WORLD'S FAIR.

The Chinese Vice Commissioner, Wong Kai Kah, started back to China via San Francisco on January 7. He will escort Prince P'u Lun from Peking to St. Louis in the spring.

As China's exhibits at the World's Fair in St. Louis are to be her first official representation in any universal exposition, she is making it very original, comprehensive and interesting. Her pavilion is to be typical of China's picturesque architecture, finished in the highest style of native art, with painting, carving and inlaid work in the most fantastic colors and forms. Before starting back to China, Vice Commissioner Wong Kai Kah handed to Colonel Ockerson, of the Liberal Arts Department, a list of the articles now ready for shipment to fill China's 127,000 feet of exhibit space in the Palace of Liberal Arts. This does not include the educational exhibit, which is not yet complete, but it contains a wonderful collection of things illustrating the antiquity of Chinese civilization and its primitive arts. All the Chinese ports and provinces and many centuries of Chinese progress are represented in the collection. There will be maps and panoramic views of all the large Chinese ports, maps of railways, postal and telegraph lines, and specimens of postage stamps and Chinese coins, antique and modern. Over 4,000 varieties of fans will be shown, all of artistic and magnificent designs, many of them made by famous fan makers and worth a small fortune—carved ivory fans, stick, lacquered and sandalwood fans, and gauze fans from Swatow.

The native workmanship will be shown in a pair of elephant tusks mounted on carved stands, each tusk being about 6 feet long and beautifully carved, representing landscapes and processions. The carving required eighteen months of daily work. Besides this, there will be shown carved soapstone ornaments from Wenchow and Foochow and clay figures from Tien Tsin, representing marriage and funeral processions, street merchants, beggars, dinner and card parties, civil and military officials in winter and summer uniforms, soldiers, figures of theatrical characters in the gorgeous dress of Chinese actors, scholars, barbers, athletes, boxers, opium smokers, Mongols, lamas, priests,

Buddhists and sundry groups of men, women and children, all the figures being from 6 to 10 inches in height. About forty life size figures showing costumes and types of natives will be sent from Peking, Shanghai, Ningpo, Foochow, Canton, Yuman, and if possible from the Shan states. The costumes of the figures will be of the best embroidered material.

The architecture of the country will be exemplified by models of temples, houses and other native buildings, showing shops of various guilds, gentlemen's and laborers' houses, a yamen, an examination hall, bridges, city gates with portions of the city walls, farmer's homestead, Wuchang pagoda, altar of Confucius' temple, teahouse of Cha Kuan, the graves of both the wealthy and middle classes, lime kiln, icehouse and numberless other structures.

The exhibit of conveyances will show Sedan chairs, both single and official, mule litters, Peking carts, mud sledges and the curious boats of the Chinese, including the junks, passenger and fishing craft. The agricultural implements, scales and measures, tools for the various industries, compasses and dials, hand machinery, looms and mills for the manufacture of various commodities will be an allied exhibit. Some of the models are 8 feet in length and will require much space.

In the exhibit of furniture will be included a large collection of Chinese lanterns, matting, carpets, carved and inlaid blackwood furniture from Canton and lacquered ware from Foochow. Of course, the display of teas and porcelain and silks will be very extensive, comprising the very best from the several provinces.

The art of the country will be represented by a collection of scrolls containing sixteen water colors, representing official and religious ceremonies, and albums of paintings of the best artists in Leking, Hangchow and Canton. There will also be shown large models of a marriage procession, a funeral cortege, catafalque used by high officials, a crematory, priest undergoing process of cremation, the gods of wealth, fire, literature, the umbrella of myriad names, bronze and wood idols, a collection of musical instruments, weapons, Chinese stationery, medicines, grains and cereals, commercial products, cakes and sweetmeats, wines and oils and samples of the minerals, ores and timbers of the various provinces.

HISTORY OF THE RUSSO-JAPANESE NEGOTIATIONS.

The secret negotiations carried on by M. Plancon at Peking last spring were intended to gain for Russia absolute control of all commercial and industrial, mining and forestry interests in Manchuria. M. Plancon presented a memorandum to the Chinese Government, official in form and tenor, embodying these new demands which were stated as conditions precedent to the evacuation of Manchuria by Russia agreed upon in the Treaty of 1901. The Russian foreign office categorically denied that these demands had been made. On the other hand, authentic copies of the communication of M. Plancon were obtained by the Governments of at least three of the Treaty Powers. It has been since stated that M. Plancon acted under the direction of Admiral Alexieff, who was at that time in charge of Russian interests in Manchuria, and that the foreign office in reality had no knowledge of what M. Plancon was doing. However that may have been, the foreign office at St. Petersburg, when it did become aware of what had been done by M. Plancon, evidently sanctioned his action, because M. Lessar, who returned to Peking shortly after the disclosure of the Plancon negotiations, took the matter up where M. Plancon had left it and made practically the same demands. The chief demands made by M. Plancon were that no portion of Chinese territory in Manchuria should be alienated or even sold or leased to any other but Russians; and that no new ports should be opened in Manchuria to foreign commerce, or consuls received there, without previous consultation with the Russian Government. M. Lessar repeated the first of these demands, and added to it a further demand that after the evacuation at Manchuria all forestry, mining and other similar valuable concessions should be granted only to Russian subjects. He also repeated the demand that no change should be made in the government or administration in Mongolia, because anything tending to alter the condition of affairs there might create internal disorder and disturb the relations of China and Russia, whose territory adjoined Mongolia. As regards new ports in Manchuria,* the Russian Government asserted finally, in July, that it had no intention of interfering with the establishment of such ports, without foreign settlement attached thereto. This was the only substantial difference between the demands made by M. Plancon and those made later on by M. Lessar, with the full knowledge and approval of the Government at St. Petersburg. In the one case the Russian Government absolutely denied that anything of the kind was being done or attempted to be done; in the other, it admitted that negotiations were being carried on at Peking "to safeguard Russia's interests" after the withdrawal of the troops from Manchuria.

The conditions to which Japan asked Russia to agree in the communication of August 12 are included in the statement of Japan's case published in the papers of February

10. Russia's first reply thereto, or counter proposal, received October 6, read as follows:

"1. Mutual engagement to respect the independence and territorial integrity of the Korean Empire.

"2. Recognition by Russia of Japan's preponderating interests in Corea and of the right of Japan to give advice and assistance to Corea tending to improve the civil administration of the empire without infringing on the stipulation of Article I.

"3. Engagement on the part of Russia not to impede the commercial and industrial undertaking of Japan in Corea, nor to oppose any measures taken for the purpose of protecting them so long as such measures do not infringe on the stipulation of Article I.

"4. Recognition of the right of Japan to send troops for the same purpose to Corea, with the knowledge of Russia, but their number not to exceed that actually required and with the engagement on the part of Japan to recall such troops as soon as their mission is accomplished.

"5. Mutual engagement not to use any part of the territory of Corea for strategic purposes nor to undertake in the southern part of Corea any military works capable of menacing the freedom of navigation of the Straits of Corea.

"6. Mutual engagement to consider that part of the territory of Corea lying to the north of the 39th parallel as a neutral zone into which neither of the contracting parties shall introduce troops.

"7. Recognition by Japan of Manchuria and its littoral as in all respects within Russia's sphere of interest exclusively.

"8. This agreement to supplant all previous agreements between Russia and Japan respecting Corea."

At this point of the negotiations the discussion of the questions involved was taken up at Tokio and carried on between the Japanese Minister for Foreign Affairs, Baron Komura, and the Russian Minister, Baron Rosen. The Russian counter proposal was accepted by the Japanese Government as a basis for the negotiations, in the hope that it might be possible to secure from Russia some recognition of the fundamental principles laid down in the original Japanese proposal.

The result of these negotiations was as follows: Article II of the Russian counter proposal was changed somewhat in compliance with the wishes of the Japanese Government; Article VI was amended so that the proposed neutral zone included territory both north and south of the Yalu River, about 50 kilometres in Manchuria and in Corea, respectively. Article VII was enlarged by the insertion of an amendment wherein Russia recognized the existence of Chinese sovereignty in Manchuria. It was also agreed that Russia should declare Corea, and Japan should declare Manchuria, as, respectively, without the sphere of their special interests. Differences still existed on several minor points, but they were of such a nature that if what had been agreed to by the Japanese Minister

* Hansen's memorandum presented in July to the United States Government, and a similar one by Rosen at Tokio.

for Foreign Affairs and the Russian Minister had been accepted by the Russian Government, no difficulty would have been found in reaching an understanding with reference to them also. The Japanese Government expressed its willingness, so far as the fortification of the Straits of Corea was concerned, to agree absolutely not to undertake to erect fortifications. The text of the agreement, so far as reached, was telegraphed to St. Petersburg on November 1. No reply was received until about the middle of December, when the Russian Government transmitted counter proposals in which they rejected even the amendments of their original counter proposal agreed to by Baron Rosen, ad referendum, and, in substance, repeated the terms of the first counter proposal.

The document was as follows:

"1. Mutual engagement to respect the independence and territorial integrity of the Corean Empire.

"2. Recognition by Russia of Japan's preponderating interests in Corea and of the right of Japan to assist Corea with advice tending to improve the civil administration.

"3. Agreement on the part of Russia not to oppose the development of the industrial and commercial activities in Japan and Corea, nor the adoption of measures there for the protection of those interests.

"4. Recognition by Russia of the right of Japan to send troops to Corea for the purpose mentioned in the preceding articles, or for the purpose of suppressing insurrections or disorders capable of creating international complications.

"5. Mutual engagement not to make use of any part of the Corean territory for strategic purposes and not to undertake on the Corean coast any military works capable of menacing the freedom of navigation of the Straits of Corea.

"6. Mutual engagement to consider the territory of Corea to the north of the 39th parallel as a neutral zone within the limits of which neither of the contracting parties shall introduce troops.

"7. Mutual engagement not to impede the connection of the Corean and East China railways when those railways shall have been extended to the Yalu River.

"8. Abrogation of all previous engagements between Japan and Russia respecting Corea."

The objects of Japan and the progress made in the negotiations was about that time described in a communication to foreign governments, which read as follows:

"The development of affairs in Manchuria, threatening the principle of equal opportunity and tending to endanger the territorial integrity of the Chinese Empire, has seriously disappointed all the Powers who have commercial and political interests in the Far East, and who had been led to entertain more or less hopeful views as to the future of Manchuria by the repeated and unequivocal declarations of the Russian Government. But what is of still more serious concern to Japan, the indefinite occupation of Manchuria by Russia would be a continual menace to the Corean Empire, whose independence Japan regards as absolutely essential to her own repose and safety. It was with the object of removing just and natural anxiety

resulting from unsettled conditions in Manchuria, as well as in Corea, and of arriving at an amicable adjustment of the mutual interests of Japan and Russia in the region in the Far East where those interests meet, that the Imperial Government approached the Russian Government last August in a spirit of conciliation and frankness. The latter having signified their willingness to enter into negotiations, the Imperial Government proposed as the basis of the negotiations, first, definition of the interests respectively of Japan in Corea and Russia in Manchuria; second, a mutual agreement as to the measures each Power may take to protect its defined interests, and third, a mutual engagement to respect the independence and territorial integrity of China and Corea, and to maintain the principle of equal opportunity in matters of commerce and industry of all nations in the two countries. The Russian counter proposal was presented on October 6 last, and Japan was asked to declare Manchuria and its littoral as being entirely outside the sphere of her interests. The stipulation was made to apply exclusively to Corea, leaving the Chinese Empire entirely untouched. Corean territory north of the thirty-ninth parallel was proposed to be made a neutral zone into which neither of the contracting parties should introduce troops.

"It need scarcely be said that this counter proposal clearly falls short of the object the Imperial Government had in view in inviting the Russian Government as above stated. It was impossible for the Japanese Government to understand the difficulty which prevented Russia from having in the proposed arrangement stipulations regarding independence and territorial integrity of the Chinese Empire and maintenance of treaty rights in Manchuria so entirely in consonance with her repeated declaration. The Imperial Government had accordingly to propose amendments to the Russian counter proposal, insisting upon a joint engagement by Japan and Russia to respect the independence and territorial integrity of the Chinese Empire, as well as the Corean Empire, and not to interfere with the commercial and residential rights and immunities belonging to Japan and Russia by virtue of their treaty engagements with China and Corea respectively. The Japanese Government also proposed to agree to the establishment of a neutral zone in the northern part of Corea, provided that a similar zone of equal extent be established in Manchuria along the Corean-Manchurian frontier, and to introduce an article in which Japan and Russia were to mutually declare Manchuria and Corea as outside the sphere of their special interests, respectively. After considerable delay the second Russian counter proposal was presented a few days ago. In this proposal all representations made by the Japanese Government regarding their amendments were found to have been futile. The Russian Government more than ever adhered to their original position, positively refusing to treat concerning the Manchurian question with any Power but China. Even those points on which Baron Rosen and myself had arrived at an agreement ad referendum were rejected. In fact the difference between the first and second proposals is practically the suppression of the article relating to Manchuria, thus

making the proposed arrangement purely and simply Korean."

Notwithstanding its continued failure to secure anything in the nature of a concession from Russia on the material points involved, the Japanese Government still persevered in the effort. It decided to invite the Russian Government to reconsider its position. It also further decided with regard to the stipulations concerning Korea, to propose the following amendment to the Russian new counter proposal, viz.,

"2. Recognition by Russia of Japan's preponderating interests in Korea and of the right of Japan to give Korea advice and assistance tending to improve the administration of the Korean Empire.

"5. Omit the phrase 'not to make use of any part of the Korean territory for strategic purposes, and'

"6. Omit entirely."

At the time these new proposals were sent, on the 21st of December last, another communication was made to foreign governments in the following sense:

"The following supplementary information is given for the information of the _____ Government, which may have observed from the previous information furnished them that the Japanese Government, fully animated by a spirit of conciliation, are prepared to recognize the special interests and position acquired by Russia in Manchuria, provided,

"1. That Russia should join Japan engaging to respect the territorial integrity of China in Manchuria, and,

"2. That the rights and commercial interests acquired by other powers in Manchuria by virtue of treaties with China should be maintained. It should be remarked that in making these proposals Japan does not ask any concession from Russia; all she desires being nothing more than a confirmation of what has been repeatedly declared by Russia herself. As to Korea, Japan proposes herself to respect and asks Russia also to respect the independence and territorial integrity of the empire. The Russian Government, while accepting this latter proposal, on the one hand, propose on the other, to establish a neutral zone in Northern Korea. That Japan possesses in Korea paramount political, as well as commercial and industrial interests, and that Japan regards the safety of Korea as specially essential to her own safety, which she must, therefore, be prepared to secure at all costs, is well known to the Powers interested in the affairs of the Far East. To Russia, who recognized in an international compact, the large development of the commercial and industrial enterprises of Japan in Korea as far back as 1898, this state of things must be known better than to any other power. She could not, therefore, be surprised if Japan finds it impossible to acquiesce in an exceedingly abnormal and precarious condition of affairs which would inevitably result from Russia's indefinitely staying on the flank of Korea, which is an important outpost of Japan's line of defense, or that Japan should object to the inclusion of a considerable portion of Korean territory, embracing about one-third of the whole peninsula, in a neutral zone. These considerations lead the Imperial Government to still entertain the hope that the Russian Government

will find it possible to reconsider their position in accordance with the invitation which the Imperial Government has just addressed to them.

"The Imperial Government entertains the hope that Japan's course of action, invariably faithful to the cause of peace and solicitous to respect the legitimate interests of all other Powers, may be appreciated by the _____ Government."

On January 6 the reply of the Russian Government to the Japanese communication of December 21 was received. The substance of these last proposals was as follows:

"1. To maintain the original wording of Article V.

"2. To maintain Article VI, establishing the neutral zone comprising all the territory of Korea above the thirty-ninth parallel."

It should be noted again that the Japanese Government, while consenting to the elimination of the last portion of Article V, relative to fortifications menacing the free navigation of the Straits of Korea, had insisted upon its right to use other portions of the Korean territory for strategic purposes, since that right was indispensable, so long as Japan enjoyed the corresponding right to send troops to Korea for the purposes mentioned in the agreement. To the other proposal, the creation of an exclusively Korean neutral zone, Japan was unalterably opposed for very obvious reasons. Nevertheless, it was solely upon condition of the acceptance of these two stipulations, which it should be noted the Japanese Government had repeatedly declined to accept, that Russia made the following "concession," upon the granting of which so much stress was laid by the Russian Government and its friends at the time. That concession was as follows:

"Recognition by Japan of Manchuria and its littoral as being outside of her sphere of interest, while Russia within the limits of that province will not impede Japan nor other Powers in the enjoyment of rights and privileges acquired by them under existing treaties with China, exclusive of the establishment of settlements."

Still the Japanese Government resolved to make one more effort to secure from Russia some modification of proposals which Japan could not possibly accept with any regard for her interests and her safety. Accordingly on January 13 it was proposed to the Russian Government on behalf of Japan:

1. That the article relating to the establishment of a neutral zone in Korea north of the thirty-ninth parallel should be entirely suppressed; and

2. That the Russian proposal concerning Manchuria should be modified as follows: (a) Recognition by Japan of Manchuria and its littoral as being outside her sphere of interest, and an engagement on the part of Russia to respect China's territorial integrity in Manchuria. (b) Russia not to impede Japan or other Powers in the enjoyment of the rights and privileges acquired by them under their existing treaties with China. (So far as the establishment of foreign settlements at any new ports in Manchuria was concerned, it was stated that Japan would be satisfied if she received equal treatment with other Powers in that

behalf). (c) Recognition by Russia of Corea and its littoral as being outside of her sphere of interest."

At the same time that the Japanese Government sent forward this final representation of its views, the Japanese Minister at St. Petersburg was requested to press for an early reply, because, as was stated to the Russian Government, the prolongation of a period of uncertainty added largely to the danger of the situation. It was also explained by the Japanese Government at the time to other governments that the communication was not in the form of an ultimatum, but was intended to be an invitation to Russia to reconsider its position, and it was made in the hope that the Russian Government would reciprocate in the same spirit of conciliation which the Japanese Government had shown in forwarding the above amendments. At the same time it was also stated on behalf of the Japanese Government that if the reply of the Russian Government should not prove satisfactory, or should be unduly delayed, the Japanese Government would, in that case, be compelled to consider and decide what measures they would deem it necessary to take in order to protect their rights and interests.

The Russian answer was not received, notwithstanding the Japanese Minister at St. Petersburg on no less than five occasions, urged its transmission. The very contingency contemplated in the foregoing notice having arisen, the Japanese Government, on February 5, instructed its representative at St. Petersburg to present to the Russian Government the following note:

"The undersigned, Envoy Extraordinary and Minister Plenipotentiary of His Majesty the Emperor of Japan, has the honor, in pursuance of instructions from his Government, to acquaint His Excellency the Minister for Foreign Affairs of His Majesty the Emperor of All the Russias, that the Imperial Government of Japan having exhausted without effect every means of conciliation with a view to the removal from their relations with the Imperial Russian Government of every cause for future complications, and finding that their just representation and moderate and unselfish proposals in the interest of a firm and lasting peace in the extreme East are not receiving the consideration which is their due, have resolved to sever their diplomatic relations with the Imperial Russian Government, which, for the reasons named, have ceased to possess value. In further fulfillment of the command of his Government, the undersigned has also the honor to announce to His Excellency the Russian Minister for Foreign Affairs that it is his intention to take his departure from St. Petersburg with the staff of the Imperial legation.

The Japanese Minister was instructed to present, simultaneously with the presentation of the foregoing note, another note in the following terms:

"The undersigned, Envoy Extraordinary and Minister Plenipotentiary of His Majesty the Emperor of Japan, has the honor, in pursuance of instructions from his Government, to address to His Excellency the Minister for Foreign Affairs of His Majesty the Emperor of All the Russias the following communication:

"The Government of His Majesty the Emperor of Japan regard the independence and territorial integrity of the Empire of Corea as essential to their own repose and safety, and they are consequently unable to view with indifference any action tending to render the position of Corea insecure. The successive rejections by the Imperial Russian Government by means of inadmissible amendment of Japan's proposals respecting Corea, the adoption of which the Imperial Government regarded as indispensable to insure the independence and territorial integrity of the Corean Empire and to safeguard Japan's preponderating interests in the peninsula, together with the successive refusal of the Imperial Russian Government to enter into engagements to respect China's territorial integrity in Manchuria, which is seriously menaced by their continued occupation of the province, notwithstanding their treaty engagements with China and their repeated assurances to other Powers possessing interests in those regions, have made it necessary for the Imperial Government seriously to consider what measures of self defense they are called upon to take. In the presence of delays which remain largely unexplained and of naval and military activities which it is difficult to reconcile with entirely pacific aims, the Imperial Government have exercised in the pending negotiations a degree of forbearance which they believe affords abundant evidence of their loyal desire to remove from their relations with the Imperial Russian Government every cause for further misunderstanding; but finding in their efforts no prospect of securing from the Imperial Russian Government an adhesion, either to Japan's moderate and unselfish proposals, or to any other proposals likely to establish a firm and enduring peace in the extreme East, the Imperial Government have no other alternative than to terminate the present futile negotiations. In adopting that course the Imperial Government reserve to themselves the right to take such independent action as they may deem best to consolidate and defend their menaced position, as well as to protect their established rights and legitimate interests."

THE RUSSIAN VERSION OF THE NEGOTIATIONS.

The following official communication was published in St. Petersburg on February 9:

"Last year the Tokyo Cabinet, under the pretext of establishing the balance of power and a more settled order of things on the shores of the Pacific, submitted to the Imperial Government a proposal for a revision of the existing treaties with Corea. Russia consented, and Viceroy Alexieff was charged to draw up a project for a new understanding with Japan in co-operation with the Russian Minister at Tokyo, who was intrusted with the negotiations with the Japanese Government. Although the exchange of views with the Tokyo Cabinet on this subject were of a friendly character, Japanese social circles and the local foreign press attempted in every way to produce a warlike ferment among the Japanese and to drive the Government into an armed conflict with Russia. Under the influence thereof the Tokyo Cabinet began to formulate greater and

greater demands in the negotiations, at the same time taking most extensive measures to make the country ready for war.

"All these circumstances could not, of course, disturb Russia's equanimity, but they induced her also to take military and naval measures. Nevertheless, to preserve peace in the Far East, Russia, so far as her incontestable rights and interests permitted, gave the necessary attention to the demands of the Tokyo cabinet and declared herself ready to recognize Japan's privileged commercial and economic position in the Korean peninsula, with the concession of the right to protect it by military force in the event of disturbances in that country. At the same time, while rigorously observing the fundamental principle of her policy regarding Korea, whose independence and integrity were guaranteed by previous understandings with Japan and by treaties with other Powers, Russia insisted on three points:

"One—On a mutual and unconditional guarantee of this principle.

"Two—On an undertaking to use no part of Korea for strategic purposes, as the authorization of such action on the part of any foreign power was directly opposed to the principle of the independence of Korea.

"Three—On the preservation of the full freedom of navigation of the Straits of Corea.

"The project elaborated in this sense did not satisfy the Japanese Government, which in its last proposals not only declined to accept the conditions which appeared as the guarantee of the independence of Corea, but also began at the same time to insist on provisions to be incorporated in a project regarding the question of Manchuria.

"Such demands on the part of Japan, naturally, were inadmissible, the question of Russia's position in Manchuria concerning in the first place China, but also all the Powers having commercial interests in China. The Imperial Government, therefore, saw absolutely no reason to include in a special treaty with Japan regarding Korean affairs any provisions concerning territory occupied by Russian troops. The Imperial Government, however, did not refuse, so long as the occupation of Manchuria lasts, to recognize both the sovereignty of the Emperor of China in Manchuria and also the rights acquired there by the other Powers through treaties with China. A declaration to this effect had already been made to the foreign cabinets.

"In view of this the Imperial Government, after charging its representative at Tokyo to present its reply to the last proposal of Japan, was justified in expecting the Tokyo cabinet to take into account the considerations set forth above, and that it would appreciate the wish manifested by Russia to come to a peaceful understanding with Japan. Instead of this the Japanese Government, not even awaiting this reply, decided to break off negotiations and to suspend diplomatic relations. The Imperial Government, while laying on Japan the full responsibility for any consequences of such a course of action, will await the development of events, and the moment it becomes necessary will take the most decisive measures for the protection of its rights and interests in the Far East."

THE NEUTRALITY AND ADMINISTRATIVE ENTITY OF CHINA.

WASHINGTON, February 22.—Secretary Hay on Saturday sent the following identical dispatch to the Ambassadors and Ministers of the United States at the capitals of nations signatory of the Pekin peace protocol of 1900, in which the communications dealing with the proposal of this Government to Russia and Japan that they respect the neutrality of China and limit hostilities to as small an area as possible are embraced textually:

DEPARTMENT OF STATE,
WASHINGTON, February 20, 1904.

SIR—After several days of conversation and correspondence with the representatives of the Powers interested in Chinese affairs, the following note was sent on February 10 to the Governments of Russia, Japan and China, and a copy of it was transmitted to all the Powers signatory of the protocol of Pekin, requesting each of them to make similar representations to Russia and Japan:

"You will express to the Minister of Foreign Affairs the earnest desire of the Government of the United States that in the course of the military operations which have begun between Russia and Japan the neutrality of China, and in all practicable ways her administrative entity, shall be respected by both parties, and that the area of hostilities shall be localized and limited as much as possible, so that undue excitement and disturbance of the Chinese people may be prevented and the least possible loss to the commerce and peaceful intercourse of the world may be occasioned."

On February 13 the following answer was received from the Japanese Government, addressed to the American Minister in Tokyo:

"In response to your note of the 12th inst. on the subject of the neutrality of China during the existing war, I beg to say:

"The Imperial Government, sharing with the Government of the United States in the fullest measure the desire to avoid as far as possible any disturbance of the orderly condition of affairs now prevailing in China, are prepared to respect the neutrality and administrative entity of China outside the regions occupied by Russia, as long as Russia, making a similar engagement, fulfills in good faith the terms and conditions of such engagement."

On February 19 the following answer was received from the Russian Government:

"The Imperial Government shares completely the desire to insure the tranquillity of China; is ready to adhere to an understanding with other Powers for the purpose of safeguarding the neutrality of that empire on the following conditions:

"First, China must herself strictly observe all the clauses of neutrality.

"Secondly, the Japanese Government must loyally observe the engagements entered into with the Powers, as well as the principles generally recognized by the law of nations.

"Thirdly, that it is well understood that neutralization in no case can be extended to Manchuria, the territory of which, by the force of events, will serve as the field of military operations."

On the same day the Department of State sent the following telegram to the Governments of Russia and Japan, communicating its purport to the other Powers interested:

"The answer of the Russian Government is viewed as responsive to the proposal made by the United States, as well as by the other Powers, and this Government will have pleasure in communicating it forthwith to the Governments of China and Japan, each of which has already informed us of its adherence to the principles set forth in our circular proposal."

RUSSIAN FRIENDSHIP FOR THE UNITED STATES.

To the Editor of the Journal of the American Asiatic Association:

SIR—Your January issue discusses the question as to Russia's attitude in respect of the Union cause in the Civil War, the visit of her fleet, etc., and approves the conclusions of a Mr. Mackenzie, who asserts that the mission of the Russian ships was "not to aid or benefit the United States," and generally that there is nothing in what you editorially refer to as a "Russian pretense of friendship," which has before found exposure. May I venture to ask, in the abstract interest of historical accuracy, how you reconcile these views with those of the principal recorded authorities?

For example, Mr. Hay, our present distinguished Secretary of State, in the *Lincoln Life*, on which he collaborated with Mr. Nicolay, after referring to Russia's refusal of the French proposal for interference in the war, in 1862, speaks of this—in Vol. VI, p. 66—as "a conspicuous proof of its"—the Russian Government's—"friendly feeling toward the United States" even at a time when there was "little confidence felt in St. Petersburg of the ultimate success of the national cause."

Again, Mr. Foster, one of Mr. Hay's equally distinguished predecessors (in his *Century of American Diplomacy*, p. 372), finds on the same point that "for more than two years" (i. e., after the Trent affair; the French proposal, etc.), "the danger of European intervention was a constant menace," and further, that "of all these nations" (i. e., of Europe) "the only staunch friend of the Union cause was Russia, all others being openly unfriendly or indifferent to the result. It was Russia that gave us the first notice, early in 1861, of the efforts of the French Emperor to effect a coalition against us of the three great Powers. She not only declined the coalition but again, in 1862, when the formal proposition for European intervention was proposed, it was also declined. In the darkest days of the struggle her fleet appeared in American ports, as an earnest of her friendship." Mr. Foster further remarks (p. 405), after discussing the special mission to Russia of Mr. Fox, Assistant Secretary of the Navy, in 1866, with a United States man-of-war, as bearer of the Resolution of Congress—to congratulate the Emperor on a recent escape from assassination—that "this action was taken in reciprocation of the visit of the Russian fleet to our country in the midst of the Civil War, made as an exhibition of the friendliness of that Government at a time when most of the nations of Europe were sympathizing with the Confederacy."

Further, Mr. Fox's report (quoted in Senator Beveridge's "The Russian Advance," in the note to page 387), says this "expression of sympathy" on the part of Russia, "when several of the great Powers of Europe were co-operating

to destroy it" (i. e., the Union, etc.) "and taking measures to profit by its destruction, was gratefully appreciated by the Government and people of the United States as a timely and effective demonstration in our behalf." He adds, that it was not until he had traveled considerably in Russia "and seen how cordial and widespread among all classes of that powerful country was the friendship for America" that he "appreciated the practical importance of the Emperor's sympathy in all its bearings upon the course of the great contest and in its influence upon the conduct of the other nations toward us."

And that Senator Beveridge seems to accept the views of the matter thus quoted may be seen from his discussion of them in his new and interesting work here referred to.

To these—happily still living—witnesses may be added Mr. Frederick W. Seward, the son of the Secretary of State of the period, and himself then an Assistant Secretary. This gentleman's interesting corroboration will be found in the *New York Times* of the 22d inst., it appearing also from him that Russia was a "staunch friend of the United States throughout the war"; that Mr. Cameron, the United States Minister to Russia, found and reported the same friendly feeling and declared policy as above indicated, and that the visit of the fleet was not a mere formal call, but lasted throughout what was substantially a year, and included a demonstration as near the seat of war as the Potomac River.

Finally, Dr. Oliver Wendell Holmes' poem—sung in the Boston Music Hall festival in December, 1871, on the visit of Prince Alexis—is also noteworthy as nearly contemporaneous evidence, the two following lines of it being of special bearing:

"Throbbing and warm are the hearts that remember
Who was our friend when the world was our foe."

Having myself chanced to be on the other side of the controversy concerned in these discussions, I may naturally more fully appreciate and remember the effect of the Russian doings, but in any case the matter seems of sufficient importance to justify calling the attention of your readers to these different views.

CLARENCE CARY.

NEW YORK, February 25, 1904.

A sufficient answer to Mr. Cary's inquiry is to be found in the following reference to contemporary authorities contained in a letter to the *New York Times* by "Historicus," a signature veiling the personality of a well known and distinguished American diplomat:

Much has been said of the friendship of Russia toward the United States during our Civil War, and particularly in regard to her sending a fleet here with sealed instructions.

Those sealed instructions are a myth. They never existed. It is true that some Russian ships came here in 1863, but that they came here on a mission to aid the United States is also a myth. On the contrary, it has been asserted on good authority that they came here on a visit, and, it is believed, upon the invitation of Secretary Seward himself, and Russia was very profuse in the expression of her thanks for the hospitable reception given to the fleet and its officers.

This is borne out by the dispatches of Mr. Cassius M. Clay, our Minister to St. Petersburg, to Secretary Seward. In his dispatch to Mr. Seward of November 8, 1863, he said that his Majesty the Emperor was "now absent, but no doubt he would on his return make suitable acknowledgments to our Government of the amicable reception of his subjects at New York"; that the Russian officers had "always been gratified to meet those of the American navy, and they should be most happy, should any ships of war visit Cronstadt, to reciprocate the late courtesies extended to their countrymen."

After our Minister met the Emperor he again reported to Mr. Seward, on August 22, 1864, as follows:

"His Majesty told me that he had allowed his officers lately in the United States to call upon me en masse and express their gratitude for the courtesies extended to them in America, all of which was evidently taken as a national compliment."

France did endeavor to bring about a joint mediation, and invited Russia and England to unite with her, and Russia did refuse, but that refusal was given after, and not before, England had refused. That this is so appears by a dispatch from Bayard Taylor, who was acting as Chargé at St. Petersburg, to Mr. Seward. In this dispatch, dated November 15, 1862, Mr. Taylor said:

"While I infer from the above that Russia would, to a certain extent, be inclined to take part in a movement which she foresaw to be inevitable on the part of England and France rather than permit a coalition between these two Powers, from which she should be wholly excluded, the probable refusal of the English Government announced today by telegraph relieves me from all apprehension of complications that might arise from the proposition. I stated to Prince Gortchacow at our recent interview my belief that England would not accede, and am very glad to find it so soon confirmed."

In further corroboration of this view, I refer to a later dispatch from Mr. Taylor to Mr. Seward under date of December 17, 1862, in which he said:

"Mr. Adams having communicated in answer to my confidential letter an encouraging statement of the present attitude of England, I took occasion in an interview which I had with Prince Gortchacow last week to read him some portions of it. This led to a renewed conversation upon American affairs, and it was very soon evident to me that the anxiety which His Excellency had manifested on previous occasions was beginning to subside. He still inquired whether some arrangement with the insurgents which would put an end to the war was not possible."

JAPANESE DIRECT FOREIGN TRADE.

Japanese direct foreign trade has already assumed such proportions that there is now no question concerning its future progress.

Until the year 1901 the customs returns showed its extent annually under the titles of "Imports by Japanese Merchants" and "Exports by Japanese Merchants," but this feature of the foreign trade has now been eliminated from that document. During 1900, the last year for which this characterization was furnished, Japanese merchants were shown to have done 38 per cent. of Japan's total trade. This consisted of exports valued at \$36,543,254 and imports valued at \$56,143,051.

Much of the foreign trade of Japanese merchants is being done with Eastern countries, but the returns show they are also making large gains in the West as competitors of the American and European merchants at the open ports.

Japanese merchants have entered largely into the importation of cotton, wool, sugar, rice, flour, locomotives, rails, iron manufactures, machinery, pulp, etc. The Japanese Government itself now imports all the leaf tobacco received into the country, and also handles all the camphor produced both in Formosa and Japan.

As far as the volume of Japanese direct foreign trade is concerned, the inroads made by native merchants have been less noticeable to foreign merchants because of the rapid increase of business at the open ports, and that is not the main feature for consideration, as the most unfavorable effects of Japanese competition are felt by the minimizing of profits upon the foreign business.

The Japanese are less fortunate in the matter of exports. It is more difficult for them to sell to than to buy from foreign countries. In the one case letters of credit are furnished the Yokohama Specie Bank in New York to pay for purchases made by their agents there, whereby they are placed on an equal footing with the resident foreign merchants; but in the other case, the matter of exports, the foreign merchant will long have an advantage. The foreigner is here with his money, and although when making purchases he may be subjected to "squeezes," these will hardly offset the advantage of his home connections.

Japanese merchants are extending their efforts in the manufacture and export of teas, and it is possible that this may be done somewhat in the spirit of rivalry; but it must be conceded that without the aid of resident foreigners engaged in the tea trade Japanese teas would never have been introduced abroad to any considerable extent; neither would its present foreign export be maintained. The same may be said in the case of matings and other Japanese exports. The foreign merchant has opened up the foreign trade, and although he may be compelled in future to gradually relinquish a much larger proportion of his business the time is not yet at hand when this can be done without much detriment to the interests of Japanese commerce.

Japanese teas were far more extensively introduced into the United States during the first six months of 1903 than during the corresponding months of 1902. The increase of tea exports to all countries during the six months amounted to \$1,136,937, while the increase to the United States alone amounted to \$1,185,141, showing that more than all the excess of exports had gone there. It is fair to presume that this may be attributed both to improved quality and to more strenuous effort to hold the market. The total exports of Japanese tea during the six months amounted to \$2,887,883, against \$1,750,946 during the corresponding period of 1902.

SAMUEL S. LYON, Consul.

Kobe, Japan, December 22, 1903.

CONDITIONS IN MANCHURIA.

THE BUILDING OF HARBIN.

One of the greatest achievements in city construction that the world has ever witnessed is now going on in the heart of Manchuria.

In the building of such cities as Vladivostock, Dalny and Port Arthur, Russia has demonstrated her power and purpose on the Pacific in line with the world's conception of her character; but in the construction of this wonderful city of Harbin she is displaying an altogether different type of activity from what we are prone to attribute to her.

It is in this city more than in all the others combined that Russia is asserting her intentions of becoming an active industrial force in the affairs of the Orient, and her people are already giving the place the title of the Moscow of Asia.

The city is located on the Sungari River, at the point where the Manchurian branch of the Siberian Railway crosses the stream and where the Chinese eastern branch starts south to Dalny and Port Arthur. It is about 350 miles west of Vladivostock and 600 miles north of Port Arthur. Its location is the geographical centre of Manchuria, and from present prospects it is to become the commercial centres as well. The city is surrounded on all sides for hundreds of miles with a rich and productive agricultural country, producing corn, wheat, oats, barley, beans, millet, hemp, tobacco, vegetables, and some fruits. Minerals and timber and great areas of grazing lands also surround it.

At present the place consists of the old town, 3 miles from the central depot; Prestin, or the river town, the present commercial centre; and the administration town, in close proximity to the railway station. Before the railway engineers established this as their headquarters there was no native town in this vicinity, and the entire place is therefore a Russian product.

ADMINISTRATION.

It is as distinctly a Russian city as though it were located in the heart of Russia, and none but Russians and Chinese are permitted to own land, construct buildings or engage in any permanent enterprise. The city has been created by the Russian Government, under the management of the Manchurian Railway Company. The land for many miles in each direction has been secured so as to make it impossible for any foreign influence to secure a profit or foothold close to the city, and foreigners are not recognized as having any rights whatever, but are permitted there by sufferance. The chief railway engineer is the administrator of the city, and up to the present time has had complete control of everything; but in the new scheme for the government of Manchuria some form of municipal organization will be permanently established.

POPULATION.

In 1900 the place began to assume importance as a centre of railway management, and in 1901 the population had grown to 12,000 Russians; in 1902, to 20,000; by May, 1903,

to 44,000; and in October, 1903, a census showed a population of 60,000, exclusive of soldiers. Of these, 400 are Japanese and 300 of all other nationalities, including Germans, Austrians, Greeks and Turks. All the rest are Russians. There are no Americans.

The railway and administration employees, including families, constitute 11,000 of the population. The Chinese population is about 40,000, located in a special settlement. The ratio of women to men is as follows: Japanese, 120 per cent.; Russians, 44 per cent.; Chinese, 1.8 per cent.; average of women, 14.3 per cent.

ADMINISTRATION IMPROVEMENTS.

Harbin is the centre of the entire railway administration of Manchuria, and, as the Russian commercial enterprises of the Far East are under the direction of the railway company, it will also be the centre of Russian industrial and commercial development. It is the headquarters of the civil courts and the chief military post, and the main centre of control of all the vast army of railway guards. The administration city, therefore, consists of all of the public and private buildings and shops necessary for these various departments. Residences for the employees cover the large area of this division of this marvelous city.

The following are some of the principal buildings of the administration city:

Building.	Cost of buildings.	
	<i>Rubles.</i>	
Administration buildings three stories in height, having a total floor space of 3,600 square sagine (176,400 square feet), to cost when finished	1,200,000	\$618,000
Railway shops	2,500,000	1,287,500
Hospitals	626,000	322,390
Commercial school and girls' school	500,000	257,500
Technical school	250,000	128,750
Eight schools for teaching Russians Chinese and for teaching Chinese Russian	96,000	49,440
Club and store for employees	370,000	190,550
Hotel	163,000	83,945
Russo-Chinese Bank	800,000	403,000

The total administration expenditure on the city has been 30,000,000 rubles (\$15,450,000).

TRANSPORTATION.

Steamers.—The Sungari River is navigable with light draft steamers and native craft for nearly 200 miles above the city, up both branches of the river, and much traffic has already developed on these streams, especially in wheat.

From Harbin to the Amur River, during the navigating season, which begins in April and ends November 1, good sized river steamers run daily. These steamers are well fitted with good, comfortable cabins for first, second and third class passengers. They carry large cargoes of freight and usually tow barges loaded with freight. From Harbin to seagoing steamers at the mouth of the Amur cargo is carried now at 14 kopecks per pood, or about \$4 gold per ton. The Chinese Eastern Railroad Company and the Amur Steamship Company run good steamers on this line, and there are also several private boats covering the same route. All are loaded continually to their full capacity.

The steamers are mostly of the stern wheel type, burning wood, such as are in operation on the Western rivers in the United States, but as far as I could learn none are constructed of American made machinery. The time usually required to go from Harbin to Harborofsk, at the mouth of the Ussuri River, on the Amur, is five days. At this place these steamers connect with trains for Vladivostock.

Railroads.—Going west from Harbin the train takes you by a branch line from the crossing of the headwaters of the Amur to Stretensk, the head of navigation of this great river, while the main line goes to Lake Baikal (Siberia) and Russia. Going east, the railway reaches the sea at Vladivostock over a grade that does not exceed in any place 13 feet to 1,000. Going south, the Chinese Eastern Railway meets seagoing ships at Niuchwang, Dalny, and Port Arthur. The heaviest grade on this line is 9 feet to 1,000, and that for only a short distance and at rare intervals.

In October, 1903, the regular number of trains dispatched for through traffic was thirty per day. Eighteen local trains were dispatched in addition. These local trains connected the two extremes of the town, viz., the old town and Prestin with the administration part of the city.

Carriage and Automobile Service.—There are also about 400 nesosticks, or Russian carriages, for public use, and the average earnings of these vehicles is 5 rubles (\$2.58) per day.

There is also an automobile line ready to start four machines to operate between the old town and the administration city; each vehicle will carry ten persons. These machines are now on the ground and will carry passengers for 20 kopecks (10 cents) each way. This line is in connection with an electric tramway that is to run a loop line through the river town, or Prestin, and a double loop, or figure 8, line throughout the administration town. This is a private corporation, with a capital of 250,000 rubles (\$128,750). The same company is to provide an electric light system for all three sections of the city.

INDUSTRIES AND IMPROVEMENTS.

Harbin was started primarily as a military centre and an administration town for the government and direction of railway affairs. Its growth into a splendid commercial and manufacturing city was not originally provided for by the promoters, and it has been somewhat of a surprise to them; but the fever of making it a great Russian commercial and manufacturing city has now taken possession of the railway management, and every system of promotion and protection that can be devised to increase its growth along these lines is being energetically encouraged.

The capital for most of the private enterprises is furnished by Siberian Jews. Chinese are furnishing money for the construction of some of the finest private buildings, such as hotels, store rooms, etc. In the administration part of the city no private buildings of any kind are permitted.

The old town was the first to be laid out and the land was sold to the public at the rate of 1 ruble (51.5 cents) per square sagene (49 square feet) the first year, but this rate is now increased to 3 rubles (\$1.55) per square sagene.

Following this, in 1901, the administration town was laid out and construction work began on buildings covering 20,000 square sagene (198,000 square feet). Later, the river town Preston was laid out and in a very short time all of this was sold at a price of 17 rubles (\$8.70) per square sagene, and most of it is now covered with substantial brick structures, there being 850 buildings, constructed at a cost of 8,000,000 rubles (\$4,120,000). Recently two very large additions were laid out adjoining the administration town, and the land has been sold at prices ranging from 5 to 15 rubles (\$2.57 to \$7.73) per square sagene. This was purchased largely by speculators, and is being bought from them now at from 20 to 40 rubles (\$10.30 to \$20.60) per square sagene (49 square feet).

The administration has already received over 2,000,000 rubles (\$1,030,000) for land sold to private parties. Many elegant residences and substantial structures are in course of construction in the additions adjacent to the administration town. A hotel and theatre combined was built at a cost of 60,000 rubles (\$30,900) and rented for 25,000 rubles (\$12,875) per annum.

All of this land is secured on an eighty-six years' lease.

THE RUSSO-CHINESE BANK.

This is the only banking institution in the place, and it has an elegant home in a structure of stone that has a steam heating and electric lighting plant of its own. The building cost 200,000 rubles (\$103,000). The business of the bank has increased 30 per cent. during the past year, and its daily transactions, exclusive of railway and other Government accounts, amount to 400,000 rubles (\$206,000). The bank makes no loans on realty, but advances from one-third to one-half capital for current substantial business. It is inaugurating a very efficient and active system of credits to Chinese merchants purchasing Russian goods for sale in Manchuria. In some cases as much as 200,000 rubles (\$103,000) have been given in letters of credit to Chinese for purchases in Russia.

These experiments are proving profitable and satisfactory. The largest success is reported in cotton goods. Many large orders are now being placed in this line and a substantial trade is being created. These goods are brought into Manchuria via Vladivostock free of duty. So far, sugar has been the only article purchased on which the Chinese have lost money.

This system of advancing credit to Chinese merchants for the purchase of Russian goods prevails now generally throughout Manchuria, and it is by this method and by imports free of duty and favored rates over the railway that Russian cotton goods are likely to capture the great trade of Manchuria that is now largely in the hands of American manufacturers.

The Russo-Chinese Bank is also very generous to Chinese and Russian merchants in encouraging the purchase and shipping out of native products, but it is exclusive in its methods and will not encourage foreigners.

INDUSTRIES OF HARBIN.

Flour Mills.—The leading industry of Harbin is the manufacture of flour. Eight mills are now in operation, all

with modern European machinery with one exception, and that is a small one constructed with American machinery. Applications have been made and granted for the construction of two more large ones, and by the middle of 1904 ten mills will be in operation, producing 25,000 poods (902,800 pounds) of flour per day. They pay from 30 to 35 cents gold per bushel for their wheat delivered at the mills, and the wheat producing area can be increased enormously. The present value of the flour mills in Harbin is 1,200,000 rubles (\$618,000).

Brick Manufacturing.—In the immediate vicinity of Harbin there are 200 brick making plants, the cost of which was 500,000 rubles (\$257,500). Two of these plants were constructed by the administration, at a cost of 200,000 rubles (\$103,000). Most of the brick produced are used in the construction of the city. A very good grade of red brick is produced and sold for 6.50 rubles (\$3.35) per 1,000. Most of the work is done by Chinese, who are paid 35 kopecks (18 cents) per day.

Vodka.—The next industry of importance is the production of the Russian liquor, vodka. There are eight manufacturing factories, constructed at a cost of 200,000 rubles (\$103,000). Several of these produce vodka from spirits of wine and sugar brought from Russia; some produce only the spirits of wine from the local wheat, while others produce their spirits from local wheat and the vodka from their own manufacture of spirits. The consumption of vodka in Harbin alone is 1,000 vedro (2,707 gallons) per day, and the consumption throughout Manchuria is something enormous. In Russia the production is very heavily taxed and it costs 10 rubles (\$5.15) per vedro (2,707 gallons), while in Harbin it sells at from 1.50 to 2.50 rubles (77 cents to \$1.28) per vedro; this is for 40 per cent. alcohol. To make 1 vedro of 96 per cent. of spirits of wine requires 82 pounds of wheat. The bottles for this vodka are at present brought from Japan, but at Imonia—in Manchuria—the Russians are now building a large bottle and glass factory.

Breweries.—Three breweries are now in course of construction in Harbin, to cost 200,000 rubles (\$103,000). The Russians are great beer drinkers and produce in Russia very good beer, but it is not of the quality that bears shipping long distances, hence very little Russian beer is to be seen on the Pacific Coast or anywhere in Manchuria. At the present time American beer has the best of the Manchurian market, as 150,000 dozen bottles are imported through one firm at Port Arthur every year. A fine quality of barley is produced in the Sungari Valley, and these breweries will be able to buy it at about half the cost in the United States. There is little doubt but that the Russians will soon be producing all of the beer consumed in Manchuria. Our Pacific Coast hop men ought to be able to sell them their hops, however.

Meat Packing Establishments.—There are several companies engaged in this business, with plants costing altogether 250,000 rubles (\$128,750). They cure hams, bacon and all varieties of smoked meats and produce excellent articles. The hogs and cattle in this part of the country are grain fed and make splendid meats, and the Russians are experts in preparing it for markets. So far these con-

cerns have not been able to supply the Manchurian markets, but the cheap labor of the country, in combination with the cheap grain and the familiarity of the Chinese with hog raising, makes a good foundation for the growth of the industry, and I can see no reason why it should not continue to grow sufficiently to produce all that may be required for the Oriental markets.

Bean Oil.—There is a plant costing 25,000 rubles (\$12,875) for the preparation of bean oil for use in painting.

Confectionery.—Russians are especially fond of candies and sweets, and few people know how to produce a quality equal to the Russian product. There is a manufactory in this line in the old town costing 10,000 rubles (\$5,150).

Sawmills.—There is on the river a small sawmill that cost 15,000 rubles (\$7,750) and two on the railway line between Harbin and Vladivostock that cost 150,000 rubles (\$77,500).

AGRICULTURAL RICHES.

There are many other industries in embryo, and as the place is located in the centre of an extremely rich agricultural country, has splendid transportation facilities, and is doing so well in the establishment of manufacturing there is little doubt that it will increase at a very rapid rate as a manufacturing and commercial centre.

The country is productive in wheat, cattle, sheep, hogs, millet, barley, oats, corn, beans, furs, hides, wool, bristles, bean oil, bean cake, hemp, tobacco and timber, and has various undeveloped mineral resources; in fact, it has all the natural elements for the foundation of a great city.

RUSSIAN INVESTMENT IN MANCHURIA.

The chief engineer, who was in charge of the construction of the Russian railways in Manchuria, informed me that Russia had expended in railways in Manchuria 270,000,000 rubles (\$139,050,000). Add to this her investments in fortifications and in the construction of the cities of Port Arthur, Dalny, Harbin and other places, and it is a very moderate estimate to place her investments in permanent properties in Manchuria at a total of 500,000,000 rubles (\$257,500,000).

AMERICAN VS. RUSSIAN TRADE IN MANCHURIA.

What is the meaning to the United States of all this progress of Russia on the Pacific—the building of such cities as Harbin and the political domination of the country? It has been recently asserted by prominent people that it signified an enlargement of the market for our goods, and that of the present imports into Manchuria 75 per cent. were from the United States. General statements of this nature are easily made and easily believed, and without any careful examination into the details it has been the usual thing to assume that this development of Russia in Manchuria was certain to bring an increased market for the products of the United States. The subject has not yet been examined in all phases as it should be and as far as I know there is no one prepared by study and knowledge of all the details of the question to give a wise decision as to what the effect will be upon American trade from merely an economic point of view.

At the present time the principal imports from the United States into Manchuria stand in the following order: Cotton goods, kerosene, flour, lumber, canned and dried fruits and vegetables, beer, canned milk and butter, cigarettes, and sundries.

The exports from Manchuria to the United States are so small as to be a matter of no consequence.

Cotton Goods.—In cotton goods Russia is anxious for the trade and is making every effort to secure the business and is becoming a serious competitor. Her advantages in this line are political, bank advances, and transportation. In a free contest, on purely economic lines, I think the United States can hold it. Russia favors the export of cotton goods into Persia by a heavy bounty, and just what she will do in order to secure this trade in Manchuria is not yet determined. At present she is providing a heavily subsidized steamship line to bring these goods to Dalny and Vladivostock, where they enter free of duty, and no doubt they receive preferential railroad rates from these into the interior, or will, if necessary.

These things, together with the financial help of the Russo-Chinese Bank, have not yet been sufficient to do more than start the trade well, and they may have to resort to a bounty in addition, unless they can shut out foreign goods by a tariff.

The production of cotton goods in Russia is growing very fast, and as they have their designs on securing the trade of Manchuria in this line it is only reasonable to suppose that they will eventually secure the trade they are prepared to handle in any country over which they have control.

The following is from the pen of a well known American writer, who has investigated the subject carefully and is thoroughly acquainted with the conditions of production and marketing of Russian cotton goods:

"There is considerable excitement just now about the Russian possession of Manchuria. * * * If Russia adopts the same methods as to other parts of Asia that she is now using in Persia she will drive all other countries out of the market. She has now the monopoly of the cotton business of Persia and she has gotten it by giving a bounty to her manufacturers. On every pound of Russian cotton goods sent to Persia the Moscow exporter gets an allowance of 3 cents from the Government. One cent covers the freight and he has 2 cents a pound profit, besides the usual profit on the goods. The English or German manufacturer has to pay full freight, with no rebate, and he cannot compete. This same system will be adopted in China. * * * After the trade has been captured the rebate may be discontinued and the price will rise."

Kerosene.—This is the next in importance of American imports into Manchuria. Russian oil is already making very good headway in a free and equal competition with American oil. By forcing its use in all the cities of Manchuria, by special aid from the Russo-Chinese banks that are now established in all the principal cities, by preferential rates on the railway, by providing tank cars and tank stations along the railway line and refusing these advantages to

American oil, it appears to me that Russian oil will have an absolute monopoly of the trade if full control of the country is secured to Russia.

Flour and Lumber.—Concerning these products I have recently issued detailed reports, the summary of which indicates that the Russians have it in their power not only to capture our trade in Manchuria, but to become our most severe competitors in all the Oriental markets.

Green and Dried Fruits and Canned Fruits and Vegetables.—In all of these lines I find United States trade expanding considerably, and from every point of view within my observation I am induced to believe that the trade will have a large and permanent growth without danger of disastrous competition.

Beer.—Our trade in this article meets with the competition of Japanese and German beer, but it has been growing continually and is now greater than ever before. When the several breweries in course of construction at Harbin are in operation our trade in this line is most likely to suffer, and in time may give way entirely to the Russian product.

Condensed Milk and Butter.—In butter, the Siberian article is already capturing the Manchurian market, as it is being handled by the commercial department of the Chinese Eastern Railway. It may become a very aggressive competitor for the entire market of the Orient. In condensed milk we have a large and growing market, not only in Manchuria, but throughout the Orient. Should the Russian Government elect to engage in this business also, it has the advantage of very cheap milk in Siberia and one of the finest countries in the world in the valley of the Liao, together with cheap labor to establish the industry on a basis that would make it a great rival for our condensed milk trade with Japan and China.

Cigarettes.—Russian cigarettes are already securing much of the trade and are now in greater evidence throughout the country than any other.

Sundries.—At Harbin an agent of a New York firm informed me that American trade there was confined now to canned goods, including fruits, vegetables, milk, etc., beer, sole leather, carts and a few lines of hardware.

People informed me that they had succeeded in substituting Russian engines and railway material for American and that the railway regulations now provided for the purchase of everything Russian, when possible, and that had cut off much American trade. They also said that they were succeeding in driving out American kerosene, flour, lumber, cotton goods and other things, and that they hoped soon to provide Manchuria with all the things that now come from the United States.

United States trade in Manchuria with the Chinese amounted to several millions of dollars per year and was almost entirely imports. It had grown very fast and would have had an extended and most substantial increase without the Russian development, for the country was being improved and extensively developed, with a continual immigration from other provinces in China, before the railway construction began.

RUSSIA'S COMMERCIAL ADVANTAGES.

A study of conditions in Vladivostock, Harbin and other districts is not particularly encouraging to the idea of extension of American trade in Manchuria in any line that Russia is prepared to supply. A knowledge of the earnest intention of the Russo-Chinese Bank to press the sale of Russian goods, a slight insight into the methods and determination of Russian railways to find a market for the products of Russia, and the interest displayed in developing resources along their lines for Russians and Chinese only, taken in connection with the natural wealth and resources of the country, do not favor the hope that under a Russian régime our trade in Manchuria will be as large as it was before.

If we take into further consideration the fact that the Russian Government—by subsidies and bounties and through its banks and railways—is engaging in industrial and commercial pursuits as a government, and calculate the cheap food, cheap and reliable labor, and the vast mineral resources that she will have at her command on the Pacific, the question of the Manchurian market becomes comparatively insignificant and we find ourselves face to face with the greater problem of the markets of all Asia.

With millions of cheap and efficient Chinese laborers, with vast coal fields bordering on the Pacific, with mountains of iron and copper, vast forests, and enormous areas of agricultural land—producing now the cheapest food in the world—what is to prevent Russia, if her apparent plans are realized, from becoming a dominating factor in the commercial development of the Far East? One cannot view the marvelous growth of a city like Harbin or observe the cities of Vladivostock, Dalny, and Port Arthur and the great Siberian Railway without pondering seriously the meaning of it all in the future of Russia on the Pacific.

For the present, the prospect is that we shall at least meet with such unfavorable conditions in Manchuria as will endanger our present lines of trade. Whether or not this will be compensated for by an increase in other lines is not at this time clear.

There ought to be, and most likely will be, a large trade in agricultural implements. Of foreign countries, Germany is securing the most of this trade now in Siberia and Manchuria, and there is no doubt whatever but that German trade is benefiting enormously by Russian domination of Manchuria. Next to the Germans come the Austrians, and next to them the Danish.

It is not in the least inspiring for an American to go through as busy and active a trade city as Harbin and find so few things from his country and not a single American citizen or progressive business house. The vision of 75 per cent. of American imports into Manchuria dwindles to a most insignificant amount. When you see the great flour mills continually enlarging and increasing in number, when you see the numerous breweries being constructed, when you see Russian engines, and German, Austrian and Danish machinery and products, and hear of the successful development of Russian lumber mills and the introduction of Russian cotton goods, and see in the

Chinese stores Russian oil and cigarettes where before were American, and where you hunt with straining eyes to find something from the United States, one is not seriously impressed with the statement that, under Russian occupation, our imports into Manchuria are sure to increase.

Unfortunately, the only customs returns by which we can measure our trade year by year in Manchuria are from the port of Niuchwang, and even that is very imperfect, for the imports all come from Japan, Hong Kong and other Chinese ports, and the place of origin of the goods is not given in all cases. Goods are coming into Manchuria in great quantities through Port Arthur, Dalny and Vladivostock continually, as well as through Niuchwang, but there is no means of securing a proper report of them.

BUSINESS DIRECTORY.

The names of the principal business firms in Manchuria are:

Name of firm.	Business.	City.
East Asiatic Trading Co....	Colonial goods, ironware, etc....	Harbin.
Clarkson & Co.....	do	do.
Schwartz & Kravtsoff.....	Representative of European firms	do.
M. Suvoroff & Nekrassoff....	Ironware	do.
Agisheff Bros. & Sons.....	Gents' and ladies' outfitters	do.
Ageeff Bros.....	do	do.
Skoblin Bros.....	Glassware	do.
V. Ptashnikoff.....	Outfitters	do.
Sungarian Flour Mills.....	Flour mill	do.
Manchurian Flour Mills.....	do	do.
Yetyokoff.....	do	do.
Manchurian Trading Co.....	Mining company.	do.
Russian Flour Mills.....	Flour mills	do.
Elvanger.....	Gastronomic goods	do.
J. Solovel.....	do	do.
K. Yagdjoglou.....	do	do.
Kiriakidi & Mavridi.....	do	do.
Abadji Bros.....	do	do.
G. Antipas.....	do	do.
E. Kreminsky.....	"Vodka" manufacturer.	do.
E. Nikitina.....	do	do.
Kunst & Albers.....	Ironwares, etc.	do.
Yung-ho-san.....	Furniture, etc.	do.
Ching Tai-E.....	do	do.
Tun sun-chin.....	do	do.
Kung ho-tun.....	do	do.
Ching Fa-shian.....	do	do.
Li-fa-Chang.....	do	do.
Li-Va-yung.....	do	do.
Russo-Chinese Bank.....	General banking business	do.
Chorin & Co.....	General Stores.	do.
Shein.....	do	do.
Hagemeyer & Luttermann.....	do	do.
Syromiatnikov.....	do	do.
Kunst & Albers.....	do	do.
Dobryanski.....	do	do.
Ageyev.....	Draper	do.
Vergasov.....	do	do.
Agishev.....	do	do.
The Sungari Trading Co.....	Spirit merchants.	do.
The American Trading Co.....	Commission agents	Niuchwang.
Clarkson & Co.....	do	do.
Bush Bros.....	do	do.
East Asiatic Co.....	do	do.
Bandinel & Co.....	do	do.
American Trading Co.....	do	Port Arthur.
Niuchwang Trading Co.....	General stores.	Niuchwang.
Kunst & Albers.....	do	Port Arthur.
Sieta Block & Co.....	do	do.
Clarkson & Co.....	do	do.
American Trading Co.....	do	Dalny.
Sieta Block & Co.....	do	do.
Kunst & Albers.....	do	do.

HENRY B. MILLER, Consul.

NIUCHWANG, MANCHURIA, December 5, 1903.

AMERICAN RULE IN THE PHILIPPINES.

CONCLUDING PORTION OF AN ADDRESS BY GOVERNOR TAFT BEFORE HIS DEPARTURE FROM MANILA.

Now the army of 70,000 men has been reduced to 15,000. The Americans in the islands have decreased rather than increased since 1900. The demand for American goods, for American supplies, has been much reduced. The opportunity for large profit on the part of the American merchant, who was so long content with American trade only, has passed. The circulation of the American press has been reduced, because the number of those who read English in the islands has of course become less with the departure of each American regiment and the reduction of the American garrison, and now the pinch is being felt. Of course the dreadful agricultural depression due to loss of cattle has much to do with business dullness, but the case of the Americans is peculiar and is largely affected by the change I have described. With the lack of logic, so characteristic of human nature, the merchant who finds hard times coming on, the business man whose profits are not so great, looks about for a scapegoat and an explanation, and he finds it in the wicked Civil Government, which has been encouraging the natives as far as it could; has been taking the native into the Government as far as he seemed fitted; is doing what it can to elevate the Filipino people and provide for their welfare, and has not taken the American merchant under its especial wing. Complaint has been made against the Civil Government that it buys its goods outside of the Philippines and gives the American merchant no opportunity for profit. Investigation has been made, and it is found that 80 per cent. of everything bought by the Civil Government is bought in the islands, and that a good deal of the American trade in the islands is that which the Civil Government itself furnishes. There is no discrimination in favor of the Filipino as against the American in business. Before the law they are exactly equal, because equality of resident, citizen and foreigner in business is on the whole the best method of developing the country, and therefore the best for the welfare of the people of the country. But it is said that American capital has not been encouraged to come here. Until July 1, 1902, it is true that the commission had no authority to grant franchises which should induce large investments of capital. Then it was understood that the commission would be glad to hear applications for franchises, on terms favorable to the public, and a number of franchises have since been granted—not all that the interests of the country required have been granted, but all that capital invited. American capital has been so occupied with the great profits of a prosperous period in the United States that it could with great difficulty be induced to come so far. The attitude of the American press and of the American merchant in his hostility to the Filipino, and in the consequent hostility to the Civil Government, was led into the error at one time of emphasizing in every possible way, by letters and representations of all sorts, that the condition of the country as to

tranquillity was so bad that the whole of the islands was still in a state of war. Every small ladrone fight, every discomfiture which the constabulary suffered, was exaggerated and made the basis for inference that the conditions in the country were retrograding rather than improving. Such incidents were seized upon and made as much of as headlines and general statements could make them. Representations of this character were hardly in the nature of encouragement to capital to invest in the islands, and while I entirely acquit the press and others making such representations of a desire to exclude it, and am able to find an explanation for it in their disgust with the policy of the Civil Government and their bitter feeling for the natives, yet justice requires the conclusion that such reports had something to do with delaying the coming of capital.

Then, too, it is undoubtedly true that the difficulties encountered by merchants and others having to employ Filipino labor, in the proper management of that labor, has added much to the burden of the merchants, manufacturers, newspaper publishers and others. The deficiencies of the cochoero, the lack of care and attention by Filipino servants according to the American standard, their dislike of hard work—all these things only confirm our American residents in the view that no good can come from the Filipino and that the Government, which was seeking to promote his welfare in preference to everything else, was a government that deserved nothing but condemnation.

But if the Filipino servant and the Filipino cochoero have their faults, do we so soon forget the difficulties of the servant question in the United States? Is the general indifference of the Filipino cochoero so much more trying than the exorbitant charges of the hackman of many American cities? Is it not really a fact that, in spite of the recognized failings of the Filipino servant, the wages which we pay and the duties which they perform are such that, for the small sum spent, we are made so comfortable here that when we go back to the United States we shall miss the assistance in many ways of the Filipino muchacho. To get the best out of the Filipino servants one must know them and must study their traits. Very much of the difficulty experienced in the beginning of our life in these islands is due to a failure to understand the native on our part and a failure to understand us on his.

LABOR.

With respect to the possibility of obtaining satisfactory labor from the Filipinos, I have only to say this, that experiments have shown that those who have gone about the matter systematically and have attempted to find out what the native needs to keep him constant in his attendance upon work have been successful, so that, wages considered, his work has been fairly satisfactory. But it is very certain that before satisfactory labor can

be obtained from him he must be under the control of a master who understands him. I know the disposition of most Americans here is to open the doors and let in the Chinese so that we may have Chinese cheap labor in the islands, but I am emphatically opposed to the general policy of admitting the Chinese; first, because the Filipinos have the strongest opinion that it will be for their detriment, and second, because I believe the history of the Straits Settlements shows that it will not be for their prosperity as distinguished from the material prosperity of the islands. I am opposed to admitting any Chinese labor until it shall be made to appear that the great works of construction which are essential in the islands cannot be carried on satisfactorily with Filipino labor. This has not yet been shown, the young lions of the Manila press to the contrary notwithstanding. Of course, we are all much affected by that which comes nearest to us, and when a newspaper proprietor or editor suffers from negligence, indifference or ungrateful treatment by his compositors and pressmen, upon whom he is depending for getting out the paper, it is natural that he should feel indignant on the general labor problem; but if he will consult those of his fellows who have visited China and engaged in the newspaper business in that country he will find that the life of an editor over there is not a happy one. It is to me very remarkable that the American papers have succeeded in obtaining among the Filipinos, knowing only Spanish or Tagalog, so many printers who can set up English; but whatever their failings and abilities, the whole labor problem does not turn on them. Strikes and unreasonable demands by printers are not unknown in the United States, and the soul of many an editor in the States has been seared with blasphemy caused by what he regards as the shiftlessness and unreliability of printers. We have been successful in securing, and now have, more than 2,500 Filipino laborers at work on the Benguet road. The Atlantic, Gulf and Pacific Company has from 600 to 700 native laborers in their quarries, and Mr. Krusi, of that company, told me they were doing most satisfactory work. The quartermaster's department of the United States army in Manila employs about fifteen hundred Filipinos; the city engineer's department of the city and the street cleaning department of the city employ together probably an equal number, and they all report that the Filipino labor is good. Mr. Higgins, the manager of the Manila and Dagupan Railway Company, who built the original road with Filipino labor and is now building the branches authorized by the commission, finds no difficulty with Filipino labor. Mr. Belden, of the street railway company, has had no difficulty in securing the laborers necessary, and they are now at work laying the ties. Captain Couden, of the Cavite Navy Yard, submits a favorable report upon his use of Filipino labor, skilled and unskilled.

I venture to say that these citations, until others are shown indicating different condition of affairs, are sufficient to sustain the fact that Filipino labor, when properly managed, can be made to do the work that this country

requires, not so well as American or Chinese labor, but fairly well.

Now I hope I am a reasonable man, and I am not disposed to quarrel with those with whom I differ. I know that the habits of the Filipino servant are trying to the American who first comes to these islands; I know that the laziness and indisposition to hire of the cochero are enough to cause blasphemy. I know that we have had instances of the grossest treachery and cruelty by Filipinos; I know that the Filipino is disposed to conceal his real feelings when in opposition to the person whom he is addressing, and I know that these characteristics are calculated to make the American impatient and condemn the race. When one's feelings of enmity are very much aroused it is difficult to get the limit to the expression of them. So it is that we have the young lions of the American press, of the three newspapers who are supposed to speak the American public opinion in these islands, holding the Filipino up to contempt, exposing all his supposed vices, and giving him no credit whatever for any virtues, and it may be that this represents the feeling of the majority of the resident Americans in Manila. But can we not, in the end, be just and give to the whole Filipino people their due? Should we wish the Filipino people to judge of Americans by the drunken, truculent American loafers who infest the small towns of these islands, living on the fruits of the labor of Filipino women and give us more trouble than any other element in the islands? Should we wish the Filipino people to judge of American standards of honesty by reading the humiliating list of American official and unofficial defaulters in these islands? I think not.

FILIPINO CHARACTERISTICS.

Contrast the Filipinos with other Malays and the Oriental peoples, and I ask you to name a people offering more opportunities for development along the lines which American ideals require than the people of these islands. To begin with, they are a Christian people, and they have been so for 300 years. It will not be said that I have been partial to the Spanish friars and the Spanish sovereignty here, but I am anxious to admit in the fullest manner the debt which these people and the world owes to Spain and her friars for Christianizing seven millions of Malays and giving them, speaking broadly, Christian and modern ideals. It is true that their Christianity sometimes seems different from European or American Christianity, but in forming a subject for the operation of elevating influence, of education, and the environment of civilization, this people is centuries in advance of the Mohammedan or Buddhist. The Mohammedan, the Buddhist, the Chinaman, looks with a sense of superiority on the efforts of the Christian European nation to better his condition. He has no desire for popular government, no longing for individual liberty. He opposes to development of this kind the impenetrable wall of disdain and contempt. The Filipino people as a people have breathed in through their educated leaders the inspiration of liberty and free government. Many of them have fought, bled, and given up their lives in a struggle for independence. It was a mistaken struggle,

but their sacrifices and their bravery are worthy our admiration and bespeak a people capable of greater things. Their intense desire for education, their appreciation of European and American improvements in dress and bodily comforts, their artistic ambitions, their quick desire and power to imitate the good they see and understand, their openness to the reception of new and better things, their political aspirations for liberty and popular government, however lacking in a political knowledge of its difficulties and real essence—all these traits, added to a peculiar social sense and charm, make them a people peculiarly subject to the good and developing influence of a friendly and sympathetic government in which they are given a gradually increasing part, and justify an entirely different policy in dealing with them and promoting their welfare from that which England has found it necessary to pursue with Mohammedan and Buddhist peoples having neither sympathy with, nor understanding of, modern European ideas.

Were I assured that the present attitude of the majority of American merchants and the American press would be permanent, and if I did not confidently hope that there must be a great change in the future, I should be very much discouraged in respect to the result of the experiment which the United States is making in these islands. A purely racial hatred is one of the most difficult things possible to overcome, and if it is founded on permanent conditions it is almost hopeless to look for its ceasing. But I am not discouraged, because I am sure that the next decade will change the conditions in the respects which I have described—changing them most radically. I refuse to believe that the American merchant is not as keen and not as quick to seek commercial advantage as any of his competitors in the world, and I decline to admit that he will continue to stand in his own light in these islands, as he has heretofore, due to the peculiar conditions which I have explained, when he shall fully realize the absurd position in which he now finds himself.

ATTITUDE OF BUSINESS MEN.

The American trade in these islands—and by that I mean the demand of Americans for goods and supplies—can never exceed that of 20,000 people in addition to the soldiers who may be here. The demand of the Filipino people will be a demand, when created and encouraged, of 7,500,000 persons. The only hope, the only possible source, of real business and of real trade that can be dignified by the name, which the United States or any of our merchants, whether living in the United States or in these islands, can have is with the Filipino people. The promotion of their material and intellectual welfare will necessarily develop wants on their part for things which in times of poverty they regard as luxuries, but which, as they grow more educated and as they grow wealthier, become necessities. The carrying out of the principle, "the Philippines for the Filipinos," in first promoting the welfare, material, spiritual, and intellectual, of the people of these islands is the one course which can create any market here among the people for American goods and American supplies that will make the relation of the United States to the Philippines

a profitable one for our merchants and manufacturers. If that be true, does it need a business man to tell—may not a layman say with the utmost confidence—that a policy which embitters and renders hostile a whole people to the American merchants in these islands must necessarily defeat all hopes of increasing the American business here? What do you say of a merchant who sneers audibly at his customer, who calls him names, who turns his back upon him, who subjects him to all sorts of social indignities? Is he likely to have any customers? Are those who were induced to patronize him going to remain his patrons? Now, right under our very noses here we have Spanish merchants, English merchants, German merchants, and Swiss merchants. They are engaged in selling goods to the Filipino people and in exporting from the islands their agricultural products. That business is a most lucrative one. America is competing with Great Britain in almost every market in the world in cotton goods, and yet nine-tenths of the cotton goods sold in these islands are sold by the Englishmen and English factories. The greatest export of these islands is hemp. Who does the business in exporting hemp? Nine-tenths of it is done by English merchants, and that, too, when more than half of the hemp raised in these islands is shipped direct to the United States. Now, I wish to ask whether in public, in the newspapers for which they are responsible, or in the presence of the Filipinos, the English merchants, or the Spanish merchants, or the German or Swiss merchants, take up their time in abusing and insulting the Filipino race? If so, I am not aware of it.

The hemp which is exported is purchased ultimately from the Filipino landowner; the rice which he must have is sold to him and brought upon the same ships that take the hemp away. Buying the hemp and selling the rice intelligently, with a due regard to profit and an increase of the business, involves a knowledge of the native merchant, the native hacendado, and the native local conditions. So, too, in the selling of goods, the native tastes must be studied, close examination made into the question who of the natives may be safely trusted, what credits can be allowed them, and an intimate knowledge gained of the native customs and native desires as well as of the language of the country. Certainly it does not help to transfer that business from the Englishman, the Spaniard, the Swiss, and the German to the American merchant when it is understood that the attitude of the American merchant and the American resident is always bitterly hostile to the Filipino and utterly contemptuous of him and his business.

TRANQUILLITY.

Again, one of the conditions indispensable to progress is tranquillity. Without it, capital, constitutionally timid, will not come. Now, what has produced the present tranquillity? I say without hesitation that the chief element today is the confidence which the conservative people of the islands have in the promises of the United States to make the welfare of the Filipinos its chief purpose in remaining here and to assist them sincerely in learning the secret of self government by gradually enlarging their political power. The successful suppression of ladroneism is due

directly to the efficient energy of the constabulary and the scouts; but that would have been entirely impossible but for the assistance of native judges, native provincial governors, and native municipal officers. The conservative Filipinos are on the side of the Government and law and order. I know it and have probably as good an opportunity to know it as anyone, and without their aid and influence a state of anarchy might easily be roused again. Our policy of attraction and fulfillment of promises has created this peace preserving force in the people themselves. Without it, could we have reduced the army from 70,000 to 15,000 and from 600 posts to 100? Any fair minded man must conclude that the change is due to the confidence the people have in the friendly purpose of the Government. How long is it thought we could avail ourselves of this popular support if we repudiated our national promises and adopted the policy of repulsion and repression, dignified under the name "the policy of a firm hand," and if we said to the people, "You are not to be trusted; the offices must all go to Americans; you are an inferior race and are sufficiently rewarded by having a superior race to come here and run your government for you"?

This country is admirably adapted to guerrilla warfare. Tropical races have kept up such warfare for periods of thirty or forty years.

POLICY OF GOVERNMENT.

What do the young lions of the American press in Manila, what do the merchants of Manila who take the position I have attempted to explain and describe, expect to do? Do they expect to change the policy of the Government? Certainly not as long as the Government of the United States is alive to the honor of preserving sacred its promises to a whole people. From where do they expect the political support that can be effective to carry out the policy which their attitude indicates? The policy of the present Civil Government in placing as its first aim the promotion of the welfare and the prosperity of the Filipino people, and the gradual extension to them of self government, is the identical policy of the Republican party as shown in its platform of 1900. The Filipino plank in that platform read as follows:

"In accepting by the treaty of Paris the just responsibility of our victories in the Spanish War, the President and the Senate won the undoubted approval of the American people. No other course was possible than to destroy Spain's sovereignty throughout the Western Indies and in the Philippine Islands.

"That course created our responsibility before the world, and with the unorganized population whom our intervention had freed from Spain to provide for the maintenance of law and order, and for the establishment of good government, and for the performance of international obligations.

"Our authority could not be less than our responsibility, and wherever sovereign rights were extended it became the high duty of the Government to maintain its authority, to put down armed insurrection, and to confer the blessings of liberty and civilization upon all the rescued peoples.

"The largest measure of self government consistent with their welfare and our duties shall be secured to them by law."

Do they hope to obtain support for their policy if the Democrats succeed the Republicans? The Democrats are more extreme in their view that the islands should be preserved for the Filipinos exclusively than the Republicans, for this was their plank in 1900:

"The Filipinos cannot be citizens without endangering our civilization; they cannot be subjects without imperiling our form of government, and as we are not willing to surrender our civilization or to convert the Republic into an empire, we favor an immediate declaration of the nation's purpose to give to the Filipinos, first, a stable form of government; second, independence, and third, protection from

outside interference, such as has been given for nearly a century to the republics of Central and South America.

"The greedy commercialism which has dictated the Philippine policy for the Republican Administration attempts to justify it with the plea that it will pay, but even this sordid and unworthy plea fails when brought to the test of the facts.

"The war of criminal aggression against the Filipinos, entailing an annual expense of many millions, has already cost more than any possible profit that could accrue from the entire Philippine trade for years to come. Furthermore, when a trade is extended at the expense of liberty, the price is always too high."

Where, then, do our American merchants and our American papers stand? They have no political party to which they can look for aid. They cannot hope to carry out any such policy as that which their columns seem to advocate. Why should they and the American merchants whom they represent destroy their influence in the United States which might be wielded powerfully for the good of themselves and these islands by flouting and obstructing so far as they can the policy of attraction and of performing national pledges. One Manila newspaper in a well written and serious article desired to know before it should lend its aid and support to a candidate for the vacancy upon the Commission, whether he favored the McKinley policy in these islands or not, because if he favored the McKinley policy, they would withdraw their support. The question may properly be asked what other policy could a man follow who is appointed to the Philippine Commission by the Administration at Washington than that to which the sacred honor of the nation is pledged? If he did not intend to carry out the instructions of President McKinley as they were embodied in the fundamental law of the Philippine Islands the last expression of the legislative will of the people of the United States, how could he take his oath of office to uphold the Constitution and the laws of the United States and of these islands? Why should not we rub our eyes a little bit and awake to the facts that are so plainly before us, that the only possible policy from a political standpoint is the one the Administration is carrying out and that from the most sordid and "dollar and cents" standpoint we must secure for the Filipino increased wealth and instill in him increased wants and good will if we would build up a profitable market here.

Should the Congress of the United States, as I earnestly hope it will, reduce the tariff upon tobacco and sugar, there will be created a trade between these islands and the United States which can but lead to a counter trade in American products here, and this in spite of the fact that there may be no discrimination here against the goods of England, Germany, or other countries. The discrimination in favor of these islands by a reduction of the Dingley tariff must operate to turn a great proportion of the trade of these islands toward the United States, and the material development of the people must increase that trade. I shall not believe that the American merchants now in the islands, nor those who are to come here, will be lacking in that sagacity which they have at home and that they will blindly put an obstacle in the way of their own success by following a policy born of prejudice and not of good, sound sense.

I am not insisting that merchants who come here and invest their little or their great capital shall, at a loss to themselves, support the policy of the Government from altruistic motives or on the ground that the honor of the nation requires such a policy. I urge it upon them chiefly because it is the only method that I see by which the American trade in these islands can be made profitable and the American merchants who have ventured here can be made rich. The policy will in fact be carried out because it is a national obligation; but it is most fortunate that we find moving toward the same end both honor and profit. I am confident the Americans in these islands will realize this before it is too late.

TRADE IN THE PHILIPPINES.

In the bulletin of the Bureau of Insular Affairs of the War Department statistics of Philippine commerce for nine months of the calendar year 1903 show an increased value in the import and export trade of the islands as compared with the same period of 1902.

The heavy exportation in hemp and copra is the prominent feature of the archipelago's trade, and were it not for the fact that greatly increased purchases of rice have been necessary during the past year these products alone would furnish the basis for a balance approximating \$2,500,000 in favor of the islands. It is hoped that the amount of rice imported next year will be considerably lessened in view of the efforts being made by the Philippine Commission to provide a food supply from native production as large as was obtained before the shortage in crops due to destruction by locusts and the disastrous loss of farm cattle, which were almost totally destroyed by rinderpest. However, should it be found that the profit in hemp, copra, tobacco and sugar culture is sufficient in amount to enable the inhabitants to purchase rice to better advantage as compared with the cost of its home production, the future importations of the latter may not necessarily indicate a lack of prosperity in the archipelago.

Supplies for the Government and gold and silver being excluded, the total value of merchandise imported during nine months ending September 30, 1903, was \$26,103,601, as against \$24,338,322 for the same period of 1902, while the exports amounted to \$23,563,128, an increase of nearly \$4,500,000 over 1902, when the value aggregated \$19,239,018. These figures represent an increase of about 7 per cent. in imports and 22 per cent. in exports. Gold and silver during 1903 was imported to the amount of \$1,001,619, against \$3,243,651 in nine months of the previous year, the exports, as a result of the recent large withdrawal of Mexican silver from the archipelago, showing a value in 1903 of \$6,627,655, as against \$2,450,351 a year ago.

According to the origin of imports during 1903, with the exception of certain rice producing countries, a general falling off is shown; the United States trade dropped from \$3,169,420 to \$2,813,412, a decrease of 10 per cent.; United Kingdom from \$4,295,945 to \$3,606,286, or about 16 per cent. decrease; Germany from \$1,755,216 to \$1,402,804. France shows a gain of 10 per cent., increasing from \$872,126 to \$965,679; Spain has but two-thirds of the amount of her trade in 1902, when \$2,128,661 was received from that source, as compared with \$1,502,677 in 1903. The net loss in value as shown by these figures was more than balanced by the gain in importations from Asiatic countries. China, with a trade of \$3,678,545 in 1902, sent a slightly increased amount, or \$3,912,181, in nine months of 1903; Japan, \$532,841 and \$573,487; British East Indies, \$1,152,452 and \$1,852,902; Siam, \$303,829 and \$748,735, and French East Indies, \$3,335,674, as compared with \$6,583,139 in 1903.

Exports to the leading countries show that the United States during nine months of 1902 increased its purchases over the previous year's record from \$7,232,411 to \$9,386,036; United Kingdom, from \$5,395,889 to \$6,663,555. France, \$1,252,201, increased to \$2,386,040; the trade of Spain was practically the same amount as in 1902, the figures showing \$497,130, and \$502,119 in 1903. Shipments to China dropped from \$661,015 to \$400,475; Hong Kong, \$2,605,099 to \$1,557,838; British East Indies, \$573,693 to \$494,119; while Japan made a decided increase in 1903, receiving \$1,259,634 worth of exports, as against \$441,626 in 1902.

Of the merchandise imported during the three-quarters period of 1903, \$13,396,619, or more than half of the total, consisted of food and animals; \$10,303,267, or 39 per cent.,

was manufactured goods; \$1,502,408, or 6 per cent., included articles of voluntary use and luxuries; \$842,625, or 4 per cent., material in a crude condition or partly manufactured; the remaining \$58,682 being classed under miscellaneous.

The exports were principally products of agriculture, 96 per cent., or \$22,645,729, being made up in round numbers of hemp, \$15,400,000; copra, \$3,000,000; sugar, \$3,000,000, and tobacco, \$1,200,000, including cigars.

The figures on the carrying trade show that but a small part of the United States business is in vessels flying the American flag, and all but 5 per cent. of the general trade of the islands is done in foreign bottoms. For the nine months ended September 30, 1903, including gold and silver, the value of imported merchandise carried in American vessels was \$1,179,962; British, \$11,122,929; German, \$6,550,421; Spanish, \$4,327,244; Norwegian, \$1,826,128, and other flags, \$2,098,536. In exports American vessels carried \$1,009,185; British, \$21,961,692 (one-third of this amount being shipments destined for the United States); German, \$2,218,994; Spanish, \$1,695,661; Norwegian, \$613,842, and all other flags, \$2,691,409. During the period named 5,163 sailing vessels of a total net tonnage of 209,589 tons, and 3,538 steam vessels with a net tonnage of 1,747,437 tons, entered at ports in the islands, and 5,146 sailing vessels of 218,812 net tons, and steam vessels to the number of 3,573, with a tonnage of 1,783,372 net tons, cleared for foreign ports.

A separate grouping of the commodities that go to make up the total import trade for nine months' periods ending September, 1902 and 1903, shows that the value of animals and animal products increased more than \$150,000, purchases during the latter period aggregating \$1,163,365. The recovery from the extraordinary loss of cattle through rinderpest must of necessity be slow; however the fact that the islands are gradually being restocked is shown by the increased importations from \$457,485 to \$603,498, China furnishing 86 per cent. of the latter amount. An increase in the number of horses and mules entering the archipelago is also indicated by the figures for 1903, when \$35,854 worth was received, as against \$18,955 in the preceding year. The boot and shoe trade, amounting to \$303,818 in 1902 and \$348,181 in 1903, continues under the control of Spain, whose trade in each period was approximately three-fifths of the total. The demand for American made shoes is rapidly improving, receipts from the United States in 1903 being \$64,027, an advance of 100 per cent. over the amount sent in 1902. The entry of foodstuffs from abroad during the past nine months was unusually large, the purchases aggregating \$12,911,537, an increase of \$3,667,431 over 1902, due to heavy rice importations made necessary by unfavorable chop conditions. The trade in this particular shows the full effects of the calamities of the past. In the early months of 1903 an extraordinary increase was shown in the amount of rice imported, as compared with the same months in previous years, and the showing of increase alone for nine months of 1903 was in value almost equal to the total purchases of that commodity in the corresponding period of 1902. This fact is apparent from a comparison of the actual importation, which for 1902 amounted to \$5,823,813, as against \$10,117,503 in 1903. The bulk of the supply as heretofore was obtained from French East Indies. These figures include consignments to the Government for distribution under the several relief measures, the short food supply in July and August resulting in a total value of rice imported during the single month of September of more than \$1,750,000, or 54 per cent. of all imports received during that month.

THE NATIONAL TEA ASSOCIATION OF THE UNITED STATES OF AMERICA.

The first annual meeting of the National Tea Association of the United States of America was held in the rooms of the Downtown Association, 60 Pine street, New York, on Saturday, February 6, 1904, at 3 p. m.

There were present: Mr. Thomas A. Phelan, the president of the association, in the chair, and Messrs. H. G. Woodworth, of Robinson & Woodworth, Boston; F. Hellyer, of Hellyer & Co., Chicago; Charles B. Platt, of J. A. Folger & Co., San Francisco; George N. McMurray, Chicago; George Hewlett, of Hewlett & Lee, New York; N. D. Tata, of Tata & Co., New York; Andrew Davey, New York; J. R. Patterson and Robert L. Hecht, of Fearon, Daniel & Co., New York; S. D. Webb and D. R. Aldridge, of the China and Japan Trading Company, New York; J. M. McBride, of Irwin, McBride & Co., New York; S. L. Davis, of Russell & Co., New York; A. E. Nicholson, of Balmer, Lawrie & Co., New York and Calcutta; Alfred P. Sloan, of Bennett, Sloan & Co., New York; Thomas M. McCarthy, of Austin, Nichols & Co., New York; Charles De Cordova, of Boyd & Co., New York; G. T. Matthews, of G. T. Matthews & Co., New York; and the secretary.

After calling the meeting to order, the president said:

PRESIDENT'S ADDRESS.

It is a great privilege to greet you all today not only as old friends but as fellow workers, at the first meeting of the National Tea Association.

Our meeting represents 200 well known firms, beginning with the coast of Maine and ending with the coast of California.

We began to organize about this time a year ago, and have succeeded in enrolling almost all the leading wholesale houses interested in tea in our country.

Our principles are very clear and simple.

First—The promotion of the consumption of tea and the other interests of the trade.

Second—The preservation of the purity and quality of tea, and as the principal means toward this end the upholding of the United States Government Tea Law.

During this, our first year, we have only had time to organize. It takes some time to present the objects of the association to the consideration of every leading city in the Union, both by letter and by personal explanation; therefore, when we say that we have on our list almost all the leading interests in tea from the Atlantic to the Pacific Coast, with only the few exceptions of those who differ with us in regard to the tea law—not exceeding five in number, we can justly claim a fair beginning for the national organization. Since this enrollment has been perfected a constitution has been adopted and printed, together with a complete roll of the officers and members and a brief history of the litigation, including eight different attempts to abolish a law that, in our opinion, has been the only breakwater against disaster to our interests for the past five years. It is seldom that Congress finds an opportunity to create a law which at one stroke benefits every inhabitant of our country while protecting the interests of all engaged in one leading industry. It is a phenomenon worthy of record to witness a government measure carefully guarding a large interest of the country without enhancing the price to the consumer one iota. The result shows that while the average cost of importation before the passage of this law amounted to about 15 cents per pound

the same average during the ensuing three years actually declined to 14 cents per pound or less, while fully 15,000,000 pounds of spurious or worthless tea disappeared from our market.

Having made a beginning by the organization of a body pledged to the best interests of tea, we have a large field for work before us. If we should be able to raise the consumption from one pound per capita to two pounds only, we would each of us double the amount of our business. This should not take over two years of effort if we would all do a little. We have only to make known four facts well established.

First—That tea is the only manufactured beverage known to civilization which can be consumed for a lifetime without serious injury to the human economy.

Second—That it is the only beverage today which the United States Government guarantees to be pure and to possess a certain degree of quality.

Third—That tea is many times more inexpensive than any other beverage known.

Fourth—That the only reason why our people do not adopt it to the exclusion of all other beverages is because through careless or ignorant preparation they seldom know what tea really is, and therefore completely miss the benefit to body and mind to be derived from its numberless grades and kinds.

If this association should succeed in driving home these four facts into the intelligence of the American people, it is not extravagant to say that the business of every one of its members will be doubled within three years.

The problem before us for the coming year is to devise ways and means to accomplish this result. If the intelligence of the English prompts them to use six pounds per capita per annum, surely it should be within the power of an organized body like ours to raise our consumption to two pounds with the clear possibility of making it six.

This is not so visionary as it might at first seem, when we reflect that England did not take more than 1,000,000 pounds of India and Ceylon tea twenty years ago, whereas today she consumes about 200,000,000 pounds. India and Ceylon have set us a brilliant example.

Six pounds consumption means 600,000,000 of importation against our present insignificant aggregate of 100,000,000. It also means that we will be winning the gratitude of the American people for promoting their gratification through our own prosperity.

The secretary then submitted the following report:

SECRETARY'S REPORT.

The association was formally organized on March 23, 1903, when a circular was sent to every member of the association containing the names of the duly elected officers and directors.

A majority of the directors residing outside of New York and Chicago having approved of the suggestion of the directors resident in Chicago, that the New York directors should form an executive committee to attend to the running of the organization. The first meeting of the executive committee was held on April 9.

At the meeting of May 11 a draft of the constitution was submitted, and, after amendment, a copy of it was sent to each member of the board of directors for final adoption. As adopted, it has been printed and distributed, with ac-

companying matter in the Manual of the association now in possession of the members.

One of the subjects first considered by the executive committee was the expediency of making a proper tea exhibit under the auspices of the association at the St. Louis Exposition. The question was remitted to the St. Louis members for consideration and report. The decision reached by them, after mature consideration, was that it would be inadvisable for the association to make a separate exhibit in view of the elaborate preparations which were under way for similar exhibits by the various tea growing countries.

This decision was accepted as final, but the committee continued its investigations with the view of determining to what extent the influence of the association might be used toward furthering the success of the various national and independent tea exhibits which are in contemplation. It was determined that this could best be done by inviting the representatives of the tea producing countries exhibiting at St. Louis to contribute the necessary funds for a building to be erected under the auspices of the association which should serve as a common meeting place for the trade, and whose available space should be divided between the various tea exhibiting countries and the association, with sufficient accommodation for the showing of samples of tea and making the necessary demonstrations of its quality. At the request of the committee, a practically detailed outline of the scheme was prepared by Mr. Blechyn-den, and various meetings were had between members of the committee and the representatives of Japan, Ceylon and India in regard to the project. The secretary also corresponded on the same subject with the Chinese Minister and the deputy commissioner for China at St. Louis.

Unfortunately, these negotiations have proved unfruitful, partly because of the discouragement experienced by the Chinese exhibitors over the oppressive character of the rules formulated by the Bureau of Immigration and approved by the Department of Commerce and Labor, in regard to the admission of their help, and partly because of the extreme caution manifested by the Japanese Government in authorizing any additional expenditure on their tea exhibit. Both India and Ceylon gave the most encouraging reception to the proposal, but in the absence of assured co-operation from all of the four exhibiting countries the scheme had to be abandoned.

Your committee has, however, not abandoned hope that in the assemblage of tea exhibits at St. Louis occasion will be found to promote the education of the American people so as to insure a more extensive consumption and more judicious treatment of the beverage throughout the country. As soon as those in charge of the exhibits arrive in St. Louis the committee proposes to arrange for a general conference on the subject, which it is hoped will have beneficial results.

Your committee has had, through its secretary, several consultations with the Attorney General and the Solicitor General of the United States in regard to the conduct of the case of the Government in the suit before the Supreme Court affecting the constitutionality of the tea inspection law. A brief supplementing the points made by the special Government counsel, Mr. E. B. Whitney, was prepared under the direction of the president of the association and placed in the hands of Solicitor General Hoyt, from whom it received due attention. The case was argued in the first week of January, and a decision is likely to be forthcoming within the next two or three weeks. The Solicitor General expressed very emphatically his admiration of the ability, force and succinctness with which Mr. Whitney presented the Government's case, and appeared to have no misgivings as to the character of the final decision.

The treasurer, Mr. Alfred P. Sloan, submitted his report showing the receipts and disbursements since the association was formed. He reported a balance in the treasury of \$192.58.

The following report from the committee on nominations was then read, and unanimously adopted, with the recommendation that it be submitted to the general body of members for approval:

101 WALL STREET, NEW YORK, February 5, 1904.

Mr. Thomas A. Phelan, President National Tea Association:

DEAR SIR—In compliance with your request of 3d inst, we have organized as a nominating committee and have carefully considered the question of preparing a new ticket for officers of the association for submission to the annual meeting on the 6th inst. It is our unanimous judgment that in the present rudimentary stage of the activity and influence of the association it would be inexpedient to make any change in its officers or board of directors, and we therefore beg to renominate for another year's service, the highly representative body of gentlemen who were selected to serve in these capacities by the committee on organization:

President, Thomas A. Phelan, New York.

Vice Presidents:

J. C. Whitney, Chicago.
Charles B. Platt, San Francisco.
George Hewlett, New York.
H. G. Woodworth, Boston.

Treasurer, Alfred P. Sloan, New York.
Secretary, John Foord, New York.

Directors:

H. G. Woodworth, Boston.
John Moir, Boston.
Herbert Nash, Boston.
J. C. Whitney, Chicago.
F. Hellyer, Japan and Chicago.
George N. McMurray, Chicago.
R. C. Morrison, Chicago.
George Hewlett, New York.
Elliott R. Smith, New York.
Thomas A. Phelan, New York.
Robert S. Russell, New York.
Thomas M. McCarthy, New York.
Alfred P. Sloan, New York.
Charles De Cordova, New York.
M. J. Brandenstein, San Francisco.
Charles B. Platt, San Francisco.
A. Schilling, San Francisco.
B. F. Weaver, Omaha.
J. C. Cooper, St. Paul.
D. G. Evans, St. Louis.
P. Slaterry, St. Joseph.
T. C. White, Kansas City.
W. H. Brace, Detroit.
William Judson, Grand Rapids.
A. P. Irwin, Philadelphia.
Francis Widlar, Cleveland.
Ira B. Smith, Milwaukee.
W. K. Flint, Milwaukee.
F. B. Milliken, Portland, Me.
Thomas C. Jenkins, Pittsburg.

We are, yours very truly,

GEO. HEWLETT.
F. HELLYER.
H. G. WOODWORTH.
CHAS. B. PLATT.
GEO. N. McMURRAY.

THE CONSTITUTIONALITY OF THE TEA INSPECTION LAW.

The following is the text of the decision of the Supreme Court of the United States affirming the constitutionality of the Tea Inspection Law:

William J. Buttfield, Plaintiff in Error,
vs.
Nevada N. Stranahan, Collector of the Port of New York.

In error to the Circuit Court of the United States for the Southern District of New York.

[February 23, 1904.]

This case presents for determination the question of the constitutionality of a statute known as the tea inspection act, approved March 2, 1897. (29 Stat. 604.)

On January 20, 1902, eight packages of tea were imported into the port of New York, per the steamer Adana, by a firm of which the plaintiff in error was the general partner. The tea was entered for import at the New York custom house, and was stored in a bonded warehouse. At that time certain standards, which were selected by the board of tea inspectors, had been put in force by the Treasury regulations under said act of March 2, 1897.

The eight packages of tea in question were embraced in the class known as "Country Green Teas," numbered 7 on list of standards. The tea was examined on February 7, 1902, and was rejected as "inferior to the standard in quality." By the term quality as thus used was meant the cup quality of the tea, that is to say, its taste and flavor. An appeal was taken by the importer to the Board of General Appraisers, and that board, on March 10, 1902, certified to the collector that "the said tea is inferior in quality to the standard prescribed by law," and accordingly overruled the appeal. The firm was notified of the decision on March 12, 1902.

In November following the plaintiff in error—who had acquired the interest of his partner in the tea—applied to the collector for permission to withdraw the tea for consumption, on payment of the duties. The request was refused. Application was then made for the release of the tea from bond in order to export it. This was also refused on the ground that the tea had been finally rejected under the act of March 2, 1897, more than six months previous to the application. The plaintiff in error was also notified that the tea would be ordered to the public stores for destruction.

This action was commenced in the Supreme Court of the State of New York, County of New York, against the collector of the port of New York, to recover damages for the alleged wrongful seizure, removal and destruction of the tea in question. Averments were made of the importation, storing, tender of duties and refusal to accept the same, and of demand for the tea and refusal to deliver. A general denial was filed. The action being on account of acts

done by the defendant under the revenue laws of the United States, as collector of customs, it was removed on his application to the Circuit Court of the United States for the Southern District of New York.

At the trial of the case before Circuit Judge Coxe and a jury, the exhibit reproduced in the margin was introduced in evidence.*

As indicated on this exhibit, the Country green teas thereon designated were arranged in their order of quality, from the highest to the lowest, No. 1 being the highest grade and No. 17 the lowest. The designation in each particular column represented the teas grown in a particular district, and all the teas enumerated on the same horizontal line were considered as being equal in grade.

The chairman of the Board of Tea Experts of the Treasury Department testified that the standard for Country green teas in force at the time the tea in question was imported was Hyson of a Fine Teenkai, or No. 6 on the list of standards, and that before fixing this standard "the board made diligent search for any Country green teas of lower grades—Hysons of lower grades—of pure teas on the New York market obtainable by the trade, and were unable to find any." The term Hyson, it may be observed, indicated that the tea was made out of the coarsest leaves. For the plaintiff it was testified that the quality of the tea in controversy corresponded in quality with the grade No. 7 on Exhibit 8; while the evidence for the Government was to the effect that it would grade as Fair Fychow, No. 11 on Exhibit 8. The testimony also tended to show that the tea in question differed only in respect to the cup quality from the Government standard; the evidence for the Government being that it was "a tea of a decidedly low grade, * * * a pure tea, but of low quality."

At the close of the evidence the court overruled a motion to direct a verdict for the plaintiff, and an exception was reserved. Thereupon the court, granting a motion on behalf of the defendant, instructed that the only question was as to the constitutionality of the statute under which the defendant, as collector of the port, acted, and directed a verdict in his favor. Upon the judgment entered on the verdict, which was returned in accordance with this instruction, the case was brought directly to this court.

Mr. Justice White, after making the foregoing statement, delivered the opinion of the court.

The assignments of error assail the act of the trial court in denying the motion for the direction of a verdict in favor of the plaintiff and in giving a peremptory instruction in favor of the defendant. Summarized, the contentions are as follows: First, that the act of March 2, 1897, confers authority to establish standards, and that such power is legislative and cannot constitutionally be delegated by Congress to administrative officers; second, that the

* EXHIBIT No. 8.—*Schedule of Country Green Teas arranged in Order of Quality.*

1 Choicest Moyune	Choicest Teenkai			
2 Choice Moyune	Choice Teenkai			
3 Finest Moyune	Finest Teenkai			
4 Fine to Finest Moyune	Fine to Finest Teenkai			
5 Fine Moyune				
6 On Fine Moyune	Fine Teenkai			
7 Fully Good Medium Moyune	On Fine Teenkai			
8 Good Medium Moyune	Fully Good Medium Teenkai	Finest Fychow		
9 On Good Medium Moyune	Good Medium Teenkai	Fine "		
10 Fair Moyune	On Good Teenkai	Good Medium Fychow	Finest Wenchow	
11 Good Common Moyune	Fair Teenkai	Fair "	Fine "	
12 Common Moyune	Good Common Moyune	Good Common "	Good Med. "	Good, clean, genuine Shanghai packed
13	Common Teenkai	Common	Fair "	
14			Good Common	
15			Common "	
16				Mixed, Shanghai packed
17				Common, refined and adulterated Shanghai packed

plaintiff in error had a vested right to engage as a trader in foreign commerce and as such to import teas into the United States, which as a matter of fact were pure, wholesome and free from adulteration, fraud and deception, and which were fit for consumption; third, that the establishment and enforcement of standards of quality of teas, which operated to deprive him of the alleged vested rights, constituted a deprivation of property without due process of law; fourth, that the act is unconstitutional, because it does not provide that notice and an opportunity to be heard afforded an importer before the rejection of his tea by the tea examiner, or the Tea Board of General Appraisers; and, fifth, that in any event the authority conferred by the statute to destroy goods upon the expiration of the time limit for their removal for export and the destruction of such property, without a judicial proceeding, was condemnation of property without hearing and the taking thereof without due process of law.

Whether the contentions just stated are tenable are the questions for consideration.

In examining the statute in order to determine its constitutionality, we must be guided by the well settled rule that every intendment is in favor of its validity. It must be presumed to be constitutional, unless its repugnancy to the Constitution clearly appears. (*Nicol v. Ames*, 173 U. S. 509, 514-515; *Gettysburg Park Case*, 160 U. S. 668, 680.)

The power to regulate commerce with foreign nations is expressly conferred upon Congress, and being an enumerated power is complete in itself, acknowledging no limitations other than those prescribed in the Constitution. (*Lottery Case*, 188 U. S. 321, 353-356; *Leisy v. Hardin*, 135 U. S. 100, 108.) What ever difference of opinion, if any, may have existed or does exist concerning the limitations of the power, resulting from other provisions of the Constitution, so far as interstate commerce is concerned, it is not to be doubted that from the beginning Congress has exercised a plenary power in respect to the exclusion of merchandise brought from foreign countries; not alone directly by the enactment of embargo statutes, but indirectly as a necessary result of provisions contained in tariff legislation. It has also, in other than tariff legislation, exerted a police power over foreign commerce by provisions which in and of themselves amounted to the assertion of the right to exclude merchandise at discretion. This is illustrated by statutory provisions which have been in force for more than fifty years, regulating the degree of strength of drugs, medicines and chemicals entitled to admission into the United States and excluding such as did not equal the standards adopted. (9 Stat. 237; Rev. Stat. Sec. 2933 et seq.)

The power to regulate foreign commerce is certainly as efficacious as that to regulate commerce with the Indian tribes. And this last power was referred to in *United States vs. 43 Gallons of Whiskey* (93 U. S. 194), as exclusive and absolute, and was declared to be "as broad and as free from restrictions as that to regulate commerce with foreign nations." In that case it was held that it was competent for Congress to extend the prohibition against the unlicensed introduction and sale of spiritous liquors in the Indian country to territory in proximity to that occupied by the Indians, thus restricting commerce with them. We entertain no doubt that it was competent for Congress, by statute, under the power to regulate foreign commerce, to establish standards and provide that no right should exist to import teas from foreign countries into the United States, unless such teas should be equal to the standards.

As a result of the complete power of Congress over foreign commerce, it necessarily follows that no individual has a vested right to trade with foreign nations, which is so broad in character as to limit and restrict the power of Congress to determine what articles of merchandise may be imported into this country and the terms upon which a right to import may be exercised. This being true, it re-

sults that a statute which restrains the introduction of particular goods into the United States from considerations of public policy does not violate the due process clause of the Constitution.

That the act of March 2, 1897, was not an exercise by Congress of purely arbitrary power is evident from the terms of the law, and a consideration of the circumstances which led to its enactment. The history of the act and its proper construction, as also the reasons for deciding that the regulations of the Secretary of the Treasury establishing the standard here in question were warranted by the statute, were succinctly stated in the opinion of the Court of Appeals for the Second Circuit in *Buttfield vs. Bidwell* (96 Fed. Rep. 328), and we adopt such statement. The court said:

"The basic question in this case is as to the true construction of the act of Congress of March 2, 1897, entitled 'An act to prevent the importation of impure and unwholesome tea.' Section 1 makes it unlawful 'to import or bring into the United States any merchandise as tea which is inferior in purity, quality and fitness for consumption to the standards provided in Section 3 of this act, and the importation of all such merchandise is hereby prohibited.' Section 2 provides for the appointment by the Secretary of the Treasury, immediately after the passage of the act, and on or before February 15 of each subsequent year, of the board of tea experts, 'who shall prepare and submit to him standard samples of tea.' Section 3 provides that the Secretary of the Treasury, upon the recommendation of said board, 'shall fix and establish uniform standards of purity, quality and fitness for consumption of all kinds of teas imported into the United States,' samples of such standards to be deposited in various custom houses, and supplied to importers and dealers at cost, and declares that all teas, or merchandise described as tea, of inferior purity, quality and fitness for consumption to such standards shall be deemed to be within the prohibition of the first section hereof. Sections 4-7 provide for the examination of importations of tea, for a re-examination by the Board of General Appraisers in case of a protest by the importer or collector against the finding of the primary examiner, and for testing the purity, quality and fitness for consumption in all cases of examination or re-examination, 'according to the usages and customs of the tea trade, including the test of an infusion of the same in boiling water, and, if necessary, chemical analysis.' * * * The history of the enactment shows that the word 'quality' was industriously inserted to make the act a more stringent substitute for the existing legislation. By the act of March 3, 1883, then in force, any merchandise imported 'for sale as tea,' adulterated with spurious or exhausted leaves, or containing such an admixture of deleterious substances as to make it 'unfit for use,' was prohibited; and exhausted leaves were defined to include any tea which had been deprived of its proper quality, strength or virtue by steeping, infusion, decoction or other means. Thus the importation of tea containing such an admixture of leaves as to be deprived of its proper quality or virtue by any method of treatment was prohibited. The act, however, contained no provision for the establishment of Government standards; and the establishment of uniform standards in the interest of the importer and of the consumer had become a recognized necessity. In a report by the Senate Committee on Commerce, in 1897, the provision was suggested as designed, among other things, to protect the consumer against 'worthless rubbish,' and insure his 'receiving an 'article fit for use.' The report pointed out that the 'lowest average grade of tea ever before known was now being used' by our consumers, and proposed as a remedy the establishment of standards of the 'lowest grades of tea fit for use.' As originally introduced in the House, the bill prohibited the importation of 'any merchandise as tea which is inferior in purity or fitness for consumption to the standards provided in Section 3 of this act.' It was amended in the Senate by inserting the word

'quality' between the words 'purity' and 'fitness for consumption' wherever they occurred in the House bill. The amendment evinces the intention of the Senate to authorize the adoption of uniform standards by the Secretary of the Treasury which would be adequate to exclude the lowest grades of tea, whether demonstrably of inferior purity or unfit for consumption, or presumably or possibly so because of their inferior quality. The House concurred in the amendment, and the measure was enacted in its present terms. We conclude that the regulations of the Secretary of the Treasury are warranted by the provisions of the act."

The claim that the statute commits to the arbitrary discretion of the Secretary of the Treasury the determination of what teas may be imported, and therefore in effect vests that official with legislative power, is without merit. We are of opinion that the statute, when properly construed, as said by the Circuit Court of Appeals, but expresses the purpose to exclude the lowest grades of tea, whether demonstrably of inferior purity, or unfit for consumption, or presumably so because of their inferior quality. This, in effect, was the fixing of a primary standard, and devolved upon the Secretary of the Treasury the mere executive duty to effectuate the legislative policy declared in the statute. The case is within the principle of *Field vs. Clark* (143 U. S. 649), where it was decided that the third section of the tariff act of October 1, 1890, was not repugnant to the Constitution as conferring legislative and treaty making power on the President, because it authorized him to suspend the provisions of the act relating to the free introduction of sugar, molasses, coffee, tea and hides. We may say of the legislation in this case, as was said of the legislation considered in *Field vs. Clark*, that it does not, in any real sense, invest administrative officials with the power of legislation. Congress legislated on the subject as far as was reasonably practicable, and from the necessities of the case was compelled to leave to executive officials the duty of bringing about the result pointed out by the statute. To deny the power of Congress to delegate such a duty would, in effect, amount but to declaring that the plenary power vested in Congress to regulate foreign commerce could not be efficaciously exerted.

Whether or not the Secretary of the Treasury failed to carry into effect the expressed purpose of Congress and established standards which operated to exclude teas which would have been entitled to admission had proper standards been adopted, is a question we are not called upon to consider. The sufficiency of the standards adopted by the Secretary of the Treasury was committed to his judgment, to be honestly exercised, and if that were important there is no assertion here of bad faith or malice on the part of that officer in fixing the standards, or on the part of the defendant in the performance of the duties resting on him.

It is urged that there was a denial of due process of law in failing to accord plaintiff in error a hearing before the Board of Tea Inspectors and the Secretary of the Treasury in establishing the standard in question, and before the general appraisers upon the re-examination of the tea. Waiving the point that the plaintiff in error does not appear to have asked for a hearing, and assuming that the statute did not confer such a right, we are of opinion that the statute was not objectionable for that reason. The provisions in respect to the fixing of standards and the examination of samples by Government experts was for the purpose of determining whether the conditions existed which conferred the right to import, and they therefore in no just sense concerned a taking of property. This latter question was intended by Congress to be finally settled, not by a judicial proceeding, but by the action of the agents of the Government, upon whom power on the subject was conferred.

It remains only to consider the contention that the provision of the statute commanding the destruction of teas not exported within six months after their final rejection was unconstitutional. The imported was charged with no-

tice of the provisions of the law, and the conditions upon which teas might be brought from abroad, with a view to their introduction into the United States for consumption. Failing to establish the right to import, because of the inferior quality of the merchandise as compared with the standard, the duty was imposed upon the importer to perform certain requirements, and to take the goods from the custody of the authorities within a period of time fixed by the statute, which was ample in duration. He was notified of the happening of the various contingencies requiring positive action on his part. The duty to take such action was enjoined upon him, and if he failed to exercise it the collector was under the obligation after the expiration of the time limit to destroy the goods. That plaintiff in error had knowledge of the various steps taken with respect to the tea, including the final rejection by the board of general appraisers, is conceded. We think the provision of the statute complained of was not wanting in due process of law. Affirmed.

Mr. Justice Brewer and Mr. Justice Brown, not having heard the argument, took no part in the decision of this case.

William J. Buttfield, Plaintiff in Error, vs. George R. Bidwell.	}	In error to the Circuit Court of the United States for the Southern District of New York.
--	---	---

[February 23, 1904.]

Mr. Justice White delivered the opinion of the Court.

This action was brought by Buttfield to recover damages sustained by being prevented from importing into the United States a large number of packages of country green teas, being four shipments from China. These teas, on re-examination by the board of general appraisers, were found to be inferior in quality to the standard prescribed by law; and Bidwell, as Collector for the Port of New York, so notified Buttfield. Thereupon the teas were withdrawn from the bonded warehouse and exported. Judgment was entered for Bidwell upon a directed verdict in his favor. The right to reversal of that judgment is predicated solely upon the asserted unconstitutionality of the tea inspection act of March 2, 1897. It will not be necessary to determine whether, even supposing the statute to be unconstitutional, a cause of action is stated in any of the four counts of the complaint below. The statute having been held to be valid in the opinion just announced in *Buttfield vs. Stranahan*, the judgment must be and is hereby Affirmed.

Mr. Justice Brewer and Mr. Justice Brown took no part in the decision of this case.

William J. Buttfield, as Claimant of Seven Packages of Tea, Plaintiff in Error, vs. The United States.	}	In error to the District Court of the United States for the Eastern District of New York.
--	---	---

[February 23, 1904.]

Mr. Justice White delivered the opinion of the Court.

This was a proceeding for the condemnation of seven packages of tea, which had been reimported after export from this country upon a final rejection of the tea by the board of general appraisers as not entitled to admission into the United States for consumption under the tea inspection act of March 2, 1897. Buttfield appeared as claimant, and a demurrer filed on his behalf to the information was overruled. The claimant failing to plead further, a final decree and judgment of forfeiture was entered. A reversal is asked upon the sole ground that the act of March 2, 1897, referred to, is repugnant to the Constitution of the United States. Upon the authority of *Buttfield vs. Stranahan* just decided, the judgment below is Affirmed.

Mr. Justice Brewer and Mr. Justice Brown took no part in the decision of this case.

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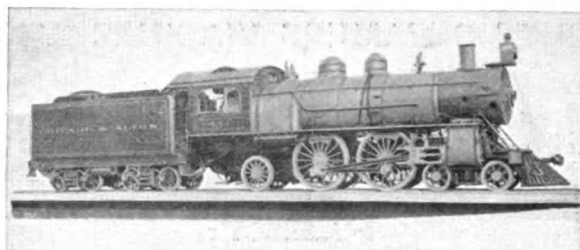
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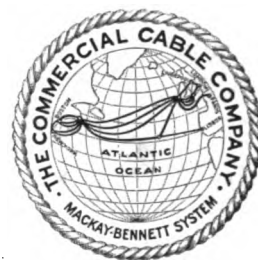
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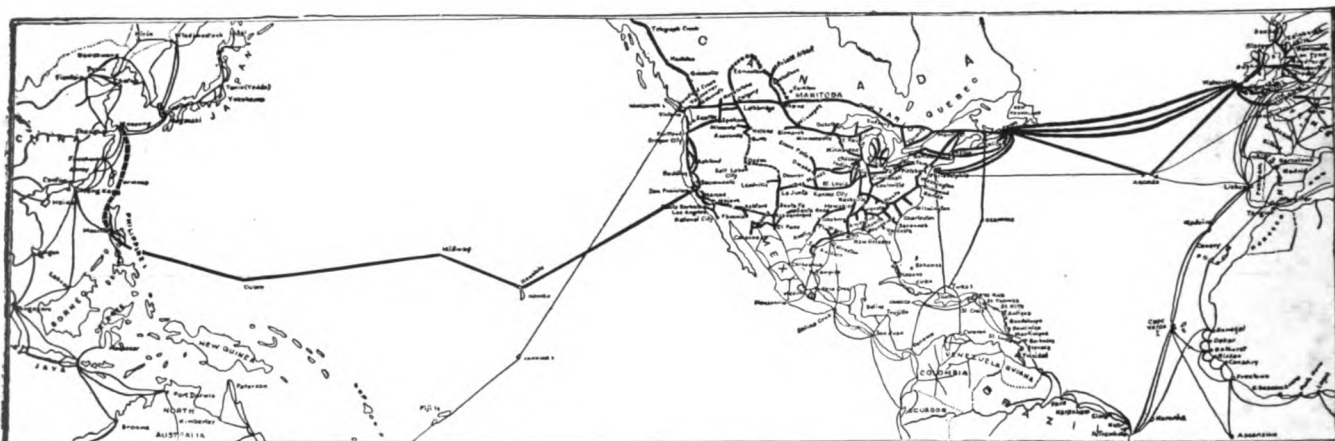
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THE secrecy with which the movements of the Japanese army have been conducted is one of the most remarkable feats of modern warfare. Correspondents have described the landing of the advanced guard at Chemulpo and have waxed enthusiastic over the smoothness, rapidity and noiselessness—the absolute perfection of military mechanism—which marked the entire proceeding. But beyond that the correspondents have not been allowed to penetrate, and the elimination of the newspaper reporter has been one of the most notable incidents of the opening of the great historic drama whose unfolding is being watched with the keenest interest by the entire world. The boastful and truculent tone which the Russians adopted at the beginning of the war has been sensibly modified of late; the tall talk about sweeping the enemy into the sea having been exchanged for quite a different view of the military tactics which should be adopted by the Russian commanders. These are now proclaimed to be of the Fabian order, and to have for their chief guidance the exercise of patience, and always patience. The enemy is to be worn out, in short, rather than subdued; Russia remaining on the defensive while Japan exhausts herself in the vain effort to crush an elusive or reach a too distant foe. But, as it is antecedently probable that Japan will decline to follow the retreating enemy further than it is quite convenient for her to transport her armies, even the Kouropatkin method of choosing as the ground of conflict a district where Russia can place and maintain the largest number of men, may turn out to lack the essential elements of the consent of the other party to this game of war.

THE diligence with which Russian newspapers at home and Russian sympathisers abroad have been working the scare of the "Yellow Peril" is rather more complimentary to Japan than to the nations in the front rank of modern civilization which are supposedly menaced by the renaissance of Asia. Japan must be a very formidable foe indeed if she is to be deemed capable of the inspiration and organization needed to fill a nation like China with the lust of and the capacity for conquest. Her people must have an absolutely miraculous genius for war, if a generation devoted to the study of the naval and military methods of Europe has given them the ability to train and direct millions of armed men so as to make both the old world and the new tremble before the possibilities of their triumph over the Muscovite. It may be characteristically Russian, within

the space of one short month, to cover an enemy with all the epithets of contemptuous scorn, and to call the world to witness that the same enemy is a fearful and awe-inspiring embodiment of the aggressive strength and ferocity of the old Mongol conquerors. But it seems hardly worthy of sane and otherwise intelligent men in France, Germany and the United States to attempt to fill the world with affright over such a boogy. As Mr. George F. Seward recently remarked: "The yellow peril is a matter of imagination, where it is not a matter of allegation for a purpose. It is not Europe that has cause to fear Asia; it is Asia that has cause to fear Europe."

Just before it occurred to the official mind in Russia that the promiscuous abuse of the United States indulged in by some Russian newspapers was calculated to have inconvenient results, there was published, evidently under official inspiration, a most extraordinary attack on Secretary Hay. He was described in a telegram, sent through the Associated Press agent in St. Petersburg, as the unknown quantity, the Mr. X, of the world's diplomacy, without whose interference the European situation would be as perfect as possible, but who had somehow "almost ditched" the "level-headed statesmen" who are charged with keeping the situation in equilibrium. In short, from the point of view of the Russian Foreign Office, the chief ground of anxiety in St. Petersburg is to be found in the misgivings with which "the ultimate aims and purposes of the foreign policy of the United States," are regarded there. And yet that policy, so far as it relates to affairs in the Far East, has been, ever since Mr. Hay's accession to the Department of State in September, 1898, a perfectly intelligible and a substantially consistent one. There has certainly been no possibility of misunderstanding the attitude of the United States toward the Russian occupation of Manchuria, and the dismemberment of China which its indefinite continuance would have involved, any more than there has been of failing to recognize the fact that every important demand made by Japan on Russia was merely a translation into the imperative mood of principles for which the United States has been trying to secure international acceptance by purely diplomatic processes of argument. The proposal that both combatants should respect the neutrality of China, which moved Count Cassini to some extra-official exhibitions of very undiplomatic bad-temper, was made by Mr. Hay merely because it could not have come with equally good grace and an equal absence of suspicion of motives of self-interest, from any other quarter. Since the suggestion was accepted by the Russian Government, the wonder grows that it should have been made the occasion of reflecting on the "aggressiveness" and "startling suddenness" with which American diplomacy submits propositions to the rest of the world.

In protesting against the order sent to Consular Officers of the United States requiring them to demand from the agent of the American importer the filing of a copy of the bill of sale of merchandise destined for this country, the Executive Committee of the Association voiced the objections of a number of our members. Ostensibly promul-

gated for the purpose of assisting Custom-House appraisers to check the practice of undervaluation of imports, the order was merely a sample of the perverse ingenuity which creatures of official routine are apt to display, the world over, in the invention of devices to harass and hamper the transactions of trade. Nowhere is this ingenuity more fertile than in Washington, partly because in none of the capitals of the world can there be found a staff of Government employees who are so abjectly ignorant of the actual operations and methods of foreign commerce. In deference to the remonstrances of importers doing business in every quarter of the world, the order has been modified so as to leave it at the discretion of the Consul whether an original bill of sale is procurable. Where from the petty character of the transaction or for other reasons bills of sale are not usually furnished, the right to demand them has been waived.

It will be observed that the appeal addressed to the members of the Association to secure additions to its ranks has already resulted in an increase of nearly ten per cent. The new names have been secured by the efforts of a comparatively small number of members, and the good example thus set is earnestly commended to the imitation of those of their associates who have not yet responded to the appeal. The present is a most opportune moment for increasing the numbers and influence of our Association, since events in the immediate future are certain to demand the exercise, in the interest of our political and commercial status in the Far East, of all the influence which we can possibly bring to bear on the public opinion and diplomatic policy of the United States.

If argument were needed to justify the necessity of liberalizing the conditions of the new Treaty of Immigration with China, they may be found in abundance in the decisions, issued from time to time by the Department of Commerce and Labor, in regard to the rulings of the Commissioner of Immigration at San Francisco. The Commissioner who, in harmony with the curious policy adopted in appointing the officers of the Bureau of Immigration is a professional labor leader, necessarily behaves after the manner of his kind. He undertakes to exclude a Canton merchant because his "appearance and conduct were those of a common laborer," and a visiting Chinese student because he had "little or no knowledge of the English language." In the one case, five weeks elapsed between the date of arrival and the reversal of the Commissioner's decision; in the other case there was an interval of seven weeks. Of course, during this period, both applicants for admission were subjected to the usual indignities made and provided for such cases, while the Commissioner is not even subject to a mild rebuke because of the mixed ignorance and arrogance displayed in his decisions. While no treaty could possibly affect the administration of our laws entrusted to hands like these, it could at least have appended to it such a body of rules for the admission of the exempt class of Chinamen as even such an official as the present Commissioner of Immigration in San Francisco would have no excuse for misapprehending.

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the eight months ending February 29, 1903 and 1904.

EXPORTS TO CHINA.

Months.	Cotton Cloths.		Mineral Oils.		Wheat Flour.	
1902.	Yards.		Gallons.		Barrels.	
July	32,036,120	\$1,658,250	70,139	\$13,505	1,465	\$4,606
August	23,366,570	1,087,054	730,110	57,474	2,657	9,108
September	23,759,038	1,190,977	55,492	11,800	8,804	25,589
October	20,472,678	1,036,726	3,017,797	270,697	18,620	56,636
November	6,712,750	340,422	2,292,023	198,958	16,717	50,510
December	20,582,544	1,074,463	6,205,559	529,109	11,546	37,273
1903.						
January	18,440,398	924,882	1,944,706	197,967	8,637	26,288
February . . .	34,642,500	1,713,994	878,660	92,265	1,524	4,805
Total	180,012,598	\$9,026,768	15,194,486	\$1,369,775	69,970	\$214,815
1903.						
July	9,751,868	\$443,228	1,384,881	\$147,423	166	\$587
August	4,096,161	189,133	1,644,834	142,882	1,653	6,650
September	3,377,050	168,208	1,001,398	109,456	9,016	31,407
October	9,370,600	414,156	5,509,766	647,751	7,448	25,937
November	1,038,835	69,055	3,376,910	405,300	17,325	58,033
December	3,665,364	230,546	2,496,200	303,123	10,812	38,951
1904.						
January	8,906,813	476,609	3,772,243	447,712	6,303	24,019
February	13,806,444	785,473	7,305,887	862,625	2,489	9,264
Total	53,713,135	\$2,762,078	26,492,119	\$3,066,272	55,212	\$194,848
EXPORTS TO HONGKONG.						
1902.						
July	1,200	\$220	1,301,020	\$101,420	75,811	\$228,906
August	38,103	2,470	768,590	69,360	93,998	295,892
September	14,739	1,418	33,250	4,002	141,598	437,587
October	17,550	3,111	5,100,885	439,318	137,672	422,355
November	6,568	1,400	3,023,690	264,956	147,545	477,722
December	69,107	6,395	2,894,751	286,066	240,937	826,823
1903.						
January	22,099	3,841	.....	.....	142,918	460,238
February	161,346	9,798	1,001,830	105,190	126,693	427,199
Total	330,712	\$28,653	14,124,016	\$1,270,312	1,107,172	\$3,576,222
1903.						
July	117,991	\$13,468	822,392	\$86,725	39,890	\$143,890
August	60,502	9,083	124,179	16,514	83,724	330,075
September	7,652	828	1,773,512	199,683	193,545	736,441
October	24,740	4,840	1,581,553	174,495	165,903	658,178
November	5,963	809	1,241,310	148,971	128,144	494,014
December	17,825	3,058	5,955,043	721,169	175,682	646,422
1904.						
January	5,877	994	955,320	112,700	155,130	574,431
February	26,000	2,027	34,234	5,223	189,308	694,139
Total	266,550	\$35,107	12,487,553	\$1,465,480	1,131,326	\$4,277,590

DEPARTMENT OF COMMERCE AND LABOR,

Bureau of Statistics.

WASHINGTON, D. C., March 26, 1904.

Imports of Tea and Silk into the United States for the eight months ending February 29, 1902, 1903 and 1904.

		TEA.			
		1902.		1903.	
		Pounds.	Dollars.	Pounds.	Dollars.
Imported from					
United Kingdom.....		2,258,427	435,625	4,040,691	687,332
British North America....		1,099,565	191,866	1,346,492	260,853
Chinese Empire.....		30,660,145	3,207,564	53,628,187	6,782,752
East Indies.....		1,668,662	228,942	4,594,884	547,491
Japan.....		28,124,865	3,785,203	32,843,669	5,213,052
Other Asia and Oceania ..		247,295	31,716	325,216	38,143
Other countries		57,852	10,761	5,499	2,369
Total.....		64,116,811	7,891,677	96,784,638	13,531,992
RAW, OR AS REELED FROM THE COCOON.		SILK.			
		Pounds.	Dollars.	Pounds.	Dollars.
Imported from					
France.....		353,569	1,203,912	426,639	1,614,728
Italy.....		1,664,099	6,409,065	2,035,230	8,365,016
Chinese Empire.....		1,926,146	5,393,469	2,496,047	7,193,251
Japan.....		4,568,562	15,257,913	5,565,551	19,976,295
Other countries		313,165	994,272	45,959	157,077
Total.....		8,825,541	29,258,631	10,569,426	37,306,367
Waste.....lbs...free..		995,168	568,382	1,190,426	737,132

AH-SIN ON SOUTH AFRICAN MINING.

(From the London and China Telegraph).

The following clever piece of pidgin English is an attempt to interpret the working of the mind of the Chinese coolie in regard to the invitation to go to work in the South African mines:

You wanchee my go Afic side along that mine?
 Eyah! can do!
 Suppose you puttee book, what thing my first mus' sign,
 And talkee thue.
 That coolie pidgin olo tim' no muchee good,
 So some man say,
 You can secure that coolie catchee plenty food,
 Yes, ebyl day?
 How long you thuly wanchee mus' that side man-man?
 One-two-three year?
 You savey olo tim' so soon come back no can,
 Man largee fear.
 You wanchee alla coolie, dig too muchee stlong
 Way down below;
 You wanchee he, you savey work too muchee long,
 Lit' topside go.
 But s'pose that wagee alla plopah Afic side
 Have settlee thue,
 Mus' wanchee savey when from mine can go topside,
 What thing can do?
 Man talkee alla coolie inside compound stay,
 No walkee 't all,
 How can so fashion? all same plison ebyl day
 Inside four wall.
 My welly glad work welly hard downside all day,
 S'pose talkee so,
 Only my mighty tim' too muchee likee play,
 All coolie so.
 S'pose by am by my three year pidgin finishee,
 All same that book,
 You can secure my Cheena go acloss that sea
 'Long fien' Alook?
 S'pose my die that Afic side? Eyah! No wanchee so!
 Mus' savee thue,
 You can secure my Cheena inside coffin go?
 Dead coolie do.

What thing you talkee? How so muchee can secure
 For coolie man?
 That Mandalin mus' *tung-tung tungsi* makee sure
 S'pose he can.
 My thinkee p'laps more better Cheena side my stop.
 Catch chncee small,
 My father welly sick—can go see he chop-chop
 S'pose he call.
 My savey Cheena chow-chow—nicee girlee see,
 P'laps fan-tan play,
 Who can can makee muchee bebbely 'long me
 S'pose Cheena stay?
 SHANGHAI.

THE WESTINGHOUSE COMPANY AND THE RUSSIAN GOVERNMENT.

NEW YORK, March 23, 1904.

Editor Journal of the American Asiatic Association, New York City:

DEAR SIR—Our attention has been called to a statement on page 2 of the February issue of your JOURNAL, and also to an article on page 17 of the same issue, reprinted from the *Iron Age*, regarding the attitude of the Russian Government toward the Westinghouse Air Brake Company in Russia. The information upon which you have based your editorial remarks is not in accordance with the facts.

Such relations as we have had with the Russian Government, due to our contract for supplying brake apparatus for Government roads, have been of the most satisfactory character, all understandings being carried out in good faith on both sides.

The intimation that pressure was used to cause the substitution of Russian for American workmen is entirely without foundation. In starting our enterprise we of necessity supplied some skilled American workmen to give the necessary instructions to the Russians, who were surprisingly quick in acquiring the requisite facility for executing our work properly. The engagement of the men we sent was made with the understanding that it was to be temporary, and to last only until native labor could be trained to meet our requirements.

Yours very truly,

THE WESTINGHOUSE AIR BRAKE COMPANY.

THE MEMBERSHIP OF THE ASSOCIATION.

The following circular letter has been sent to the members by the secretary of the Association:

"Whatever may be the issue of the present war between Russia and Japan, its termination cannot fail to be made the occasion of a permanent adjustment of international relations in the Far East. The commercial and industrial interests of the United States will have a vital concern in the terms of this settlement, and it is in the highest degree desirable that our Government should be correctly informed as to the demands of these interests, and intelligently and vigorously supported in maintaining them. This Association has been in close touch and sympathy with the policy so far pursued by the Administration in defense of American interests in Eastern Asia, and the suggestions of its executive committee have been uniformly welcomed by the Secretary of State.

"It must, however, be apparent that the more numerous the membership and the more representative the character of the Association, the greater the influence it will be able to exercise in the field which it has made its own. The suggestion is, therefore, submitted by the executive committee that each of the existing members should endeavor to procure the addition to the roll of at least one other member. As only four months remain of the financial year, the annual dues of all new members enrolled after this date will cover the year ending June 30, 1905."

In response to this appeal the following proposals were received up to March 29, and were favorably acted on by the executive committee at the meeting of that date:

Name.	Proposer.	Seconder.
Chas. E. Sampson, New York.	Lowell Lincoln.....	Albert Cordes.
Leroy Springs, Lancaster, S. C.	S. D. Brewster.....	Albert Cordes.
David P. Kimball, Boston, Mass.	J. R. Leeson.....	John Foord.
James Wood, Mt. Kisco, N. Y.	W. H. Male.....	John Foord.
K. S. Walbank, Chicago, Ill.	F. Hellyer.....	Thomas A. Phelan
J. I. Westervelt, Greenville, S. C.	Ellison A. Smyth....	S. D. Webb.
A. F. McKissick, Greenwood, S. C.	Ellison A. Smyth....	S. D. Webb.
J. P. Gossett, Williamston, S. C.	Ellison A. Smyth....	S. D. Webb.
Ault & Wiborg, Cincinnati, O.	James J. Hooker....	John Foord.
J. A. Fay & Egan Co., Cincinnati, Ohio.	James J. Hooker....	John Foord.
Lodge & Shipley Machine Tool Co., Cincinnati, Ohio.	James J. Hooker....	John Foord.
Wm. D. Baldwin, New York.	A. G. Mills.....	John Foord.
William Boyd, New York.	John R. Livermore..	Thos. S. Hopkins.
R. Brauss & Co., New York.	Rump & Cattus.....	Albert Cordes.
John Hubbard, New York.	James S. Fearon....	John Foord.
William L. Moyer, New York.	James S. Fearon....	John Foord.
W. H. Stevens, New York.	James R. Morse.....	John Foord.
Amory Browne & Co., New York.	Albert Cordes.....	S. D. Webb.
M. A. Shaw, Vice-President		
The Shaw Co., New York.	Albert Cordes.....	John Foord.
Daniel Guggenheim, New York.	Chas. A. Conant....	James S. Fearon.
Japanese Fan Co., New York.	S. D. Webb.....	John Foord.
Thomas A. Eddy, New York.	James R. Morse.....	John Foord.

LIST OF MEMBERS.

CORRECTED TO MARCH 29, 1904.

Allen, George Marshall, Morristown, N. J.
 Allmon, George S., Wilmington, Del.
 American Cotton Company, New York.
 American Lithographic Company, New York.
 American Steel and Wire Company, New York.
 American Trading Company, The, New York.
 American Locomotive Works, New York.
 Amory Browne & Co., New York.
 Ansonia Clock Company, The, New York.
 Appleton, Herbert, New York.
 Arnhold, Karberg & Co., New York.
 Atchison, Topeka and Santa Fé Railway Company, New York.
 Avis & Co., William A., New York.
 Ault & Wiborg Company, Cincinnati, Ohio.

Bachelor, George Clinton, New York.
 Bailey, W. H., New York.
 Baily & Co., Joshua L., New York.
 Baldwin, William D., New York.
 Barber & Co., New York.
 Barlow, Peter T., New York.
 Bausher, C. L., & Co., New York.
 Belton Mills, Belton, S. C.
 Bennett, Sloan & Co., New York.
 Bernheimer & Walter, New York.
 Bliss, Fabyan & Co., New York.
 Boyd, William, New York.
 Brauss, R., & Co., New York.
 Brewster, John H., Jr., New York.
 Briesen, R. von, New York.
 Brice, W. K., New York.
 Browne & Frothingham, New York.
 Brush, Edward, New York.
 Burnham, Williams & Co., Philadelphia, Pa.
 Busk & Jevons, New York.
 Bush, Henry A., Newchwang, China.
 Butler, A. H., New York.
 Buttfield, W. J., New York.

Camera, L., Shanghai, China.
 Capelle Company, The Herman, New York.
 Carnegie Steel Company, The, New York.
 Cary, Clarence, New York.
 Carleton, I. Osgood, New York.
 Cary, John C., Lockhart, S. C.
 Carter, Macy & Co., New York.
 Catlin & Co., New York.
 Central Car Wheel Company, Pittsburg.
 Central Trust Company of New York, New York.

C. & C. Electric Company, New York.
 Champion & Staudinger, New York.
 Chartered Bank of India, Australia and China, New York.
 Cheshire, Fleming D., Mukden, China.
 Chicago and North-Western Railway, New York.
 Clough, W. F., New York.
 China and Japan Trading Company, New York.
 Cholwell, George, & Co., New York.
 Chubb & Son, New York.
 Claflin Company, The H. B., New York.
 Conant, Charles A., New York.
 Cordes & Co., E. D., New York.
 Cordova, Charles de, New York.
 Cragin, E. F., New York.

Danielson, John W., Providence, R. I.
 Darlington Manufacturing Company, Darlington, S. C.
 Deering, Milliken & Co., New York.
 Delacamp & Co., New York.
 Diamond State Car Spring Company, Wilmington, Del.
 Dodge, Francis E., New York.

Eddy, Thomas A., New York.
 Eldredge, Lewis & Co., New York.
 Equitable Life Assurance Society, The, New York.

Farrell, J. D., Pres. Gt. N. S. S. Company, Seattle, Wash.
 Fay & Egan Company, J. A., Cincinnati, Ohio.
 Fearon, Daniel, & Co., New York.
 Fischer, Emil S., New York.
 Foord, John, New York.
 Forbes, Francis Blackwell, Boston, Mass.
 Fraser, Alfred, New York.
 Frazar & Co., New York.
 Funch, Edye & Co., New York.

Gardner, Wade, New York.
 General Electric Company (H. W. Darling, treasurer),
 Schenectady, N. Y.
 Gossett, J. P., Williamston Mills, Winston, S. C.
 Grant, Frederick E., New York.
 Guaranty Trust Company of New York, New York.
 Guggenheim, Daniel, New York.
 Gurley, W. & L. E., Troy, N. Y.

Haines & Bishop, New York.
 Hamilton, John W., New York.
 Hamilton, George, New York.
 Hanna, Hugh H., Indianapolis, Ind.
 Hanna, John W., New York.
 Hardley, J. Wheeler, New York.
 Hartley Company, The M., New York.
 Hellyer, F., Chicago, Ill.
 Henderson, Charles A., New York.
 Hess, R. P., New York.
 Hewlett & Lee, New York.

Hicks, Charles F., New York.
 Hill, Samuel, Seattle, Wash.
 Hinck, A. J., & Brother, New York.
 Hirth, Friederich, New York.
 Hopkins & Hopkins, Washington, D. C.
 Huber, Jacques, New York.
 Hunt & Co., Robert W., Chicago, Ill.
 Hubbard, John, New York.

Irwin, McBride, Catherwood & Co., New York.

Japanese Fan Co., New York.

Kanzow, O. C., New York.
 Kimball, David P., Boston, Mass.
 Kissock & Co., John, New York.
 Kutzleb, Walter, New York.

Lackawanna Iron and Steel Company, The, New York.
 Ladenburg, Thalmann & Co., New York.
 Lake, L. W., Gt. Northern Railway Company, New York.
 Lane & Co., George W., New York.
 Langdon, Edwin, Pres., New York.
 Leftwich, A. T., Baltimore.
 Leeson, Joseph Robert, Boston, Mass.
 Lewinson & Just, New York.
 Lewis, Eugene H., New York.
 Lillibridge, H. P., New York.
 Livermore, John R., New York.
 Loomis, Laurus, New York.
 Low, Dr. Seth, New York.
 Lodge & Shipley Machine Tool Company, Cincinnati, O.

Mack, J. W., New York.
 Male, W. H., New York.
 Mali & Co., H. W. T., New York.
 Martin, Newell, New York.
 Maryland Steel Company, New York.
 McConway & Torley Company, The, Pittsburg, Pa.
 McIntyre, W. H., New York.
 McKinley, William, Jr., New York.
 McKissick, A. F., Grendel Mills, Greenwood, S. C.
 Mercantile Trust Company, The, New York.
 Mills, A. G., New York.
 Miller, D., Chicago, Ill.
 Minot, Hooper & Co., New York.
 Moffat, George B., New York.
 Montgomery & Co., James & John R., New York.
 Montgomery, George L., New York.
 Morewood & Co., New York.
 Mosle Brothers, New York.
 Motley, Thornton N., Company, New York.
 Moyer, William L., New York.
 Mutual Life Insurance Company, New York.

New York Leather Belting Company, New York.
New York Central and Hudson River Railroad Company,
New York.
New England Watch Company, Waterbury, Conn.
Nichols, J. Howard, Boston, Mass.
Norden, A., & Co., New York.

Occidental and Oriental S. S. Company, San Francisco, Cal.
O'Donohue & Co., New York.
Oelrichs & Co., New York.
Okonite Company, The, New York.
Opelika Cotton Mills, Opelika, Ala.
Orcutt, C. B., New York.
Otis, McAllister & Co., San Francisco, Cal.

Pacific Mail S. S. Company, San Francisco, Cal.
Pacolet Manufacturing Company, Pacolet, S. C.
Pantasote Leather Company, New York.
Parker, Wilder & Co., New York.
Parsons, William Barclay, New York.
Parsons, William H., New York.
Pavenstedt, Adolph, New York.
Peabody, Henry W., & Co., New York.
Pepperell Manufacturing Company, Boston, Mass.
Phelps, Dodge & Co., New York.
Philadelphia Commercial Museum, Philadelphia, Pa.
Phoenix Silk Manufacturing Company, New York.
Plummer, J. S., & Co., New York.
Post, Alfred H., New York.
Potter, E. C., Chicago, Ill.
Probst, A. O., New York.
Putman-Hooker Company, The, Cincinnati, Ohio.

Rand Drill Company, New York.
Reedy River Manufacturing Company, Greenville, S. C.
Reed, Mrs. Sylvanus, Redmont, Locust, N. J.
Reid, John, New York.
Reimers, Otto M., & Co., New York.
Robbins & Appleton, New York.
Rockhill, W. W., Washington, D. C.
Roe, Livingston, New York.
Rogers Locomotive Works, Paterson, N. J.
Rogers, Brown & Co., New York.
Rump & Cattus, New York.

Sampson, Charles E., New York.
Schieren & Co., Charles A., New York.
Schmitz, C., & Co., New York.
Seager, John C., New York.
Seaman, Major L. L., M. D., New York.
Seligman, J. & W., & Co., New York.
Sellers & Co., William, Philadelphia, Pa.
Sewall, Harold M., Bath, Me.
Shaw, M. A., New York.
Shewan, Toms & Co., New York.
Shepard, Augustus D., New York.
Sherman, Charles E., Lawrence, Nassau County, N. Y.
Skinner, E. V., New York.

Sloane, W. & J., New York.
Smith, Hogg & Co., New York.
Smith & Schipper, New York.
Smyth, E. A., Pelzer, S. C.
Spartan Mills, Spartanburg, S. C.
Springs, Leroy, Lancaster, S. C.
Stevens, W. H., New York.
Stillman, James, New York.
Straus, Isidor, New York.
Strong & Trowbridge Company, New York.
Suffern & Co., New York.

Tata & Co., New York.
Taylor, Ira, New York.
Thompson, Henry B., Wilmington, Del.
Thomson, John, Press Company, New York.
Tompkins, D. A., Charlotte, N. C.
Turner, J. Spencer, Company, New York.

United States Export Association, New York.

Vacuum Oil Company, Rochester, N. Y.
Vietor, George F., New York.
Victor Manufacturing Company, Greer Depot, S. C.
Vintschger, Gustave, New York.

Walker & Hughes, New York.
Walbank, K. S., Chicago, Ill.
Wallace, W. H., & Co., New York.
Ward, George Gray, New York.
Washburn, W. D., Minneapolis, Minn.
Weld & Neville, New York.
Western Electric Company, New York.
Westervelt, J. I., Brandon Mills, Greenville, S. C.
Westinghouse Manufacturing Company, New York.
Wetmore, W. S. K., New York.
Wheelock, Thomas R., Boston.
Whitney Manufacturing Company, Whitney, S. C.
Whittier, Charles A., New York.
Willard, E. A., New York.
Willets, Joseph C., New York.
Wilcox, Franklin A., New York.
Wilcox, Theodore B., Portland, Ore.
Winter & Smillie, New York.
Winslow & Co., C. R., San Francisco.
Wisner & Co., William H., New York.
Woodruff, Henry G., New York.
Wood, James, Mt. Kisco, N. Y.
Woodward, Baldwin & Co., New York.

Yale & Towne Manfg. Co., New York.
Young, Edward L., New York.

Zalinske, Capt. E. L., New York.

THE RUSSIAN ADVANCE ACROSS ASIA.*

In speaking of the advance of Russia across Asia, it is necessary to bear in mind that Moscow, the former capital of Russia, was built upon land conquered from an Asiatic race, and that while the Ural Mountains serve as the nominal boundary between Europe and Asia, it might be said, with greater accuracy, that Asia begins at the fortieth meridian east of Greenwich, which passes very close to the typically Asiatic city of Moscow. The little plateau of Valdai, in the northwest of Russia, is the source of three great river systems—the Ilmen, connecting it with the great lakes and rivers of the north country; the Dnieper, flowing south into the Black Sea, and the Volga, flowing southeast into the Caspian. This was the cradle of the Russian people. Of the early capitals, Kief was on the Dnieper, and Novgorod on the Ilmen. Along these channels spread the ancient civilization of Russia: from Novgorod to the northeast, finally reaching the shores of the White Sea and the Arctic Ocean; from Kief to the southwest, threatening even the power of the Byzantine Empire; and later, after the temporary overthrow of Kief, Russia went east to Moscow, and on to the Urals, and southeast along the Volga to the Caspian and thence across the Urals to Siberia.

The movement with which we are more immediately concerned began in the latter part of the sixteenth century, about the time that Drake and Raleigh were laying the foundations of English power on this continent. It was between the years 1579 and 1584 that the Cossack, Irmak Timofévich, fleeing from the punishment of the law and the wrath of the Czar, Ivan the Terrible, with a handful of brigands like himself, Russians, Cossacks, Tartars, German and Polish prisoners of war, to the number of 650 men, crossed the Ural, traversed the immense untrodden forests of the Tobol, defeated the Tartar Khan, Kutchum, took Sibir, his capital, and subjected to tribute the tribes of the Irtysh and the Obi. When Irmak Timofévich was drowned in the Irtysh, dragged to the bottom of the river by the weight of the cuirass given him by the Czar, Russia made a hero and the orthodox church a saint of the old outlaw. Along the pathways he had marked out there soon followed a stream of adventurers of every descriptions—gold seekers, fur hunters, and peasants fleeing the estates of the feudal lords in search of land that they might cultivate as freemen. Here also flocked religious dissenters, persecuted by the state church, who found a shelter in the immensity of the Siberian forest retreats, concealed from all mankind. Into this same wilderness escaped the German, Polish and Swedish prisoners of war of Peter I and of Catherine II. Then, in long, wretched groups came in chains or in fetters the serfs condemned and banished by their masters, often bearing the marks of cruel beatings and mutilations; their sides scarred by the

knout and nostrils or tongue cut by the executioner; strewing the highways with their corpses. The rapidity with which colonization of every kind was spread over the vast surface of Siberia is shown by the dates of the founding of the principal towns—Tobolsk on the Tobol in 1587; Tomsk on the Toms, a branch of the Obi, in 1604; Yeniseisk on the Yenisei in 1619; Yakoutsik in 1632; Atchinsk in 1642; Nertchinsk on the Shilka, a branch of the Amur, in 1654; Okhotsk on the sea of the same name in 1638.

Siberia has an area of some 5,000,000 square miles, or about one-third more than that of the United States, including Alaska. Its natural features are extremely varied. The western and northern part of this enormous country consists of a level plain; in the north the lifeless swamps, known as tundra, merge into a large tract of virgin forest. Further south there is a cultivated area, about three times as large as France, or twelve times as large as the State of New York, which extends to the mountains occupying the southern and eastern parts of Siberia. The polar tundra zone occupies all the space north of the sixty-fourth degree of latitude. It is a swampy plain, covered with moss and brush and frozen during the greater part of the year. Its soil never thaws to a greater depth than one foot, and consists of alternate layers of frozen earth or pure ice. Anything approaching civilized life is out of the question in this desolate land. Its sole inhabitants are a few nomadic tribes, who eke out a scanty living by fishing, hunting and the breeding of reindeer. The region between the fifty-seventh and the sixty-fourth degrees of latitude is covered with thick virgin forest, consisting of ancient cedars, larches and pines. Further south there are found, in addition to these, birch, poplar, aspen and even linden trees, with a great quantity of berry bearing and other bushes. In this vast region, with its boundless forest wealth, habitable spots are chiefly found on the banks of the rivers. To the south of this forest tract there is a cultivated belt of land, very spacious in the west, and much resembling our own prairies. It extends as far as the mountains which mark the southern line of Siberia, and is of varying degrees of fertility. Even this last division, however, except in the districts where the black earth is found, is hardly fertile enough to redeem the severity of a climate which is extreme in its summer heat as well as in its winter cold.

In the seventeenth century a belief was current that the region about the Amur was one of great fertility—a belief which experience has shown to be illfounded. It was, therefore, in this direction that the most venturesome Cossacks and the most energetic settlers hastened. They were not disturbed by the fact that the country belonged to the Emperor of China. In 1649 a young officer named Khabarof undertook to descend the still unexplored river, building forts at the junction of the tributaries, conquering rebellious tribes of natives, and fighting troops of Man-

* Address delivered by the Secretary of the Association before the Harlem Branch of the Young Men's Christian Association of New York.

churian horsemen. In 1658 the governor of Yeniseisk founded Nerschinsk, on the Shilka, a branch of the Amur, and five years later Albazin was founded. This was a fortress with ramparts of wood, and in its vicinity there arose many Russian villages. The Chinese, irritated at seeing these adventurers assume lordship over them, several times attacked Albazin with armies of from 15,000 to 20,000 men, but were invariably repulsed. Before this time Russia had sent two embassies to the Emperor of China with the object of establishing friendly relations with his country—one in 1655 and the other in 1675. On the accession of Ivan V and his brother Peter, in 1682, the joint czars determined to seek a friendly understanding with China in regard to the troubles on the frontier, and two trusted councillors were dispatched to the Chinese capital. These emissaries assured the Emperor Kanghi of their masters' good intentions, and announced the speedy arrival of a fully qualified envoy, who would be charged with ample powers for the delimitation of the Russo-Chinese frontier.

This plenipotentiary left Moscow accompanied by a regiment of militia, on January 20, 1686, and he traveled in great state. The expedition wintered near Yeniseisk and proceeded in the early spring to Selenginsk, whence was dispatched a messenger to arrange a place of meeting with the Chinese officials. Considerable delay being interposed, the Russian envoy sent a letter direct to the Chinese Emperor, written in Russian and Latin, expressing his desire to settle the frontier question, and requesting that no more time should be wasted. On the 18th of May notification was received that the representatives of the Chinese Emperor would meet the Russian envoy at Nerschinsk. The meeting actually took place in August, and after a good deal of difficulty a treaty was negotiated in accordance with the terms of which the fort of Albazin was to be razed, and the frontier between the two empires was definitely fixed, as it continued to be observed by both countries down to the treaties of 1858.

During the intervening 170 years the Russians nevertheless made considerable headway in establishing their influence in China and in preparing for another aggressive movement southward. The Russians who had been made prisoners at Albazin, or in battles at other places, had been taken to Peking. Some of them had established themselves there as artisans or merchants; others formed the Russian guard of the Emperor. At Moscow it was known that these men were well treated, but that they had neither church nor priest of their religion. Peter the Great sent an embassy to the Chinese capital in 1693 and obtained satisfactory concessions on this point. In 1721 another ambassador was dispatched to Peking to secure the privilege of establishing a permanent Russian legation. He left behind him a *chargé d'affaires*, who was, however, almost immediately dismissed by the Chinese court. In 1727 a treaty securing greater commercial privileges for the Russians was negotiated, and in 1806 an envoy was sent to Peking with a view to obtaining the free navigation of the River Amur. Though this mission failed, the position of Russia in the Far East had been continually growing stronger. The policy of aggression which has been continued down to the present day may be said to owe its origin to Count Nicholas Muraviev, who became governor of Eastern Siberia in 1847 and set himself to develop and strengthen the colony. He became early impressed with the idea that, vast as the country was, it would have no future if possession was not secured of the chief river and the richest province of the region, that is, of the Amur and of Manchuria. So little was known at that time of the Amur that Chancellor Nesselrode declared to the Emperor Nicholas that its outlet was inaccessible. In 1848 a Cosack expedition, sent to explore it, perished without the escape of a single person to tell the tale. Two years afterward Captain Nevelskoi discovered that Saghalien was

really an island, separated from the mainland by the channel or strait of Tartary, and, in the course of his exploration, he came upon the mouth of the Amur, entered it in a small boat and planted the Russian flag on its banks, proclaiming to the natives that the country belonged to the "White Czar" at St. Petersburg. Nesselrode was terrified at Nevelskoi's audacity; he already saw himself at war with China, and he insisted that the daring captain's action be discountenanced. The Czar replied, however: "When Russia's flag has been raised anywhere it should not be taken down." On his part Governor Muraviev endeavored to persuade the local mandarins that the best thing to do was to leave the Russians alone. The Chinese demanded that negotiations be entered upon with their Emperor; Muraviev thought that Peking was too far away for that, and the Chinese diplomacy was too slow. He continued to act, therefore, as though the country were already a Russian province, and strengthened his position by building along the river the forts Alexandrovsk, Mikhailovsk and Nicolaievsk—all of them baptismal names of the royal family. Petropavlovsk, on the southeast coast of Kamschatka, had been established in 1740. Other fortresses arose at the junction of the principal tributaries of the River Amur.

Russia's chance to grab another section of Chinese territory came with the Anglo-French punitive expedition to China in 1857, and the march of the allies upon Peking. Without striking a blow the Russians obtained the Amur as the boundary between the two empires and rights to navigate and settle on the river. As a punishment for China's refusal to carry out this agreement made in 1858, she was compelled, the year after, to surrender the whole coast region lying east of the Ussuri between the mouth of the Amur and the boundary of Corea, an area covering eleven degrees of latitude and containing about 170,000 square miles. If to this be added the previous acquisition of the territory north of the Amur, perhaps 100,000 square miles in extent, the net gain to Russia in this operation is found to embrace a country considerably larger than the State of Texas. These newly acquired lands formed two provinces, known as the Amur province and the Maritime province, and on the bay at the mouth of the Ussuri there arose the great fortress and naval arsenal of Vladivostock, with its arrogant name, meaning "Dominator of the East."

Thus within 300 years Russia had extended her dominion from the Ural Mountains to the Pacific Ocean, and her most advanced outposts faced the island empire of Japan. Covering an area of about the extent of the entire range of our Atlantic States, and having over these the advantage of more than twice as long a coast line and many times the number of good harbors, Japan had for two centuries and a half been closely sealed from the rest of the world, seeking no intercourse with foreigners and permitting none. This people, into which in all historic time there had come no admixture of alien blood, had lived under a single dynasty for 2,500 years, and not once in all these centuries had the foot of an invader been suffered to press the soil. But though almost divine honors were paid to the Emperor, the whole structure of society was that of a democratic feudalism, where 260 petty local princes ruled in their respective districts and over their respective clans, and the Shoguns directed the affairs of government very much after the fashion of the mayors of the palace of the early French monarchy. It was an American who broke in on the seclusion of Japan and started her on that career of progress whose results have already astonished the world. In 1842 Great Britain had forced China to open five of her ports to foreign trade, and this served to draw the attention of the commercial nations to the possibilities of Japan. The development of California, coincident with the discovery of gold there in 1847, gave an impetus to American trade which resulted in the establishment of a line of steamers between San Francisco and the Chinese treaty

ports. The running of these steamers further served to direct attention to the islands of the Chinese seas, and in 1852 the Government of the United States approved the proposal of Commodore Matthew C. Perry for the fitting out of an expedition for the purpose of opening Japan to our trade. Commodore Perry having provided himself with a large supply of goods, as well as models of railways, scientific instruments and other appliances likely to prove of interest to the Japanese, sailed from Norfolk on November 24, 1852, and reached the Bay of Yeddo on July 8, 1853. The arrival of this squadron caused great excitement among the Japanese, and the Commodore was entreated to depart to Nagasaki and communicate with the authorities through the Dutch traders there, as had been done by all previous foreign visitors. Perry indignantly declined to accept this suggestion, and, after a short delay, the Japanese consented formally to receive the letter which the Commodore had brought from the President of the United States. This document having been duly handed to the Shogun, Perry announced his intention of departing, but added that he would return to receive an answer. The squadron sailed on July 17, and made a round of visits to Chinese treaty ports, returning to Yeddo, where it anchored on February 13, 1854. Here it was strengthened by the arrival of other ships, until no fewer than ten vessels flying the American flag lay off the island capital. This display of strength proved more forcible than the anti-foreign prejudices of the Japanese, and after much deliberation, interspersed with banquets and receptions, a treaty was agreed on and signed on March 31, 1854. This was the first treaty which Japan had ever made with a foreign power, and it contained a dozen clauses tending to promote intercourse and trade between the signatories. The treaty was, of course, followed by demands from other nations for similar facilities, and the signing of successive treaties shortly stirred up attacks on the intrusive foreigners by the more conservative Japanese, accompanied by a campaign against the Government which had made itself responsible for the presence of the detested strangers.

It is unnecessary for our purpose to recite how these disturbances led to the downfall of the feudal régime in Japan, and to the resumption by the Emperor of his hereditary authority. Suffice it to say that thirteen years after the conclusion of the treaty with the United States the last of the Shoguns resigned his power into the hands of the Emperor, and from this date came into existence the new Japan. Some eighty years before the Japanese were brought for the first time into contact with Russia by the wreck of a Japanese vessel on the Siberian coast and the seizure of its crew, who were sent to Irkutsk, where they were compelled to teach their language to their captors. In the early part of last century the Czar Alexander I ineffectually tried to arrange a commercial treaty between the two countries. In 1806 two Russian vessels visited the most important Japanese town in Saghalien, and on the inhabitants showing resentment at the intrusion the place was attacked, pillaged and burned, and a number of the natives were taken prisoners and taken back to Siberia. In the following year the Russians made a descent on the island of Iturup, in the Kurile group, which they took without resistance on the part of the natives. After burning the houses and destroying their contents, they issued a proclamation which was forwarded to Japan by way of giving a clear impression as to Russia's method of dealing with people who stood in her way. It set forth that the distance between Russia and Japan being very small, the Russian Emperor had sent officers across the sea to request that trade might be permitted between the two countries. Instead of arranging a friendly treaty the Japanese had refused to negotiate; and as a punishment the Emperor had ordered, so runs the proclamation, "that you should be given a specimen of his power as a punishment for refusing his request. If you persist in your conduct

the Emperor will take all your northern territory away from you. The Russians can always cross to Saghalien and Iturup to punish you. If you comply with the Emperor's wishes we shall always be good friends with you. If not, we will come again with our ships and behave in the same way as we have done before." Meanwhile, as years went on, the people on the Siberian coast line were encouraged to emigrate to Saghalien, where a considerable number of Russians found quarters in the sparsely inhabited northern part of the island. The Japanese settlements in the south went on increasing, and the two peoples gradually approached one another as they grew in numbers. Collisions between them became so frequent that in 1862 Japan sent an embassy to treat with Russia and arrange for a definition of spheres between the two countries. The Russians met this proposal with an assumed air of astonishment. They protested against any Japanese right to the soil of any part of Saghalien, and stated that if asked to name the boundary of Russian influence there, Aniwa Bay would probably be given, that being the most southerly limit of the island. In 1867 Japan sent another embassy to St. Petersburg in the hope of coming to an arrangement in regard to this question. After a long series of discussions, during which the Russian Minister protested against the Japanese claim to any part of the island, a convention was drawn up, under which Saghalien was to be occupied jointly by Russian and Japanese subjects; and after this arrangement had existed for eight years, a treaty was arranged in 1875 by which Saghalien was surrendered to Russia, while that Power generously agreed to Japan's occupation of the Kurile Islands, which Russia had never owned.

The experience which Japan then had of Russian diplomacy may help to explain her very resolute and uncompromising attitude in the present controversy. The immediate origin of that controversy must be sought in the events succeeding the war with China in 1894; but this war was, in its turn, the outcome of a long series of antecedent events, and an almost inevitable incident of the geographical position and rapid growth of Japan. A Japanese statesman is reported to have said: "Corea is like an arrow with the point aimed at our hearts. Corea must be Russian or Japanese, and to make it the latter every one of Japan's 250,000 soldiers will die, if need be, to achieve this victory for his Emperor—this act of international justice, this guarantee of the safety of the Japanese nation. And after our soldiers are gone, the nation itself—man, woman and child—will battle, 40,000,000 of us, till the last yen is gone and the last life yielded. It is with us no statesman's policy; it is with us the settled purpose and the burning passion of a people."

From the very earliest times Corea has been under the control of some outside nation, and it seems to be pretty generally believed that it was China which held the predominating position among these foreign suzerains. As a matter of fact, Japan has the advantage both of priority and length of tenure over China. Japan's position, lying just off the southern extremity of the Korean peninsula, was certain to bring the two nations into close contact. Many of the essential features of Japanese civilization came through Corea from China and India. In the third century of our era the Empress Jungi of Japan overran Corea with a large army and received the submission of the state. After this successful invasion, for over a thousand years, tribute missions sailed annually from Corea to the court of Japan. As internal affairs took up more and more of Japanese interest and outside possessions were neglected, the Chinese supremacy over the peninsula was established in 1460. This continued for a little over 100 years, and in 1592 Japan began a fresh invasion of Corea. This conquest occupied six years, and it was attended with so much bloodshed and devastation that its memory

has remained to this day to feed the hatred which fills the hearts of the Koreans against the Japanese. The invasion accomplished little, for soon after the close of the campaign Chinese interests again became predominant. Japan, however, retained sufficient influence to insist on receiving an annual tribute mission from Korea during the 200 years between 1623 and 1823. During these years, therefore, Korea was nominally the vassal of both China and Japan; but the dominance of China was real, whereas it was almost as much as the life of a Japanese was worth to venture inland in Korea. Opposite to the Japanese island of Tsushima there came into being the trading town of Fusan as far back as 1443, and for many years after the decline of Japanese influence this town remained the sole remnant of Japan's former hold upon Korea, a kind of Japanese Calais in a Korean France.

After the restoration in Japan in 1868 her relations with Korea took on a new phase of disturbance. The then Regent of Korea felt an unbounded contempt for the Western customs which Japan was supposed to have adopted, and mission after mission sent by the Japanese to adjust the relations between the two countries was unceremoniously repulsed. In 1875 a Japanese man-of-war, while engaged in surveying the Korean coast, was fired upon by a fort. The following day the Japanese bombarded the fort and captured some forty cannon. On the news reaching Tokio it was determined to make a serious effort to compel Korea to open her doors to foreign intercourse. Two warships and four transports sailed with a mission under Count Inouye on board, and Japan played the same part to Korea as Commodore Perry had to Japan in 1853. After some delay the Korean Government signed a treaty with Japan on February 27, 1876, which is remarkable as being the first diplomatic document ever signed by Korea with any modern nation. The treaty definitely declared the independence of Korea, recognized Fusan as a Japanese settlement and port of commerce between the two countries, and a promise was given to open two new ports within a stated time. But for years after this troubles kept recurring and there seemed to be no end to the friction between Japan and China over Korea, until a convention was signed at Tientsin on April 18, 1885, in which it was stipulated that both China and Japan should withdraw their troops from Korea, but that neither country should send any more officers there, and that in case of any future disturbances occurring neither Government should take action without informing the other.

Russia appeared on the scene in Seoul, the Korean capital, for the first time in 1886, and a plot for placing the kingdom under Russian protection was detected by the Chinese agent, and resulted in the arrest of four Korean officials. As a counter move Great Britain occupied Fort Hamilton, but gave it up, on receiving, through China, an explicit and official pledge on Russia's part that she could not occupy Korean territory under any circumstances whatever. In 1888 Russia concluded a commercial convention with Korea which opened its land frontier to Russian traders, fixed a lower rate of customs dues for Russian land imports than for other sea borne imports, and secured some other concessions of doubtful value. Meanwhile the Czar had issued his ukase commanding the construction of a railway across Siberia by the shortest way possible. The shortest way to the port of Vladivostok, after leaving Stretinsk, passed through Chinese Manchuria, thus avoiding the great northern bend made by the valley of the Amur. It was in 1893 that Russia obtained the consent of China to construct an extension of the Trans-Siberian Railway, to be known as the Chinese Eastern Railway, by the short cut across the three eastern provinces of China known as Manchuria.

The significance of these events was fully realized by

Japanese statesmen. It was evident that the Russian object was to reach the Yellow Sea, where she could have an ice free harbor all the year round. The Japanese foresaw that the northern Power was coming down upon the Island Empire like an avalanche, slowly but surely crushing every obstacle in its course, threatening the national existence of Japan and destroying all hope of its future expansion. The long pent up anti-foreign feeling in Korea broke out in 1894, and in the spring of that year the whole of Southern Korea was in open rebellion. The authorities sent troops by sea to repress the rising, but they fell into an ambush and were routed. On receipt of this news a panic set in at Seoul, and the King invoked the aid of China to subdue the rebels. The Chinese responded by the dispatch of some 2,000 troops, and also sent men-of-war to two of the southern ports. According to the provisions of the treaty of Tientsin, China informed Japan that she had sent troops into Korea, and Japan at once decided to follow suit. Six Japanese battleships were dispatched to Chemulpho, and a number of marines were landed and marched to Seoul. A large force of troops, to the number of 8,000, were placed near the capital, and the situation which thus arose created friction between the Chinese and Japanese commanders. The former contended that China had been well within her rights under the Tientsin Convention in sending troops to restore order in Korea, which was a state tributary to her. The latter protested that the Japanese had an equal right under the same treaty to send troops, and denied that Korea was tributary to China. The position became more critical when the Chinese issued a proclamation requiring the rebels to lay down their arms, in the course of which Korea was referred to as a tributary state. This greatly incensed the Japanese, who responded by urging the necessity of reform on the Korean Government, and asking for the aid of China in enforcing her advice. China was thus placed in the position of having to choose between supporting the misgovernment of Korea, which was responsible for the trouble, or siding against it after having sent her troops to give it support. She chose the former alternative. The Japanese, undismayed by China's refusal of support, drew up a program of reform which they demanded that the Korean Government should adopt forthwith. The officials replied that they would adopt the measures proposed, but that no steps could be taken until the Japanese troops had been withdrawn. On this Japan announced her intention of compelling the carrying out of the reforms demanded, and sent a warning to China that no more Chinese vessels should be sent to Korea. On July 18, 1894, the Korean Government formally requested the withdrawal of the Japanese troops from their country. On July 20 the Japanese Minister sent an ultimatum to the Koreans giving three days in which to consider the needed reforms, which, if not adopted, it announced would be carried out by force. On July 22 the Korean Government replied that the Chinese troops had come to Korea at its request, and would remain until their presence was deemed no longer necessary. The Japanese accepted this announcement as a declaration of war, and the troops were ordered to attack the King's palace. The guards were driven off and the King seized. After a few hours' fighting the Japanese possessed themselves of the whole city, and issued a proclamation announcing the beginning of a new era in Korea.

The Chinese, seeing how things were going, resolved to make their position in Korea secure. They dispatched reinforcements by water to Asan and the mouth of the Yalu River. The combatants met at Asan on July 29, where the Japanese proved the victors; while a Japanese cruiser encountered a British vessel named the Kowshing, which was conveying 1,500 troops to Korea, and sunk her. The Japanese defeated the Chinese at Ping Yang on August 17, and a great naval battle was fought by the rival fleets off the mouth of the Yalu River on September 19. The fleets

were as nearly as possible of the same strength; but the Japanese won an easy victory, sinking four Chinese vessels and losing none of their own. On this, Japan, which had been making gigantic efforts to carry the war to a successful issue, sent 40,000 troops to the Liaotung Peninsula, where they landed and captured Port Arthur. Kinchow and Talienwan were occupied, the Chinese fleet destroyed and Wei-hai-wei taken. Newchwang was also seized, and possession taken of Formosa and the Pescadores. At this juncture the European Powers intervened, and Li Hung Chang was appointed special envoy to negotiate a treaty of peace. Japan was now in a position to carry out the program she had been nursing for years, and for which she had waged war against China. She was able to demand the annexation of the Liaotung Peninsula, thereby shutting the door forever in the face of Russia and preventing her from gaining an entrance into Chinese waters. She could then gather the Chinese and Korean nations under her fostering care by bringing them into line with modern progress, and would thus become the savior of the Orient from white spoliation. Accordingly, the most important clause in the treaty of peace, which involved a recognition by China of the full and complete independence of Korea and the payment of an indemnity of \$100,000,000, was the cession of the Liaotung Peninsula.

Onerous as were the terms of this treaty, Li Hung Chang accepted them without demur. He had, as a matter of fact, previously come to an understanding with the Russian representative at Peking by which the intervention of the Czar was promised to prevent the permanent occupation of the Chinese mainland by Japan, and he knew that the most important clause in the treaty would not be allowed to be carried out. Accordingly, six days after the signing of the treaty, a joint note was forwarded to Peking by the Russian, German and French Governments protesting against the cession of the Liaotung Peninsula, on the ground that its retention by Japan, with the stronghold of Port Arthur, must be regarded as a permanent threat to the independence of the Chinese Empire, as well as of Korea, and a danger to the peace of the Far East. This intimation was conveyed with all the courtesy of diplomatic forms to Japan; but she was given at the same time plainly to understand that the three Powers meant to back it up by force if necessary. It was a bitter pill for a young nation to have to swallow after the intoxication of unchecked victory in the field; but it swallowed it, and swallowed without even pulling a wry face—than which no greater proof of self restraint could well be given.

Eight years have elapsed since then, and Russia has entrenched herself in the very position from which Japan was ejected because her presence was pronounced to be a permanent threat to the independence of the Chinese Empire as well as of Korea, and a danger to the peace of the Far East. The fruits of a great war which Japan was not allowed to reap have been gathered in by Russia almost without an effort; and Port Arthur, which was scarcely more than a toy pistol when the Japanese wrested it from the Chinese, has been converted by the Russians into one of the most formidable fortresses of the world, the naval base of a powerful fleet, the headquarters of a Russian army, the terminus of a great trans-continental railway connecting the Baltic and the Black Sea and the Pacific Ocean, and the seat of a great Russian viceroyalty.

As if this transformation scene, enacted under the eyes of Japan, were not enough to provoke beyond endurance a proud and sensitive people, Russia seems determined to bring home its full significance to the Japanese in a form that shall not merely nourish their resentment of the past, but openly threaten their interest in the future. It is not enough that Russian troops should be encamped on the battlefields of Manchuria, watered by Japanese blood; that

Russia should dominate Northern China from her new strategic position in Manchuria, or that she should have overthrown for her own benefit the whole balance of naval and military power in the Gulf of Pechili. She no longer took the trouble to attempt even to conceal the fact that the absorption of Manchuria was but a preliminary step to the absorption of Korea. Now, as I have already tried to make plain, there is probably not a single responsible Japanese who is not firmly convinced that Japan cannot allow Korea to pass under the control of Russia, or, for that matter, of any foreign power. If Japan were to do so she would not only abdicate her past but fatally compromise her future. No nation could regard with equanimity the prospect of an easily fortified peninsula, lying almost within stone's throw of her shores, being absorbed by an aggressive military power. Moreover, it seems imperatively necessary to Japan that over-sea territories should be found to receive the overflow of her rapidly increasing surplus population. There are now some 45,000,000 Japanese who have to be supported on 148,000 square miles of territory, only 14 per cent. of which is under cultivation or is susceptible of cultivation. That is to say, the food yielding area of Japan does not exceed 21,000 square miles—less than the area of the farm land of the State of New York. How many inhabitants there are in the 80,000 square miles of Korea is not exactly known, the estimates varying from 6,000,000 to 15,000,000, the true figure, perhaps, lying midway between these extremes. In any case, the peninsula may fairly be expected to be equal to the support of another 8,000,000 or 10,000,000 people. The soil is not infertile, great tracts of it are said to be well suited for silk culture, and the country is supposed to be rich in mineral resources.

While to Japan Korea is a question of life and death, to Russia it represents the rounding off of her Asiatic empire, conquered by diplomacy, and the holding of the line of sea communication between Port Arthur and Vladivostok. The Japanese already hold one side of the Korean Straits—the island of Tsushima is strongly fortified—and if they were to establish a strong naval base on the southern coast of the peninsula, at Masampo or elsewhere, they would have full command of the sea communications between Port Arthur and Vladivostok. With the whole of Korea in Japanese hands, the overland connections between the two Russian bases would never be safe. Thus Russia desires to hold the Korean coast as England holds Gibraltar. Unable to do more than merely dot Siberia with settlers, Russia can have no use for Korea as an outlet to her population. Russia has no commercial interests in Korea; she has certain concessions, more the result of diplomatic cleverness on the part of her agents than of industrial or trade necessity; but, besides these, those responsible for the representation of the Russian foreign office in Seoul have generally had the unenviable task of making bricks of policy without the straw of interests. On no possible theory can it be shown that Korea is vital to the existence of Russia, as it unquestionably is to that of Japan.

On the part of England and the United States the feeling is very decidedly in favor of Japan. There are many reasons for this, some of them of a general character and others relating to specific national and commercial interests. The character of the new polity which Russia is seeking to establish over the whole surface of her empire may be thus summarized: implicit obedience to the absolute will of an autocratic ruler; the subjugation, directly or indirectly, of every independent state with which she comes into contact; the gradual suppression, at all costs, of any nationality under her rule which desires to preserve its own individuality; the creation of a vast military power; the extension of the orthodox Greek faith; the conversion of all her subjects—no matter what their language, creed or race—to the acceptance of Slav institutions, Slav religion

and Slav obedience to the rule of an all powerful lord and master.

It is an old saying in the East that where the Turk places his foot the grass ceases to grow. It may be said with even greater truth that wherever the Russian places his foot civilization ceases to make progress. If we may judge of the future by the past the advance of Russia means the suppression by force of all individual and public liberties, the reduction of all races under her domination to the dead level of the Muscovite moujik. Poland, Armenia, Finland and the Russian Jews furnish object lessons as to the principles upon which Russia deals with all subject races who refuse to comply with the absolute authority claimed in the name of the Czar over their property, their bodies and their souls. No non-Slav citizen is allowed to lead his own life. He may be the most peaceful, the most industrious, the most loyal of mankind; but if he fails to conform to the Slav type, to forget his own traditions, his own language and his own creed and to adopt those of Russia—if, in short, he objects to wholesale Russification, he is to be coerced into obedience. The Poles, who are Slavs by birth, by race and by character, are treated as enemies of Russia, not so much because they cherish the recollections of their historic past as because they decline to use the Russian language in lieu of Polish, and because they refuse to substitute the religion of the Eastern Church for that of Rome. The Finns are deprived of the constitutional rights and privileges guaranteed them by the solemn oath of every Czar who has ascended the throne since Finland was ceded by Sweden. The Finns have always observed their part of the contract, and have served Russia faithfully and loyally. Their one offense is that they claimed, as a matter of right, to be governed by their own laws; and such a pretension was regarded by the Czar and his ministers as an act of high treason against Holy Russia, and as, therefore, deserving condign punishment. This passion for the elimination, by fair means or foul, of every element in the Russian Empire which militates against complete and unbroken Russification is the main reason of the cruel and unprovoked persecution to which the Jews of Russia have been subjected during the present reign. They are well known to be, as a body, friends of peace and averse by nature to all revolutionary action. Their offense is that their adherence to their own creed and their own customs constitutes an obstacle to the central idea of Russian policy, the assimilation of all races subject to the sway of Russia to the uniform Slav type.

Let me explain for a little how it comes that the characteristic Russian policy applied to Eastern Asia should have for the United States a very close interest indeed. The policy of this country in regard to its position and future as a Pacific Power has been, so far, marked by a degree of vigor and directness comparable only to its attitude toward all questions involving the application or interpretation of the Monroe Doctrine. If the external policy of our Government has anywhere been open to the charge of aggressiveness it has been in relation to our interests as the custodians of the gateway of the Pacific; the apology for planting our flag over non-contiguous territory has been that it was vitally essential to our future greatness and prosperity that we should occupy a place of preponderant authority and influence in the great Pacific area, in and around which is massed half the human race. The Alaskan purchase was dictated by a desire to grasp the opportunity to become the foremost of Pacific Powers; the acquisition of Hawaii was a testimony to the necessity of excluding foreign control from a commanding position in mid-Pacific; the taking of the Philippines was justified on the ground that we needed an emporium of trade and a place of arms to be ready against the time when other Powers might be moved to dispute the right of the United States to enjoy equality of commercial opportunity in the

great markets of Eastern Asia. We have made the construction of a canal across the Isthmus of Panama a national enterprise, primarily because it was needed to enable all sections of our country to have the full benefit of the present and future profit of the commerce of the Pacific. Finally, our Government has shown that it regards this enterprise as one of supreme importance to the national welfare by treating obstacles interposed to its execution with such uncompromising resolution as to startle a large portion of our own people even more than it startled the governments and people of the Central American republics.

If the extension of the influence of the United States has been anywhere pursued in obedience to the call of "manifest destiny," it has been on and around the Pacific Ocean. If there be one point more than another where a check to our influence would dwarf the role which this republic is fitted to play on the stage of history it would be here. There can be no shutting our eyes to the fact that the consummation of the policy which has been deliberately pursued by Russia in Eastern Asia must nullify the advantages we possess on the Pacific, and render meaningless every effort we have made to confirm our influence as the greatest of Pacific Powers. The natural outcome of that policy would be nothing less than the partition of the most populous of empires and the richest of all the unexploited regions of the earth among the great Powers of Europe, to the destruction of all the rights of trade which we have acquired by treaty with that empire, and to the exclusion for all time of our influence and enterprise from the gigantic and immensely profitable undertaking of equipping China with the appliances and supplying it with the products of modern civilization. Were the Middle Kingdom, with all its possibilities and opportunities, part of the continent of Africa, we might have an equally strong commercial interest in its future; but we should hardly be justified in offering to its partition a more vigorous resistance than we made to the passage of Madagascar under French sovereignty, and the consequent disappearance of a highly promising market. But, in the case of China, the commercial interest is reinforced by political considerations of acknowledged potency—by reasons of policy which are founded on a due regard for the free and full development of our national greatness.

In short, the place which the United States occupies in the world, and the place which it should occupy in future ages, is equally challenged by every step made toward the dismemberment of China. The alienation of Manchuria is simply the beginning of a process calculated to render futile all our antecedent policy as a Pacific power. If the Russian flag is to float from the capital city of Manchuria, it is only a question of time when it will float over Peking; when Germany will declare a protectorate over the great province of Shantung and claim as her sphere of influence all the provinces adjacent to it down to the Yangtze; when France will be the sovereign power in the south of China, with Great Britain between her and Germany; so that we shall have on the other side of the Pacific Ocean another Europe facing us, with hundreds of thousands of Chinese troops bearing modern arms and trained by European soldiers—a menace to the peace of the world and to the interests of the United States more serious than any possible combination of events which history can have in store. Thus it comes that the fact is growing more and more apparent to our public men that every blow aimed at the independence of China is a blow at the prestige of this republic, and that in standing up to resist the southward advance of Russia Japan is fighting not alone the battle of commercial and individual freedom, but has ranged herself against the enemy most of all to be dreaded in the future development of the commerce, the industry and the institutions of the United States.

AMERICAN INTEREST IN THE FAR EASTERN CONFLICT.*

What was the issue on which Japan went to war with Russia? First, that Russia should abstain from meddling in the affairs of Corea, and next, that Russia should restore to China the sovereignty of her three eastern provinces known as Manchuria. Last December Japan declared in a circular note to the Powers interested in the Far East that the indefinite occupation of Manchuria by Russia would be a continual menace to the Korean empire, whose independence Japan regards as absolutely essential to her own repose and safety. From the Japanese point of view the two questions—the territorial integrity and independence of Corea and the sovereignty of China in Manchuria—were inseparable. Russia insisted that they should be treated independently of each other, and positively refused to discuss the Manchurian question with any Power but China. Within the limits of these provinces, however, Russia was prepared to agree that she would "not impede Japan nor other Powers in the enjoyment of rights and privileges acquired by them under existing treaties with China, exclusive of the establishment of settlements." That is to say, Russia persisted in dealing with Manchuria as if it were a conquered province, and while engaging to respect existing treaties, arrogated the right to impose such conditions as would make these treaties of no effect.

The treaty between the United States and China, which was signed on October 8 last, provides that upon the exchange of ratifications, "Mukden and Antung, both in the province of Sheng-king, will be opened by China itself as places of international residence and trade. The selection of fitting localities to be set apart for international use and occupation and the regulations for these places set apart for foreign residence and trade shall be agreed upon by the governments of the United States and China after consultation together." The treaty between Japan and China, signed on the same day, provides in identical language for the opening to international trade and residence of Mukden and Tatungkow, and for the selection there of localities to be set apart for international use and occupation. As, from first to last, the Russian Government had proclaimed its unalterable opposition to the establishment in Manchuria of any settlements other than its own, it must be obvious that had Russia been permitted to have her way the concession made by China of the new treaty ports would not have been worth the paper on which it was recorded.

The United States has seen its treaties torn up by an outside Power before without other than diplomatic protest. When France assumed sovereignty in Madagascar our Government had a commercial treaty with the native rulers, under which a promising trade was being devel-

oped, which promptly shrank to small proportions with the imposition of the French tariff, and the consequent disappearance of equality of commercial opportunity in that market. But the French made, at least, no concealment of their intention to take possession of Madagascar, while Russia has, from the first day of her occupation of Manchuria, professed the most studious regard for the integrity and sovereignty of the Chinese Empire. As the Japanese Government said in its circular of last December, it was impossible to understand the difficulty which prevented Russia from having in the proposed arrangement stipulations regarding the independence and territorial integrity of the Chinese Empire and the maintenance of treaty rights in Manchuria, so entirely in consonance with her repeated declarations. It is hardly necessary to inquire what the United States might have felt called upon to do in defense of its rights in Manchuria, acquired by treaty with China, had an arrangement been patched up between Russia and Japan under which one was to have an absolutely free hand in Manchuria and the other in Corea. The important fact is that Japan steadfastly refused to enter into any such arrangement, and that, on February 5 last, the Japanese Minister in St. Petersburg broke off diplomatic relations with the statement that "the successive refusals of the Imperial Russian Government to enter into engagements to respect China's territorial integrity in Manchuria, which is seriously menaced by their continued occupation of the province, notwithstanding their treaty engagements with China and their repeated assurances to other Powers possessing interests in those regions, have made it necessary for the Imperial Government seriously to consider what measures of self defense they are called upon to take."

Under these circumstances it seems hardly necessary to inquire why the sympathy of the American people should be so largely on the side of Japan. The Island Empire, whose seclusion of three centuries was broken in upon by the bearer of a letter from the President of the United States, has become the defender of the principles and the policy which this Government has deliberately adopted and steadfastly maintained in its efforts to conserve the commercial interests of its citizens in Eastern Asia. We might as well admit that Japan has gone farther than we were prepared to go in submitting her cause to the arbitrament of the sword, but it is surely both natural and fitting that, having done so, she should have the good wishes of every man who appreciates the magnitude of these interests, and has any just conception of their future. It is true that it would be difficult to show by returns of the value of trade, past or present, that the preservation of equality of commercial opportunity in the Far East is for us one of the most transcendent of commercial and industrial problems. But surely, if William H. Seward had foresight and imag-

* Address delivered before the Commercial Club of Cincinnati, on March 19, by the Secretary of the Association.

ination enough to discern fifty years ago that the great Pacific area, with its islands and surrounding shores, was to be the scene of the great events of the world's hereafter, it should not be difficult for us, after the purchase of Alaska, the acquisition of Hawaii, the possession of the Philippines, and the undertaking to construct the Panama Canal, to realize the obligations of the United States as the greatest of the Powers of the Pacific. A French statesman announced the other day, with the air of having made a new discovery, that the North Pacific was already an American sea, but how long, think you, would it remain so were we to be confronted with another Europe on the eastern coast of Asia; were the dominion of Russia to extend to the Yellow River, that of Germany to meet the Yangtze, that of France to prolong Indo-China into Szechuan, and that of Great Britain to be sandwiched in between? There could be no stable balance of power between such forces dividing among them a dismembered China! Make what conjectures you please of the issue of the inevitable conflict for supremacy—a conflict which would be envenomed, sanguinary and destructive beyond all historic precedent—there is no escape from the conclusion that the victor would dominate Asia, and that with this dominance would come the reduction of the United States to the rank of a secondary power on the Pacific. Neither on this continent nor on that could this country have a policy, save by the permission and approval of the greatest of military powers, which would rule over a third of the habitable surface of the globe and more than half of the human race.

I hold, therefore, that for the full development, not only of the material resources, and the industrial and commercial energy of the United States, but for the adequate fulfillment of its manifest political destiny, the integrity of the Chinese Empire is a vital necessity. Six years ago the process of its dismemberment seemed to have begun, and the voices were few and comparatively feeble in the United States that were lifted in protest against the enforced lease of Kiaochau and the summary occupation of Port Arthur. It was at that time that the association which I represent began the work of public education which it has continued to the present day. I am not bold enough to attribute to that work the marvelous difference between the sentiment of our people in 1898 and in 1904, with regard to their intimate concern in the questions of the Far East, but I do claim that our efforts have been one of the influences which have brought about the change. The results of the war with Spain had their illuminating and their educating effect and the clear sighted intelligence of an honored citizen of Ohio in the President's chair, seconded by the trained diplomatic capacity and statesmanlike grasp of the problems of international politics by another eminent citizen of Ohio, lifted the whole question to a level which it had never occupied before, and from which it will never descend.

An eminent publicist has lately recorded his opinion that when the history of the nineteenth century shall be written in the light of clearer knowledge, the most notable event of the last fifty years would be the growth of the Empire of Russia, advancing like a shadow on the face of the continent of Asia. I am not here to discuss the question of whether our judgment of the aims of the Government of Russia should be modified by grateful remembrance of the services which that Government rendered to the United States at a time when the Union needed friends, or whether the system of which that Government is the exponent is not better suited than a less arbitrary one would be to the requirements of those Asiatic peoples whom Russia has conquered and partially assimilated. I merely maintain that the aims, purposes and policies of the Government of Russia are irreconcilably opposed to those of our Government; that if their system be a civilized one, then ours is so totally different a form of civilization as to have absolutely nothing in common with it. All that we seek, commercially in Eastern Asia is a free field and no favor—the open

door for trade, a chance for the best equipped industry and the most efficient business methods to reap their due reward. But neither Russian industry nor Russian commerce is able to hold its own against the competition of the world in neutral markets, so that a paternal government must see to it that wherever Russian influence can be exerted there shall be the exclusion of free competition and the granting of special favors for Russian merchants and merchandise. By the very conditions of our national existence, our theory of human progress is based on the elevation of the individual man, the enlargement of individual initiative, the development of the free action of the individual mind. To such an ideal the whole Russian system of subjection to despotic authority in every relation and every activity of life is diametrically opposed. The two theories of government will no more mix than oil and water; they are politically, socially and intellectually as wide as the poles asunder.

So it has come about that a people which is the latest offspring of our civilization, the child of the Western World's old age, is fighting not only for its own ideals but for its very existence against the Northern Colossus that in subjugating Asia has become more Asiatic than the Asiatics themselves. It is a singular paradox that the battle of human freedom which was won against the hosts of Persia at Marathon and Salamis should be waged today by a people of unmixed Asiatic blood against an empire which calls itself European, and claims to be the champion of white men against the yellow races. There are, I know, people otherwise intelligent who are frightened by the apparition of a regenerated Asia, equipped with the weapons of modern warfare and filled with the lust of conquest. I find that feeling most prevalent among people who know least of the races of Eastern Asia, who are not familiar with the long series of antecedent causes which made Japan and China what they are today. At least three-fourths of the adult population of Japan had been, from generation to generation, trained in military exercises for long centuries before the emergence of Japan into the light of modern history and her assumption of the attributes of Western civilization. The immediate descendants of the swordsmen of feudal Japan are the spearhead of her armies today; the apparently marvelous change in military effectiveness which has been accomplished since 1868 is merely a change of weapons, and not at all of spirit or aptitude. On the other hand, generations of Chinamen have regarded the art and the spirit of the soldier as a survival of barbarism; the fanatical patriotism of Japan is a feeling all but unknown in China, and the transformation into a power bent on conquest of the loosely compacted aggregate of provinces which we know as the Chinese Empire is to anyone familiar with their people something quite unthinkable. I am aware that this conclusion may seem at variance with the other opinion I have expressed, namely, that in the hands of one of the great military powers of Europe disciplined Chinese armies might become a menace to the peace and the progress of the world. But the conception of a Chinese Empire filled with ardor for war, either under its own rulers or under the influence of a race which these rulers have always distrusted and despised, is quite a different conception from that of a conquered and dismembered China from which forced requisitions could be made by its conquerors for endless supplies of food for powder.

I have said that there is peril, in the sense of limitation, for us, and for our commerce, industry and national prestige, from the partition of China and the command of all its resources by some of the great powers of Europe. But it does not at all follow that a China whose central administration shall be made as honest as that of Japan, and whose material development shall be pursued along the lines of modern organization and enterprise, would be a menace to anybody. Japan is eminently fitted to become

the teacher of China in the arts of modern civilization, but even if the ambition of Japan did incline that way, there are quite insuperable obstacles to her assumption of the role of creator and leader of Chinese armies. China should, and doubtless will, acquire strength enough to prevent her becoming the prey of any military marauder who chooses to encamp on her soil, but nothing could be much further from the character and aspirations of the Chinese than a great national effort to revive the glories, by repeating the conquests, of Genghis Khan. The true peril of Asia, and of the world, is the Muscovite, and not the yellow peril, because it springs from the unrestrained power of a handful of unscrupulous men at the top, and

the unreasoning obedience of subject millions below; because it conquers merely to enslave, and, in advancing, taints with its own corruption all that it subdues. It is from this peril that Japan has undertaken to relieve the world, and no greater service has been performed in this or any other time for the cause of human freedom than that whose final triumph, while involving the discomfiture of the Russian Government, and the wreck of all its plans of Asiatic expansion, is not at all unlikely to bring in its train the dawning of a new day, by the institution of a better and purer form of rule, for the long suffering Russian people.

THE FOREIGN COMMERCE OF CHINA.

The earliest obtainable reports of the details of importations and exportations of China are for the year 1873, when the exportations were valued at 69,451,000 Haikwan taels. In 1899 they had reached 195,784,832 Haikwan taels. The importations in 1873 were valued at 76,637,000 Haikwan taels, and in 1899, 264,748,456 Haikwan taels. It must be borne in mind, however, that the Haikwan tael, in which all imports and exports are stated, is merely a given weight of silver ($1\frac{1}{3}$ ounces avoirdupois), and therefore varies in value with the fluctuations in the price of silver, and that the actual increase in commerce during that time may not be as great as the increase in figures would indicate. The further fact, however, that many articles, both of import and export, have decreased materially in value during that period renders any attempt to accurately determine the actual growth difficult, if not impossible. A reduction of the Haikwan tael to dollars, determining the same by the weight of silver indicated by the tael, puts the exportations of 1873 at \$106,956,000 in value, and in 1900 at \$111,775,000, and the imports in 1873 at \$106,503,000, and in 1900 at \$148,383,000. This calculation, however, would be equally misleading, because of the very great reduction meantime in the value of many articles, both of export and import. An attempt to determine accurately the growth of the commerce of China during that period could only be made by a detailed examination of the imports and exports of each article by quantities.

The foreign commerce of China has grown rapidly in recent years. It is only sixty years since the doors of China were opened to commerce with the world. It was in 1842 that the "opium war" of the British resulted in the opening of certain ports of China to the United Kingdom, and two years later the treaty with the United States was made. Twenty years later, in 1864, imports had grown to \$75,000,000 and exports to \$78,000,000. In 1874 imports were \$97,000,000 and exports \$101,000,000. In 1884 imports were \$96,000,000 and exports \$88,000,000. Then came a material increase, and by 1890 imports had grown to \$160,000,000 and exports to \$110,000,000. In 1901 imports were \$190,000,000 and exports \$120,000,000 in value.

Considering the countries with which this commerce exists, it may be said that the trade with the United States has grown much more rapidly in recent years than with any other country. In 1895 imports from Great Britain amounted to 34,000,000 Haikwan taels and in 1902 to 57,000,000. In 1895 the imports from Hong Kong were 88,000,000 Haikwan taels and in 1902 133,000,000. From India the imports of 1895 were 17,000,000 Haikwan taels and in 1902 33,000,000. From the Continent of Europe, Russia excepted, the total imports of 1895 were 7,500,000 Haikwan taels and in 1902 18,000,000. From Russia the imports by way of Odessa and Batoum were, in 1895, 1,701,658 Haikwan taels, and in 1902 889,006 Haikwan taels.

From Russia and Siberia, via Kiakhta, the imports of 1895 were 110,534 Haikwan taels, and in 1902 none. From Russian Manchuria, in 1895, 110,534 Haikwan taels, and in 1902 345,518. From Japan the imports of 1895 were 17,000,000 Haikwan taels, and in 1902 35,000,000. From the United States the imports of 1895 were 5,093,182 Haikwan taels, and in 1902 30,138,713. Thus the imports from Great Britain have increased about 67 per cent.; those from Hong Kong, 51 per cent.; from India, 94 per cent.; from Japan, 105 per cent.; from the Continent of Europe, 140 per cent., and those from the United States, 500 per cent.

The official statistics of the Chinese Government show the total imports from the United States in 1902, the latest year for which reports have been received, at 30,138,713 Haikwan taels, or \$18,987,389. This, however, does not include all of the United States merchandise entering China, since the exports from the United States to Hong Kong are equal to about one-half of those exported direct to China, and presumably a very large proportion of the exports to Hong Kong is destined ultimately for the Chinese markets. During the early years of the decade ending with 1900 exports to Hong Kong were larger than those to China direct; but the Chinese ports have been steadily gaining upon Hong Kong, and now shipments from the United States to ports of China are nearly double the amount of shipments to Hong Kong. The total value of goods exported to China from the United States in 1903 was \$18,898,163, and to Hong Kong \$8,772,453, and the imports from China \$26,648,846, and from Hong Kong \$1,359,905.

One of the important events of the past year in the commercial relations between the United States and China was the negotiation of a new treaty for the promotion of commerce between the two countries, by which the "likin" tax in China was abolished. This likin tax had long interfered greatly with foreign trade with the interior of China. It took the form of taxes levied upon goods passing from one province to another or from one side of a province to another division of the same province, and proved so serious a burden on foreign goods passing to the interior of China as to become in many cases absolutely prohibitive. Chinese tariff rates formerly averaged about 5 per cent. ad valorem. Many articles were admitted free of duty, and on some rates were higher than 5 per cent., but in general terms was about that average rate. The addition of the likin tax, however, at the point at which goods passed from one part of a province or from one provincial subdivision to another had added so greatly to the expense of taking goods to the interior that a few years since the Chinese Government, upon the insistence of foreign ministers, increased the rates of duty 50 per cent., giving as an equivalent "transit passes," purporting to authorize the free transit to any other point in the Empire of the goods in ques-

tion. This had not, however, proved satisfactory, as in many cases local authorities refused to recognize these transit passes, insisting upon their right to raise revenue by the processes already described. So burdensome was this tax upon commerce with the interior of China, and so great the uncertainty attaching to such commerce by reason of this likin tax, that the United States negotiated, and in October, 1903, completed a new treaty with China, the chief feature of which was the abandonment of the levying of likin and all other transit dues and the abolition of offices, stations and barriers maintained for their collection; and as an equivalent, presumably, for the revenues thus abandoned a new tariff was adopted and promulgated, increasing somewhat the rates formerly in existence.

The negotiation of this new treaty of commerce between the United States and China lends interest to some figures presented by the Department of Commerce and Labor, through the Bureau of Statistics, regarding trade of the United States with that country. These figures show a very rapid growth in the exports from the United States to China, and also a rapid growth in the percentage which merchandise from the United States formed of the goods imported into that country.

In 1875 merchandise imported into China from the United States amounted to 1,016,000 Haikwan taels in value out of a total importation of 69,995,000 Haikwan taels. In 1885 the value of imports from the United States was 3,315,000 Haikwan taels out of a total importation of 89,407,000 Haikwan taels. In 1895 merchandise from the United States amounted to 5,093,000 Haikwan taels out of a total importation of 179,947,000 Haikwan taels in value. In 1900 the merchandise from the United States to China amounted to 16,724,000 Haikwan taels out of a total of 211,070,000 Haikwan taels in value, and in 1902 30,138,713 Haikwan taels in value from the United States out of a total importation of 315,363,905 Haikwan taels. Thus in 1875 the share from the United States was less than 2 per cent. of the total imports into China, and in 1902 practically 10 per cent. of the total imports. The above figures are from the official reports of the Chinese Government.

Taking our own figures of commerce with China, the growth in exports to that country has been from \$1,101,383 in 1880 to \$2,946,200 in 1890, \$15,259,167 in 1900 and \$18,603,369 in 1903. The figures prior to 1880 cannot be given in satisfactory form, because prior to that time gold and silver were included in the statement of exports to China, and as the shipments of silver to China were frequently large the figures if quoted would be misleading, so far as relates to commerce in merchandise.

In 1902 the United States occupied fourth place in the list of countries from which China drew its imports. The total from the United States in that year was, as already indicated, 30,138,713 Haikwan taels; from Great Britain, 57,624,610 Haikwan taels; India, 33,037,439 Haikwan taels, and from Japan, 35,342,283 Haikwan taels. From Hong Kong the imports were much larger than from any of the countries named, the total being 133,524,169 Haikwan taels, but a footnote attached to the statement of the Chinese Government on this subject says that "the imports from Hong Kong come originally from Great Britain, America, Australia, India, Straits Settlements and the coast ports of China." In 1870 the United States was practically at the bottom of the list from which China drew its imports, the total from the United States in that year being but 374,000 Haikwan taels; while the United Kingdom headed the list with 24,181,000 Haikwan taels, Hong Kong, India, Japan, Straits Settlements, the Continent of Europe and Australia supplying practically all of the remaining imports of that year.

Great Britain, India, Japan and the United States are the chief rivals in the import trade of China. The im-

ports from Great Britain increased from 28,870,000 Haikwan taels in 1892 to 57,624,610 Haikwan taels in 1902. From India the increase was from 13,861,000 Haikwan taels in 1892 to 33,037,439 Haikwan taels in 1902. From Japan the increase was from 6,702,000 Haikwan taels in 1892 to 35,342,283 Haikwan taels in 1902. From the United States the increase was from 6,002,000 Haikwan taels in 1892 to 30,138,713 Haikwan taels in 1902. The imports from Germany are not separately shown by the reports of the Chinese Government, it being included with other figures under the general head of "Continent of Europe, except Russia," from which the total imports amounted to 18,484,678 Haikwan taels in 1902. The average value of the Haikwan tael in 1902 is given by the Chinese report at 63 cents American gold.

The following table shows the value of imports of merchandise into China and of exports of merchandise from the United States to China in quinquennial years from 1880 to 1900, and annually thereafter:

TOTAL IMPORTS OF CHINA AND EXPORTS FROM THE UNITED STATES TO CHINA, 1880-1902 (MERCHANDISE ONLY).

YEAR.	Total imports into China.	Exports from United States to China. ^a
	<i>Dollars</i>	<i>Dollars</i>
1880.....	108,076,000	1,101,383
1885.....	111,838,000	6,396,500
1890.....	181,799,000	2,946,200
1895.....	184,610,000	3,903,640
1900.....	155,770,000	15,259,167
1901.....	190,763,000	10,405,634
1902.....	198,679,280	24,722,906
1903.....		18,603,369

^a Year ending June 30.

The following table shows the value of imports into China from the United States and United Kingdom, respectively, in each year from 1890 to 1902, and the percentage which each formed of the total imports of China. It will be seen that the share which merchandise from Great Britain formed of the total imports into China fell from 19.1 per cent. in 1890 to 17.7 per cent. in 1902, while the share which merchandise from the United States formed of the imports into China increased from 2.9 per cent. in 1890 to 9.3 per cent. in 1902.

IMPORTS INTO CHINA FROM THE UNITED STATES AND UNITED KINGDOM, RESPECTIVELY, 1890 TO 1902, AND THE SHARE WHICH EACH FORMED OF THE TOTAL IMPORTS INTO CHINA.

YEAR.	From the United Kingdom.	Per cent. of total imports.	From the United States.	Per cent. of total imports.
	<i>Haikwan taels</i>		<i>Haikwan taels</i>	
1890.....	24,607,969	19.1	3,676,067	2.9
1891.....	29,628,067	21.8	7,781,752	5.7
1892.....	28,870,150	21.0	6,061,900	4.4
1893.....	28,156,077	18.4	5,443,569	3.6
1894.....	29,943,379	18.1	9,263,082	5.6
1895.....	32,980,080	18.9	5,093,182	2.8
1896.....	44,571,387	21.1	11,929,853	5.6
1897.....	40,015,587	18.9	12,440,302	5.9
1898.....	34,962,474	18.0	17,168,312	7.9
1899.....	40,161,115	14.7	22,288,745	8.1
1900.....	45,467,409	20.5	16,724,498	7.5
1901.....	41,223,588	14.9	22,529,606	8.5
1902.....	57,624,610	17.7	30,138,713	9.3

—Bureau of Statistics of the Department of Commerce and Labor.

THE COMMERCE OF COREA.

Commercially the development begins with 1876, when two ports, Gensan and Fusan, were, upon the instance of Japan, opened to trade with that country only. In 1882 Admiral Shufeldt, of the United States Navy, visited Corea and secured a treaty of friendship between the United States and Corea by which American vessels were given access to its treaty ports and the safety of American vessels and citizens assured. This was followed by treaties with Germany and Great Britain in 1883, Russia and Italy in 1884, France in 1886, Austria in 1892, and China in 1897. The formation of treaty between Corea and the United States in 1882 was immediately followed by a visit from a Korean embassy to Washington, sent to exchange ratifications of the treaty. From this time forward Corea was opened to foreign trade and Western civilization, and the Korean Government established its legations in the United States and other great commercial nations. With the opening of the treaty ports and the establishment of commerce an official record of Korean imports and exports began. This showed imports in 1884 amounting to about \$800,000 and exports amounting to \$475,000. By 1890 imports had grown to \$3,850,000 and exports to \$2,975,000. In 1894 imports and exports fell considerably below those of 1890, but in 1897 again increased, being for that year of imports about \$5,000,000 and exports about \$4,500,000. In 1902 the imports at the treaty ports amounted to about \$7,000,000 and the exports of merchandise about \$4,200,000. In addition to this imports of gold amounted to over \$2,000,000, while the imports and exports at other than treaty ports are estimated as being sufficient to bring the total commerce of 1902 up to fully \$15,000,000, exclusive of gold exports, which, as above indicated, amounted to about \$2,000,000.

Among the imports those of greatest importance were: Cotton goods, which amounted in 1902 to nearly \$3,000,000; kerosene oil, about \$400,000; mining supplies, over \$200,000; railway plant and materials, \$250,000; tobacco, \$100,000; silk piece goods, about \$450,000. Among the exports those of greatest importance were, in 1902: Rice, \$1,750,000; beans, nearly \$1,000,000; ginseng, about \$600,000; and hides, \$350,000.

The most important articles in the export trade are rice, which shows an annual exportation of more than \$1,000,000; beans, \$500,000; ginseng, nearly \$500,000; and hides, about \$100,000 in value in the latest available year. Of the importations, cotton goods form the largest item, from \$3,000,000 to \$3,500,000 per annum; silk piece goods imported from Japan and China amount to \$600,000 per annum; kerosene oil, about \$300,000; railway materials, about \$250,000; mining supplies, about \$200,000; and bags and ropes for packing, \$150,000. Of the cotton goods imported in 1902, British shirtings formed the largest single item, amounting to \$800,000; British and American sheetings, \$260,000; Japanese sheetings, \$350,000; Japanese piece goods and Japanese yarn for use in manufacturing cotton cloths, \$800,000. Corea, like China, is now drawing considerable

quantities of cotton yarn from Japan, and considerable supplies of cotton manufactures. Great progress is being made by Japan in the manufacture of cotton, and in addition to supplying cotton cloths to China and Corea in large quantities it is now supplying the cotton yarns which are used in household manufacture as well as in certain of the cotton mills which exist and are proving quite successful.

The foreign commerce is carried on through the treaty ports of Chemulpo, Fusan, Wonsan, Chinnampo, Mokpo, Kunsan, Masampo and Song Chin. Chemulpo, which is located on the western coast of Corea, about midway from its southernmost point to the northern boundary, has by far the largest commerce. Its imports in 1902 were reported at \$1,250,000 out of a total of \$1,920,000. The exports of Chemulpo, however, are very much less than those of other ports, being \$45,000 in 1902 out of a total of \$1,830,000. Its pre-eminence over the other treaty ports as a point of importation is due largely to the fact that it is of itself a considerable city, with a comparatively large foreign population and is in direct railway communication with the capital of Corea, Seoul, which is only 35 miles distant. Chemulpo has a population of presumably 10,000, as Mr. Angus Hamilton says of it in his excellent work "Corea," issued in 1904, that the settlement at Chemulpo now embraces 2,082 houses and possesses a population of 5,973 dealers. "From a commercial standpoint," says Mr. Hamilton, "the port of Chemulpo is becoming an important distributing centre. Foreign trade with the capital and its environs passes through it and the administrative officers of the more important gold mining concessions, of which there are now four—American, Japanese, French and British—have settled there. A cigarette factory supported by the Government is now in operation at the port. During 1901, 93 men of war entered Chemulpo, of which 35 were Japanese 21 English, 15 Russian, 11 French, 5 Austrian, 4 German, 1 Italian, and 1 American. Of steamers and sailing vessels there were 1,036, of which 567 were Japanese, 304 being steamers, 369 Korean junks and steamers, 21 Russian steamers, 8 American sailing ships, 1 American steamer, 4 English steamers, 3 German steamers, 62 Chinese junks, and 1 Norwegian steamer."

Seoul, the capital, which is connected by rail with Chemulpo, and therefore draws its imports from that port, has a population of about 200,000, and has been recently modernized by the introduction of methods prevailing in American and European cities. Mr. Hamilton says of it: "Old Seoul, with its festering alleys, its winter accumulations of every species of filth, its plastering mud and penetrating foulness, has almost totally vanished from within the walls of the capital. The streets are magnificent, admirably made and well drained. The narrow lanes have been widened, gutters have been covered and roadways broadened, until with its trains, its cars, and its light, its miles of telegraph lines, its railway station, hotel, brick houses, and glass windows, Seoul is within measurable distance of

being the highest, most interesting, and cleanest city in the East." These conditions in Seoul and Chemulpo account largely for the fact that Chemulpo is by far the largest importing port in Corea.

Fusan and Wonsan are next in importance among the importing ports and hold about equal rank. Fusan is on the southeastern coast at the point most convenient for intercommunication with Japan, while Wonsan, or Gensan, as it is often called, is on the eastern coast well toward the northern boundary line and is the chief point of Korean trade with the Russian city of Vladivostok. It is also nearly opposite Antung and Wiju, which are located near the mouth of the Yalu River, and is the point at which the Russian railway system in Manchuria touches Korean territory. Broughton Bay, on which the port is situated, is considered the best harbor on the northern portion of the eastern coast line, and a road runs from this town to Seoul, the capital. It is in this section of Corea that the most important mining enterprises are in operation, and these, with the native demand, make the commerce of the port of Wonsan of considerable importance, the imports amounting in 1902 to \$250,000 and the exports to \$280,000, aside from the coast trade, which is also of considerable importance. Direct lines of steamers connect it with Vladivostok and Nagasaki. Fusan, at the south, occupies the point nearest to Japan and is in direct and frequent communication with the commercial cities of Japan. Through that port, as well as through Chemulpo, pass large quantities of American merchandise exported from the United States to Japan and re-exported from Japan to Corea. The trade of Fusan is largely in the hands of Japanese. Regular lines of steamers connect the port with Japanese ports; also with Shanghai, China and Vladivostok. A submarine cable connects Fusan with Japan and a telegraph connects Fusan with points in the interior and the other treaty ports. The imports of Fusan amounted in 1902 to \$220,000, and the exports to \$290,000.

Chinnampo, which lies on the western coast of Corea considerably north of Chemulpo, and therefore nearer to Manchuria, has a larger export trade than any of the ports already mentioned. The total value of the export trade of Chinnampo in 1902 was \$400,000. Its imports are comparatively small—\$41,000 in 1902. Chinnampo is the port through which is carried on the trade of Pingyang, which lies 115 miles inland, and has a population of 40,000, and ranks third in size among the Korean cities. The territory in the vicinity of Chinnampo is rich in agricultural and mineral lands and its production of rice, beans, and wheat forms the bulk of its large exports, which go chiefly from China and Japan.

Mokpo, which was opened to foreign trade in 1897, is at the extreme southwestern point of Corea and in direct steamship communication with China, Hong Kong and Japan, as well as with the Russian ports of Vladivostok on the east and Port Arthur and Dalny in Manchuria. The harbor is good and provides anchorage for some thirty vessels of large tonnage. The foreign settlement is occupied by some 1,200 Japanese and Chinese, and the surround-

ing country is a great rice growing section, and the province of which Mokpo is the port is represented as the wealthiest province in Corea. Rice forms the largest single item of exports. Mokpo was in 1902 the largest exporting port of Corea, the total exports from Mokpo in that year being 817,000 yen, against 803,000 yen from Chinnampo, the next largest exporting port. In 1901 the exports from Chinnampo exceeded those from Mokpo.—*Bureau of Statistics of the Department of Commerce and Labor.*

PUMPS AND LAMPS NEEDED IN CHINA.

(From United States Consul Gracey, Fuchau, China.)

Nearly all parts of China are greatly in need of better facilities for supplying the people with pure drinking water. In all the city of Fuchau, with its million of people, there is not a single pump, windlass, or other mechanical appliance for raising water from wells or bringing it from the river to supply the city. Every householder brings his own pail and rope by which it may be lowered into the well, and when supplied carries both away with him, so that a traveler must be the recipient of his hospitality or go without a drink. If the supply is brought from the river it is carried on men's shoulders, two pails being suspended from a bamboo carrying pole. There is no public water system in all Southern China. Some Japanese engineers recently made surveys with a view to introducing waterworks, but I am now informed that they have abandoned the project because of lack of encouragement or the least assistance from the local authorities.

Neither has this great city any system of lighting its streets or public buildings. Kerosene is being extensively used by the better class of Chinese, and there is a great demand for foreign made lamps. Many of these are of very cheap quality, and are really unsafe to use. Most of the natives use small cups or tumblers about three-fourths full of oil, with a small piece of wood floating on the surface of the oil, through which a tin tube containing a round wick is placed. This is a very common form of lamp in which tea oil is burned, and is utterly unfit for kerosene. Many very poorly made foreign lamps are sent here, which are even more dangerous for use, as they are very poorly put together and the tops soon fall off. A really good low priced lamp is desired.

SAMUEL L. GRACEY, Consul.

Fuchau, China, December 10, 1903.

FAULTY AMERICAN PACKING FOR CHINA.

If more care were exercised in packing goods for Asia great benefits and increased trade would result therefrom. Let me give a few examples:

About four years ago the American soda crackers, or biscuits, as they are called here, were introduced into this market and found a ready sale. They were light, crisp and far preferable to the English biscuits, which, nevertheless, now supply the market here. The first lot of these crackers were soon disposed of, and then several firms ordered a stock. When the second consignment was received and placed on sale they were returned to the merchants by their customers, who found them unfit for use. That supply is still on hand, but no further orders are given for the American soda crackers. Whether it was all due to packing or to the poor quality of shortening used, it is difficult to say. I do know, however, that last winter several hundred cans of the same kinds of crackers were condemned on the United States transports as unfit for use.

The British biscuits and cakes are always fresh looking and sweet and seem to keep any length of time. They are packed in tin boxes, with outer and inner covers soldered on, the boxes being lined with specially prepared paper and a packing of cut tissue paper.

All English candies are packed the same way—every piece wrapped in tin foil. If American candies were properly packed, so as to resist moisture and the jarring incident to shipment, they would arrive in good condition, instead of being mashed and unsightly, as at present, and would be far superior in quality to any confectionery in this market. British oatmeal, or rolled oats, is packed in 1 and 5 pound tin boxes, soldered; while most of the United States products of similar articles are sent packed in either pasteboard boxes or heavy paper bags.

The result of all this is that the dealer will inform you, on inquiry, that they have the American article, but advise you to take the English, as the American, on account of not being put up properly, is liable to be mouldy and wormy.

A short time ago, on inquiring for hams of the American brand, a British dealer said that he preferred them to the English, but that they are packed so badly that they mould and mildew, and his customers were afraid to buy them. English hams are first placed in a cloth bag and then in a large bag containing oat chaff, which carefully incloses the smaller bag and ham. The chaff absorbs the moisture and the ham opens in good condition.

A few weeks ago a dealer in tiger and leopard skins desired some artificial eyes. The order was sent to one of the largest mail order houses in the United States. On arrival it was seen that one-third of an inch of oakum had been placed in the bottom and sides of the box; then one lot of eyes had been placed in the box in bulk, a layer of oakum thereon, and the box then filled with the other lot, put in all together on top of the first. On account of these articles not being wrapped separately, more than 50 per cent. of them were broken.

The important factors to bear in mind are: To have the outside packing double extra strong to prevent moisture; delicate articles must be packed separately in some soft

material, so that no amount of jarring will injure them. Many coolies seem to enjoy throwing boxes down as hard as possible in order to break them open.

L. S. WILCOX, Consul-General.

HANKAU, China, December 27, 1903.

JAPAN TEA SUBSIDY DISCONTINUED.

The Japanese Government's failure to renew the tea subsidy has been followed by the announcement that after this month the subsidy will be discontinued. While the protest of American interests influenced this action somewhat, the subsidy was not viewed with entire favor at home and many opinions there declared it to be a wasteful policy.

The subsidy really meant the financial co-operation of the Japanese Government with the Japan Central Tea Traders' Association, for the purpose of enabling Japan exporters—members of the association—to consign shipments direct to the care of their representatives in this country. The association had representatives at New York, Chicago and Montreal, who were allowed to handle consignments, were paid high salaries in addition to commissions on their sales, were not held responsible for the many extravagant expenses incurred, and who were otherwise established in luxurious positions. Coupled with this condition of having things too easy, the association's representatives were hindered by a lack of necessary business judgment and experience, all of which proved detrimental to their success in competition with American keenness.

The whole policy of the association's representation in this country was dominated by poor business practices, and it is no wonder that the source from which this immense subsidy was derived has at last refused to "stand up and deliver" any longer. There seems to have been no practical result or direct benefit whatever from the government's subsidy outlay of ¥350,000 during the past five years. As one Japanese correspondent says, "It has disappeared like smoke."

The prevailing sentiment in Japan now seems to be that in forming a connection with American tea merchants, Japan exporters will have a far more reliable medium through which to dispose of their consignments to advantage. It is probable that the deposed representatives of the association will attempt to establish themselves as independent tea importers in this country, but they can scarcely hope for extended favor with the Japanese tendency toward reliance on American consignees as strong as it now is. Naturally we assume that such a future course of shipping tea will be highly beneficial to Japanese interests—American business ability is fully worthy of such faith. Likewise, a brighter outlook is secured for American traders—a firmer grasp on the growing American trade in Japan teas.

It is stated that the representatives of the association have been officially recalled, and that Mr. Mizutani, of the Chicago branch, will confer with the association at an early date as to the course to be taken.—*Tea and Coffee Trade Journal.*

RAILROADS FOR THE PHILIPPINES.

STATEMENT OF SECRETARY TAFT BEFORE THE COMMITTEE ON INSULAR AFFAIRS OF THE HOUSE OF REPRESENTATIVES.

When the Americans came to the island they found one railroad there. That railroad runs from Manila into Bulacan, into Pampanga, into Tarlac, into Pangasinan, and ends at Dagupan, or Gulf of Lingayen.

Mr. Olmsted—What is that distance?

Secretary Taft—It is about 120 miles. There were no branches to the railroad.

Mr. Needham—Is that a broad gauge railroad?

Secretary Taft—Three feet 6 inches; that is a gauge that is sometimes called the "Oriental gauge." It is a gauge that I believe is used in New Zealand. It is the gauge that was begun in India, but in India now they have only two gauges—the broad gauge of 5 feet 6 inches, and a narrow gauge of a metre (39 inches) instead of 3 feet 6 inches. It was constructed under very precise regulations drawn by the Spanish engineers and enforced by the Spanish Government. They were obliged to put in very heavy iron bridges; they were obliged to put up a railway station in Manila that is large enough and heavy enough to be the railway station for a system of 1,000 or 1,500 miles. It is constructed of iron and steel. They were obliged to erect at every station station houses of brick, together with warehouses of brick, and there is an iron derrick—a revolving derrick—at every station, although the business at most of the stations did not warrant them at all, and, as a matter of fact, they are not used. They are there, but not used. The result of this method of construction was that quite a large amount of money was wasted—that is, the cost of the road was made to exceed what it ought to have cost. The contract, or the concession, provided that the Spanish Government would guarantee to the English company (for it is an English company) 8 per cent. dividends from the \$5,000,000 capital which it was thought would be used in the construction. As a matter of fact, they say that it cost them \$8,000,000 or \$9,000,000. I do not know how that is. That was the guaranty of the Spanish Government, at any rate. After we went there, there was a strongly founded suspicion that the railroads were being used for the benefit of the insurgents. I suppose the truth was that the manager of the railroad, who was an Englishman, or rather an Irishman, was trying to preserve his property, and he was negotiating with both sides for the purpose of doing as little with either side as possible and still saving the property. He did not save the property; at least, after the insurgents had been driven down the line they destroyed what bridges and rolling stock they could destroy. Then the Government took charge of the railroad and itself ran the railroad for about a year, or nine months of a year, and then turned it over to the company again. The company has presented to the Government of the United States a claim, first, for rent and occupation of the railroad; second, for the payment of the guaranty during the period when they were receiving no income, and third, for damages done to the railroad while the railroad was in the custody of the United States authorities. Those claims have never been settled. The law adviser of the Department and the Attorney General have ruled that the Government of the United States and the Philippine Government are not responsible for the guaranty of the Spanish Government; that that is a personal guaranty; that there may be (this the Attorney General intimated—Judge Magoon, of the War Department, did not follow him in that) some sort of equitable liability on the part of the provinces through which the railroad passes to contribute a part of the guaranty; but how that is to be enforced and how it is to be

reached I confess I am not able to state. As a matter of fact, we never have recognized it and never have paid it. Without prejudice to these claims, the commission, under the power which was given it by the Congress of the United States, granted to this English company two franchises for the construction of a railway from about this point [indicating] 34 miles into this region of Nueva Ecija, and from Manila directly eastward into the mountains or foothills. I think it is about 17 miles, immediately east of Manila.

Mr. Lanning—The first one extending, Mr. Secretary, from a short distance from the north of Manila still farther north?

Secretary Taft—The first one running from a point called Bigaa, 34 miles through San Isidro, which is the capital of Nueva Ecija, to Cabanatuan. Then there were two branches authorized by the railroad company for the convenience of the military. There was a branch a mile long at Bautista leading to a military camp and a branch 5 miles long at Angeles leading to another military post. Those concessions were made in the ordinary form of concession for American railroads. There was no agreement to guarantee dividends, but they were to construct the roads and run them at rates to be fixed by the Legislature.

Mr. Smith—They all connect, Mr. Secretary, with the main line?

Secretary Taft—With the main; yes, sir. Part of all the branches have now been constructed; I think 10 miles of the Cabanatuan branch and perhaps 7 or 8 miles of the Antipolo branch. At a point in the foothills just east of Manila, 17 miles, is Antipolo. And the two military roads to Bautista and Angeles have been fully constructed. Secretary Root was very much interested in securing American capital for the construction of railroads in the Philippines. He conferred with a number of gentlemen whom he thought he could interest, and among others Sir William Van Horne, connected with the Canadian Pacific Railway, but who had constructed the Cuban Railway from Habana to Santiago—I think it is. His experience in tropical railroad building he thought was valuable. But he said he was too much occupied in Cuba; that he could not himself make an original investigation, but that if we would send men whose opinions he valued he would recommend to us to make a report, and that report might be published, and if he subsequently took an interest he would be willing to pay the expenses of the engineers. We concluded we would simply send those engineers and pay them ourselves, which we did. That report on the general subject of railroads in the Philippines you will find in the volume which I have ordered sent to each member of the committee. I do not know whether they have come or not.

The Chairman—This is Part I.

Secretary Taft.—If you will let me take that I will refer to the report [referring]. It is Exhibit P, on page 399, Mr. Chairman, of this volume, a copy of which I have ordered sent to each member of the committee. Now, Secretary Root thinks, and it is possible, we made a mistake in granting the franchise from 25 miles north of Manila on the main line to Cabanatuan and up into Nueva Ecija, because it will possibly prevent other companies from going in to construct lines from here, paralleling the Manila line, or part way, and then running up into the mountains here and down the Cagayan Valley to Aparri, which is one of the trunk lines recommended by Norton & Drew. Cabanatuan is about here [indicating] in Nueva Ecija.

The Chairman.—How far from Manila?

Secretary Taft.—It is about 55 miles from Manila, perhaps 60. Then, as you go north from that point, you have to go through the Caraballo Pass, which is a pass from 2,500 to 3,000 feet high, and then through Nueva Ecija until you strike the valley of the Cagayan River, which is the richest valley in all the archipelago. That is the valley in which tobacco is grown in such excellence and to a greater extent than anywhere else in the archipelago; but the valley is very sparsely settled, and a railroad constructed there must depend upon building up the country itself in order to make it a profitable enterprise. Norton & Drew also recommend the construction of a line from Dagupan north on this—you will observe here is a mountain spine on the west [indicating] and there is a mountain spine on the east. They recommend a railroad north from Dagupan and west of the western mountain spine along the seashore clear up to Laoag. That is very thickly populated, and, on the whole, the population is the best industrial race in the island. There is no railroad to the south of Manila, but there is a most important highway, or rather a communication, by means of the lake to Calamba and then from Calamba through the province of Batangas down to the town of Batangas on the bay of Batangas and Laguna, Laguna being the province on the lake; and they are ordinarily very rich and highly cultivated provinces and ought to be reached by railroad. The English company has been anxious to secure the franchise for the Batangas line, but we have not been willing to grant it. The complication of the presence of the English company is one which we should be very glad, if we could, to eliminate. And I have talked with Mr. Scott, who is the president of that company, with a view to seeing whether they are willing to sell out to any company that might undertake a general improvement in the islands. I think they are. I think they are willing to sell out or make an arrangement with one banking firm, Speyer & Co., and they would prefer to deal with Speyer & Co. because Speyer & Co. have a branch in London. I should be glad if Speyer & Co. had the concession on proper terms. But I do not think it fair that Speyer & Co. should receive, in the question of deciding who should get the concession, an advantage because of their relation to the English company. It seems to me that the English company ought to be willing, if it is going to sell out, to sell out to any concessionaire of the Government on the same terms. But you can see the complications that will arise in awarding concessions to various capitalists unless we can eliminate the English company. It would be greatly to the advantage of everybody, I think, if the person receiving the concession in the islands, as to Luzon at least, should have control of the English company, because with the property of the English company it would be much more profitable for it to branch out in other directions. It would not be subject to the squeezing competition of the English company with its line right in the middle of Luzon. I visited New York last week, or week before last, and held a conference with a number of capitalists who seemed to be willing to go into the enterprise if they could be assured of Government aid in the form of a guaranty. That is, of course, a form of aid that presents difficulties, as every form of aid from the Government does. The history of railroads in the English and, so far as I am advised, in the French colonies is that they have been begun by Government guaranties of income upon the amount invested, and that after ten or fifteen years of construction of works under such contracts the governments have themselves built the railways. Now, if Congress prefers to have Government constructed railways, well and good. I suppose the commission will undertake the work. Personally, I think it is greatly better to fix exactly the limit of the liability of the Government and trust the work to private enterprise, because if you have railroads constructed by the Government it means a tremendous enlargement of the per-

sonnel of the Government employees. It adds greatly to the routine and burden of government, and I am afraid that it will add greatly to the cost of the government, because I believe that private enterprise can manage railroads much more economically than they could be managed by the Government. I have referred to Luzon only; and I have not completed my reference to Luzon. You observe this boot [indicating on map] that runs east from Batangas, including Tayabas and Ambos Camarines, Albay and Sorsogon. Albay and Sorsogon, and the southern part of Ambos Camarines, are today the most extensive hemp producing provinces in the islands. In Albay it has not been an uncommon thing at all that carabao carts with two carabaos have rented for \$40 Mexican a day for transportation; many fields of hemp have been allowed to rot because of the lack of transportation; and I feel reasonably certain that the construction of a railway from the Legaspi around the volcano of Mayon to Tabaco, and then up to Nueva Caceres in Ambos Camarines, and down to Pasacao, a seaport on the China Sea, the hemp could be delivered here, and carried directly from there to Manila, instead of having to be hauled in carts from the mountains to Legaspi and then down through the San Bernardino Straits and up this way to Manila. And that railroad would probably pay from the beginning, because it will supply a want that has long been felt. That railroad, however, could hardly be carried on clear up to Batangas, because it would involve some very serious engineering difficulties in the mountains here; and it would be much cheaper to ferry, so to speak, by steamer from here to Manila. But with this railroad in the hemp district; with the railroad from Manila to Batangas and branch around to Cavite, and possibly a branch up through the capital of Laguna; the railroad as it is now to Dagupan, from Dagupan north to Laoag, and a railroad running up this valley through the Caraballo Pass and down the Cagayan River to Aparri, would probably give all the railroad facilities that are needed; at least all the facilities that ought to be aided by the Government. I think after that the construction of railroads would follow naturally and would follow the needs of the public. If those railroads were constructed in Luzon it would revolutionize the business of agriculture there.

The Chairman.—What, in your opinion, would be the aggregate mileage that you have just indicated? Can you approximate it?

Secretary Taft.—Well, it is somewhere between 700 and 1,000 miles, I think, Mr. Chairman. I think about 750 miles, but I am not sure. Sir William Van Horne calculates that the cost of it would be about \$35,000 a mile. I would be surprised if it cost more.

The Chairman.—\$30,000,000 would cover it?

Secretary Taft.—Yes, sir; I think possibly \$25,000,000 or \$30,000,000. Railroads in other Oriental countries have cost somewhat more than that, but Sir William Van Horne's estimate is based on his experience in Cuba, where he thinks the conditions are very like those that prevail in the Philippines.

Mr. Robinson.—Does the Van Horne statement include also the stock and equipment?

Secretary Taft.—I believe so; yes, sir.

The Chairman.—Four per cent. on the \$25,000,000 would be a burden of only \$1,000,000 annually on the Treasury?

Secretary Taft.—Yes, sir.

The Chairman.—Could the Treasury handle that easily?

Secretary Taft.—Yes, sir; we could handle it with the increase of business that would follow.

The Chairman.—The increased value of property there would be to tax, too?

Secretary Taft.—Yes, sir; but the increase in the export and import business, which affects directly the receipts

from customs, would be very largely increased. Now, the question of what the form of authority should be. I discussed with everybody—

The Chairman.—Just one moment. Mr. Secretary, do you think the guaranty of interest on the investment is preferable to our old land grant system?

Secretary Taft.—Yes, I do; very much. I think it is a great deal better that the Government should know the limit of what it is giving rather than that it should give something which may become very valuable without its realizing what it is parting with.

The Chairman.—The increased value of the land you would retain for the people?

Secretary Taft.—Yes, sir. Now, I have here "Ways and Works in India," by G. W. McGeorge, in which he describes the railways in India. They began with the guaranty system—that is, guaranteeing interest on money deposited in the treasury of the Indian Government, which was expended under the supervision of the Indian Government by the private owners for the construction of railways. There are various forms of guaranty, the variety being due to the method by which the money which is paid out by the Government is returned to it. A provision in many of the guaranties in India was that the 5 per cent. which was there allowed of the net earnings should be first applied to the dividends which were due under the guaranty. Second, everything over 5 per cent. was to be divided, 50 per cent. to go to the stockholders and 50 per cent. to reimburse the Government for any previous advance guaranty growing out of a possible deficit, and in that way the Government was made whole. Another method that is suggested is that the guaranty should be 5 per cent. instead of 4; that 1 per cent. of the 5 should be used as a sinking fund to create a fund to reimburse the Government for any loss which it may sustain during the period of the guaranty, whether you make it thirty or forty years or fifty years, would reimburse the Government for the amount of money which it should be held to for the guaranty. Now, with many of the railroads constructed here, the Government would not be called upon to make good a guaranty at all, I feel confident. For instance, suppose it were to guarantee 5 per cent. of this railway in Albi. I have no doubt there would be no liability under that guaranty arising; but the railroad running from Cabanatuan, the end of the branch to which I have referred, through the Caraballo Pass and down the Cagayan River to Aparri, the Government might have to pay that guaranty for ten or fifteen years, because that railroad, though very important in the development of the islands, runs through a country that is not now inhabited (I mean not thickly inhabited), and Oriental railways depend much more upon passenger traffic for their dividends than do the Western railroads. Oriental railroads generally depend for their receipts, 60 to 66 per cent. upon passenger traffic and 34 to 40 per cent. on their freight receipts, because the Orientals are great travelers. They like to go fast, and they are willing to waste a good deal of money. A Filipino will take two chickens to Manila and use the price that he gets for the chickens in going and coming just for the pleasure of the railroad ride. Of course we hope to build up a freight traffic, but there is that difference between the Oriental and the Western railways. Now, the question of how far you are willing to leave this matter of guarantee to the discretion of the commission is an important one. I have attempted to explain the complications of the situation. Of course the commission in the awarding of concessions must be certain that the concessionaire is able to do the work. We could let concessions on very favorable terms to gentlemen who say they have had experience and that they can get the capital; but what it means is that we are granting a concession to them to paddle around and secure capital after the concession is granted. That kind of concession we are anxious to avoid granting. We think it ought to be

granted to some responsible firm who have money at hand to do the work should they enter into the contract. Whether competition in the form of advertising for rates ought to be inserted as a limitation upon the power of the commission is one, of course, for the committee and House to determine. Personally, I should prefer that it be not inserted as a requirement; not that I do not think it would be used, but that I should dislike to restrict the discretion of the commission. You already give us unlimited power to grant concessions in the Philippine act, unlimited except it may be that we have no power to make guaranties. The law officer of the War Department has given an opinion that we have such power, but the commission is not willing to exercise it without the express approval of Congress. When we came to grant the concession for the street railway in Manila, the history of that concession was this: A gentleman came to us and said he represented a syndicate of capitalists who would be glad to have the railway concession. Well, we asked him to prepare the form of concession that he thought suitable. He did so, and submitted it. We advertised that form and had a public meeting, and discussed with everyone who came from the city of Manila and elsewhere the form that the concession ought to take. After very ample discussion, which lasted some two or three weeks, we got the franchise in such form as we thought reasonable for the public, leaving blank the term of the concession, the percentage of the gross receipts that should be paid to the public by the concessionaire, and the rate of fare to be paid. Then we said to the applicant, "Now, you say that nobody will bid but you"; and he wanted to close the matter at once. We were not certain that we could get anybody else. The truth was that there was not such eagerness on the part of capitalists to come there to justify our hopes that others might come. But we said to him, "Congress under the Philippine act has, necessarily, the power to take away your charter, if you get it, if it seems to be unfair, and if it seems that you are getting too good a thing. It is therefore of as much benefit to you as it is to us to have the franchise, in the form in which it is now agreed upon, advertised, inviting bids upon the three varying terms of the franchise. It will take three or four months. It will have to be advertised in New York, Chicago, San Francisco and in Manila; but you can well afford to wait that time, because, if after that advertisement you get the franchise, it would be wholly contrary to American traditions, wholly contrary to any action of Congress, to take away from you that which has been given by competition." So the advertisement was made, and there was only one bidder. My impression is it was not the original applicant; at least, there was some variation in the syndicate which took it. I judge so from the complaints of the promoter who came to us first. There seemed to be some change; at least, he did not get the share he was expecting in the new company. However that was, the commission exercised its discretion in that way, and the commission will be disposed, if opportunity offers, to exercise the discretion given under such a clause as this in the same way—by competition—if possible; but I think the committee can see that, in view of the complications of the situation, it might be difficult to state a concession in such a way as to invite a bidding on particular terms.

The Chairman.—That concession was for the electric railway system complete in Manila?

Secretary Taft.—Yes, sir.

The Chairman.—When is that to be finished?

Secretary Taft.—On Thanksgiving Day of this year.

Mr. Patterson.—Has American capital built that?

Secretary Taft.—Yes, sir; so I am advised. The concessionaire is Charles Swift, of Detroit, a street railroad man of that city, and the contracting company—I mean the company that has made the contract for the construction with him—is J. G. White & Co., of New York.

THE INTERNATIONAL STATUS OF THE AMERICAN CHINA DEVELOPMENT COMPANY.

(From the New York Journal of Commerce and Commercial Bulletin.)

AMERICAN RAILROAD ENTERPRISE IN CHINA.

In a monograph just issued by the Bureau of Statistics of the Department of Commerce and Labor, under the title of "Commercial China in 1904," there occurs a statement in regard to American railway concessions which, in the light of recent events, requires radical modification. Referring to the line which is to connect Canton, the great commercial centre of Southern China, with Hankow, the great emporium of the central portion of the empire, the statement is made that this concession was granted to American capitalists in April, 1898, under an agreement executed, after due imperial sanction, by the Chinese Minister at Washington. The line is described as about 600 miles in length, passing through a rich and important agricultural section, having a population equal to that of the United States, and at its centre tapping an important coal and iron area. At Hankow this proposed American line is to connect with the Belgian line coming southward from Peking, thus placing in direct communication the northern capital with the great southern seaport of Canton, and, ultimately, by means of a projected British line, with Hong Kong. The statement is added that 10 miles of this line, from Canton westward, was opened in November, 1903, and that 20 miles additional is practically ready for business. The important qualification should have been made that the line has ceased to be American, having passed into the hands of the same Belgian syndicate which is constructing the railroad from Peking to Hankow. Mr. William Barclay Parsons, who was president of the American China Development Company, has been replaced by a representative of the Belgian syndicate; the general manager of the company at Shanghai has been recalled, and the whole working organization of the scheme has ceased to be American and become Belgian.

There are some special causes for regret in this change other than those which might appear on the surface. A recent writer on railway making in China has remarked on the anomaly of the largest factor in the field of railroad construction in Northern China being a country which is wholly unprepared to supply the engineering equipment and promote the industrial development which have always accompanied Anglo-Saxon influence in new lands. When so much was heard of the aims of Russia in Northeastern Asia, it was deemed timely only a few months ago to contrast her record with the character and spirit of the work actually done by Americans and Englishmen in South China. When the late Calvin E. Brice threw himself into the prosecution of the work undertaken by the American China Development Company it appeared as if American influence in China was destined to play a very important part in the future material development of the empire. There can be no question that when the concession for the construction of the line between Wuchang (across the river from Hankow) to Canton was given to an American syndicate, it was with the view of encouraging further evidences of American enterprise in the same direction. The Chinese Government, shortsighted and bigoted as it is in many respects, is fully aware that it has nothing to fear from the growth of American influence in any part of its

territory. When the late Chinese Minister at Washington signed this concession there was, accordingly, much congratulation over the first evidence of a desire on the part of our capitalists to make substantial investments in railroad property in China. Unfortunately, the desire did not survive the decease of Mr. Brice, and when the actual period of construction began capital was sought for in vain among the original subscribers to the development company, though a majority of them are among our most wealthy financiers. The Belgian influence began to show itself in the company over a year ago, and was only held in abeyance by the fear that its declared supremacy might invalidate the concession. Thus the American character of the enterprise has for some time past been purely nominal, and within the last week or two it has ceased to be even that, the directorate of the American China Development Company having now become Belgian both in name and in fact.

Should the Chinese Government insist on revoking a concession which would probably never have been originally granted to its present holders, there will be no occasion for any protest on the part of our Government. The Department of State at Washington has kept itself thoroughly conversant with the changing phases of the South China Railroad enterprise, and has been perfectly aware that the capital of the company charged with its execution has been drawn from other than American investors. It is said that the original concession contains a reservation that, in the event of the American company failing to carry out the work, it would revert to the Belgian syndicate controlling what is known as the Lu-han, or Peking-Hankow Railroad. In that case the Chinese Government may have surrendered the right to annul the concession and seek elsewhere for capitalists to take it up. Considering that the Belgian syndicate has a very close relation to the Russo-Chinese Bank—that its securities have been financed by that corporation and its entire policy been under the control of the financiers in St. Petersburg and Paris, who constitute the bank directorate—the indisposition of China to see the great central railroad line of the country constructed by such agents is sufficiently natural. If the presumed necessity of guarding the East Chinese Railway against attack was a valid ground for the military occupation of Manchuria, it would be difficult to exaggerate the portentous possibilities which may attend Russo-French control, under the thin disguise of Belgian influence, of a railroad extending from Peking to Canton. It is very unfortunate that such a contingency should have come in the train of the failure of American concessionaires to fulfill their engagements, and equally so that the first participation of our people in the material development of China should have had so abortive an ending. It was announced only a few weeks ago that all the rolling stock of the Wuchang-Canton Railroad would come from the United States; that the locomotives, to be built here, would weigh 130 tons, and that the freight cars would be of 80,000 pounds capacity. The rails and steel sleepers were, even last December, announced as coming from Belgium, and it may safely be assumed that the orders for the rolling stock will now follow those for the permanent way.

THE AMERICAN CHINA DEVELOPMENT COMPANY.

NEW YORK, March 21, 1904.

Editor of the Journal of Commerce and Commercial Bulletin:

SIR—Referring to your editorial of the 16th inst. concerning the American China Development Company and its Hankow-Canton railway enterprise, the following points seem to me to need correction:

Your suggestion that the line has "ceased to be American." There has been no change in the charter or status of the American China Development Company. It remains and must remain distinctively American. The stock interest which the Belgians have acquired therein has no more effect upon the company's status than similar stockholding in the past in scores of other American corporations—corporations, for example, like the Erie, the Pennsylvania, the New York Central, the Illinois Central, the "Frisco," etc.—or, notably, the Panama Railway Company, which, although owned and controlled by French stockholders, has for years past properly enjoyed and exercised its rights as an American company, having even been protected therein by the United States Government to the extent of the landing of troops from time to time on foreign territory.

As a matter of fact there is a large American stock interest retained by individuals of well known and high character. Mr. Parsons has resigned as president, having been appointed on the Panama Canal Commission, and also as consulting engineer of the London Urban Transit System. He remains a director in the company.

As to the "working organization" (presumably in China) having "ceased to be American and become Belgian" this again is not the fact. The representatives of the company now in China, since the leaving of the general manager for home, are unchanged, and include Captain Mead, an American citizen, as acting engineer in chief; Mr. Kingsford, as comptroller and agent, and a staff largely American. We have, say, 150 white employees; of these four only are Belgians.

As to your suggestion that there can be no question of the concession for the Hankow-Canton line being given to encourage American enterprise, I have no comment to make, except, perhaps, that the chief reason for the Imperial Government thus acting was its very natural desire to have this railway built for its own purposes rather than to provide scope for American operations and profit. Just before thus dealing with the Americans the Government granted a like concession for a trunk line from Hankow to Peking, and then desired, for reasons of its own, to have an American company undertake the construction of the line from Hankow to Canton. In these matters it is well understood that these nationalities were selected over others because of neither having any views of territorial acquirement.

In this regard it is well to observe, as an indication of the attitude of mind of the Imperial Chinese Government toward the Belgians in respect of the American concession, that soon after this was granted such Government accorded to the Belgian company of the northern line a right of reversion in such American concession should the American concessionaires fail to carry it out. As a matter of fact, the Americans had theretofore made no development in China, and it is extremely doubtful if unassisted American money could yet be found for this purpose.

On the suggestions that the "American character of the enterprise has for some time past been purely nominal"; has now "ceased to be even that"; and that the directorate of the American company has "now become Belgian both in name and in fact," it follows from what has already been stated that these allegations are not consistent with the facts.

As already shown the status of the company as a purely American corporation has not been changed, and as a matter of fact the composition of its board of directors is overwhelmingly American, and of distinctive as well as high character. Of the nine directors of the company seven are American citizens—namely, August Belmont (of Messrs. August Belmont & Co.); Temple Bowdoin (of Messrs. J. P. Morgan & Co.); William Barclay Parsons, Henry W. de Forest, Pierre Mali, Frederick W. Whitridge and Charles A. Whittier.

As to the Chinese Government "revoking" the concession, it is difficult to discern wherein there could be any possible ground for a revocation of a concession which has been and is being faithfully carried out in all its conditions. The contract, indeed, has nothing to say about any such aspect except in the contingency that the American company might seek to transfer the concession to some other nationality. But even in this event the Northern Belgian group would be entitled to its reversion.

Answering the final specific suggestion of your editorial in relation to rolling stock for the railway having been intended to be derived from the United States, I may say that there is and will be no change in the policy of the company in regard to buying materials wherever the cheapest markets may be found. As a matter of fact certain rails and steel ties were bought last year in Belgium and shipped to China, but these were so bought because at that time it was impossible to buy those articles in the United States for delivery that year.

I have endeavored to meet all the essential points of your editorial. Speaking generally on this subject, it may be of interest to you to know that the American stockholders of the company are forced to recognize in their important operation of building a trunk line in China, that markets for bonds secured thereon must necessarily be availed of wherever these may be found to exist, and cannot now be so found with any degree of probability in the United States. The Imperial Chinese Government has indeed always fully realized and agreed in this view, as is shown by the terms of the concession, although it is the bonds and not the stock which is of importance when sold abroad, because of these (the bonds) carrying a lien on the Chinese property. It is under these inevitable circumstances that loans on the British and other foreign railway corporations in China and Chinese loans generally have sought the French, Belgian and German markets, where it will be proposed in due season to offer the bonds of the American Hankow-Canton line. Thus far the preliminary funds of the company's initial construction have been found by the company among its stockholders.

In looking again at your editorial, I observe one important suggestion to be thus far unanswered. This is the implication—if it be so intended—that there is something about the Belgian stock interest in the American company which our State Department has felt it necessary to keep itself aware of. As to this, should any reply be desired, I may say that there is not now, and never has been, any ambiguity on the point with such department. On the contrary, I was myself present in the department when one of the company's counsel nearly two years ago made a full and frank statement of the facts in this regard.

Very respectfully yours,

CHARLES A. WHITTIER, President.

STATUS OF THE AMERICAN CHINA DEVELOPMENT COMPANY.

We publish elsewhere a letter from Gen. Charles A. Whittier, taking exception to some statements made in these columns in regard to the present status, in an international sense, of the American China Development Company, of which he was recently elected president. General Whittier says that the company "remains, and must remain, distinctively American," and that there is a large American stock interest in it retained by individuals of well known and high character. As a matter of fact, of the 6,000 shares of the company, 4,000 are directly held for the controlling Belgian interest, and of the remainder the only important block of the stock likely to remain in "distinctively American" hands consists of the 600 shares standing in the name of J. P. Morgan & Co. It is a matter of common knowledge that the syndicate which was the parent of the present company started under purely American auspices, and that General Whittier was employed a few years ago to acquire a controlling interest in its stock for a company headed by the King of the Belgians. A sufficient number of shares was obtained to give the Belgians an assured majority, but the nominally American character of the enterprise remained undisturbed, General Whittier contenting himself with the position of treasurer. To enable the company to begin the work of construction a loan of \$3,000,000 was negotiated, of which the Belgian interests supplied \$2,000,000 and the American, represented by J. P. Morgan & Co., \$1,000,000.

Now, it is rather trifling with the question to assert, as General Whittier does, that the stock interest which the Belgians have acquired has no more effect upon the company's status than similar stockholding in the past in scores of other American corporations—"corporations, for example, like the Erie, the Pennsylvania, the New York Central, the Illinois Central, the 'Frisco,' etc., or notably, the Panama Railway Company." It is surely absurd to pretend that a foreign stockholding interest in railroads operated on American soil has a precisely comparable status to a similar interest in an American corporation chartered to construct a railroad in a foreign country, and claiming, as this corporation has already done, the intervention of the strong arm of the United States for the protection of its agents against mob violence in that country. Nor is the case of the Panama Railway Company, in spite of its French stockholders, a parallel one, since our Government is under treaty obligation to protect traffic across the Isthmus against interruption. The change of status of the American China Development Company becomes a public question because, in ceasing to be "distinctively American," and coming under the management and control of representatives of the King of Belgium, the obligation to protect it must be held to pass to the government in whose head or in whose subjects is vested the title to a controlling majority of its stock. General Whittier says that Mr. William Barclay Parsons resigned as president because of the pressure of other duties. The fact is that he was asked to resign, and remains a director of the company merely in fulfillment of an obligation with whose character General Whittier is necessarily familiar. To prove that the composition of the board of directors is "overwhelmingly American," General Whittier recites seven of the nine names of the members of that board, one of which is his own, the avowed agent of the Belgian interests; another is that of the Belgian consul in New York; a third that of the attorney who aided General Whittier in securing for his employers the control of the syndicate, and a fourth that of a personal appointee. Two directors not enumerated by General Whittier are Colonel Thys, of Congo fame, the

personal representative of the King of the Belgians, and Senator De Volder, late Finance Minister of Belgium, under whose supervision the recent reorganization of the company was effected. On the board of nine members it would thus appear that, however "distinctive," and of character however high, it would be an abuse of language to call the majority American. In China the working force of the company remains pretty much as the general manager now on his way home, and not at all likely to return, has left it. But of the two names cited by General Whittier only one is an American, the other being a British subject.

As to the grounds on which the concession was originally granted, General Whittier is apparently not aware that subscriptions to the original syndicate, formed in 1895, to exploit "various grants and concessions" which Mr. Albert W. Bash had reason to believe he could secure from the authorities in Peking, were invited on the ground "that greater readiness exists there to make concessions to American citizens than to those of European nationalities, for the reason, among others, that fewer political complications are likely to be met with where the former are concerned." Mr. Wu Ting-Fang, the Chinese Minister in Washington, who was deputed by the Tsung-li-Yamen and the Director-General of Imperial Chinese Railways to sign the contract on April 14, 1898, with the American China Development Company for the construction of the Hankow-Canton Railway, was never tired, publicly or privately, of proclaiming his satisfaction with the appearance of American capital in this department of enterprise in China. When the advent of Belgian control was announced to Mr. Wu, his dissatisfaction was expressed in a manner which formed a violent contrast to his customary Oriental calm. So little thought was there in April, 1898, of the possible failure of the American concessionaires to carry out the work they had undertaken that an addendum was then and there made to the contract, providing that if the agreement should be cancelled which had been concluded with the Belgian syndicate in May, 1897 (after being first offered to the Americans), to construct the railway from Lukouchiao to Hankow, the Director-General should authorize the American China Development Company to undertake the task. When it came to the making of a supplemental and final agreement with the American company in July, 1900, the nationality of the concession was so carefully guarded that it was expressly provided that "the Americans cannot transfer the rights of these agreements to other nations or people of other nationality."

In November last, when the first 12 miles of the Canton-Hankow Railway was opened to business with appropriate ceremonies, the occasion was publicly declared to be one of "national and international significance," and the secretary of the company, Mr. W. Kirkpatrick Brice, said to its "honored guests, the representatives of the Chinese Government": "We Americans have come among you to help you in your progress. We come peacefully and we mean to do justly with you and your people. We are still at the beginning of our great work." Unhappily, it would appear that the Americans were then about ending their share of the work, and that the Belgian control which, up to that time, had only fitfully asserted itself, was about to be made complete. Generally Whittier, apparently unmindful of the implied admission he was making, says that in the event of the failure of the American company to carry out its contract, "the Northern Belgian group would be entitled to its reversion." It is quite open to the General and his associates to call themselves the "Southern Belgian group," though the two interests are absolutely identical, but it should not be open to them to masquerade as an American company, entitled to all the protection which the flag insures to the enterprises of its citizens in foreign lands.

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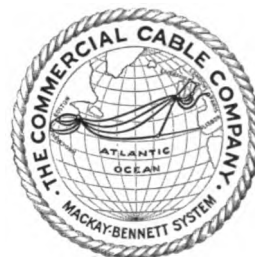
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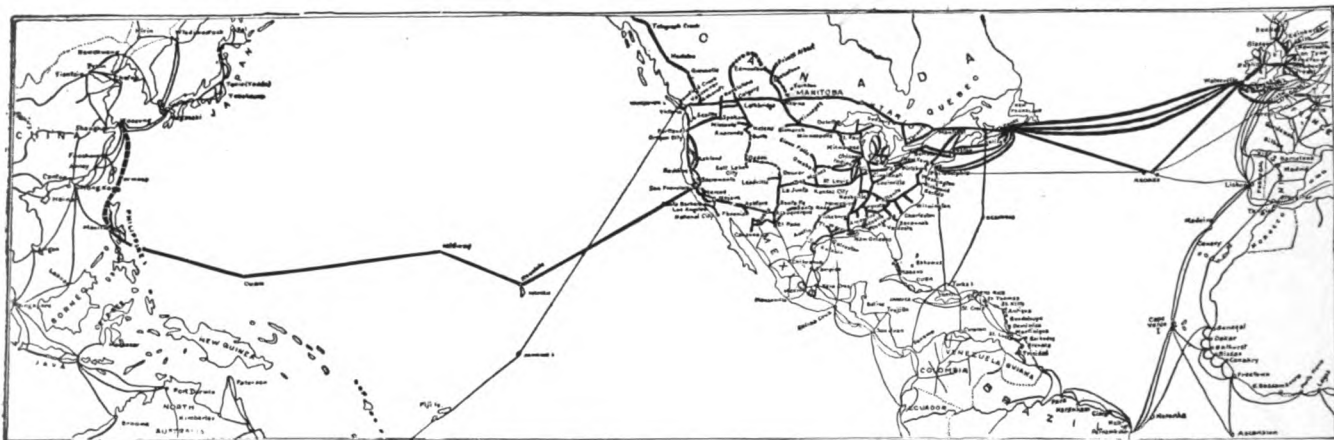
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Journal of The American Asiatic Association

VOL. IV.

May, 1904
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JOHN FOORD, PUBLISHER,
78 Beekman Street,
New York City.

WE reproduce in this number of the JOURNAL practically all of the correspondence regarding the negotiations between Japan and Russia preceding the present war, which was submitted to the Japanese Diet last month. The omitted dispatches are purely formal, and have no special bearing on the questions under discussion. The comprehensive summary which was prepared for us at the Japanese Legation and was published in our March number, anticipated all the essential points of this correspondence, but the value of the complete details, as a historical document, must be apparent to all our readers. For one thing, they supply the most conclusive answer to Russia's professed desire "to solve the complications which had arisen in the Far East in a peaceful manner," and for another, they may assist in conveying to that section of the American press and public which still persists in throwing on Japan the responsibility for the war, a more correct appreciation of the facts of the case. It will be observed that, from the first, the Emperor of Russia declared his preference for the transfer of the negotiations from St. Petersburg to Tokio, and expressed his desire to have the details referred to Admiral Alexieff. A careful reading of the correspondence will serve to confirm the idea that the Czar's Viceroy in the Far East was the evil genius of the whole controversy; that he deliberately contrived to bring on a war by prescribing terms of settlement which he knew to be inadmissible, and that he lengthened out the negotiations by tedious delays calculated to exasperate the Japanese. The patience and moderation of the government of Japan are brought out in the published correspondence as clearly as the irritating and evasive tactics of Russia, whose recently expressed aversion to the war, however natural as an afterthought, contrasts very unfavorably with her busy preparation for it, while trying to distract her adversary by futile negotiations.

WE commend the address delivered by Secretary Taft delivered before the Chamber of Commerce of the State of New York, which we reproduce in another part of this issue, as the most statesmanlike, judicial, and comprehensive treatment of the Philippine question yet presented to the American public. It is possible that the address suggests more strongly the special equipment of Judge Taft for the administration of our Little India, than it does the capacity of the Congress of the United States to deal wisely with the problems which such a possession naturally presents. When the Secretary of War challenges the opponents of the policy

of expansion "to point out anything which has been done to the Philippine Islands, either immediately under the government there established or by the United States, which savors in the least of a selfish use of those islands for the benefit either of individuals in the United States, or of the government itself," he is obliged to confess that some color for such a charge might be found in the attempt made during the present session of Congress to put in force our coastwise laws for the benefit of the shipping of the United States in respect to the trade between the islands and this country. It is hardly a sufficient answer to any just criticism on this legislation to say that the operation of our coastwise laws in regard to Philippine commerce has been postponed for two years longer. An honorable observance of the letter of the treaty of Paris, as interpreted by the men who made it, would at least demand that there should be equality of treatment for the ships of all nations during the ten years prescribed in the fourth article of the treaty. If, as Secretary Taft properly insists, the well-being of the Filipinos should be the first consideration in our insular policy, then, clearly, Congress departed from the principle in trying to do something for American shipping at the expense of the Filipinos, and the fact that the commission of the wrong has been deferred for two years does not greatly mend the matter. While not contending that the labor in the Philippines is as good as Chinese labor, Secretary Taft emphatically disputes the contention that labor conditions in the Philippines are hopeless. He feels sure that the same process of instruction by means of white foremen, which proved effective in Cuba, will be equally successful with the Filipinos.

We give on another page the genesis of the Perry Memorial Relief Fund, and the names of the gentlemen in New York who have, so far, consented to serve on the General Committee. It will be the effort of this Committee to construct an organization embracing the entire country, and to form in the various sections of the country, branch committees to carry on the work. Men associated with large financial enterprises may be expected, on prudential grounds, however ardently they may sympathize with Japan, to refrain from active participation in such a movement. But while individual subscriptions of considerable amount may be difficult to obtain, it seems reasonable to expect that thousands of small subscriptions will be forthcoming from that great body of the American people who realize the fact that Japan is fighting the battle of our trade and our civilization, and who are impelled, by a sense of duty no less than of sympathy, to do all in their power to help her. While the movement, as started in Tokio, embraced both Japanese and Americans, it is obviously inexpedient that it should assume this mixed form here. Resident Japanese have already liberally responded to appeals made to them by their own countrymen, and the moral effect of a mass of subscriptions to the Perry Memorial Relief Fund would be greatly enhanced by retaining for it a purely American character.

A BRIEF report will be found in this number of the JOURNAL of the speeches made on the occasion of the dinner given by General Stewart L. Woodford, lately United States Minister to Spain, in honor of Baron Kentaro Kaneko. As most of our readers are aware, the Baron comes as a kind of unofficial envoy to the United States, and, since his arrival

here, has been diligently keeping in touch with the political sentiment in the country, as well as with that of the men who conduct the larger operations of American commerce and finance. An effort has been made to reproduce in full, the extemporaneous address delivered by the Baron at the Woodford dinner. Its felicity and tact will be generally recognized, and it will give our readers in the Far East a fair idea of the very effective method of persuasion which Baron Kaneko has adopted in dealing with the public sentiment of the United States. The generous tribute which the Baron paid to the memory of Admiral Makaroff was very thoroughly appreciated by the thoroughly representative company assembled around the table. Generous appreciation of an enemy is always popular with an American audience, and in striking the chord which he did, the Baron made a clearer demonstration of the many points of likeness between the American and Japanese character than he could have done by the most eloquent and analytical of arguments.

PRINCE P'U LUN, who has come to represent his uncle the Emperor of China at the Louisiana Purchase Exposition, has already won golden opinions by the simplicity of his manners, his evident intelligence, and his keen interest in all the progressive phases of our civilization. The American Asiatic Association hopes to have the Prince as the guest of honor at its annual dinner this month. In fact, the dinner has been kept waiting for the Prince's arrival, and a date is now being arranged which will fit in with his engagements in St. Louis. As Mr. Fischer remarks in a letter, elsewhere published, the spirit in which China has responded to the invitation of the United States to be represented at St. Louis, is in marked contrast with the churlishness exhibited by the Immigration Officials at San Francisco in interposing obstacles to the admission of the Chinese artisans required for the installation of the exhibit under the charge of Mr. Carl. There has been, of late, encouraging indications of a disposition on the part of the commercial bodies of the United States to protest against the offensive administration of the Chinese Exclusion Act by the subordinates of the Bureau of Commerce and Labor. A petition of protest was formulated by the Commercial Club of Indianapolis, and, at their request, has been seconded by the New York Chamber of Commerce, the Board of Trade and Transportation, and similar organizations. Just before the adjournment of Congress, an effort was made in the form of an amendment to the General Deficiency Bill, to enlarge the discretion of the Immigration Officials and to give legislative sanction to some of their most arbitrary rulings. This was, happily, defeated through protests addressed to individual Senators by members of this Association, and, pending the negotiation of a new treaty of Immigration with China, a simple reenactment of the existing law took the place of the objectionable amendment. While there is no hope that the new treaty will be more liberal in its provisions than the one expiring by limitation in December, it should be easily possible to have it so framed as to enable Chinese merchants, students, and travelers for pleasure to come here without being subjected to insult and contumely at the port of entry. The regulations ought to form, if not part of the treaty, at least an appendix to it, so that it might be clearly understood what are the rules of conduct prescribed for the guidance of our Immigration Officials and what are the limitations imposed on their chronic Sinophobia.

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the nine months ending March 31, 1903 and 1904.

EXPORTS TO CHINA.

Months. 1902.	Cotton Cloths. Yards.		Mineral Oils. Gallons.		Wheat Flour. Barrels.	
July	32,036,120	\$1,658,250	70,139	\$13,505	1,465	\$4,606
August	23,366,570	1,087,054	730,110	57,474	2,657	9,108
September	23,759,038	1,190,977	55,492	11,800	8,804	25,589
October	20,472,678	1,036,726	3,017,797	270,697	18,620	56,636
November	6,712,750	340,422	2,292,023	198,958	16,717	50,510
December	20,582,544	1,074,463	6,205,559	529,109	11,546	37,273
1903.						
January	18,440,398	924,882	1,944,706	197,967	8,637	26,288
February . . .	34,642,500	1,713,994	878,660	92,265	1,524	4,805
March	37,929,363	1,850,571	1,712,040	179,780	9,457	31,372
Total	217,941,961	\$10,877,339	16,906,526	\$1,549,555	79,427	\$246,187
1903.						
July	9,751,868	\$443,228	1,384,881	\$147,423	166	\$587
August	4,096,161	189,133	1,644,834	142,882	1,653	6,650
September	3,377,050	168,208	1,001,398	109,456	9,016	31,407
October	9,370,600	414,156	5,509,766	647,751	7,448	25,937
November	1,038,835	69,055	3,376,910	405,300	17,325	58,033
December	3,665,364	230,546	2,496,200	303,123	10,812	38,951
1904.						
January	8,906,813	476,609	3,772,243	447,712	6,303	24,019
February	13,806,444	785,473	7,305,887	862,625	2,489	9,264
March	8,652,392	435,780	5,808,064	695,371	11,515	39,999
Total	62,365,497	\$3,197,858	32,300,183	\$3,761,643	66,727	\$234,847

EXPORTS TO HONGKONG.

1902.						
July	1,200	\$220	1,301,020	\$101,420	75,811	\$228,906
August	38,103	2,470	768,590	69,360	93,998	295,892
September	14,739	1,418	33,250	4,002	141,598	437,587
October	17,550	3,111	5,100,885	439,318	137,672	422,355
November	6,568	1,400	3,023,690	264,956	147,545	477,722
December	69,107	6,395	2,894,751	286,066	240,937	826,823
1903.						
January	22,099	3,841	.....	.....	142,918	460,238
February	161,346	9,798	1,001,830	105,190	126,693	427,199
March	36,858	3,267	.....	.....	106,520	395,479
Total	367,570	\$31,920	14,124,016	\$1,270,312	1,213,692	\$3,971,701
1903.						
July	117,991	\$13,468	822,392	\$86,725	39,890	\$143,890
August	60,502	9,083	124,179	16,514	83,724	330,075
September	7,652	828	1,773,512	199,683	193,545	736,441
October	24,740	4,840	1,581,553	174,495	165,903	658,178
November	5,963	809	1,241,310	148,971	128,144	494,014
December	17,825	3,058	5,955,043	721,169	175,682	646,422
1904.						
January	5,877	994	955,320	112,700	155,130	574,431
February	26,000	2,027	34,234	5,223	189,308	694,139
March	37,919	7,538	54,365	5,801	58,718	232,217
Total	304,469	\$42,645	12,541,918	\$1,471,281	1,190,044	\$4,509,860

DEPARTMENT OF COMMERCE AND LABOR,
Bureau of Statistics.

WASHINGTON, D. C., April 26, 1904.

Imports of Tea and Silk into the United States for the nine months ending March 31, 1902, 1903 and 1904.

TEA.						
Imported from	1902.		1903.		1904.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	2,624,000	500,987	4,748,343	849,238	5,384,131	1,099,205
British North America....	1,205,926	210,945	1,610,288	317,975	1,608,801	361,561
Chinese Empire.....	34,433,284	3,579,255	54,428,064	6,888,638	50,125,502	6,963,355
East Indies.....	2,055,444	277,496	5,398,675	658,426	5,456,915	838,645
Japan.....	28,723,649	3,859,731	34,387,317	5,415,813	40,030,233	7,297,763
Other Asia and Oceania ..	269,042	34,302	364,801	42,404	386,384	48,046
Other countries	57,952	10,797	5,677	2,393	52,232	12,909
Total.....	69,369,297	8,473,513	100,943,165	14,174,887	103,044,198	16,621,484
RAW, OR AS REELED FROM THE COCOON.						
SILK.						
Imported from	1902.		1903.		1904.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France.....	433,366	1,459,955	468,556	1,782,214	203,502	787,766
Italy.....	1,913,979	7,401,536	2,364,786	9,790,498	1,233,658	5,526,483
Chinese Empire.....	2,259,120	6,202,568	2,612,880	7,568,543	2,214,649	6,403,716
Japan.....	5,126,924	17,119,452	5,984,816	21,576,465	5,407,526	19,993,318
Other countries	316,239	1,005,012	48,681	166,587	68,741	243,164
Total.....	10,049,628	33,188,523	11,479,719	40,884,307	9,128,076	32,954,447
Waste .....lbs. free..	1,218,550	690,043	1,231,882	764,732	3,610,364	1,427,098
Total unmanufactured .....	.....	33,880,121	.....	41,649,197	.....	34,392,242

CHINA AT THE LOUISIANA PURCHASE EXPOSITION.

St. Louis, April 27th. The Middle Kingdom rarely participated officially in International Exhibitions, but the Celestial Government this time has made an exception, and has taken occasion to show its appreciation of the good-will and friendship of the United States. Not only has China sent a most exquisite exhibit to St. Louis, and constructed on the Fair grounds a most striking piece of Oriental architecture for a governmental pavilion, but she has also sent a Prince of Royal blood who as Chief Commissioner represents His August Majesty the Emperor of China at the Louisiana Purchase Exposition. His Royal Highness Prince P'u Lun has won the hearts of the St. Louis people and has made warm friends among the Exposition Officials.

China is one of the few nations that will be ready for the first day of the Exposition, at least so far as its Government Pavilion is concerned. This structure attracts the attention of every visitor of the Fair grounds, occupying a most advantageous position on the main front of the Foreign Government Pavilions, between the Pavilions of Great Britain and Belgium, standing opposite the Pavilions of Austria, Sweden and Holland, and is a temple-like Chinese Mandarin Residence, with a high square wall around. In this compound, the visitor finds, after entering the wooden porch on which are painted antique Chinese soldiers, at its east and west wing Chinese reception and tea rooms, while the central building contains a large hall elaborately furnished with an immense sofa of Canton ebony inlaid with mother of pearl. Other Foochow lacquer tables show this kind of Oriental Art work at its best. There are large Chinese lanterns suspended from the roof of the building. Several columns with immense dragons of gilded carved wood give an air of solidity to the apartment which is tastefully decorated with embroidered and painted scrolls and

other Chinese wall hangings. Here in this beautiful Chinese palace, which is a copy of part of the Peking residence of H. R. H. Prince P'u Lun only visitors will be permitted who have admission tickets signed by Wong Kai Ka, the Imperial Chinese Commissioner: He has superintended the construction of this master-piece of Oriental work, assisted by the following Chinese gentlemen: Li-Hung, Chang Yow Tong, Ki Owyang, Tong Foo Poi, and You Kit Nou.

But China has not alone a dignified exhibit so far as its Pavilion is concerned. Those who have had occasion to pass through the Chinese section of the Liberal Arts Building have spoken in admiring terms of the beautiful collection of works of art which have been installed in this palace in a very large and well-situated court. On this there has been for many weeks hard at work, Mr. Francis Carl, Commissioner of the Imperial Maritime Customs, and Mr. D. Percebois, the Secretary of the Imperial Chinese Commissioner assisted by Customs people and a number of Chinese workmen, whom Mr. Carl has brought along, putting up a large number of models of all kinds of native boats as seen on the great water courses of the Middle Kingdom. There are large Mandarin boats with their flags and other characteristic emblems, small Cantonese slopper boats, boats of Szechuan of Hunan of Chekiang, of the Pei-ho and the Yellow River. Life-sized figures are presented of various types of the natives of the country. Among the other attractions to be found in this section, are the art and industrial products of Chinamen of Shanghai, Ningpo, Hangchow, Soochow, Yü-Yao, and other cities and districts of the country. The spirit shown by China in lending her participation to the Louisiana Purchase Exposition is in marked contrast to the attitude shown towards her by the Custom Officials of this nation at San Francisco, when the Commissioner Carl arrived at that port with a number of native workmen accompanying him for the purpose of putting up the Chinese exhibit at St. Louis. In spite of Consular and other papers signed by the United States Officials stationed in the Orient showing the reason why these men were taken along, it took many weeks before they were allowed to land and proceed with the commissioner to St. Louis.

EMIL S. FISCHER,
Commercial Secretary of the Austrian Government Commission.

THE PERRY MEMORIAL RELIEF FUND.

On the 30th of March, the Secretary of the Association received a cablegram from the Secretary of the American Asiatic Association of Japan intimating that on March 31st, being the fiftieth anniversary of the signing of the first treaty by Commodore Perry, between Japan and the United States, it was proposed to hold a commemorative meeting in Tokio and to start in Japan and the United States a relief fund for the relief of Japanese soldiers and sailors to be called "Perry Relief Fund." It was added that the movement had the enthusiastic support of leading Americans and Japanese, and it was urged that the movement should be vigorously pushed on this side. Another cablegram was received on April 4th stating that the meeting of March 31st had been a great success; that Japanese and Americans had subscribed nearly 70,000 yen, and that a strong American-Japanese committee had been organized. The request was renewed that a Committee should be immediately formed in the United States, and it was suggested that the success of the movement here would greatly promote American interests in Japan. A third cablegram was received on April 5th announcing that the American Perry Relief Fund was to be placed at the disposal of the Minister of the Imperial Household for distribution under command of His Majesty the Emperor.

According to more detailed advices sent to the press, Count Okuma made the principal speech at the meeting in Tokio. He said that as the Japanese became more familiar with Americans they could not but admire them for their love of justice and humanity, which were, he said, such prominent national traits. Bishop McKim, who had suggested the organization of the fund, said charity was beyond the pale of politics, and the movement had no significance except as an appeal to broad, humanitarian sympathies. The American Asiatic Association in Japan headed the subscription with 10,000 yen; Barons Iwasake and Mitsui also subscribed 10,000 yen each; Prince Shimezu, head of the Satsuma Clan, and Prince Mori, head of the Choshu Clan, each gave 5,000 yen; Messrs. J. W. Copmann and D. O. Blake gave 2,000 yen apiece; Counts Inouye, Matsugata, and Okuma, and Mr. Griscom, United States Minister added 1,000 yen each.

The Executive Committee of the American Asiatic Association directed the Secretary to attend to the organization of the movement here, and a meeting was called at the office of the International Banking Corporation, No. 1 Wall Street, New York, on April 19th, for that purpose. At this meeting the Perry Memorial Relief Fund Committee was formally organized, and the following were elected its officers:

STEWART L. WOODFORD, Chairman.

JAMES S. FEARON, Treasurer.

JOHN FOORD, Secretary.

EXECUTIVE COMMITTEE.

James R. Morse, Chairman,
Perry Belmont,

Silas D. Webb,
Albert Cordes,

George Hewlett,
J. W. Congdon.

Up to date the following have signified their readiness to act as members of the General Committee:

GENERAL COMMITTEE—NEW YORK DIVISION.

Stewart L. Woodford,
Charles Stewart Smith,
Henry R. Mallory,
August Belmont,
Cornelius N. Bliss,
Whitelaw Reid,
Henry E. Howland,

Isaac N. Seligman,
John C. Calhoun,
Perry Belmont,
Silas D. Webb,
James R. Morse,
John Hone,
Isidore Straus,

Adolph S. Ochs,
James S. Fearon,
George F. Seward,
Chester S. Lord,
Albert Cordes,
Charles De Cordova,
George Hewlett,

J. W. Congdon,
Charles F. Homer,
Charles A. Schieren,
W. H. Stevens,
John E. Parsons,
William Berri.

The following is the form of appeal for subscriptions which has been adopted and will be generally circulated as soon as the Executive Committee is able to announce a few subscriptions of considerable amount:

The Perry Memorial Relief Fund was started at a meeting held in Tokio on the 31st of March to commemorate the fiftieth anniversary of the signing by Commodore Matthew C. Perry of the treaty of peace and amity between Japan and the United States by which Japan was opened to the trade of the world.

The fund is intended for the relief of the families of soldiers and sailors in Japan left destitute or in needy circumstances by the death or disablement of their natural protectors. It will be placed at the disposal of the Minister of the Imperial Household for distribution under command of His Majesty the Emperor of Japan.

At the request of Americans in Japan, a Committee has been formed here to invite contributions to the Fund, and steps are being taken to make this organization co-extensive with the country and of a thoroughly representative character.

Subscriptions should be paid only to the bearers of duly authenticated blanks, to newspapers announcing their readiness to receive them, or to the Treasurer of the Fund, Mr. James S. Fearon, 96 Wall Street, New York.

DINNER TO BARON KANEKO.

A dinner in honor of Baron Kentaro Kaneko, an ex-Cabinet Minister of Japan, who is spending some time in this country, was given at the University Club on April 14 by Gen. Stewart L. Woodford, ex-Minister to Spain.

General Woodford visited Japan several years ago and he then met Baron Kaneko, who did much to make General Woodford's visit enjoyable. The dinner was given by General Woodford in appreciation of the Baron's kindness and of that of his countrymen.

More than a hundred guests, among them many of the best known men in social, financial and political life, were at the dinner to meet the Baron. Among them were three grandsons of Commodore Perry, who opened Japan to foreign trade fifty years ago. They were Rear Admiral Rodgers, U. S. N., and August and Perry Belmont.

After the dinner there were a few informal speeches, in which the good will of the host and guests to the guest of honor and to Japan was made plain.

Rear Admiral Rodgers described how he went to Japan from the Philippines with three United States warships when the monument to Commodore Perry was unveiled, not long ago, and how cordially the Japanese welcomed the American visitors.

Charles S. Fairchild, ex-Secretary of the Treasury; Whitelaw Reid and ex-Judge Henry E. Howland also made short addresses of welcome to the Baron.

The address of Baron Kaneko was, substantially, as follows:

It is the rarest of privileges and the highest of honors which has been conferred on me by General Woodford and this distinguished company, and I value it all the more because it gives me an opportunity to express my sense of personal indebtedness to the United States and my sentiment of gratitude to the American people. I came here thirty-three years ago and was educated in the public schools of Boston, afterward entering the Harvard Law School, where I graduated in 1878. I shall never cease to recall with pleasure my eight years' residence among your people, from whom I found everywhere a most cordial reception and most hospitable welcome. Their kindness has left upon my mind an enduring impression, and has made me regard the United States as my second home. The atmosphere of America and the characteristic kindness of the American people make a foreigner feel at home as soon as he takes up his abode here, and leave an impression which can never fade. Among your New York people who were with me at Harvard I can well recall the names of Theodore Seligman, George F. Canfield and Victor Morawitz.

But apart from my personal relation to the United States, my country is also deeply indebted to you as a

nation. Just fifty-one years ago Commodore Perry came to Japan with instructions from President Fillmore to promote and advocate the policy of the "open door." Perry advised and persuaded our Government—then under the Shogunate—by peaceful methods. But, unfortunately, we had at that time many internal troubles, and our domestic dissensions interfered with a ready acceptance of the advice of your representative. It was finally accepted, however, and the policy he came to press upon us was adopted. This policy was firmly and finally established by the Emperor, after his accession to the throne in 1868. In the Imperial oath was inserted this solemn declaration: "Henceforward we shall seek knowledge and wisdom from the civilized world." This was the fundamental principle of the Imperial restoration—the open door policy of the new régime in Japan.

This policy has ever since been tenaciously and faithfully adhered to. The Executive branch of our Government was reorganized according to the principles and methods of the departments in Washington, and we drew their rules of administration from the statute law of the United States. After this the Japanese financial policy was modeled on your own, and our national bank system was framed after the American pattern. Our Government had its paper money made and printed in New York, and some of you here tonight may be able to testify about your own experience in this matter. Then, for the organization of the post office, the light house system, the work of public education, we asked your Government in Washington to select us American advisers in each department. Their work was admirably done, and its results will be apparent while our nation endures. We studied naval organization in England, and, as the basis of our law, we adopted the Code Napoleon, which was afterward modified more or less after the fashion of the German Codes. To crown all we finally adopted the Parliamentary system of government in promulgating the Constitution of 1889. Our Constitution guarantees religious freedom in a far greater degree than is allowed in some European countries.

These are the results of the Anglo-American civilization brought to us by Commodore Perry, acting under the instructions of his Government. Under such auspices the new era was opened for Japan and she became known to the world. Ever since, Japan following closely the advice received from the American Government, has tried with all her might to attain an honorable position in the family of nations. As this ambition was first imparted by the United States we all feel indebted to your Government and people, and we shall always retain a sentiment of gratitude toward them. After we had adopted

the principles of Anglo-American civilization, and had fairly imbibed the spirit of your institutions and manners, we felt it to be our duty to introduce the open door policy to Corea and China, as your Commodore Perry had done to us fifty-one years ago. In doing so we were not only acting as the pioneers of Anglo-American civilization in Asia but were promoting the policy favored by your people and your Government in Washington from the time of President Fillmore to that of President Roosevelt. Now in the midst of these efforts to obey the impulse received from America we are confronted by one of the mightiest Powers in Europe. If you compare the area and population of Japan with the area and population of Russia, you will appreciate how unequal is the contest into which we have been forced. After many long and much delayed negotiations we were plunged into war, but we are not fighting this war for territorial aggression or military ambition. Its purpose is to uphold and maintain that Anglo-American civilization whose future in the Far East is the real stake in the present conflict.

I cannot close without adverting to the sad news of the loss of Admiral Makharof which reached us yesterday. As a loyal subject he served his sovereign bravely and so nobly that his name has been recorded in the annals of naval warfare as the foremost among Russians. His loss will be equally lamented by friends and foes. And now, gentlemen, I can only take leave of you by saying that in this critical moment of the struggle for the existence of my country, I can find no words to express my heartfelt thanks to General Woodford and to the distinguished company which he has brought together tonight for their kindness and courtesy.

Some of the guests at the dinner other than those mentioned were:

James W. Alexander, George F. Baker, Gen. Alfred C. Barnes, William Barbour, ex-Assistant Attorney General James M. Beck, David A. Boody, T. G. Bergen, William Berri, John L. Cadwalader, R. Fulton Cutting, John C. Calhoun, the Rev. D. Howard Duffield, William Butler Duncan, Julien T. Davies, Silas B. Dutcher, Charles S. Francis, ex-Minister to Greece; President John H. Finley, of City College; Hamilton Fish, H. C. Fahnestock, John Foord, Julian D. Fairchild, Lyman J. Gage, John W. Griggs, Comptroller Edward M. Grout, Gen. Thomas H. Hubbard, Joseph C. Hendrix, Edward Holbrook, Morris K. Jesup, Gen. Thomas L. James, Prof. George T. Ladd, of Yale; Frank R. Lawrence, Chester S. Lord, Walter S. Logan, Chancellor Henry M. McCracken, Col. John J. McCook, John G. Milburn, Prof. John Basset Moore, the Rev. Donald Sage Mackay, William A. Nash, John E. Parsons, Frank H. Platt, Herman Ridder, Sir Percy Sanderson, the British Consul-General; President Jacob G. Schurman, of Cornell; Charles Stewart Smith, George F. Seward, Oscar S. Straus, Col. William Cary Sanger, J. Edward Simmons, Henry Seligman, Gen. Benjamin F. Tracy, Consul-General Uchida, of Japan; Dean Van Amringe, of Columbia University; Frank A. Vanderlip, Sir William Van Horne and Gen. Joseph Wheeler.

MEMBERSHIP OF THE ASSOCIATION.

On April 5, a second circular letter was sent to the members urging them to use all possible efforts to secure further additions to the ranks of the Association.

Up to April 29, the following proposals were received, and were duly accepted by the Executive Committee at its meeting of that date:

Name.	Proposer.	Seconder.
The H. J. Heinz Co., Pittsburgh	The McConway & Torley Co., New York.	John Foord.
Johnson & Higgins, New York.	Herbert Appleton.	John Foord.
Francis A. Carl, St. Louis, Mo.	Emil S. Fischer.	John Foord.
Albert Wilcox & Co., New York.	Weld & Neville.	John Foord.
Daniel Ripley, Galveston, Texas.	Weld & Neville.	John Foord.
Isaac Guggenheim, New York.	Edward Brush.	James S. Fearon.
James A. Twohey, Washington, D. C.	E. V. Skinner.	John Foord.
W. Henry Grant, New York.	John Kissack & Co.	John Foord.
George M. Wolsey, New York.	James R. Morse.	W. H. Stevens.
Everett Heaney & Co., New York.	Laurus Loomis.	John Foord.
W. K. Flint, Milwaukee, Wis.	F. Hellyer.	W. S. Welbank.
D. Percebois, Imperial Chinese Commission, St. Louis, Mo.	Emil S. Fischer.	John Foord.
M. R. Jacobs, 56 Worth St., N. Y.	William E. West.	Albert Cordes.
William R. Webster, 411 Walnut St., Philadelphia, Pa.	S. D. Webb.	John Foord.
J. Henry Deeves, 309 Broadway, N. Y.	William T. West.	E. H. Baker.
O. G. Jennings, 49 Wall St., N. Y.	W. H. Stevens.	James R. Morse.
Thomas H. Hubbard, 25 Broad St., N. Y.	James S. Fearon.	John Foord.
E. V. Stevenson, Canadian Pacific Ry. Co., 458 Broadway, N. Y.	G. V. Skinner.	J. R. Patterson.

PRINCE P'U LUN.

His Highness was born in 1874 and is exactly thirty years of age. He is the fourth surviving son of the late Prince Tsai Chih (originally named Tsai Chung), great grandson of the Emperor Chien Lung, who reigned from 1736 to 1794. When the late Emperor Hsien Fêng (who was the fourth surviving son of his father, the late Emperor Tao Kuang) succeeded to the throne in 1851 he had no son, nor did he have any during the first five years of his reign. To provide an heir to the throne, therefore, the above named Prince Tsai Chih, the great grandson of Chien Lung, was made adoptive heir to I Wei, the first son of the Emperor Tao Kuang and eldest brother of the Emperor Hsien Fêng. I Wei died many years before, or he would have been Emperor had he survived his father, the Emperor Tao Kuang. In 1856, however, a son was born to Hsien Fêng (Tung Chih, who succeeded him in 1861) and so an adoptive heir to the throne was at the period unnecessary. Prince Tsai Chih, adopted heir to the throne in 1855, had four sons born to him, only the fourth, or the present Prince P'u Lun, having survived him. Since the late Emperor Tung Chih, who died in the winter of 1874, had no male issue, nor yet the present Emperor Kuang Hsü, there are those who consider that Prince P'u Lun should have been the heir to the throne on Tung Chih's death, and that since Kuang Hsü succeeded the latter, Prince P'u Lun should now be Kuang Hsü's heir in default of any issue.—*North China Daily News.*

CORRESPONDENCE REGARDING THE NEGOTIATIONS BETWEEN JAPAN AND RUSSIA.

No. 1.

BARON KOMURA TO MR. KURINO.

Tokio, July 28, 1903.

(Telegram.)

The Japanese Government have observed with close attention the development of affairs in Manchuria, and they view with grave concern the present situation there. So long as there were grounds for hope that Russia would carry out her engagement to China and her assurances to other Powers on the subject of the evacuation of Manchuria, the Japanese Government maintained an attitude of watchful reserve. But the recent action of Russia in formulating new demands in Peking and in consolidating rather than relaxing her hold on Manchuria compels belief that she has abandoned the intention of retiring from Manchuria, while her increased activity along the Korean frontier is such as to raise doubts regarding the limits of her ambition. The unrestrained permanent occupation of Manchuria by Russia would create a condition of things prejudicial to the security and interest of Japan. Such occupation would be destructive of the principle of equal opportunity and in impairment of the territorial integrity of China. But, what is of still more serious moment to the Japanese Government, Russia stationed on the flank of Korea would be a constant menace to the separate existence of that empire, and in any event it would make Russia the dominant power in Korea. Korea is an important outpost in Japan's line of defense, and Japan consequently considers the independence of Korea absolutely essential to her own repose and safety. Japan possesses paramount political as well as commercial and industrial interests and influence in Korea, which, having regard to her own security, she cannot consent to surrender to, or share with, any other Power. The Japanese Government have given the matter their most serious consideration, and have resolved to approach the Russian Government in a spirit of conciliation and frankness with a view to the conclusion of an understanding designed to compose questions which are at this time the cause of just and natural anxiety, and in the estimation of the Japanese Government the moment is opportune for making the attempt to bring about the desired adjustment.

The Japanese Government, reposing confidence in your judgment and discretion, have decided to place these delicate negotiations in your hands. It is the wish of the Japanese Government to place their present invitation to the Russian Government entirely on an official footing, and you are accordingly instructed to open the question by presenting to Count Lamsdorff a Note Verbale to the following effect:

"The Imperial Japanese Government, believing that the Imperial Russian Government share with them the desire to remove from the relations of the two empires every cause of future misunderstanding, would be glad to enter with the Imperial Russian Government upon examination

of the condition of affairs in the extreme East where their interests meet, with a view to a definition of their respective special interests in those regions. If, as is confidently hoped, this suggestion meets approval in principle, the Imperial Japanese Government will be prepared to present to the Imperial Russian Government their views as to the nature and scope of the proposed understanding."

In presenting the foregoing note to Count Lamsdorff you will be careful to make him understand that our purposes are entirely friendly, but that we attach great importance to the subject. You will present the note to Count Lamsdorff as soon as possible, and keep me fully informed regarding the steps taken by you under this instruction, and immediately upon the receipt of an affirmative reply from the Russian Government the substance of our proposals will be telegraphed to you.

No. 2.

MR. KURINO TO BARON KOMURA.

St. Petersburg, July 31, 1903.

Received, August 2, 1903.

(Telegram.)

Your Excellency's telegram of the 28th inst. was duly received. In accordance with the instructions contained therein, I saw Count Lamsdorff today and, before handing to His Excellency the Note Verbale, I stated substantially as follows:

"The condition of affairs in the Far East is becoming more and more complicated, and unless something be done at present with the view of removing all causes of misunderstanding between Japan and Russia, the relations of the two countries will increase in difficulty, entailing nothing but disadvantages to both countries. Under the circumstances, the Imperial Government, fully animated by a spirit of frankness and conciliation, have decided to approach the Imperial Russian Government with a view to arrive at an understanding."

I then handed to him the Note Verbale, saying that I was so instructed. After he had seen it, I expressed my ardent hope that the Russian Government would share the above view in the same spirit. Count Lamsdorff said that he was perfectly satisfied with the decision of the Japanese Government, for, as he had said to me very often, an understanding between the two countries is not only desirable but is the best policy; should Russia and Japan enter into full understanding no one would in future attempt to sow the seeds of discord between the two countries. So far as he was concerned, he was, he said, in perfect accord with the view of the Japanese Government; but he wished to see the Emperor on the subject before a definite answer was given. He expects to see the Emperor next Tuesday, and promised to give me an answer on the following day. He added that the Emperor would surely approve the matter.

No. 3.

BARON KOMURA TO MR. KURINO.

Tokio, August 3, 1903.

(Telegram.)

In reference to my telegram of the 28th July, the Japanese Government, after giving most serious consideration to the condition of affairs in those centres where the interests of the two Powers meet, have decided to propose the following as the basis of an understanding between Japan and Russia:

"1. Mutual engagement to respect the independence and territorial integrity of the Chinese and Korean Empires and to maintain the principle of equal opportunity for the commerce and industry of all nations in those countries.

"2. Reciprocal recognition of Japan's preponderating interests in Corea and Russia's special interests in railway enterprises in Manchuria, and of the right of Japan to take in Corea and of Russia to take in Manchuria such measures as may be necessary for the protection of their respective interests as above defined, subject, however, to the provisions of Article I of this Agreement.

"3. Reciprocal undertaking on the part of Russia and Japan not to impede development of those industrial and commercial activities respectively of Japan in Corea and of Russia in Manchuria which are not inconsistent with the stipulations of Article I of this Agreement.

"Additional engagement on the part of Russia not to impede the eventual extension of the Korean railway into Southern Manchuria so as to connect with the East China and Shan-hai-kwan-Newchwang lines.

"4. Reciprocal engagement that in case it is found necessary to send troops by Japan to Corea, or by Russia to Manchuria, for the purpose either of protecting the interests mentioned in Article II of this agreement, or of suppressing insurrection or disorder calculated to create international complications, the troops so sent are in no case to exceed the actual number required, and are to be forthwith recalled as soon as their missions are accomplished.

"5. Recognition on the part of Russia of the exclusive right of Japan to give advice and assistance in the interest of reform and good government in Corea, including necessary military assistance.

"6. This Agreement to supplant all previous arrangements between Japan and Russia respecting Corea."

In handing the foregoing project to Count Lamsdorff, you will say that it is presented for the consideration of the Russian Government in the firm belief that it may be found to serve as a basis upon which to construct satisfactory arrangement between the two Governments, and you will assure Count Lamsdorff that any amendment or suggestion he may find it necessary to offer will receive the immediate and friendly consideration of the Japanese Government. It will not be necessary for you to say much in elucidation of the separate items of the project, as they are very largely self explanatory; but you might point out that the project taken as a whole will be found to be but little more than the logical and essential development and extension of the principles already recognized by the two Governments, or of conditions embodied in the engagements which the project is designed to supplant.

The foregoing instruction is sent to you in anticipation that the answer to the Note Verbale presented by you will be favorable; but you will not act on that instruction until you receive further instructions which will be given after you have communicated to me the answer to the Note Verbale.

No. 7.

MR. KURINO TO BARON KOMURA.

St. Petersburg, August 24, 1903.

Received, August 25, 1903.

(Telegram.)

Count Lamsdorff received me yesterday by special arrangement, and I asked his views as well as the attitude of the Russian Government regarding our proposals, adding that the Japanese Government are now impatiently waiting for a reply. He said that he had studied the project seriously, but that the Emperor having been absent over a week on account of the manoeuvres, he had been unable to take any steps in the matter, but he asked my opinion about transferring the negotiations to Tokio, as there were many details which would have to be referred to Admiral Alexieff. I said to him that the Japanese Government having confided the matter to me, I should prefer to proceed with it, but that I was willing to communicate his opinion to you.

He stated that he has already sent copy of our project to Port Arthur with the view of obtaining the opinion of Admiral Alexieff. After such conversation, he said the question of Japanese railway enterprise in Manchuria would be difficult, but upon all other points perhaps the Russian Government would be able to come to an understanding. I said that in order to arrive at a satisfactory understanding mutual concessions as well as a spirit of conciliation are necessary and that the Japanese Government would be prepared to give favorable consideration if any suggestions should be made by Count Lamsdorff.

No. 8.

BARON KOMURA TO MR. KURINO.

Tokio, August 26, 1903.

(Telegram.)

In reference to your telegram of the 24th inst. you will say to Count Lamsdorff that the Japanese Government would prefer to continue negotiations in St. Petersburg, believing that by so doing the work will be greatly facilitated. You can add that there are no details to be considered in connection with pending negotiations, which require local knowledge, and that the Japanese Government, having placed the negotiation in your hand, would dislike to make any change. You will say to Count Lamsdorff that the Japanese Government are anxiously awaiting a definite reply from his Government to their proposals, and you will continue to use every endeavor to obtain from him such a reply as soon as possible.

No. 9.

MR. KURINO TO BARON KOMURA.

St. Petersburg, August 27, 1904.

Received, August 28, 1903.

(Telegram.)

I saw Count Lamsdorff today on the subject of your telegram dated the 26th inst. He said he had audience of the Emperor last Tuesday, and was told that His Majesty desires very much the early conclusion of an entente satisfactory for both countries, and expressed his wish to conduct the negotiations at Tokio so as to expedite the matter. Then Count Lamsdorff added that the Emperor is to leave here for the country next Monday, and then for foreign countries for some time, and at the same time the ministers concerned would be absent from St. Petersburg. Consequently, negotiations in Tokio would be much the easier and quicker way of concluding the matter. I said, referring to my conversation with Count Lamsdorff of the 23d inst., that the proposed understanding involved mostly questions of principles and politics rather than details, and consequently that the continuation of negotiations at St.

Petersburg would be proper and at the same time the quickest way to arrive at a satisfactory understanding. He repeated what he had just said and insisted upon his proposition.

Under the circumstances, I think it hardly possible to change the course now proposed by Count Lamsdorff under authority of the Emperor. I also think that negotiations at Tokio would entail many disadvantageous consequences, and definite instruction for the further course is awaited.

No. 10.

BARON KOMURA TO MR. KURINO.

Tokio, August 29, 1903.

(Telegram.)

In reference to your telegram of the 27th inst., you will say to Count Lamsdorff that the Japanese Government still think that negotiation will be facilitated if continued in St. Petersburg, since the negotiations relate to principles and not details, and you will add that he and you having been duly authorized in the matter and the proposals of Japan having been presented to him, the Japanese Government had supposed that the seat of negotiation had been agreed to. You will accordingly urge upon Count Lamsdorff the desire of the Japanese Government to continue the negotiations in St. Petersburg, and express a hope that his Government will reconsider the question. You will also say that the Japanese Government presume they are justified in assuming from the proposal to transfer negotiations to Tokio that our proposals are in principle acceptable to the Russian Government as the basis of negotiations.

No. 11.

MR. KURINO TO BARON KOMURA.

St. Petersburg, August 31, 1903.

Received, September 2, 1903.

(Telegram.)

I saw Count Lamsdorff today and explained fully the purport of your telegram of the 29th inst. The substance of his reply is as follows:

He said that the negotiations relate to principles, but principles must be decided upon examination of local and practical questions. Accordingly the Russian Government desired to transfer the discussions to Tokio on account of the necessity of consultation with Admiral Alexieff, and also to manifest a sense of deference to Japan, as the proposal had been made by her, and that the acceptance of the proposal at St. Petersburg does not signify that the seat of negotiations should be at the same place. He added that the proposal to transfer the negotiations to Tokio does not necessarily mean that our proposals are acceptable to the Russian Government, as bases for negotiations could not be determined without reference to practical questions concerning which Baron Rosen and Admiral Alexieff have much better knowledge than he himself.

I urged as my opinion that this being the most important question of high politics between our two countries, perhaps the Emperor had much to decide, and consequently it would be very convenient if the negotiations were conducted at St. Petersburg, and wished his serious reconsideration of the question of transfer, as such reconsideration is much desired by the Japanese Government. I objected also to the suggestion of transfer on the ground that the question relates to principles as well as to the direction of international political concerns which may not be within the powers conferred upon Admiral Alexieff. If I remember rightly, I said, I understand that his authority is limited to mere questions of local administration. He said that on this question Admiral Alexieff would only be consulted and decide nothing, and added that he, Count Lamsdorff, is also desirous to

settle the question as quickly as possible, and that is the reason why he suggested the transfer. The Russian Counter Proposals are being prepared by persons having local knowledge, consequently the transfer of negotiations to Tokio would expedite the matter. Should the negotiations be conducted at St. Petersburg, he would be obliged to attend to the matter personally with me; but this autumn he has to be long absent from the city on account of his attendance upon the Emperor. In case of his journey to Vienna and Rome, he may also visit a certain foreign country, and would be liable to be frequently interrupted in the negotiations. But in case of negotiations at Tokio, he could direct them by telegraph, and telegrams from Tokio could always follow him wherever he might happen to be; besides, he said, as we know very well, the Russian way of conducting business here is not very expeditious. At the conclusion, he said he is to have audience of the Emperor today, and will explain to him the reasons why an early understanding between the two countries is desirable as mentioned by me; and he promised to repeat to His Majesty the special desire of the Japanese Government to conduct the negotiations at St. Petersburg; but he added that no change of view on the subject could be expected.

No. 12.

BARON KOMURA TO MR. KURINO.

Tokio, September 2, 1903.

(Telegram.)

In reference to your telegram of the 31st ult., you will say to Count Lamsdorff that it being the acknowledged desire of both Powers to arrive at an understanding as soon as possible, the Japanese Government fear that discussions would be greatly protracted if the negotiations were now to be transferred to Tokio without some accepted basis for negotiations; and you will add that the Japanese Government, having presented their proposals in concrete form to the Russian Government, believe that negotiations, wherever conducted, would be greatly facilitated if the Russian Government were primarily to announce whether such proposals can in principle be accepted as the basis for negotiations. The Japanese Government do not understand that the acceptance of those proposals as such basis would exclude amendments that might be regarded as necessary. On the contrary, such acceptance would merely fix a definite point of departure, which is desirable in all negotiations and very important in the present case. You will use every endeavor to secure the desired announcement from the Russian Government.

No. 13.

MR. KURINO TO BARON KOMURA.

St. Petersburg, September 5, 1903.

Received, September 6, 1903.

(Telegram.)

I saw Count Lamsdorff yesterday. With the view of preventing any misunderstanding about the sense of the instruction contained in your telegram of the 2d inst., and also with the view of impressing upon the Russian Government the feeling of importance placed by the Japanese Government on the matter, I prepared a Note Verbale, which I handed to him. We then had a rather prolonged discussion on the question. The substance of his remarks is as follows:

According to his experience of forty years in the Foreign Office, negotiations of an international character had always been conducted on the proposals of one Power together with the reply of the other, and it was not usual to accept the proposition of one Power as the sole basis

of negotiations. Baron Rosen had already been commanded by the Emperor to study seriously the proposition of the Japanese Government, and at the same time to prepare and elaborate Counter Proposals in consultation with Admiral Alexieff, and, if the Japanese Government were willing to enter into negotiation, to commence immediately the pourparlers adopting the propositions of the Japanese Government and the Russian Counter Proposals as the basis of negotiations. I said during the discussion that if the Russian Government were really animated by a desire to enter into a satisfactory arrangement with Japan, I should deem it highly necessary that the Russian Government should instruct their negotiators to adopt as the basis the Japanese proposals, or at least the essential principles thereof, so as to facilitate the attainment of the object of the negotiation, for I am inclined to doubt if Admiral Alexieff is disposed to enter into negotiations with Japan in a spirit of conciliation, which is of prime necessity in order to arrive at a satisfactory understanding. He said that when he received our project there were only two courses open for Russia to take, either to reject our proposals or to enter into negotiations on them. The Russian Government have adopted the latter course; this does not, however, signify acceptance of our project in its entirety or in principle; but having agreed to the proposition to enter into an entente, they have decided to examine the propositions and to prepare Counter Proposals so that the two might be used as the basis of negotiations. Besides, he said that in our project there are certain clauses which could not be reconciled with Russian interests, and others which require modifications; and he could not say that the Russian Government accepted our proposals even in principle as basis, but only in conjunction with their Counter Proposals.

Having exhausted every effort for the attainment of the desire of the Japanese Government, I am now fully convinced that it will not be possible to change the course proposed by Count Lamsdorff; and I think that there is no other way for Japan but to agree to his suggestion. Count Lamsdorff is to leave here on the 10th inst. for Darmstadt to attend the Emperor of Russia.

No. 14.

BARON KOMURA TO MR. KURINO.

Tokio, September 9, 1903.

(Telegram.)

In reference to your telegram of the 5th inst., you are hereby instructed to inform Count Lamsdorff that the Japanese Government consent to transfer negotiations to Tokio, and you will add that the Japanese Government trust that instructions to the Russian Minister at Tokio are of such a character as to enable him to present the Russian Counter Proposals without delay and to proceed immediately with the negotiations.

No. 15.

MR. KURINO TO BARON KOMURA.

St. Petersburg, September 9, 1903.

Received, September 10, 1903.

(Telegram.)

I saw Count Lamsdorff today. He said that Baron Rosen and Admiral Alexieff have already been instructed by telegraph, by order of the Emperor, to prepare the Counter Proposals as quickly as possible and to commence negotiations at the earliest date, and he does not think it necessary to repeat the same instruction.

No. 16.

BARON KOMURA TO MR. KURINO.

Tokio, September 24, 1903.

(Telegram.)

Baron Rosen left Tokio on the 22d inst. for Port Arthur. Previously to his departure, he called on me and told me that he had been instructed under Imperial order some time ago to hold himself ready to start at once for Port Arthur, whenever necessity might arise to do so, in order to expedite the preparation of the Russian Counter Proposals between Admiral Alexieff and himself, and that he had just received from the Admiral a request to repair to Port Arthur for personal consultation on the subject. He added that he expected to come back within about eleven days.

No. 17.

BARON KOMURA TO MR. KURINO.

Tokio, October 5, 1903.

(Telegram.)

Baron Rosen came back to Tokio on the 3d inst. He called on me on the same day and handed to me the following as the Russian Counter Proposals, which, he said, was sanctioned by the Emperor of Russia, upon joint presentation by Admiral Alexieff and himself:

1. Mutual engagement to respect the independence and territorial integrity of the Korean Empire.

2. Recognition by Russia of Japan's preponderating interests in Corea and of the right of Japan to give advice and assistance to Corea tending to improve the civil administration of the Empire without infringing the stipulations of Article I.

3. Engagement on the part of Russia not to impede the commercial and industrial undertakings of Japan in Corea, nor to oppose any measures taken for the purpose of protecting them so long as such measures do not infringe the stipulations of Article I.

4. Recognition of the right of Japan to send for the same purpose troops to Corea, with the knowledge of Russia, but their number not to exceed that actually required, and with the engagement on the part of Japan to recall such troops as soon as their mission is accomplished.

5. Mutual engagement not to use any part of the territory of Corea for strategical purposes nor to undertake on the coasts of Corea any military works capable of menacing the freedom of navigation in the Straits of Corea.

6. Mutual engagement to consider that part of the territory of Corea lying to the north of the thirty-ninth parallel as a neutral zone into which neither of the contracting parties shall introduce troops.

7. Recognition by Japan of Manchuria and its littoral as in all respects outside her sphere of interest.

8. This agreement to supplant all previous agreements between Russia and Japan respecting Corea.

No. 18.

BARON KOMURA TO MR. KURINO.

Tokio, October 8, 1903.

(Telegram.)

In reference to my telegram of the 5th inst., I have begun discussion with the Russian Minister to Japan, taking our proposals and the Russian counter proposals as the basis, and with a view to secure, if possible, the recognition by Russia of the fundamental principles laid down in our proposals.

No. 19.

BARON KOMURA TO MR. KURINO.
Tokio, October 16, 1903.

(Telegram.)

In reference to my telegram of the 8th inst., negotiations are now going on between Baron Rosen and myself regarding the following proposals, which I had presented as amendment to the Russian counter proposals:

Article II.—Insert the phrase "including military assistance" between "assistance" and "to Corea." Change the word "civil" to "internal."

Article III.—Insert the phrase "the development of" between "impede" and "the commercial." "Undertakings" to be changed into "activities," and "taken" into "to be taken," and "them" into "those interests."

Article IV.—Recognition of the right of Japan to send troops to Corea for the purpose mentioned in the preceding article or for the purpose of suppressing insurrection or disorder calculated to create international complications.

Article VI.—Mutual engagement to establish a neutral zone on the Corea-Manchuria frontier extending kilometres on each side, into which neutral zone neither of the contracting parties shall introduce troops without the consent of the other.

Article VII.—To be struck out and replaced by the following three articles:

VII.—Engagement on the part of Russia to respect China's sovereignty and territorial integrity in Manchuria and not to interfere with Japan's commercial freedom in Manchuria.

VIII.—Recognition by Japan of Russia's special interests in Manchuria and of the right of Russia to take such measures as may be necessary for the protection of those interests so long as such measures do not infringe the stipulations of the preceding article.

IX.—Mutual engagement not to impede the connection of the Korean Railway and the East China Railway when those railways shall have been eventually extended to the Yalu.

Article VIII of the Russian counter proposals to be numbered Article X.

No. 20.

BARON KOMURA TO MR. KURINO.
Tokio, October 22, 1903.

(Telegram.)

The result of discussions between Baron Rosen and myself on our amendments to the Russian counter proposals is as follows:

Amendments to Articles II and VI accepted ad referendum. Article III accepted and Article IV reserved for further discussion. It is in Article VII of our amendment to Article VII of the Russian counter proposals that no agreement could be reached, each insisting on the impossibility of accepting the other's proposition. The contention of the Russian Minister is: First, that the Russian Article VII is the only compensation to Russia for the concessions to be made by her in respect of Corea, and second, that admission of the Japanese amendments on this point would be contrary to the principle always insisted on by Russia, that the question concerning Manchuria is one exclusively for Russia and China, admitting of no interference on the part of any third Power.

Our contention is: First, that Japan does not ask for any concession from Russia with respect to Manchuria, her proposal being simply to have confirmed in the agreement the principle which has been voluntarily and repeatedly declared by Russia, and second, that Japan possesses in Manchuria her treaty rights and commercial interests, and she must obtain from Russia a guarantee for the security of those rights and interests, as well as of the independence of Corea, which would be constantly menaced by Russia's definitive occupation of Manchuria.

No. 21.

BARON KOMURA TO MR. KURINO.
Tokio, October 29, 1903.

(Telegram.)

In reference to my telegram of the 22d inst., as the result of further discussions, the amendment on Article IV was finally accepted ad referendum. Regarding Article VI, my proposal of fixing the extent of the neutral zone at 50 kilometres on each side of the frontier was accepted ad referendum. As to Article VII, no agreement could yet be reached.

No. 22.

BARON KOMURA TO MR. KURINO.
Tokio, October 30, 1903.

(Telegram.)

I presented to Baron Rosen on the 30th inst. the following as definite amendments of the Imperial Government to the Russian counter proposals:

1. Mutual engagement to respect the independence and territorial integrity of the Chinese and Korean Empires.

2. Recognition by Russia of Japan's preponderating interests in Corea and of the right of Japan to give to Corea advice and assistance, including military assistance, tending to improve the administration of the Korean Empire.

3. Engagement on the part of Russia not to impede the development of the commercial and industrial activities of Japan in Corea, nor to oppose any measures taken for the purpose of protecting those interests.

4. Recognition by Russia of the right of Japan to send troops to Corea for the purpose mentioned in the preceding article, or for the purpose of suppressing insurrection or disorder calculated to create international complications.

5. Engagement on the part of Japan not to undertake on the coasts of Corea any military works capable of menacing the freedom of navigation in the Straits of Corea.

6. Mutual engagement to establish a neutral zone on the Corea-Manchurian frontier extending 50 kilometres on each side, into which neutral zone neither of the contracting parties shall introduce troops without the consent of the other.

7. Recognition by Japan that Manchuria is outside her sphere of special interest and recognition by Russia that Corea is outside her sphere of special interest.

8. Recognition by Japan of Russia's special interests in Manchuria and of the right of Russia to take such measures as may be necessary for the protection of those interests.

9. Engagement on the part of Japan not to interfere with the commercial and residential rights and immunities belonging to Russia in virtue of her treaty engagements with Corea, and engagement on the part of Russia not to interfere with the commercial and residential rights and immunities belonging to Japan in virtue of her treaty engagements with China.

10. Mutual engagement not to impede the connection of the Korean Railway and the East China Railway when those railways shall have been eventually extended to the Yalu.

11. This agreement to supplant all previous agreements between Japan and Russia respecting Corea.

No. 23.

BARON KOMURA TO MR. KURINO.
Tokio, November 1, 1903.

(Telegram.)

Baron Rosen called on me October 31 and stated that the definite proposals which I presented to him as amendments to the Russian proposals as reported in my telegram of October 30 were beyond his instructions and that he would, November 1, telegraph the full text of the said proposals to his Government and ask for further instruc-

tions. Accordingly you are instructed to see as soon as possible the Acting Minister for Foreign Affairs in the absence of Count Lamsdorff, and say to him that in preparing the proposals in question the Japanese Government did not fail to take into full consideration the wishes of the Russian Government. You will inform him that in proposing a joint engagement to respect the independence and territorial integrity of China equally with Corea, the Japanese Government were merely asking a reaffirmation of declarations already spontaneously made by Russia, and when it is considered that Russia is prepared to make such an engagement respecting Corea, the reason for excluding China is not understood. The Japanese Government are prepared to admit that the Manchurian question, so far as it does not affect their rights and interests, is purely a Russo-Chinese question, but Japan has extensive and important rights and interests in that region, and the Japanese Government think that in declaring that Manchuria is outside their sphere of special interest they are at least entitled to ask for a correlative engagement on the part of Russia not to interfere with the commercial and residential rights and immunities belonging to Japan in virtue of her treaty engagements with China. You will in addition point out that the invitation of the Japanese Government which originated the present negotiations had in view a definition of the special interest of Japan and Russia in those regions of the Far East where the interests of the two Powers meet. The Japanese Government could not have anticipated that the Russian Government, in accepting that invitation, would wish—as might be inferred from Article VII of their counter proposals—to restrict the proposed definition exclusively to the region in which Japan possesses special interests.

No. 24.

MR. KURINO TO BARON KOMURA.

Petersburg, November 3, 1903.

Received, November 3, 1903.

(Telegram.)

I saw the Acting Minister for Foreign Affairs on November 2. He said, as his personal opinion, that Japan is making the same demands only in different form, and that those demands are too great. I asked in what respects the Japanese Government are considered to be demanding too much, and I added that we do not ask anything more than the recognition of existing treaty rights and immunities of Japan in Manchuria. He then stated that Baron Rosen had said nothing on the subject. The only difficulty, he said, is the connection of the Corean and Manchurian railways. To my question whether there are no other difficulties, he answered that the railway question is the only difficulty, although it had been accepted ad referendum, and in conclusion I asked him to use his best influence for the satisfactory solution of the question, as the Japanese Government are fully animated by the spirit of conciliation, and I urged him to advise Count Lamsdorff in the same sense and, if possible, to approach the Emperor of Russia on the question. He said that he is willing to do so, and added that Count Lamsdorff will return at the end of this week.

No. 25.

MR. KURINO TO BARON KOMURA.

Petersburg, November 13, 1903.

Received, November 13, 1903.

(Telegram.)

I saw Count Lamsdorff November 12, and asked whether he had received a copy of the telegram which I had handed to Prince Obolensky, and whether any action had been taken in the matter. He answered that he had submitted the telegram to the Emperor, and that before his departure

from Darmstadt he sent under an Imperial order instructions to Baron Rosen to continue negotiations with the Japanese Government. I asked him whether it is on the basis of our last proposal that Baron Rosen was instructed to go on negotiating. Count Lamsdorff said that Baron Rosen had been ordered by the Emperor to examine our last proposal with Admiral Alexieff and to make modification if necessary, and added that at this moment Baron Rosen and Admiral Alexieff must be engaged in the preparation of counter proposals. I remarked to Count Lamsdorff that, according to the view of Prince Obolensky, the connection of Corean and Manchurian railways is the question that divides the two governments, but the Japanese Government having subsequently modified the article relating to the question, I cannot believe that it is the principal point on which an agreement cannot be established. Count Lamsdorff replied that he thinks for his part that it is the Manchurian question which divides the two parties, as he had said from the very beginning the Russian Government consider always that this question is a question exclusively between Russia and China, and it must be reserved to his Government to take all proper measures to safeguard their very considerable interests in Manchuria by means of an arrangement with China. I explained to him that Japan is ever ready to recognize the special and considerable interests which Russia has in Manchuria, and that she has no intention whatever of trespassing upon them, but that Japan has a perfect right to demand that the independence and territorial integrity of China shall be respected, and the rights and the interests of Japan in that region shall be formally guaranteed. Count Lamsdorff answered that the objection relates to the form rather than the substance of the proposal. In Manchuria other Powers also have rights and interests, and Russia cannot enter into special arrangement with each of those Powers regarding Manchuria. I observed that should the Russian Government be in accord with Japan in principle, it is deeply to be regretted that an understanding cannot be reached, merely because of failure to find a suitable formula by which to bring the two governments to an arrangement, and that I could not but ardently ask him to use his influence to bring about a satisfactory solution according to the principles already admitted by Russia.

No. 26.

BARON KOMURA TO MR. KURINO.

Tokio, November 21, 1903.

(Telegram.)

Baron Rosen informed me November 20 that he received a telegram November 14 from Admiral Alexieff to the effect that Admiral Alexieff had already forwarded the counter proposals to St. Petersburg. Baron Rosen added that he had not yet received any instructions on the subject of the counter proposals. Consequently you are instructed to see Count Lamsdorff as soon as possible, and after explaining to him Baron Rosen's statements as above, you will say that the Japanese Government are anxious to proceed with the negotiations with all possible expedition, and you will urge him to exert his influence to secure the early dispatch of instructions to Baron Rosen in order that the negotiations may be resumed and concluded without delay.

No. 27.

MR. KURINO TO BARON KOMURA.

St. Petersburg, November 22, 1903.

Received, November 23, 1903.

(Telegram.)

I saw Count Lamsdorff on November 22. He said that the modifications are already in the hands of the Emperor, but on account of the illness of the Empress the former does not attend to any business affairs, hence the delay.

I asked him to use his best endeavors to obtain the earliest possible Imperial order on the question. He said in reply that it will be better for me to write him a note giving the purport of instructions I have received from you; then he will immediately send it to the Emperor. At the end of the conversation I asked whether it is not possible for me to get some information about the modifications proposed by Admiral Alexieff. He seemed rather puzzled to give a direct answer, but he said that the Russian Government are ready to enter into immediate agreement with Japan regarding Corea, even making large concessions, but as to Manchuria, Russia once took possession of the country by right of conquest; nevertheless, she is willing to restore it to China, but with certain guarantees assuring security to the enormous interests which Russia has in Manchuria. While China is still insisting upon her refusal to give such guarantees, it is not possible for Russia to come to any arrangement with a third Power respecting Manchuria, as the question is exclusively between the two countries concerned. Then I said that if I accurately judge the nature of our proposition, it is not the intention of the Japanese Government to interfere with direct negotiations between the two governments concerned, as may be seen from the first part of Article VII of our last proposition, but we only wish the independence and integrity of China as repeatedly declared on the part of Russia and security for our important interests in that province. This is not for the purpose of interfering with the affairs of the two Powers concerned, but only to prevent misunderstanding between Russia and Japan regarding the province where both Powers have some interest, and I added that if in principle such an entente could in some form or other be arrived at, perhaps even negotiations between Russia and China might be more easily carried out. He thereupon repeated his request for me to write him a note as above mentioned, and that I should add my own opinion in it, and that he would immediately send it to the Emperor. He told me that he expects to have audience on November 25 at Skernevce and that the note could be sent to him toward this evening. I judge from the tone of Count Lamsdorff's conversation that the modifications proposed by Admiral Alexieff will not be favorable to our proposition regarding China and Manchuria.

No. 30.

BARON KOMURA TO MR. KURINO.

Tokio, December 1, 1903.

(Telegram.)

The Japanese Government have from the first attached the highest importance to a speedy solution of the questions which form at this time the subject of negotiations between Japan and Russia. It seemed to them that in a matter of such vital moment as that which engages the attention of the cabinets of Tokio and St. Petersburg, a quick conclusion was only second in importance to a satisfactory conclusion. Consistently with that view the Japanese Government have at all times during the progress of the negotiations made it a special point to give prompt answers to all propositions of the Russian Government. The negotiations have now been pending for no less than four months, and they have not yet reached a stage where the final issue can with certainty be predicted. In these circumstances the Japanese Government cannot but regard with grave concern the situation for which the delays in negotiations are largely responsible. You are instructed to see Count Lamsdorff as soon as possible and place the foregoing considerations before him in such form and manner as to make your representations as impressive as possible. You will add that the Japanese Government believe they are rendering service to the general interest in thus frankly explaining to the Russian Government the actual state of things.

No. 31.

MR. KURINO TO BARON KOMURA.

St. Petersburg, December 2, 1903.
Received, December 3, 1903.

(Telegram.)

I heard that the Russian Government are still repeatedly communicating with Admiral Alexieff.

No. 32.

MR. KURINO TO BARON KOMURA.

St. Petersburg, December 4, 1903.
Received December 4, 1903.

(Telegram.)

Count Lamsdorff received me on the night of December 3. I handed him a French translation of your telegram of December 1, together with a letter which I addressed to him, expressing fully the pressing situation under which the Japanese Government are now laboring. He said that the question requires consideration still, and he is in communication with Admiral Alexieff; but the Emperor is to return December 5, and he said that he will fully explain the urgency of the matter on the occasion of his audience on the following Tuesday. He thinks he will then be able to send instructions to Baron Rosen. To my question whether it is not possible for him to have an audience at an earlier date, he said that Saturday is the fête of the Crown Prince, no business is transacted on Sunday, and he will be occupied with other affairs on Monday. He promised to let me know the result of his audience next Wednesday.

No. 33.

MR. KURINO TO BARON KOMURA.

St. Petersburg, December 9, 1903.
Received December 10, 1903.

(Telegram.)

Count Lamsdorff told me December 9 that an Imperial order had been sent yesterday to Admiral Alexieff and Baron Rosen to continue the negotiations in accordance with the counter proposals of Admiral Alexieff, but that the Japanese propositions have been fully considered. I asked whether he could inform me of the nature of the propositions on which Baron Rosen is authorized to continue the negotiations. He said that they will be officially communicated within two or three days through Baron Rosen to the Japanese Government.

No. 34.

BARON KOMURA TO MR. KURINO.

Tokio, December 12, 1903.

(Telegram.)

Baron Rosen called on me December 11, and under instructions of his Government officially presented to me the following counter proposals of the Russian Government in reply to our definite amendments as stated in my telegram of October 30:

1. Mutual engagement to respect the independence and territorial integrity of the Korean Empire.
2. Recognition by Russia of Japan's preponderating interests in Corea and of the right of Japan to assist Corea with advice tending to improve the civil administration.
3. Engagement on the part of Russia not to oppose the development of the industrial and commercial activities of Japan in Corea, nor the adoption of measures for the protection of those interests.
4. Recognition by Russia of the right of Japan to send troops to Corea for the purpose mentioned in the preceding article, or for the purpose of suppressing insurrections or disorders capable of creating international complications.

5. Mutual engagement not to make use of any part of the Korean territory for strategical purposes and not to undertake on the Korean coast any military works capable of menacing the freedom of navigation in the Straits of Korea.

6. Mutual engagement to consider the territory of Korea to the north of the thirty-ninth parallel as a neutral zone, within the limits of which neither of the contracting parties shall introduce troops.

7. Mutual engagement not to impede the connection of the Korean and East China railways, when those railways shall have been extended to the Yalu.

8. Abrogation of all previous agreements between Russia and Japan respecting Korea.

No. 35.

BARON KOMURA TO MR. KURINO.

Tokio, December 21, 1903.

(Telegram.)

In an interview with the Russian Minister, December 21, I pointed out the fundamental difference in territorial compass between Japan's original proposals and Russia's new counter proposals, and after fully explaining the reasons which induced the Japanese Government to believe it to be desirable in the general interest to include in the proposed understanding all regions in the extreme East where the interests of the two empires meet, I expressed the hope that the Russian Government would reconsider their position regarding that branch of the question. I also informed him fully respecting the amendments which the Japanese Government consider it necessary to introduce into Russia's new counter proposals. Accordingly, in order to remove every possibility of misunderstanding on the part of Russia respecting the attitude of the Japanese Government, you are instructed to deliver to Count Lamsdorff a Note Verbale to the following effect:

"The Imperial Government have examined with great care and attention the new Russian counter proposals of the 11th inst. They regret to find that the Imperial Russian Government did not see their way in those proposals to give to the compass of the suggested understanding the same territorial extension as was deemed essential by Japan. The Imperial Government, in their original invitation to the Imperial Russian Government in August last, endeavored to make it entirely clear that they desired, with a view to remove from their relations with the Imperial Russian Government every cause for future misunderstanding, to bring within the purview of the proposed arrangement all those regions in the extreme East where the interests of the two empires meet, and they cannot bring themselves to the conviction that a full realization of that desire can be expected if a large and important portion of those regions is wholly excluded from consideration. Accordingly, the Imperial Government feel constrained to ask the Imperial Russian Government to reconsider their position on the subject, and they hope that the Russian Government will be able to see their way to arrive at a satisfactory solution of the question. The Imperial Government also find it necessary to ask for the following amendments to the new Russian counter proposals:

"(a) Article II to read: 'Recognition by Russia of Japan's preponderating interests in Korea and of the right of Japan to give Korea advice and assistance tending to improve the administration of the Korean Empire.'

"(b) Article V to read: 'Mutual engagement not to undertake on the Korean coast any military works capable of menacing the freedom of navigation in the Straits of Korea,' and

"(c) Article VI to be suppressed.

"As the principal part of these amendments cannot be said to be in excess of the modifications which were agreed

to ad referendum at Tokio, and as the Imperial Government consider those changes indispensable, it is hoped that they will receive the ready agreement of the Imperial Russian Government."

In presenting the foregoing note to Count Lamsdorff, you will say that I have spoken to Baron Rosen in a similar sense, and you will also express the desire for an early response.

No. 36.

MR. KURINO TO BARON KOMURA.

St. Petersburg, December 23, 1903.

Received December 24, 1903.

(Telegram.)

Upon receipt of your telegraphic instructions, I saw Count Lamsdorff December 23 at 2 p. m. He told me he had received a telegram from Baron Rosen, stating that the latter had had an interview with you, and that particulars would follow, but such particulars had not been received yet by him. When I handed him the Note Verbale, he said that he would study it together with report from Baron Rosen, and that he would do his best to send the Russian answer at the earliest possible date, but he added that he would have to communicate with Admiral Alexieff. In conclusion, I stated to him that under the present circumstances it might cause serious difficulties, even complications, if we failed to come to an entente, and I hoped he would exercise his best influence so as to enable us to reach the desired end.

No. 37.

MR. KURINO TO BARON KOMURA.

St. Petersburg, January 1, 1904.

Received, January 2, 1904.

(Telegram.)

I saw Count Lamsdorff January 1, and asked whether any action had been taken regarding our last propositions. He said they had been fully considered, and he asked me to assure you that Baron Rosen will soon be instructed to proceed with the negotiations in a friendly and conciliatory spirit, and he added that he saw no reason why we could not arrive at an entente.

No. 38.

BARON KOMURA TO MR. KURINO.

Tokio, January 7, 1904.

(Telegram.)

Baron Rosen handed to me January 6 the following reply of the Russian Government to our last propositions of December 21 last:

"Having no objection to the amendments to Article II of the Russian counter proposals as proposed by the Imperial Japanese Government, the Imperial Government considers it necessary:

"1. To maintain the original wording of Article V which had already been agreed to by the Imperial Japanese Government, that is to say, 'mutual engagement not to use any part of the territory of Korea for strategical purposes, nor to undertake on the coasts of Korea any military works capable of menacing the freedom of navigation in the Straits of Korea.'

"2. To maintain Article VI concerning a neutral zone (this for the very purpose which the Imperial Japanese Government has likewise in view, that is to say, to eliminate everything that might lead to misunderstandings in the future; a similar zone, for example, exists between the Russian and British possessions in Central Asia).

"In case the above conditions are agreed to, the Imperial Government would be prepared to include in the projected agreement an article of the following tenor:

"Recognition by Japan of Manchuria and her littoral as being outside her sphere of interests, while Russia, within the limits of that province, will not impede Japan nor other Powers in the enjoyment of rights and privileges acquired by them under existing treaties with China, exclusive of the establishment of settlements."

No. 39.

BARON KOMURA TO MR. KURINO.

Tokio, January 13, 1904.

(Telegram.)

You are instructed to deliver to Count Lamsdorff a Note Verbale to the following effect, which, you will say, is intended to confirm to him the views of the Imperial Government communicated by me to Baron Rosen on January 13:

The Imperial Government, in order to arrive at a pacific solution of the pending questions and to firmly establish the basis of good relation between Japan and Russia, and in addition with a view to protect the rights and interests of Japan, have given most careful and serious consideration to the reply of the Imperial Russian Government, which was delivered by His Excellency Baron Rosen on the 6th inst. They have finally come to the conclusion that the following modifications are necessary, i. e.:

1. Suppression of the first clause of Article V of the Russian counter proposals (presented to the Japanese Government through Baron Rosen December 11), that is to say, not to use any part of Korean territory for strategical purposes."

2. Suppression of the whole article (VI) concerning establishment of a neutral zone.

3. The Russian proposal concerning Manchuria to be agreed to with the following modifications:

(a) Recognition by Japan of Manchuria and its littoral as being outside her sphere of interest and an engagement on the part of Russia to respect the territorial integrity of China in Manchuria.

(b) Russia within the limits of Manchuria will not impede Japan nor other Powers in the enjoyment of rights and privileges acquired by them under the existing treaties with China.

(c) Recognition by Russia of Korea and its littoral as being outside her sphere of interest.

4. Addition of an article to the following effect:

Recognition by Japan of Russia's special interests in Manchuria and of the right of Russia to take measures necessary for the protection of those interests.

The grounds for these amendments having been frequently and fully explained on previous occasions, the Imperial Government do not think it necessary to repeat the explanations. It is sufficient here to express their earnest hope for reconsideration by the Imperial Russian Government.

It should be further remarked that the suppression of the clause excluding the establishment of settlements in Manchuria is desired because it conflicts with stipulations of the new Commercial Treaty between Japan and China. In this respect, however, Japan will be satisfied if she receives equal treatment with another Power which has already acquired similar rights in regard to settlements in Manchuria. The statement in the Russian reply that the Japanese Government have agreed to the original wording of Article V of the Russian counter proposals is erroneous, no such agreement ever having been expressed by the Imperial Government.

The above mentioned amendments being proposed by the Imperial Government entirely in a spirit of conciliation, it

is expected that they will be received with the same spirit at the hands of the Imperial Russian Government, and the Imperial Government further hope for an early reply from the Imperial Russian Government, since further delay in the solution of the question will be extremely disadvantageous to the two countries.

No. 40.

BARON KOMURA TO MR. KURINO.

Tokio, January 23, 1904.

(Telegram.)

You are instructed to sound Count Lamsdorff respecting the probable nature of Russia's reply to our last note and when the reply will be delivered.

No. 41.

MR. KURINO TO BARON KOMURA.

St. Petersburg, January 25, 1904.

Received, January 25, 1904.

(Telegram.)

In reference to your telegram of 23d inst., I saw Count Lamsdorff January 24 and asked his views in regard to our last proposals and also how soon the Russian answer could be given. He was not inclined to enter into details, but said that there are certain points to which he could not agree. He expects to lay his views before the Emperor next Tuesday, January 26, and he hopes to be able to send an answer before long.

M. de Hartwig, whom I saw this afternoon, told me that the Department of Foreign Affairs is yet in communication with Admiral Alexieff, and he cannot say how soon an answer can be sent to Japan.

No. 42.

BARON KOMURA TO MR. KURINO.

Tokio, January 26, 1904.

(Telegram.)

As the situation admits of no indefinite delay in the settlement of the questions involved, you will seek an interview with Count Lamsdorff at the earliest opportunity and state to him as an instruction from your Government that in the opinion of the Imperial Government a further prolongation of the present state of things being calculated to accentuate the gravity of the situation, it is their earnest hope that they will be honored with an early reply, and that they wish to know at what time they may expect to receive the reply.

No. 43.

MR. KURINO TO BARON KOMURA.

St. Petersburg, January 26, 1904.

Received, January 27, 1904.

(Telegram.)

In reference to your telegram of the 26th inst., the Russian Minister for Foreign Affairs said that the Ministers of War, Marine and other authorities concerned are to meet on January 28 for the consideration of the question, and that their decision will be submitted to the Emperor for sanction, and he remarked that it had been the intention of Admiral Alexieff to come here, but that that idea was now abandoned, and his opinion will soon be received by telegraph. Under these circumstances, he says, he is unable to give the exact date when the reply will be given, but he can say it will not be much delayed. He said that he had received reports from official sources to the effect that Japan had sent a considerable number of troops, munitions and war materials to Korea, and asked me whether

I could give any explanation regarding it. I simply answered that I knew nothing of such facts, and regretted not being able to give him any explanation. He added that such action on the part of Japan causes a very bad impression, while the two governments are engaged seriously in such important negotiations. Telegraph me for my information whether the reports are true, and if so, the details.

No. 44.

BARON KOMURA TO MR. KURINO.

Tokio, January 28, 1904.

(Telegram.)

In reference to your telegram of 26th inst., you will see Count Lamsdorff at an early opportunity and say to him that you have been authorized to deny positively the statement that Japan has sent to Corea a considerable number of troops, munitions and war materials. As a matter of fact, no troops have recently been sent to Corea, nor have any ammunitions been sent beyond the amount required for the ordinary use of the Japanese troops stationed in Corea. You will then ask him whether the report that Russian troops are being concentrated on the Korean frontier is true, and if so, that such military movement is to be highly deprecated. Finally, you will ask him whether he is not able to acquaint you, for your own information, with the nature of the decision taken at the proposed conference of the Ministers on January 28, and whether he can indicate the approximate date on which the Russian reply is to be given.

No. 45.

MR. KURINO TO BARON KOMURA.

St. Petersburg, January 28, 1904.
Received, January 29, 1904.

(Telegram.)

Count Lamsdorff is satisfied with the explanation contained in your telegram of today. As to the question regarding the concentration of Russian troops near the Yalu, he does not believe it to be true, and he remarked that such newspaper reports are very regrettable. I tried to obtain information about the decision of today's meeting. He said that it is not possible for him to say anything concerning it as it will not be sent to the Emperor, and that until the respective Ministers have been received by the Emperor respecting the question, nothing can be said definitely. He stated that the Grand Duke Alexis and the Minister of Marine are to be received in audience next Monday, and the Minister of War himself on Tuesday, and he thinks an answer will be sent to Admiral Alexieff on the latter day. I pointed out the urgent necessity to accelerate the dispatch of an answer as much as possible, because further prolongation of the present condition is not only undesirable but rather dangerous. I added that all the while the world is loud with rumors and that I hoped he would take special steps so as to have an answer sent at an earlier date than mentioned. He replied that he knows the existing conditions of things very well, but that the dates of audience being fixed as above mentioned, it is not now possible to change them, and he repeated that he will do his best to send the reply next Tuesday.

No. 46.

BARON KOMURA TO MR. KURINO.

Tokio, January 30, 1904.

(Telegram.)

In reference to your telegram of January 28, you are instructed to see Count Lamsdorff at the earliest opportunity and state to him substantially in the following sense:

"Having reported to your Government that the Russian Government would probably give a reply on next Tuesday, you have been instructed to say to Count Lamsdorff that being fully convinced of the serious disadvantage to the two Powers concerned of the further prolongation of the present situation, the Imperial Government hoped that they might be able to receive the reply of the Russian Government earlier than the date mentioned by Count Lamsdorff. As it, however, appears that the receipt of the reply at an earlier date is not possible, the Imperial Government wish to know whether they will be honored with the reply at the date mentioned by Count Lamsdorff, namely, next Tuesday, or if it is not possible, what will be the exact date on which the reply is to be given."

If Count Lamsdorff specifies the day on which the reply is to be given, you will see him on that day and ask him to acquaint you with the exact nature of the reply.

No. 47.

MR. KURINO TO BARON KOMURA.

St. Petersburg, February 1, 1904.
Received, February 1, 1904.

(Telegram.)

Regarding your telegram of January 30, I saw Count Lamsdorff in the evening January 31. He says he appreciates fully the gravity of the present situation, and is certainly desirous to send an answer as quickly as possible, but the question is a very serious one and is not to be lightly dealt with. In addition, the opinions of the Ministers concerned and Admiral Alexieff had to be brought into harmony, hence the natural delay. As to the date of sending an answer, he says it is not possible for him to give the exact date as it entirely depends upon the decision of the Emperor, though he will not fail to use his efforts to hurry the matter.

No. 48.

BARON KOMURA TO MR. KURINO.

Tokio, February 5, 1904—2:15 p. m.

(Telegram.)

Further prolongation of the present situation being inadmissible, the Imperial Government have decided to terminate the pending negotiations and to take such independent action as they may deem necessary to defend their menaced position and to protect their rights and interests. Accordingly you are instructed to address to Count Lamsdorff, immediately upon receipt of this telegram, a signed note to the following effect:

"The undersigned, Envoy Extraordinary and Minister Plenipotentiary of His Majesty the Emperor of Japan, has the honor, in pursuance of instructions from his Government, to address to His Excellency the Minister for Foreign Affairs of His Majesty the Emperor of all the Russias the following communication:

"The Government of His Majesty the Emperor of Japan regard the independence and territorial integrity of the Empire of Corea as essential to their own repose and safety, and they are consequently unable to view with indifference any action tending to render the position of Corea insecure.

"The successive rejections by the Imperial Russian Government, by means of inadmissible amendments, of Japan's proposals respecting Corea, the adoption of which the Imperial Government regarded as indispensable to insure the independence and territorial integrity of the Korean Empire and to safeguard Japan's preponderating interests in the Peninsula, coupled with the successive refusals of the Imperial Russian Government to enter into engagements to respect China's territorial integrity in Manchuria, which is seriously menaced by their

continued occupation of the province, notwithstanding their treaty engagements with China and their repeated assurances to other Powers possessing interests in those regions, have made it necessary for the Imperial Government seriously to consider what measures of self defense they are called upon to take.

"In the presence of delays which remain largely unexplained and naval and military activities which it is difficult to reconcile with entirely pacific aims, the Imperial Government have exercised in the depending negotiations, a degree of forbearance which they believe affords abundant proof of their loyal desire to remove from their relations with the Imperial Russian Government every cause for future misunderstanding. But finding in their efforts no prospect of securing from the Imperial Russian Government an adhesion either to Japan's moderate and unselfish proposals or to any other proposals likely to establish a firm and enduring peace in the extreme East, the Imperial Government have no other alternative than to terminate the present futile negotiations.

"In adopting that course the Imperial Government reserve to themselves the right to take such independent action as they may deem best to consolidate and defend their menaced position, as well as to protect their established rights and legitimate interests."

"The undersigned, &c."

No. 49.

BARON KOMURA TO MR. KURINO.

Tokio, February 5, 1904—2:15 p. m.

(Telegram.)

You are instructed to address to Count Lamsdorff a signed note to the following effect simultaneously with the note mentioned in my previous telegram:

"The undersigned, Envoy Extraordinary and Minister Plenipotentiary of His Majesty the Emperor of Japan, has the honor, in pursuance of instructions from his Government, to acquaint His Excellency the Minister for Foreign Affairs of His Majesty the Emperor of all the Russias that the Imperial Government of Japan, having exhausted without effect every means of conciliation with a view to the removal from their relations with the Imperial Russian Government of every cause for future complications and finding that their just representations and moderate and unselfish proposals in the interest of a firm and lasting peace in the extreme East are not receiving the consider-

ation which is their due, have resolved to sever their diplomatic relations with the Imperial Russian Government which for the reason named have ceased to possess any value.

"In further fulfillment of the command of his Government, the undersigned has also the honor to announce to His Excellency Count Lamsdorff that it is his intention to take his departure from St. Petersburg with the staff of the Imperial Legation on — date.

"The undersigned, &c."

No. 50.

MR. KURINO TO BARON KOMURA.

St. Petersburg, February 5, 1904—5:05 a. m.
Received, February 5, 1904—5:15 p. m.

(Telegram.)

In compliance with the request of Count Lamsdorff, I went to see him at 8 p. m. February 4. He told me that the substance of the Russian answer had been just sent to Admiral Alexieff to be transmitted to Baron Rosen. He added that Admiral Alexieff may happen to introduce some changes so as to meet local circumstances, but in all probability there will be no such changes. He then stated as his own opinion that Russia desires the principle of independence and integrity of Corea and also of necessity the free passage of the Corean Straits. Though Russia is willing to make every possible concession, she does not desire to see Corea utilized for strategic purposes against Russia, and believes it useful for the consolidation of good relations with Japan to establish by common accord a buffer region between confines of direct influence and action of the two countries in the Far East. The above is expressed entirely as his personal opinion, and I cannot say whether the same is the substance of the above mentioned answer, though it seems to be very probable.

No. 51.

MR. KURINO TO BARON KOMURA.

St. Petersburg, February 6, 1904—5:57 p. m.
Received, February 7, 1904—5:45 a. m.

(Telegram.)

In reference to your two telegrams of yesterday's date, I presented to Count Lamsdorff today at 4 p. m. the notes as instructed. I shall withdraw from here with my staff and students on the 10th inst.

SECRETARY TAFT ON THE PHILIPPINES.

The following address was delivered by Secretary Taft before the Chamber of Commerce of the State of New York on April 21, 1904:

The people of the United States have under their guidance and control in the Philippines an archipelago of 3,000 islands, the population of which is about 7,600,000 souls. Of these, 7,000,000 are Christians and 600,000 are Moros or other pagan tribes. The problem of the government of the Moros is the same as that which England has had in the government of the Straits Settlements of India. The government of 7,000,000 Christian Filipinos is a very different problem, and one which it has fallen to the lot of the United States only to solve.

The attitude of the American people toward the Philippine Islands may be described as follows: There are those

who think that the Declaration of Independence forbids our accepting or maintaining sovereignty over them; there are those who, without respect to the Declaration of Independence, believe that colonial possessions are likely to lead to expense and corruption and demoralization, have little faith in the solution of the problem by teaching the Filipino the art of self government, and are anxious to get rid of the islands before they have done any harm to the United States. Then there are those who hold that fate brought these islands under our control, and that thus a duty was imposed upon us of seeing to it that they were not injured by the transfer. As a friend of the Filipinos it is my anxious desire to enlarge that class of Americans who have a real interest in the welfare of the islands, and who believe that the United States can have no higher duty

or function than to assist the people of the islands to prosperity and a political development which shall enable them to secure to themselves the enjoyment of civil liberty. (Applause.)

A RESULT OF THE WAR.

The war with Spain led us far away from Cuba, whose condition was its cause, to these beautiful islands in the Oriental tropics. After Dewey's guns had brought the whole archipelago potentially within American control, there was no escape from the dilemma which was then and thereafter presented to the people of the United States, except the one which they took. Three courses were suggested: First, that after peace with Spain we should turn the islands back to her. But in the legitimate course of the campaign we had called to our assistance as allies Aguinaldo and his forces, with whom the people of the islands were largely in sympathy. It would have been a breach on our part to have delivered them over to Spain, with the bloody conflict which would inevitably have followed.

Could we have delivered the islands over to the government of Aguinaldo? Aguinaldo's government was a military dictatorship, having actual control, and that not always complete, in from eight or ten of forty provinces. A convention had been called of Aguinaldo's friends. A large majority of the delegates had been directly appointed by him. They formulated and adopted a constitution as the basis of a popular government. The constitution was mere paper. It was taken from the constitution of the United States, that of Mexico and that of the Argentine Republic. It had no life, for it was never at any time put into force. The actual government was despotic, and oppressive to even a greater degree than the Spanish Government ever had been, and resistance to its authority, caused by its dishonesty and oppressive measures in the provinces in which it had authority, was frequent and disturbing. The adoption of the constitution at Malolos was not indicative of the capacity of the people to maintain popular self government. It represented only an academic aspiration by the drafters. The result was mere committee work, without the slightest evidence of the practical operativeness of the instrument from previous actual experience in government by the people. The only real government which existed under Aguinaldo was that of the one man power, arbitrary and inconsiderate of the people. With these facts before the United States, I submit that there was no escape from the dilemma except the acceptance of a transfer of the sovereignty of Spain and the assumption of political control over the Filipino people until by proper measures and patient governmental training and experience they could be given self governing capacity.

NO INJURY TO AMERICANS.

Concerning the objection that this is a new business for the United States, which will have a demoralizing effect upon the nation, I think no one is able to point out any injury which has thus far resulted to the people of the United States except the expense attendant upon the maintenance of law and order in the islands during the insur-

rection, and the regrettable loss of life which occurred. Certainly no one thus far can show the baleful effects of that dreadful spirit of greed which the opponents of the policy are so prone to see in everything done with respect to the Philippines. I challenge them to point out anything which has been done to the Philippine Islands, either immediately under the government there established or by the United States, which savors in the least of a selfish use of those islands for the benefit either of the individuals in the United States or of the government itself. The only thing which can be seriously made the basis of such a charge was the attempt during the present session of Congress to put in force the coastwise trading laws for the benefit of the marine shipping of the United States in respect to the transoceanic trade between the islands and the United States, and that by act of Congress has now been postponed for two years longer. There has been a rebate provided of the export duty on hemp imported directly from the islands to the United States. This has not affected injuriously the trade of the islands, because the demand for hemp is so great that the islands have a monopoly in respect to it. There has unexpectedly been caused by the rebate a reduction of the income in the islands of about \$250,000, because the equivalent which was provided as a counter benefit, to wit, the duties to be collected on imports from the islands into the United States, has not equaled the aggregate rebate on the hemp. This, however, was a miscalculation by the legislators that was pardonable and can be easily rectified. In every other respect the legislation which has been enacted has been in favor of the islands, including a gift of \$3,000,000 for the purpose of relieving distress there. The attitude of those who support the government in its policy is altruistic. It is that of one which out of a friendly feeling to the Filipinos would sacrifice much to accomplish the purposes of the administration there. It is a feeling which does the nation credit, and a feeling that a nation of the wealth and power that this nation has may well afford to encourage.

A CHARGE WHOLLY UNFOUNDED.

General denunciation of the government's policy as one of the suppression of freedom and an attack upon liberty has rendered uneasy many of our people, but the charge is wholly unfounded. There has been established in the islands a government of law and order in which the administration of justice is quite as good as it is in half of the States of the Union. It has secured to every man, woman and child among the Christian Filipinos all the rights contained in the bill of rights in the Constitution of the United States, except the right to bear arms and the right to trial by jury. The right to bear arms is one that might very well be restricted in the United States. (Laughter and applause.) The freedom with which firearms are sold, the unlicensed character of the business, will readily account for many of the homicides which disgrace the criminal annals of our country. The right of trial by jury is one which the people of the islands do not understand, and which it is wise to postpone the exercise of until they who are to constitute the jury shall be better qualified to exercise the function of administering justice. As it is today in the islands, no man need be convicted of a crime except by the judgment of a judge of first instance, concurred in by a majority of the seven judges of the Supreme Court. The appeal on the facts and law to the Supreme Court of the islands, which consists of three Filipinos and four Americans, certainly offers sufficient security against mistakes or prejudices of one judge.

All the substantial civil rights, then, are secured to the Philippine people. They do not themselves exercise complete political control, but that is a very different thing from civil liberty. Women and children and other non-voters in this country have the civil liberty secured by the Constitution, but do not exercise political control. If we

abandoned the islands we should be turning their political control over to the violent and the turbulent and the agitators, and civil liberty would at once cease to exist there.

CIVIL RIGHTS NOT UNDERSTOOD.

The great difficulty that we have now in making our grant of civil liberty useful to the inhabitants is their failure to understand what their rights are and their incapacity to maintain them. I remember one morning, early in my experience in the Philippines, I was visited by an elderly Tagalo who spoke no Spanish, but who presented a petition, written for him by someone else, in Spanish, in which he set forth that his son had been arrested for a crime under the Spanish régime, had been held for six years without trial and was still in Bilibid Prison. Calling on me at the same time was a distinguished lawyer of the islands, one of the three persons who had drawn up the constitution adopted at Malolos, which had attracted so much admiration from our anti-imperialistic friends, I turned the petition over to him and asked him to confer with the old man, which he did. He said to me: "How can we redress this grievance?" I suggested: "Under an order of General Otis the writ of habeas corpus is in force; you ought to sue out for such a writ." He asked me what the writ of habeas corpus was, and I explained it to him, and at his request drafted a petition for the writ. Taking the petition, he went to Bilibid Prison and found that there were ninety persons in prison in the same situation as that of the son of my early caller. He filed a petition for the writ in each of these cases and succeeded in securing the release of all. His success in the matter was a revelation to him, as it was to the people of the community, in respect to what was practical civil liberty of the individual. Yet it was he who had penned the constitution supposed to secure such liberties to his fellow citizens some two or three years before.

My experience in the Philippines and that of others who have been there justify me in saying that were the Americans to leave the islands to the government of Aguinaldo or some person of his views all the guarantees of civil liberty would be lost in the effort of the executive head of the government to maintain his position against hostile cabals and conspiracies. In other words, a surrender by us of political control in the islands, as they are at present peopled, means the suppression of civil liberty. Hence it is that those of us who are in favor of only the gradual extension to the Filipinos of political control, retaining a guidance under the government of the United States, are the real defenders and protectors of the liberties of the Philippine people, while the so called and self styled "anti-imperialists," who demand an immediate surrender of the islands, are, in effect, advocating a policy which makes for absolutism and tyranny, or a political chaos which is even worse than either, and which will end, for a long time to come, all hope of the liberty of the individual. The course which the so called anti-imperialists seek is the easy one. The course which we have on hand is a difficult one.

BREACHES OF THE DECLARATION.

If we pursue the policy which is now being pursued in respect to the islands, the policy of holding the islands for the benefit of the Filipinos and of doing everything we can to elevate and educate the people, to increase their prosperity and to furnish them full opportunity for the pursuit of happiness, we need trouble ourselves little about the alleged violation of the principles of the Declaration of Independence. If that instrument is to be so construed as to prevent us from taking the course which the dilemma already presented required us to take, then the history of the American republic has been nothing but a violation of the principles of that instrument from the beginning. Women and children and slaves were not permitted to exercise any political control at the time that the Declara-

tion of Independence was signed. Those who by their suffrage had all the political control there was in the various colonies were, in many instances, in the minority of male citizens. Every property qualification, every educational qualification that excluded from the suffrage any male citizen over twenty-one violated the Declaration of Independence if it is to be given the wide construction contended for by our opponents.

When Thomas Jefferson, who penned the Declaration, directed the purchase of Louisiana, the French residents and the Spanish residents of that country protested against the transfer by Napoleon to the United States on the ground that it was made without their consent, and they were thereby converted into subjects of a sovereign to whom they had never willingly sworn allegiance. When we took in New Mexico and Arizona from old Mexico we agreed that we would ultimately give them State government and independent control. More than fifty years have passed since that time, and they are still held in a condition of dependence, without the rights of sovereign States. For fifty years, then, we have been violating the Declaration with respect to their people. When the war came on and the issues of slavery and State rights were presented 20,000,000 of people coerced 10,000,000 of people to remain in the government from the control of which they had withdrawn their consent, and now today in the Southern States, by grandfather's clauses and by property qualifications and by educational qualifications, the white people are seeking to exclude from the ballot those colored voters whom they deem to be unfitted to exercise political control in their respective communities. For either the Southerner or the New Englander to rest his opposition to what we are doing in the Philippines on the Declaration of Independence involves an inconsistency that robs what he says of weight. In every instance it will be seen that the principles of the Declaration of Independence are always qualified by the statement that the people who are to be consulted with respect to their own government shall have sufficient capacity to govern themselves and better themselves by such self government.

FILIPINO UNFITNESS—THE JAPANESE.

In the Philippine Islands 90 per cent. of the inhabitants are still in a hopeless condition of ignorance and utterly unable intelligently to wield political control. They are subject, like the waves of the sea, to the influence of the moment, and any educated Filipino can carry them in one direction or the other, as the opportunity and the occasion shall permit. The 10 per cent. of the Filipinos who are educated have shown by what they have done and what they have aspired to, and what they are, that they may be taught the lesson of self government and that their fellows by further education may be brought up to a condition of discriminating intelligence which shall enable them to make a forceful and useful public opinion. But that it will take more than one generation to accomplish this everyone familiar with the facts must concede.

It is true that the marvelous development of the Japanese in the last fifty years may justify the hope that the period will be shorter than I have stated, but it is to be noted with the Japanese, first, that they are a more industrious people and a more thrifty people than the Filipinos; second, that they have always had an independence and natural government, proceeding from the feudal system and the continuance of the traditional governmental influence of the imperial household. The Spanish régime of 400 years stamped out all tribal relations and everything akin to the feudal allegiance and to a natural government among the Filipinos, and there is nothing but the dead level of a people whose only hope is education up to popular self government under the guidance of someone who meantime shall secure to the people the inestimable benefits of civil liberty.

My own idea of the mission of the United States in the Philippine Islands is that it ought to be maintained and encouraged by the people of the United States without regard to the question of its cost or its profitable results from a commercial or financial point of view. Opponents of the policy of the administration strive to frighten the taxpayer with a review of the cost which they say the Philippine Islands have been and will prove to be to the United States. I am not familiar with the statistics, but it is possible that the war of the insurrection cost the United States about \$300,000,000. That is spent. The object of the war has been accomplished. Tranquillity and good order prevail in the islands.

The number of white troops in the islands has been reduced from 75,000 to 15,000 men. The army of the United States numbers 65,000. In any event, whether we have the Philippines or not, 65,000 regular soldiers are not too many for a nation of 80,000,000 of people. Therefore, all that can be properly charged to the Philippine experiment from now on is the additional cost of keeping 15,000 men and transporting them from the United States to the Philippines and back every three years, over what it would cost to keep them in the United States and transport them to and from the stations in the United States. This is a comparatively small sum.

Then, it is said that our navy has been enlarged on account of the Philippines. I do not think that our navy is too large, whether we have the Philippines or not. Our commerce must be protected. Our nation must occupy a dignified position before the other nations of the world, and certain it is that the protests of a nation with a respectable navy are more respectfully listened to than when it has only a few wooden hulks to represent its nationality.

There will be the additional cost of fortifying Manila, Iloilo, Cebu and Subig Bay as part of the coast line of the United States. Beyond that there will be no considerable additional expenditure out of the United States Treasury.

REVENUES OF THE PHILIPPINES.

The islands themselves give every indication of furnishing revenue sufficient to carry out the plans which the United States may properly carry out in the material and intellectual development of the country and its people. The taxpaying capacity of the country is, of course, determined by that which it produces for domestic and foreign uses. For the last two or three years the wealth produced in the islands has been seriously impaired and reduced, not only by the war and the cholera, but also and chiefly by the loss of draught animals, 90 per cent. of which have succumbed to the rinderpest. Agriculture has been dependent upon such animals, and the recovery from this blow must necessarily be slow. Congress appropriated \$3,000,000 to assist the islands in restocking plantations, but the enormous difficulties attending the importation of cattle from other countries which are able to live in the Philippines are only known to those who have attempted it. I am glad to say, however, that our scientists on the islands have discovered means of preventing a recurrence and spread of the disease, so that when the plantations are restocked rinderpest will have no terrors for the farmer. With normal conditions in agriculture, when the cattle shall have been restored by breeding and otherwise to the usual number, the islands will always be self-supporting, and will doubtless furnish a surplus of revenue with which to meet the demands for improvements which present themselves in every part of the islands.

The Philippine Archipelago is the only country in which can be produced what is known as manila hemp, or what is called in the Spanish language "abaca." This is a fibre of enormous strength, of from 6 to 15 feet in length,

which is stripped from the stalk of a banana plant, not the ordinary banana plant, but a plant of the same family, which does not produce fruit. The leaf is slightly different from that of the fruit banana, though one may easily be mistaken for the other. The plant grows on the side hills. For the first two years it needs shade from the tropical sun and some cultivation around the foot of the stalk. After two years the stalk is strong enough to afford the fibre of commerce, and though cut down will reproduce itself each year for six or seven years, and this with very little cultivation.

The chief labor in the production of the fibre is that of stripping the fibre of the pith of the plant. It is done by pulling or drawing it under a knife edge. If the fibre be drawn under a serrated knife edge the work is very much easier than if drawn under a straight edge, but the fibre is not so clean and its value and quality are much reduced. The tremendous increase in the demand for manila hemp has made profitable production of the cheaper and poorer qualities. Women and children are able to draw the hemp with a serrated knife, while only the stronger adults are able to draw and clean properly the finer fibre. Many machines have been invented for the purpose of drawing the hemp, but in none of them as yet has the hemp producer been able to secure a result which justifies their use commercially. They either break the fibre or they discolor it. There is the opportunity for an invention which will revolutionize the hemp business in the Philippines as completely as the cotton gin revolutionized the production and preparation of cotton in the South.

EXTENT OF HEMP GROWING.

Of the forty-one provinces of the Philippine Islands at least fifteen now produce commercial quantities of hemp. Today, owing to the insufficient means of communication and transportation, many fields of hemp are allowed to rot and are not stripped or used. In many of the provinces there is wild hemp, which is not so good in texture, and which it would be necessary to replace by cultivated plants were the opportunity offered to put it on the market. From experiments by our Agricultural Bureau, I have no doubt that the number of provinces in which hemp could be raised might be doubled. The demand for hemp is so great that while an increase in its production might reduce the price, the total product would far exceed in value that which the statistics now show.

Many parts of the islands are very rich in cocoanuts. The coconut grove is planted 200 to a hectare—that is, 200 to 2½ acres. It takes four or five years for coconut trees to bear. After that they will bear for a hundred years, and a low price a tree for annual rent is \$1 Mexican, or \$40 gold a year an acre. In the Province of Laguna within the last two years since the war was over there have been planted more than five times the number of trees which were there before. There is a constant market for copra, which is the dried meat of the coconut, and the price is rising. Since the demand for hemp and cocoanuts has increased so largely, planters have abandoned the raising of rice, preferring to buy their food out of the profit of the hemp or coconut industry. Therefore, for ten or fifteen years it has been the habit of the islands to import rice, although there are no islands where rice will grow to better advantage than in the Philippines. The amount of importation, however, was comparatively small until the destruction of the draught cattle three years ago, which reduced the actual amount of rice production in the islands far below what was necessary to feed the people, and during the last year about \$12,000,000 in gold had to be expended in importing rice from French China.

SUGAR, TOBACCO, WOODS.

The sugar and tobacco industries in the islands are capable of a considerable increase. The island of Negros con-

tains sugar land as rich as any in the world, and the provinces of Cagayan, Isabella and Union contain tobacco lands which, next to Cuba, produce the best tobacco in the world; but the trouble is that the markets for such sugar and tobacco have been, by tariffs imposed in various countries, very much reduced. Should the markets of the United States be opened to the Philippines, it is certain that both the sugar and the tobacco industry would become thriving, and, although the total amount of the product in each would probably not affect the American market at all, so extensive is the demand here for both tobacco and sugar, it would mean the difference between poverty and prosperity in the islands.

I know that the reduction of the tariff for this purpose is much opposed by the interests which represent beet sugar and tobacco, but I believe that a great majority of the people of the United States are in favor of opening the markets to the Philippine Islands, conscious that it will not destroy either the beet sugar or the tobacco industry of this country, and feeling that as long as we maintain the association which we now have with the Philippine Islands it is our duty to give them the benefit of the markets of the United States, and bring them as close to our people and our trade as possible. Nothing else will justify the application of the coastwise trading laws to the transoceanic trade between the United States and the Philippine Islands, but if they be invited to partake of the benefits of the protection theory they may well be subjected to the rule that, as between the United States and themselves, the products are to be transferred in American bottoms.

Another immense source of wealth in the islands is the almost inexhaustible supply of the most beautiful woods, of rubber and of the most valuable gums. These sources of wealth are hardly developed.

TRADE WITH THE PHILIPPINES.

And now, what as to the existing trade between the United States and the Philippines? It is still quite small, not exceeding \$5,000,000 in any one year of merchandise transferred from the United States to the Philippines, but increasing largely in the products transferred from the Philippines to the United States. The latter increase, however, is not a natural one. It is brought about by Congress legislation, already mentioned, which confers the benefit of \$7.40 a ton rebate from export tax upon all hemp transported directly from the Philippines to the United States. The total business done between the United States and the Philippines is something like \$17,000,000. With the restoration of normal conditions in the islands, with the construction of railways and other material development there, I have no doubt that this trade between the United States and the islands would be trebled in the course of five years.

The condition with respect to the business of the United States merchants in the islands today is unfortunate, and its cause can easily be traced. The Government of the United States went into the islands under a distinct promise that it would govern the Philippines for the benefit of the Filipinos; that it would extend self government to the Filipinos as rapidly as they showed themselves fit for it, and that as many Filipinos as possible would be used in the personnel of the Government. This has always been the attitude of the Government, and never, so far as I know, has there been a single step of departure from it. It was the attitude declared before the war of insurrection began, while it was pending, and at its close, nad no resistance on the part of the natives has varied our position in that regard. This policy did not meet, as was natural, the ready assent of all the army or of those persons who were in sympathy with the army.

SENTIMENT AGAINST FILIPINOS.

The adventurist spirits who followed the army for

the purpose of establishing a business in its wake found that they had all that they could do to supply the demand made by the army for American goods, and as American capital came in dribbles or in larger sums, it was turned into the business of supplying the army with those things which the Government did not supply. Four or five trading companies were thus organized, embracing substantially all the American enterprise that has appeared in the islands during the first three or four years of American occupation. American merchants thus situated easily caught the feeling of hostility and contempt felt by many of the soldiers for the Filipinos, and were most emphatic in condemning the policy of the Government in attempting to attract the Filipinos and make them so far as might be a part of the new civil order.

The American newspapers which were established readily took the tone of their advertisers and their subscribers, and hence it is that the American community in the Philippines today is largely an anti-Filipino community. The 75,000 soldiers whose demands for supplies made their business so profitable have now been reduced to 15,000, and the market which made the American merchants for a time independent of the Filipinos has now almost entirely disappeared. The condemnation by such merchants of the civil government continues, and they do not hesitate to make the Government the scapegoat for the failure of business to improve. The fact is that their customers have gone back to the United States, and that their attitude toward the Filipinos is such that the Filipinos are not disposed to patronize them. This is unfortunate, and there must come into the islands a new set of merchants who shall view the situation from an entirely different standpoint.

There are 7,600,000 Filipinos. Of these, the 7,000,000 Christian Filipinos are imitative, anxious for new ideas, willing to accept them, willing to follow American styles, American sports, American dress and American customs. A large amount of cotton goods is imported into the islands each year, but this is nearly all from England and Germany. There is no reason why these cotton goods should not come from America, except the fact that there are no American houses in the islands that have devoted their attention to winning the Filipino trade. I am not a business man, but I know enough to know that it is not the best way to attract custom from an alien people to call them names, to make fun of them and to decry every effort toward their advancement and development. In other words, the American merchants in the Philippines have got off on the wrong foot. There should be a radical change.

EXTENT OF RAILWAY LINES.

There are a few railroad lines in the Philippines which it would be possible to induce capital to build without a guarantee of income, but it is wiser, it seems to the commission, to attempt to introduce a general system of railways than to have a link built here and a link built there, and to await the process of time before trunk lines shall be established. For instance, it is quite probable that a short line of forty or fifty miles would be constructed without a guarantee in the Province of Legaspi, where is the rich hemp business, and where it has been customary during the last two or three hemp seasons to pay \$40, Mexican, a day for a carabao cart; so perhaps it would be possible to secure the construction of a line without a guarantee from Manila south to Batangas, though of this I am not certain.

With the hope, however, of bringing capital in considerable amount to the islands, a bill has been prepared, which has passed the House, authorizing the Government to grant franchises for the construction of railroads, with a guarantee of income of not more than 5 per cent. on the amount actually invested, for not exceeding thirty years.

In most cases a guarantee of a smaller percentage would be sufficient; but my impression is that, with respect to the main trunk line from Aparri to Manila, the difficulties of construction and the delay in securing a profitable business would probably require an assurance of 5 per cent. dividends. The opposition of those who oppose the investment of any American capital in the islands which shall furnish a motive for a longer association between the two countries than is absolutely necessary may postpone the passage of this bill until the next session of Congress. I shall deeply regret the delay, but I am not discouraged, for as long as I continue in my present position I expect to press the legitimate claims of the Philippine Islands upon a just and generous Government for such authority in the local government as will permit a proper development of the material resources of the islands; and the delay in legislation, which is incident, not to the opposition of a majority, but to the opposition of a small minority, while it is apt to try one's patience, ought nevertheless not to discourage.

CHARACTER OF FILIPINO LABOR.

I come now to the question of labor, which has been made the basis for the most discouraging accounts of conditions in the Philippine Islands. The Filipino is a tropical laborer. In times past a large amount of rice has been raised in the islands, a large amount of tobacco, a large amount of sugar and a large amount of hemp, and they all involve, as a material part of the cost of their production, the labor of the natives. The Chinamen, who have been said by mistaken persons to number 1,500,000 in the islands, in fact do not number 100,000, and none of them do any agricultural work of any kind in the Philippine Islands. The Filipino is naturally an agriculturalist. When you go through his village in the middle of the day you will probably see him lounging about the window or on the seat in front of his house, and you will ascribe to him the laziest habits, because you do not know that he has been up at 4 o'clock in the morning and has worked from that time until 9 or 10 in the fields, and that he will begin work again at 4 o'clock and work for two or three hours until sundown or later.

The American merchant is loud in his denunciation of the insufficiency of the Filipino labor. This is because the price of labor has probably doubled since the Americans went there, and he has heard the tales of how cheap labor was before the Spanish régime ended. He also compares the cost of labor in the Philippine Islands with that in Hong Kong, and he finds that it is very considerably less all over China. I am not contending that the labor in the Philippines is as good as Chinese labor, for that labor is the best in the world, probably, when economy in wages and efficiency in product are considered; but what I wish to dispute is that the labor conditions in the Philippines are hopeless.

The city of Manila has under its control and in its employment about 3,000 laborers, and they are paid all the way from 50 cents, Mexican, to \$1.25, Mexican, and there is no complaint whatever on the part of the authorities that their work is not properly and well done. The quartermaster's department of the army has about the same number, and their reports of the efficiency of Filipino labor are exceedingly encouraging. We have now employed really as coolies on the Benguet road, in the most difficult drilling and construction work, about 3,000 natives, and while their efficiency is nothing like that of the American, in the accomplishment of work in proportion to the pay they probably get through about as much.

The men who are constructing the harbor works at Manila—the Atlantic, Pacific and Gulf Company—have employed upward of 800 to 1,000 Filipinos in their quarries. At first they found it very difficult to secure workmen, but now they have more labor than they need. They use about

8 per cent. of white foremen, and the rest natives. They give to the natives houses, furnish a church, a band, a cockpit and a school. On their fiesta days they give them vacation. They have fewer desertions, less absenteeism, than with Americans. These experiments show only that the solution of the labor problem in the Philippines is teaching the Filipinos how to work. Sir William Van Horne reports that he found much difficulty originally in the construction of the Cuban railways because the natives were not acquainted with how the work should be done; but that by means of white foremen they were easily taught, and that then they made good laborers. I feel sure that the same thing will prove to be true of the Filipinos.

MINES; STREET CARS; ELECTRICITY.

There is doubtless a great deal of mineral wealth in the islands, but it will be available only after transportation shall have been introduced. It is not an island with a bonanza mine in it, although at some distant day such a vein may be discovered there. There is certainly coal in the islands in commercial quantities. There is now between the islands a considerable interisland trade, and there are quite a large number of ships engaged therein. Without it the islands could not live; it is their arterial circulation. The present system might be much improved by introducing American generous methods of dealing with the public. About \$2,500,000 capital has been invested in a street railway in Manila, which will be completed next Thanksgiving Day. This will certainly change one of the annoying and expensive features of Manila life, and will give to the residents of the city opportunity to cut down their present expenses of living at least 25 per cent.

There is no city in the world where there is so much traveling done in carriages, due to the fact that people may not walk about safely under the tropical sun. The presence of a street railway will do away with the necessity for many of these conveyances, and the streets will be less used and their condition much improved. There is sufficient continuous fall of water in streams within practicable distances of Manila to furnish electrical power exceeding 15,000 horse power. With the high price of coal this is an important aid to manufacture.

The English houses and the Spanish houses who have dealt in the export trade in the islands have earned large profits during the occupancy of the United States.

HEALTH OF THE ISLANDS.

It is said that the health of the islands is such as to preclude Americans from going there. This is not true. The climate does prevent one from going into the sun in the middle of the day, and so prevents his working in the fields as a laboring man, but it is entirely possible for one to live in the islands for years, and, if he does not neglect the ordinary rules of hygiene, to be free from bad health. The province of Benguet, which is 150 miles from Manila, and which will soon be reached by a railroad and an electric road in twelve hours, offers a climate quite like the summer climate of the Adirondacks or of Canada. Under the land regulations, which go into force at the time of the adjournment of Congress, a summer capital is to be established at Baguio, and town lots in the same place will be offered at public auction. Americans engaged in business may at small cost buy lots and erect houses and live there as many months of the year as they choose, except the months of August and September, which are usually so wet as to make it unprofitable. During the remaining months of the year the climate is beautiful, the temperature going down as low as 35° Fahr., and rarely, if ever, reaching 80°.

It is estimated that not more than 5,000,000 acres of land are owned by natives in the islands, and that the remainder, 65,000,000, is owned by the Government. This remainder will, under the land regulations, be opened for settlement and purchase at the adjournment of the present

session of Congress. There is every prospect that the land will be taken up by both Filipinos and Americans. The maximum limitation for purchase by a company is 2,500 acres. This limitation is much too low for the cultivation of sugar, but is sufficiently extensive for the cultivation of other products. There is a provision in the law by which irrigation companies may own stock in land companies, so that probably the limitation may be evaded if private profit requires. As to the future of the Philippine Islands, of course, it would be dangerous to prophesy, but with a change in the hygienic conditions that surround life, due to an effective board of health, with a supply of pure water from the sinking of driven wells all over the country, which the pending bill in Congress will encourage, I feel sure that the population will rapidly increase.

THE ANTI-IMPERIALIST PETITION.

We hold the Philippines for the benefit of the Filipinos, and we are not entitled to pass a single act or to approve a single measure that has not that as its chief purpose. But it so happens, and it fortunately so happens, that generally everything we do for the benefit of the Filipinos and the Philippines will only make their association with the United States more profitable to the United States. I do not base my prayer for a continuance of the present policy toward the Philippine Islands on selfish grounds, but as this is a Chamber of Commerce, and as it is naturally interested in the possibilities of commerce in those distant islands, I have felt justified in referring more than heretofore to the industrial conditions existing there and the possibility of improvement and the increase of trade between the United States and the Philippines.

The first requisite of prosperity in the Philippine Islands is tranquility, and this should be evidenced by a well ordered government. The Filipinos must be taught the advantage of such a government, and they should learn from the government which is given them the disadvantages that arise to everybody in the country from political agitation for a change in the form of government in the immediate future. Hence it is that I have ventured to oppose with all the argument that I could bring to bear the petition to the two political conventions, asking that independence be promised to the Filipinos. It is not that I am opposed to independence in the islands, should the people of the Philippines desire independence when they are fitted for it, but it is that the great present need in the islands is tranquillity; the great present need in the islands is the building up of a permanent, well ordered government; the great present need in the islands is the increase of the saving remnant of conservative Filipinos, whose aid in uplifting and maintaining the present government on a partly popular and strictly civil liberty basis shall be secured.

A promise such as that which is petitioned for cannot but introduce at once into the politics of the islands the issue of independence, of present fitness for self government, and will frighten away from the support of the present government the conservative element which is essential to its success, and yet which is always timid lest by a change bringing the violent and the irreconcilable to the front they shall suffer by reason of their prominence in aid of the present government. The promise to give independence helps no one. There is no need of that promise to secure tranquillity, because we have tranquillity in the islands. It is certain to be misunderstood as a promise to be complied with in the present generation, and if, as is probable, the people shall be fitted for self government in the present or the next generation, then the failure to give it will be regarded as a breach.

Why not let the politics of the islands take care of themselves? Why should the good people who signed the petition intermeddle with something the effect of which they

are very little able to understand? Why not take the broader policy, which is that of doing everything beneficial to the Philippine Islands, of giving them a full market, of offering them an opportunity to have railroads built extensively through the islands, and of having a tranquillity which is essential to the development of their business and their property; why not insist on the spread of the educational system, of an improvement in the health laws, and subject everything that is done in the islands to an examination as to whether it is beneficial to the Filipino people, and then, when all has been done for the Philippines that a government can do, and they have been elevated and taught the dignity of labor, the wisdom of civil liberty and self-restraint in the political control indispensable to the enjoyment of civil liberty, when they have learned the principles of successful popular self government from a gradually enlarged experience therein, we can discuss the question whether independence is what they desire, and grant it, or the retention of a closer association with the country which by its guidance has unselfishly led them on to better conditions.

EXHIBITS AT WORLD'S FAIR.

And now, gentlemen, there remains one thing to say which is more or less a matter of business. In order to familiarize the people of the United States with the Philippine Islands, and in order to bring the Philippines closer to the United States, the commission has deemed it wise to expend about \$750,000 in making a satisfactory exhibit at the World's Fair in St. Louis. In making the ethnographical exhibit the collectors have brought here natives of the various wild tribes of the islands. Naturally, as an exhibit, they would not bring the civilized tribes, as they are shown in the battalions of scouts and constabulary which are here.

The educated, the cultured and the refined Filipinos would, of course, not appear in an exhibit, and yet the attention likely to be attracted to the wild tribes may blind the people to the fact that these wild tribes do not correctly represent the general average of civilization in the islands. For that reason the commission deemed it proper to appropriate a considerable sum of money to bring to the United States a delegation of from forty to fifty prominent Filipinos, prominent at the bar, prominent in business, prominent in the provinces, prominent in literature, in order that by going about the country and the different cities they might become acquainted with the institutions and appearances of this country, and at the same time the business and prominent men of the cities of the United States might have acquaintance with the best element of the Filipinos.

The appropriation is not large enough to justify such extensive visiting to the various cities as we should like, and therefore we have thought it wise to appeal to the commercial bodies of each city to assist us in the entertainment of these gentlemen while they are here. I venture to suggest, therefore, to the Chamber of Commerce that some action be taken in the nature of the appointment of a committee to confer with Dr. Wilson, who is in charge of the Philippine exhibit and also in charge of the delegation of Filipinos, to care for them while in New York. I am sure that there is in New York, as there is elsewhere, a sufficient interest in the people of those far distant islands to invoke some effort on the part of individuals to see that the hospitality of the city of New York is properly extended to them.

The first virtue of a Filipino city or village is hospitality, and should any of your number ever visit the Philippines and become acquainted with the Filipinos you will understand why it is that those of us who have enjoyed the hospitality of the people of those islands are so anxious that the Filipino gentlemen, with their standards of hospitality, shall not be disappointed in what they receive here.

THE GENERAL ECONOMIC SITUATION AND THE MONEY MARKET IN JAPAN.

Mr. Matsuo, governor of the Bank of Japan, delivered the following address at the semi-annual general meeting of February 20:

"GENTLEMEN—In my capacity of this bank's governor, a charge conferred on me in October of last year, it gives me great pleasure to welcome you to this forty-third meeting of shareholders. I have now the honor to submit to you the report of the transactions of the bank for the thirty-sixth year of Meiji (1903), and in doing so I shall avail myself of the opportunity to make a few remarks on the general economic condition of the country as well as the main features of the bank's business during the year under review.

"In the thirty-sixth year of Meiji, although there were some fluctuations from time to time, yet the general economic situation was, on the whole, sound, and the year closed amid indications of moderate prosperity in all lines of industry. As a consequence of the economic caution maintained for many years, a gradual increase of available capital in the money market made itself apparent from the beginning of the year under review. Accordingly the bank lowered its rate of daily interest 2 rin in March and other banks followed suit. Even at the season of the raw silk trade there was no considerable increase in the demand for funds, and the money market remained very quiet. A bad harvest in the previous year had necessitated the importation of a large amount of our staple food, rice, and it was feared that a considerable outflow of specie would result. But fortunately the flourishing condition of our export trade and other causes making for an inflow of foreign capital produced a balance of exchange and obviated any large cash remittances.

"Taking advantage of this quiet situation in the money market and the consequent fall of the rate of interest, companies of various descriptions secured better terms for their liabilities or floated new obligations at lower rates. These facts tended to impart stability to the condition of enterprise and furnished reasons for anticipating a further improvement of business. Moreover, in the latter half of the year the silk industry prospered; its export proceeded smoothly, and favorable climatic conditions gave prospect of a heavy rice crop. Thus the business outlook seemed very bright. On the other hand, however, diplomatic questions, which had been absorbing attention since the spring of the year, seemed to gradually assume so serious a character as the months went by that, despite these hopeful business prospects, the money market could not shake off its sense of reserve; and, further, inasmuch as toward the end of the year the sometime flourishing silk trade suffered a check, the year closed amid circumspection and inactivity.

"Such being the general economic situation, the transactions of the bank could not but conform to it. The amount of the bank's advances to the money market varied from time to time, but the general tendency was in the direction of decrease. Thus, the total of these advances, which had ranged between 40,000,000 yen and 50,000,000 yen in January, fell after March to an average of about 20,000,000 yen, and in the month of November it was reduced temporarily to about 15,000,000 yen. Toward the end of the year the demand for money rapidly increased during several days, but the aggregate advances on the last day of the year did not greatly exceed 51,000,000 yen. Seldom during recent years had the bank's loans fallen to such a small figure, and the fact clearly indicated a general industrial depression as well as the existence of a large supply of available capital in the market.

"As regards the condition of foreign trade in the year under review, the exports and imports of commodities amounted to 289,500,000 yen and 317,130,000 yen respectively, the aggregate being 606,630,000 yen. These figures, when compared with the total for 1902, namely, 530,030,000 yen, which was then regarded as unprecedented in the annals of the country's foreign trade, show a very satisfactory result, notwithstanding the sluggishness of the general market. The increase in imports was mainly attributable to purchases of foreign rice, which amounted to over 50,000,000 yen, while a strong demand abroad for our principal articles of produce, such as habutaye, cotton yarn, tea, copper and coal, explains the increase in exports. The import and export of specie were respectively 27,800,000 yen and 19,000,000 yen, being just the reverse of what might have been expected in view of the returns of imports and exports of commodities. Such a state of affairs is doubtless attributable to large profits accruing from the enterprises of our people abroad; and at the same time to an influx of foreign capital, owing to independent causes. Thus a part of the proceeds of the sale of our Government bonds in London was remitted during the year, producing an excess of specie imports which at one time reached 18,000,000 yen. But toward the end of the year depression in the silk trade as well as stringency in the money market of the United States, which caused a large quantity of specie to go thither, reduced the excess to 8,800,000 yen, at which figure it stood on the last day of the year. This gold movement is still continuing in the same direction.

"With reference to the minor affairs of the bank there is very little to be reported. The building of our branch office at Osaka, commenced in 1897, was completed last year, and the new office was opened on February 1. New buildings were felt to be necessary also at Nagoya and Kyoto, and they have been in course of construction since September last.

"With much regret I have to report that our late governor, Mr. Tatsuo Yamamoto, retired from office in October on the expiration of his term. The faithful and meritorious services rendered by him in the world of finance and economy under many difficult circumstances will be long cherished in our memory.

"I have thus briefly reviewed the economic situation during last year. The gradual increase of available capital in the market and the favorable condition of our foreign trade must be regarded as most propitious signs. But, now, unfortunately, war has become inevitable in order to secure the permanent peace of the Far East. It is well known that a sound financial condition is of cardinal importance in time of war, and that the foundations of public finance must be laid in the national economy. The circulation of money and the production and distribution of commodities are likely to differ greatly in time of war as compared with time of peace, and it behooves business men to vigorously prosecute peaceful enterprises in spite of the many difficulties incidental to war. Moreover war expenditures tend to cause a sudden increase in the amount of money in circulation, so that those controlling the market must endeavor to find avenues of employment for this surplus and to establish equilibrium between the Treasury's disbursements and the demand for capital. The success of our military operations will depend, in no small degree, on prudent management in business circles, and we must all appreciate our responsibility at this critical time. In such matters an institution like this bank must take the lead, and I count on your united support in discharging our duties without failure."

CHINESE EXCLUSION.

In the autumn of 1892 I was in Japan. At Tokio I received a visit from the ambassador from China, Lord Li (since deceased), son of Li Hung Chang. Lord Li was an imposing personality, of great intelligence and cultivation—evidently a man of the world. He spoke faultless English, and was equally conversant with French and German. Lord Li opened the conversation by asking if I were the author of an article recently published in *The North American Review* which took strenuous grounds against the United States exclusion acts and quoted the resolutions of the Chamber of Commerce declaring these acts to be in flagrant violation of our treaty with the great and friendly Empire of China, with which the merchants of our country were very anxious to maintain and increase commercial relations.

Lord Li expressed his appreciation of the article, and was highly complimentary to the action of the Chamber of Commerce. I asked permission to publish his views in the interest of commerce between his nation and the United States, to which he replied: "I am in the diplomatic service, and will speak unreservedly upon the condition that you shall wait five years before making my views public," to which I assented. He then said: "The Chinese government gave the greatest possible expression of their confidence in the American people when they selected Anson Burlingame, an American citizen, then United States Minister to China, and clothed him with full power to make treaties of amity and commerce with the United States and the European powers. The choice of Mr. Burlingame was made after considering the claims of other nationalities to whom their ambassador was to be accredited." Referring to Chinese emigration, Lord Li stated that Mr. Burlingame officially represented to the Chinese government that America—California in particular—was in great need of cheap labor, and requested the Chinese government to encourage the emigration of their surplus labor to the Pacific Coast; that there had never been more than about one hundred thousand Chinese in the United States, and he added with a slight touch of sarcasm, that the seventy millions of Americans had little to fear from the one hundred thousand of so-called "heathen." He characterized our Chinese exclusion act as insulting to a proud nation, and said it had greatly wounded the sensibility of governmental circles in China.

I inquired with some apprehension if his government proposed retaliatory action toward American visitors and American merchandise, to which he replied: "My government knows how to wait. I am of the opinion that the considerate judgment of the American nation will before long remedy this injustice, and the merchants of your country should insist upon such action on the part of your Congress." He continued: "A simple request from the American to the Chinese government to prohibit further emigration of Chinese laborers would have received a favorable response from my government. The exclusion acts, so offensive to us, were rushed through the American Congress

without waiting to give my government time to send an official to Washington to explain the Chinese position respecting these laws, which related only to Chinese subjects."

The United States has been in recent years making extraordinary efforts, through the splendid diplomacy of Secretary Hay, to place the commerce of this country in a position to compete with Europe for the supremacy of the trade with the Orient. It is historically true that the nation which for the time being has largely controlled the commerce with the Orient has become the first commercial nation of the world. This is true of England to-day; it was true of Venice in the past.

The Panama Canal is now an American possession. Its completion, if we are wise, will give us opportunity, never before offered a nation since the time of Columbus, to control the trade with the Far East. The enforcement of the Chinese exclusion acts and the methods of their operation will in the long run paralyze our Oriental commerce.

I hope your readers will carefully study an article in the March number of *The North American Review*, entitled "A Menace to America's Trade in the Far East." For the sake of brevity I forbear to quote in full the extraordinary regulations issued by our Commissioner General of Immigration and approved by the Secretary of Commerce. They are given in extenso in the article above referred to. These star chamber proceedings are a travesty upon justice and fair play and an absolute violation of the Golden Rule. No harsher measure could be devised against criminals of any kind. I have found nothing more severe in any record of Russia's conduct toward Siberian exiles and her criminals. For example, the physical examination of the person of the immigrant and the application of the Bertillon system, a procedure adopted only in case of criminals in any country. I am unable to see how any self-respecting Chinaman can come to the St. Louis Exposition. The rules and regulations regarding that exposition practically make him a "ticket of leave" man if he wants to leave the grounds temporarily. Is it possible that members of Congress have read these rules and regulations? It concerns the dignity of Congress that an inquiry should be made into the whole question.

CHARLES STEWART SMITH.

THE WAR LOAN BONDS.

From March 1 to 10 the Bank of Japan received applications for the subscriptions to the Imperial Treasury bonds, 100,000,000 yen, to be issued in accordance with Notification No. 4 of the Department of Finance. The price of bonds shall not be less than 95 yen per 100 yen, bearing interest at 5 per cent. per annum, and the principals are redeemable within five years.

It was announced by the Bank of Japan on March 12 that the subscriptions to the bonds amounted to 452,225,775 yen, of which 33,523,400 yen consisted of offers above the issue price and 418,702,375 yen at the issue price. Of the latter sum 49,833,825 yen consisted of subscriptions for a sum not exceeding 200 yen. The amount of the subscriptions at a higher price or for a small sum, to which preference will be given in allotting the bonds, totals 83,357,225 yen, leaving a margin of only 16,642,775 yen to be allotted in proportion to the subscriptions amounting to 418,702,375 yen. The ratio of the allotment is less than 4 per cent. for sums larger than 200 yen, so that a subscriber for 10,000 yen would only be allotted bonds to the value of some 400 yen.

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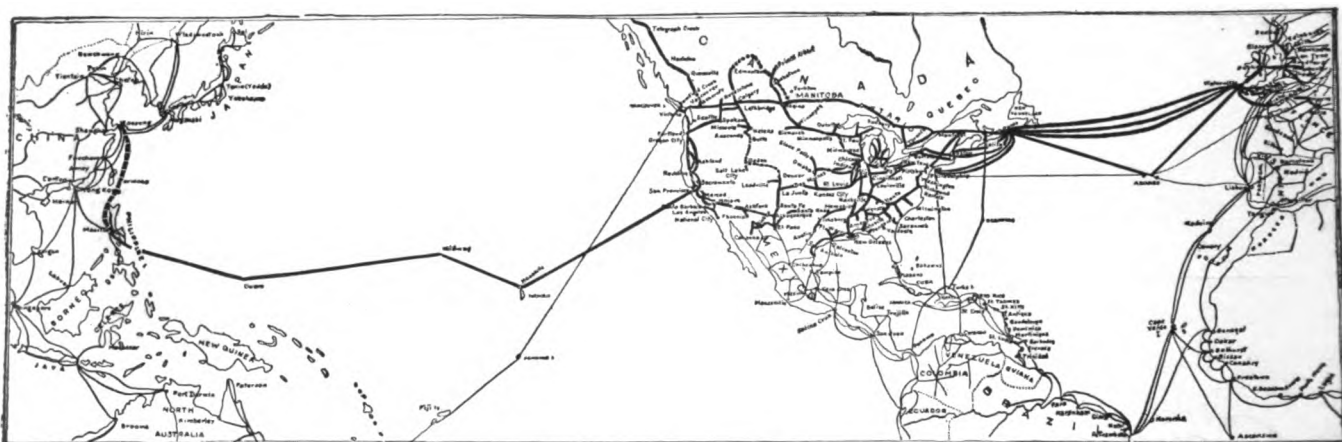
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Journal of The American Asiatic Association

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JOHN FOORD, PUBLISHER,
78 Beekman Street,
New York City.

THE most notable feature of the sixth annual dinner of the Association was the presence at it, as guest of honor, of His Imperial Highness Prince P'u Lun. Elsewhere will be found the Chinese original of the Prince's speech, in response to President Webb's address of welcome, and the translation of it delivered by Mr. Wong Kai Kah. Nothing could be in better taste, or more befitting the occasion, than the remarks of the Prince, and we imagine that the readers of the JOURNAL will recognize in them, as did the guests at the dinner, a remarkable breadth of view and elevation of sentiment for one who has had a comparatively brief period in which to familiarize himself with Western ideas and with the attitude of the people of the United States toward the future development of the Chinese Empire. The Association endeavored to make the visit of the Prince to New York as pleasant and as profitable as possible, and it has to acknowledge the ready and cordial cooperation in this effort of Prof. Hirth and the faculty of Oriental languages at Columbia University; of Mr. Morris K. Jesup, President, and the official heads of the American Museum of Natural History; of the President of the Stock Exchange; of the Chamber of Commerce of the State of New York; of General Charles A. Whittier; of Mr. Perry Belmont; and of Mr. Charles R. Flint. From the day of his arrival, on Tuesday, May 31, to the time of his departure on June 5, the Prince was the recipient of a series of attentions from these various sources which covered pretty much the entire field of Academic, Commercial and Financial New York, as well as various phases of its popular sports and amusements. Since his first arrival in the United States, the Prince has probably spent no five days which were quite so crowded with new impressions, and which carried him over so wide a sphere of observation. In New York, as in other parts of the country which he has visited, the manners and demeanor of the Prince won him golden opinions. His exquisite tact was as generally recognized as his intelligent curiosity and inexhaustible good nature. The Prince unquestionably succeeded in impressing on the minds of those who met him a new respect for the capacity of the younger members of the governing class of China, and in encouraging the hope that the future destinies of the Empire might be controlled by such principles and guided by such practice as he had so ably expounded.

The speech of the Minister, Sir Chentung Liang Cheng, was informed by his excellent good sense and his thoroughly progressive sentiments. The importance of the announcement which the Secretary of the Association was authorized to make on his behalf will probably be better appreciated abroad than it is here. It is undoubtedly known to our friends in China that the consent given by the Government at Peking to the inclusion of the Empire as one of the signatories of the Geneva Convention, was not obtained without passing the ordeal of the usual dilatory objections.

The reasons for not taking any important step in China have usually proved more powerful than the reasons on the other side, and the tardiness of the appearance of China in the ranks of the civilized powers which hold themselves bound by the body of International Law which has grown out of the Geneva Convention, is sufficient proof of the tenacity of the opposition to the step which has been finally taken. It should be remembered to the lasting credit of Sir Liang that in this, as in other matters affecting the entrance of his country on the part of progress, he has been the resolute and outspoken champion of the policy of enlightened liberality. In the no less difficult and delicate task of negotiating a new treaty of immigration with the Government of the United States, Sir Liang is displaying an equal degree of combined resourcefulness and tact. As he intimated, at the reception accorded to the Prince and himself by the Chamber of Commerce, the Exclusion Act is the only question which has furnished cause for irritation between the two countries during the sixty years in which their commercial friendship has existed. The President of the Chamber went so far as to express the hope, with the enthusiastic approval of those present, that the time would come when this exclusion would be obliterated, and we should receive the Chinese on the same terms that we receive the people of other nations. Sir Liang replied that his Government thoroughly understood the conditions which stood in the way of such a consummation, but that he hoped, as its diplomatic representative, to reach an agreement that would do away at least with the humiliation and irritation which now prevail.

It may or may not be held to be an illustration of the conditions referred to by the Chinese Minister, that the one conspicuous act of discourtesy to the Prince during his stay in New York came from the Mayor of the City. A month or two before the Prince's arrival, Mayor McClellan was duly advised by the Secretary of this Association of the proposed visit of Prince P'u Lun to this City, and of the arrangements which had been made by the Association and other public bodies to do him honor. It was suggested that, before completing these arrangements, it might be well to know whether the Mayor and City Government of New York cared to make any public recognition of the visit of so distinguished a personage. No answer was vouchsafed to this communication, but the Mayor corresponded with the Chinese Minister in Washington and intimated a desire to pay his personal respects to the Prince on his arrival. When the time came, this formula was reduced to what might be called its lowest expression, and all the obligations of civic hospitality were discharged by a call at the Prince's hotel from the Mayor's Secretary. It is quite safe to say that so crude a disregard of the most ordinary amenities of Municipal courtesy could not have occurred in any other great city in the world. It certainly did not occur in any other city of the United States visited by the Prince, and the commercial metropolis of the Union thus enjoys the questionable distinction of having a City Government whose head is either oblivious of the duties imposed on him by the visit of a distinguished stranger, or who is so hopelessly perverted by the diligent pursuit of party politics as to fear the criticism which might be evoked in certain quarters by his paying the proper need of respect due to a royal visitor, because he happened to be a Chinaman.

THE fact is deserving of attention that, as will be perceived from the record elsewhere printed, the efforts of Mr. Everett N. Bee, of Otis, McAllister & Co., of San Francisco, have been successful in adding fifteen new names to the membership of the Association. It was regarded as anomalous by Mr. Bee, as it was by other members of the Association, that the Pacific Coast, with all its great and growing

interest in the development of trade with the Far East, should be so sparsely represented in the Association. Mr. Bee addressed a very admirable circular letter, which will be found elsewhere reproduced, to the leading firms on the Pacific Coast interested in trade with Eastern Asia, and elicited the fifteen applications for membership on which the Executive Committee has just passed. The Committee has taken occasion to place on record its cordial appreciation of Mr. Bee's earnest and successful efforts, and begs to commend them to the imitation of other members of the Association who are similarly impressed with the desirability of widening the scope of its influence. It need hardly be added that this further appeal is not addressed to Mr. James J. Hooker of Cincinnati, Mr. Ellison A. Smith of Pelzer, S. C., Mr. James R. Morse of New York and others who have recently been instrumental in adding to the membership list of the Association.

EARLY in the present war, the opinion was expressed in these columns that the Japanese army would be found able to give as good an account of itself as the fleet had done. Recent events have fully borne out the justice of this statement and have, indeed, put such a complexion on the issue of the struggle as to cause even the military critics of Continental Europe to reverse their judgment as to the comparative effectiveness of the contending forces. Some of our military critics in this country were as much at sea on this subject as the French and Germans, and it is already amusing to read some of the forecasts made by our so-called experts of the course of the land campaign. What is perhaps more to the purpose is the evident growth of a conviction in this country that the United States must be in a position to speak with authority when the time comes for discussing the final and permanent settlement of the International position in the Far East. The Russian appeal to public terror of the Yellow Peril, has fallen absolutely flat here, and there is a tolerably clear and general perception of the fact that American interests have everything to gain by the supremacy of Japanese influence in Eastern Asia. Certainly, nobody has been able to suggest any other form of influence likely to prove as salutary or as effective in the promotion of material progress. As compared with the influence of Russia, it means the substitution of economic light for darkness; of administrative capacity for imbecility; of official honesty for systematic corruption. All this has become pretty well understood by the people of this country, and as the foreign policy of the Administration must, in the long run, be guided by public opinion, it is not too much to hope that in the congress of nations which is likely to have to deal with the final issue of the war, the United States will play a part adequate to its place among the great powers of the world.

It is hardly necessary to call for the special attention of our readers to the very admirable article which will be found in this number of the JOURNAL, prepared at the request of the Executive Committee by Mr. Thomas A. Phelan, President of the National Tea Association of the United States of America. The subject of the origin, distribution and consumption of the various commercial varieties of tea has probably never been so exhaustively treated in any single article as it is in this one. It is nothing short of an encyclopedic monograph on a subject about which exact information is notably lacking, and it will be found equally interesting by importers, dealers and consumers. The popular circulation of such an article could hardly fail to have a most beneficial effect, and on this ground as well as on that of intrinsic interest, we would especially commend it to the attention of our friends of the daily press.

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the ten months ending April 30, 1903 and 1904.

EXPORTS TO CHINA.

Months. 1902.	Cotton Cloths. Yards.		Mineral Oils. Gallons.		Wheat Flour. Barrels.	
July	32,036,120	\$1,658,250	70,139	\$13,505	1,465	\$4,606
August	23,366,570	1,087,054	730,110	57,474	2,657	9,108
September	23,759,038	1,190,977	55,492	11,800	8,804	25,589
October	20,472,678	1,036,726	3,017,797	270,697	18,620	56,636
November	6,712,750	340,422	2,292,023	198,958	16,717	50,510
December	20,582,544	1,074,463	6,205,559	529,109	11,546	37,273
1903.						
January	18,440,398	924,882	1,944,706	197,967	8,637	26,288
February	34,642,500	1,713,994	878,660	92,265	1,524	4,805
March	37,929,363	1,850,571	1,712,040	179,780	9,457	31,372
April	34,640,141	1,608,487	1,163,320	126,709	6,536	22,132
Total	252,582,102	\$12,485,826	18,069,846	\$1,676,264	85,963	\$268,319
1903.						
July	9,751,868	\$443,228	1,384,881	\$147,423	166	\$587
August	4,096,161	189,133	1,644,834	142,882	1,653	6,650
September	3,377,050	168,208	1,001,398	109,456	9,016	31,407
October	9,370,600	414,156	5,509,766	647,751	7,448	25,937
November	1,038,835	69,055	3,376,910	405,300	17,325	58,033
December	3,665,364	230,546	2,496,200	303,123	10,812	38,951
1904.						
January	8,906,813	476,609	3,772,243	447,712	6,303	24,019
February	13,806,444	785,473	7,305,887	862,625	2,489	9,264
March	8,652,392	435,780	5,808,064	695,371	11,515	39,999
April	1,041,000	62,311	2,232,150	249,538	3,944	14,567
Total	63,406,497	\$3,260,169	34,532,333	\$4,011,181	70,671	\$249,414

EXPORTS TO HONGKONG.

1902.						
July	1,200	\$220	1,301,020	\$101,420	75,811	\$228,906
August	38,103	2,470	768,590	69,360	93,998	295,892
September	14,739	1,418	33,250	4,002	141,598	437,587
October	17,550	3,111	5,100,885	439,318	137,672	422,355
November	6,568	1,400	3,023,690	264,956	147,545	477,722
December	69,107	6,395	2,894,751	286,066	240,937	826,823
1903.						
January	22,099	3,841	.....	.....	142,918	460,238
February	161,346	9,798	1,001,830	105,190	126,693	427,199
March	36,858	3,267	.....	.....	106,520	395,479
April	32,210	4,544	1,222,283	128,955	74,107	245,989
Total	399,780	\$36,464	15,346,299	\$1,399,267	1,287,799	\$4,217,690
1903.						
July	117,991	\$13,468	822,392	\$86,725	39,890	\$143,890
August	60,502	9,083	124,179	16,514	83,724	330,075
September	7,652	828	1,773,512	199,683	193,545	730,441
October	24,740	4,840	1,581,553	174,495	165,903	658,178
November	5,963	809	1,241,310	148,971	128,144	494,014
December	17,825	3,058	5,955,043	721,169	175,682	646,422
1904.						
January	5,877	994	955,320	112,700	155,130	574,431
February	26,000	2,027	34,234	5,223	189,308	694,139
March	37,919	7,538	54,365	5,801	58,718	232,217
April	8,846	1,374	3,265,323	368,210	9,521	35,609
Total	313,315	\$44,019	15,807,241	\$1,839,491	1,199,565	\$4,545,469

DEPARTMENT OF COMMERCE AND LABOR,

Bureau of Statistics.

WASHINGTON, D. C., May 27, 1904.

Imports of Tea and Silk into the United States for the ten months ending April 30, 1902, 1903 and 1904.

TEA.

	1902.		1903.		1904.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
Imported from						
United Kingdom.....	2,953,368	561,404	5,027,730	918,591	5,826,398	1,206,375
British North America....	1,453,897	255,671	1,760,386	354,562	1,787,752	398,556
Chinese Empire.....	35,521,760	3,683,239	54,564,412	6,904,707	52,520,445	7,183,781
East Indies.....	2,397,302	324,705	5,692,458	706,625	6,163,623	941,380
Japan.....	29,096,953	3,905,980	34,884,581	5,494,422	41,049,320	7,483,636
Other Asia and Oceania ..	296,268	37,350	396,811	45,606	406,851	50,606
Other countries	7,883	2,124	6,301	2,923	61,847	14,898
Total.....	71,727,431	8,770,473	102,332,679	14,427,436	107,816,236	17,279,232

RAW, OR AS REELED FROM THE COCOON.

SILK.

	1902.		1903.		1904.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
Imported from						
France.....	489,537	1,633,613	511,974	1,948,172	274,694	961,248
Italy.....	2,165,713	8,365,229	2,710,475	11,258,037	1,443,009	6,337,991
Chinese Empire.....	2,498,185	6,928,580	2,789,281	8,116,774	2,608,989	7,620,916
Japan.....	5,467,302	18,267,186	6,349,067	22,990,824	5,776,890	21,255,584
Other countries	269,016	856,255	49,598	169,581	80,381	274,251
Total.....	10,889,753	36,050,863	12,410,395	44,483,388	10,183,963	36,449,790
Waste .....lbs. free..	1,469,618	834,038	1,362,501	855,827	3,836,113	1,518,153
Total unmanufactured		36,886,596		45,339,373		37,978,640

CHINESE STUDY AT COLUMBIA.

The Chinese Department of Columbia University has successfully closed the second year of its existence. During the first year two courses were given to non-registered students. These have been abandoned during the past year, 1903-4, during which none but registered students have been admitted. Registrations, as shown by individuals, stood as follows:

	Students.
Number of candidates for Ph. D.....	5
Number of candidates for A. M.....	3
Number of students not being candidates.....	2
Total students.....	10

The participation of students in the several courses is shown in the following table:

Number of Course.	No. of Hours Weekly.	No. of Students Registered.
1A. Elementary course in the written language	3	5
1B. Elementary course in the written language—evening course*.....	3	2
2. Translation of easy documents.....	2	1
3. Historical and classical texts.....	2	1
4. Helps and keys in Chinese literature..	1	2
5. Selected works of Chinese literature..	1	1
6. Seminar for study of Chinese Government matters.....	1	1
7B. Seminar: Research work in history of political science in China.....	2	1
9. Peking colloquial, evening course*..	3	5
10. History of China.....	1	6
Totals.....	19	25

The number of works on subjects connected with China and the Far East generally, at Columbia Library, has been considerably increased, and several large collections of Chinese prints have been purchased for the Department. The latter include many valuable bi-lingual works

* Evening courses given by Mr. Kliene, assistant.

for the study of the Manchu and Mongol languages; also an extensive collection of Chinese Buddhist texts and commentaries. A liberal gift having been made for the binding of Chinese books, the great Chinese cyclopedia "Tu-shu-tsi-ch'ong," a gift of the Chinese Government, consisting of 5,000 and odd Chinese fascicules, has been neatly bound in 1,672 leather backed volumes, the several sections and sectional divisions being marked on the back. The entire work is now set up in the Department Room at University Hall in special locked cases, where a synoptic table of subjects treated upon in the sectional divisions is exhibited. As set up the cyclopedia more than covers one of the big walls of the room and forms a most imposing array. The elementary courses were comparatively well attended, and some of the students who made a fair beginning in both the written and spoken language have left, or are leaving, to take up missionary work in China.

Dr. Hirth is anxious to impress his students with the idea that the Chinese are good people at heart, and therefore makes it a point to draw attention to their charitable disposition, a subject upon which very little is known among Europeans. One of his senior students, Mr. Frank Garrett, well ahead in reading Chinese when joining the Department, has made excellent use of his study of the method of research in working out an essay on the charitable institutions of the Chinese, in which he thoroughly explodes the idea, expressed in many well known works on China, that the Chinese are not charitably inclined. Although none of the three main religions, Confucianism, Taoism and Buddhism, can be said to teach charity as a special dogma, still the literature of the Chinese shows that the germ of benevolence has existed among the people from time immemorial. Another senior student, Mr. Yen Ching-yung, a native of China and student of political science, who has recently distinguished himself as the recipient of a fellowship, has occupied himself with researches in the development of political science in China, as represented in the native literature on the subject. Mr. Ernest F. Fenollosa, well known as an authority on Japanese art, has joined work with Dr. Hirth in studies toward the history of Chinese art outside the regular courses of the Department.

SIXTH ANNUAL DINNER OF THE ASSOCIATION.

The sixth annual dinner of the Association was given at Sherry's, Fifth avenue and Forty-fourth Street, New York, on Wednesday, June 1, 1904, at seven P. M. Members and guests to the number of one hundred and sixty-two sat down to dinner, and letters and telegrams regretting the inability of the writers to be present were received from Secretary Taft; Mr. Kogoro Takahira, the Japanese Minister; Baron Kentaro Kaneko, Special Envoy from Japan; Hon. David R. Francis, President of the Louisiana Purchase Exposition; the Right Reverend Henry C. Potter, D.D., Bishop of New York, and others.

His Imperial Highness, Prince P'u Lun was the Guest of Honor of the occasion.

The chair was occupied by the President of the Association, Mr. Silas D. Webb, and the Secretary, Mr. John Foord, officiated as Toastmaster.

At the chairman's table were seated the following gentlemen:

H. I. H. Prince P'u Lun,
Sir Shantung Liang Cheng,
Wong Kai Kah,
Hon. John Barrett,
Hon. W. W. Rockhill,
Major-General Corbin,
Hon. W. Cameron Forbes,
K. I. Imanishi,
Prof. Friedrich Hirth,
Rev. Dr. O. F. Wisner,
Isidor Straus,
O. G. Murray,
John Foord,
Rev. H. E. House,
Thos. S. Hopkins.

The occupants of the other tables were arranged as follows:

TABLE A.

Oliver P. Malone,
J. W. Hamilton,
H. J. Chambers,
George Clapperton,
S. S. Dickinson,
George W. Neville,
E. D. Marsh,
A. Yamada.

TABLE B.

S. D. Brewster,
S. M. Milliken,
G. H. Milliken,
W. Henry Grant,
Rev. Samuel Macauley Jackson.
John Thomson,
William Thomson,
A. G. Mills.

TABLE C.

J. S. Fearon,
Willis E. Gray,
Valentine P. Snyder,
Thomas A. Phelan,
Charles A. Conant,
Charles W. Gould,
John Hubbard,
W. L. Moyer.

TABLE D.

E. Holden Smith,
Reginald Jevons,
George Barclay Moffat,
W. A. Nash,
Wm. A. Avis,
S. Davis,
Percy D. Mallett,
Charles F. Wrecks.

TABLE E.

Sherburne G. Hopkins,
Capt. Isam Takashita,
Col. W. H. Male,
Thomas E. Kirby,
J. Osgood Carleton,
Francis E. Dodge,
Livingston Roe,
H. A. Haines.

TABLE F.

Alexander T. Leftwich,
Arthur Hale,
George M. Shriver,
C. S. Sims,
E. V. Skinner,
W. F. Stevenson,
Thomas L. Feild,
Geo. F. Randolph.

TABLE G.

Robert Christie,
Herbert M. Lloyd,
William Skinner,
D. R. Aldridge,
John C. Van Cleaf,
J. W. Saunders,
W. E. Church,
Henry Bowers.

TABLE H.

Jasper R. Rand,
Fred'k A. Brainerd,
Hugh V. Conrad,
R. C. Hunt,
W. M. Spear,
M. L. Griswold,
Christian Schmitz,
Jos. W. Congdon.

TABLE I.

A. O. Jennings,
F. B. Jennings,
Wm. H. Stevens,
Thos. A. Eddy,
James R. Morse,
George M. Woolsey,
Bronson Winthrop,
Geo. L. White.

TABLE J.

John W. T. Nichols,
J. A. Jones,
George Nichols,
T. W. Slocum,
James Thomson,
M. R. Jacobs,
Edwin L. Kalish,
W. H. Evans.

TABLE K.

Arthur O. Probst,
Henry S. Quick,
Wm. T. Westcote,
Milton G. Psiaki,
R. E. Reeves,
Willem C. Bolle,
Alfred Richter,
A. P. Cochrane.

TABLE L.

Albert Cordes,
W. H. Crombie,
Rudolf Binder,
Charles L. Bernheimer,
E. P. Smith,
Wm. H. Baldwin,
N. D. Tata,
Frederick Schmitz.

TABLE M.

Laurus L. Loomis,
E. L. Zalinski,
F. Hanert,
W. J. Walter,
H. H. Lehman,
D. S. Shaurman,
James Barber,
Lorenzo Daniels.

TABLE N.

Wm. T. West,
Frank Bergen,
Ex-Gov. Foster M. Voorhees,
Henry G. Woodruff,
Hon. Geo. R. Gray,
O. K. Eldredge,
John T. Pratt,
Edwin H. Baker.

TABLE O.

R. A. Dowler,
A. E. Dowler,
T. A. Rickard,
R. M. Speers,
I. Gerli,
E. Gerli,
George Wilson,
Geo. B. Bruce-Webster.

TABLE P.

Jos. R. Patterson,
William S. Brown,
L. V. Kendrick,
Robert L. Hecht,
E. H. Erlanger,
O. H. Hinck,
Frank Kidde,
A. J. Hinck.

TABLE Q.

Howard Ayres,
H. St. J. Webb,
Thos. N. Myrick,
Fred'k A. Fairchild,
C. H. Betts,
W. Volckens,
Ernest H. Webb,
Chas. S. Eytinge.

TABLE R.

F. B. Thurber,
Shizuo Kondo,
Tatsurzo Kosugi,
Edw. L. Young,
John Bottomly,
William Boyd,
J. M. Seager,
Samuel J. Stiebel.

TABLE S.

F. B. H. Paine,
 Jos. W. Howe,
 W. R. Warren,
 John C. Seager,
 Robert A. Sewell,
 W. B. Wightman,
 Alexander D. Shaw.

The following is the Toast List:

TOASTS

The President of the United States

The Emperor of China

*Address of Welcome to His Imperial Highness
 Prince Pu Lun*

Reply by

THE PRINCE
 and by
 MR. WONG KAI KAH

*The Common Interest of China
 and the United States*

Response by

HIS EXCELLENCY SIR CHENTUNG LIANG CHENG
 Envoy Extraordinary and Minister Plenipotentiary
 of China to the United States

The Gateway of the Orient

Response by

HONORABLE JOHN BARRETT
 Minister of the United States to the Republic of Panama

China under the New Treaties

Response by

HONORABLE W. W. ROCKHILL

Christian Education in the Far East

Response by

REVEREND OSCAR F. WISNER, M.A., D.D.
 President of the Canton Christian College

The Army

Response by

MAJOR-GENERAL HENRY C. CORBIN
 Adjutant-General of the Army of the United States

The Navy

Response by

REAR-ADMIRAL FREDERICK RODGERS

The dinner was composed as follows:

MENU

Clovisses

Sauternes

Potage Ambassadeur

Olives

Céléri

Amandes

Truite Meunière

Concombres

Champagne

Selle d'Agneau

Pommes Persillade

Petits Pois Nouveaux

Jambon de Prague Vichy

Asperges Hollandaise

Sorbet

Perdreau Rouge Rôti

Salade

Apollinaris

Glace Fantaisie

Gateaux

Fromage

Fruit

Liqueurs

Café

LETTER FROM THE JAPANESE MINISTER.

The following was the letter of regret received from the Japanese Minister and read by the toastmaster:

MR. TAKAHIRA'S LETTER.

LEGATION OF JAPAN, WASHINGTON,

May 26, 1904.

John Foord, Esq., Secretary of the American Asiatic Association, New York:

MY DEAR SIR—Unfortunately official engagements at St. Louis oblige me to decline your kind invitation to attend the annual dinner of the American Asiatic Association. I deeply regret this, not only because I am debarred the privilege of personally meeting the members of the association upon so pleasant occasion but also because I lose the opportunity of testifying by my presence to the respect which I entertain for the objects it is intended to advance.

Not least of these, I take it, is the promotion of an interest in Eastern affairs among the people of this great country—an interest founded on knowledge and on a wider and more intelligent comprehension of the important relations between the United States and those countries. To me, as the representative of one of them, the existence of an association like yours is a cause of sincere congratulation. It may sound like a platitude, but it is a platitude which bears repetition, that the first duty of a diplomat is to foster good relations between his own country and the country to which he is sent. Where honesty of purpose is the guide of conduct such relations can have no safer foundation than mutual knowledge, and no surer means of smoothing away the frictions that occasionally retard the settlement of differences which arise between even the most friendly nations. Therefore the success of an association like yours, intended to diffuse accurate knowledge of Eastern countries and to foster closer relations with them, must be hailed with satisfaction by the officials and the peoples of those countries. The fact that you are independent of official control and that, as I have said before, you represent interests the prosperity of which cannot but redound to the prosperity of similar interests in the countries of the East make your judgment of especial value to us, even when you play the part of critic. For criticism founded on knowledge and on good intention cannot but work for good, while even mistaken criticism, if honest and kindly meant, is better than apathy and indifference.

For these reasons, my dear sir, I beg to express to the members of your association cordial congratulations upon the prosperity it has already attained, and sincere wishes for its continued success in an ever widening field of usefulness.

Again thanking you for your kind invitation, I remain,
Very sincerely yours, K. TAKAHIRA.

ORDER OF SPEAKING.

After the toasts of "The President of the United States" and "The Emperor of China" had been drunk, amid much enthusiasm, President Webb addressed the following remarks to the guest of the evening:

PRINCE PU LUN—It is with especial pleasure that I extend to you a cordial welcome from the members of the American Asiatic Association.

This association was formed to assist in drawing closer the bonds between your country and ours. We hail the purpose of your visit here as a proof that the commercial and political relations between China and the United States are becoming more intimate and continually gaining in friendliness.

We take great pleasure in expressing to you, as the personal representative of His Imperial Majesty the Emperor of China, our appreciation of the participation of His Majesty's Government in the Louisiana Purchase Exposition. Between China and the United States there can never be any contest save that of a generous rivalry in the arts of peace, and the material progress and prosperity of China can have no more sincere well wishers than the people of this republic. In the benefits of your progress we shall certainly be sharers, and our trade cannot fail to be promoted by your prosperity.

We feel assured that the auspicious visit of Your Imperial Highness will do much toward enabling your people and ours to understand each other better; and, in bringing about a better understanding, will tend to develop a spirit of mutual helpfulness that must be to the advantage of both. I have to thank you for the honor you have done our association in accepting of our hospitality tonight, and I think I express the sentiment of all present here in hoping that Your Highness will carry back with you to China the conviction that we can always be depended on to demonstrate when required the strength and sincerity of our interest in your country's welfare.

THE PRINCE'S REPLY.

The following is the Chinese text of the reply made by the Prince to this address, and, as most of our readers will not need to be reminded, the beginning of the address is to be found on page 139, while its close occurs in the passages immediately following this introduction:

國商民人人周知彼此開通以期進步且
貴國之與各國通商譬如秋穫有成而與
中國通商則如良田尚多未墾利源之厚
豈有已時故現在所未能滿意之事即貴
國人民尚未能留心中國之事一經考究
人人知中美兩國可合而不可離其為效
驗必能暢然意滿本爵游歷此邦所有快
心之事決不一日去懷今晚盛會亦極為
快慰之事且接晤諸位會友素有名望所
以本爵與諸位陳說之言格外親密不但
本爵欣幸敝國政府及留心外交商務之
人亦所盼望無盡者也

I shall carry back with me many pleasant recollections of my visit to this country, and one of the happiest will be that of this evening, of seeing so many of your representative men organized for the purpose, as your president has so happily stated, of assisting in drawing closer the bonds between your country and mine, in which you have more than my good wishes and that of my Government and a very large majority of our people.

vast trade, and that is for this association to bring to the attention of your capitalists, your manufacturers, your merchants, the opportunities existing in our country. All other countries have been well harvested, ours is the new field full of fertile resources, and the one requisite is to draw the attention, the interest, to China. Investigation will follow interest, and I am sure results will be more than satisfactory.

利益在中國愈廣則中國商務愈見興旺
權利愈能保全現在敝國竭力振興造鐵
路以通轉運開內河以便輪舟敝國地大
物博人數甚衆通商日興一日但使每人
稍加毫厘積少成多總計不下數萬萬金
錢不但貴國人民心思靈敏製造精工價
值公平貨質良美可以與別國爭衡即以
地勢論之尤較別國為近且敝國商民深
愛貴國所以敝國商務貴國應居其大數
然最要者貴國之工人商人未能深悉敝
國情形不免有誤會之處應請貴會將敝
國所有情形及商務機會指點開導俾貴

population, with only a small addition per capita, will mean hundreds of millions of dollars. With your well recognized ingenuity, skill of workmen, ability to compete with all other nations in novelty, quality and price; with your geographical position, bringing you nearer to our country than any of your great competitors, coupled with the good will of our Government and people, there is but one thing required for this country to secure a large share of this

equity and justice to all mankind alike—a dislike of oppression, and I am safe in stating that the general sentiment of our people is that the greater the interest of the Americans taken in China, the greater the prosperity and future security of our country will be. In the improvements now going on in China, the construction of railways, inland steam navigation, there will be a great expansion of foreign trade, which, owing to our vast territory and large

會長會東諸位先生今晚蒙諸位邀請恭逢盛譙感謝感謝本爵所最快心之事共有兩端一則與諸位素有名望之紳商當面接談深為有益二則諸位紳商曾在東方貿易居住因東方一切凡有利益之事成此盛會會之宗旨以整頓商務為要義使中美兩國邦交日加親密商務日見振興惟念貴國政府官紳工商人等曾在敝國游歷居留之人為時並不甚久而在敝國所留紀念無不公正平允蓋世界之人日進文明貴能一視同仁均知苛待為非所以本爵可以推誠布公放心陳說貴國

association having for its object an organized movement to improve and bring closer together the relations of your country and mine by that greatest bond of mutual interest—the increase of trade and commerce. This great country, by and through your Government, your officials, your merchants and citizens who have lived with us, even although temporarily, have left with us the evidence that your fundamental principles and ideas are based upon fairness,

Translation by Mr. Wong Kai Kah.

The following English version of the Prince's reply was then delivered by Mr. Wong Kai Kah, the Deputy Commissioner of China at the Louisiana Purchase Exposition:

In accepting your invitation it was with a double pleasure, that of meeting personally many of your representative men, but particularly men who have lived in the East, whose interests are such as to result in the formation of an

PRESIDENT WEBB—It now becomes my pleasant duty to place the direction of these proceedings in the hands of our toastmaster, Mr. John Foord.

CHINA AND THE GENEVA CONVENTION.

THE TOASTMASTER—I have the pleasure to introduce one who needs no introduction to this company, His Excellency Sir Chentung Liang Cheng, the Minister of China to the United States. Since Sir Liang was first introduced to this association he has been the guest at many American social gatherings, and all of them have recognized in him, as we did, a product which is of no one nation but which represents the best part of all—a charming combination of culture, manliness, humor and common sense.

Americans have taken especial pride in Sir Liang, because his American education has had much to do in making him what he is, and they have found in his addresses, at Andover and elsewhere, the familiar tone and spirit of the American undergraduate, as characteristic and as vigorous as they were in his old student days in New England.

Since we had last the pleasure of entertaining Sir Liang he has been largely instrumental in the successful negotiation of the new treaty of commerce between China and the United States. You remember how insistent the Minister was on his last visit to us that this association should waive its objections to the proposed addition to the Chinese duty on imports, and how our executive committee was induced to change its attitude on this subject by his representations. I have his permission to make the very important announcement tonight that the latest, if not also the greatest, of his diplomatic achievements has been the bringing in of the Empire of China as a signatory of the Geneva convention. That, as you are aware, is perhaps the most recognizable bond between the civilized powers of the world, involving as it does a common agreement as to the rules of civilized warfare, and rendering possible international co-operation in the care of the wounded. The Government of China has not only become one of the signatories of the Geneva convention but a Red Cross association has already been organized under the auspices of the Empress Dowager, who has given substantial evidence of her sincerity in this movement by personal subscription of 100,000 taels. I think you will agree with me in regarding this action on the part of the Chinese Government as one of the most significant events of recent history, and as one calculated to give unalloyed satisfaction to every friend and well wisher of China.

In testimony of our appreciation of this and other services which Sir Liang has rendered to his country, and to the cause of civilization and human progress, I ask you to stand up and drink a bumper to his health.

THE COMMON INTEREST OF CHINA AND THE UNITED STATES.

Response by His Excellency Sir Chentung Liang Cheng.

It is always pleasant to meet members of the American Asiatic Association. I am sure then of finding friends and

well wishers of China. To an average American mind China is a strange country; to an average Chinese mind America is a forbidden land. This association will have something to be proud of if it succeed in making China better known to the Americans and America more widely opened to the Chinese.

Two countries situated like China and the United States, on the opposite shores of an intervening ocean, cannot but have a common interest. This is not a mere theory. What Great Britain is to the Atlantic Coast States today will China be to the Pacific Coast States in the near future. New ties are being formed every day to bind the two countries into closer relations. The opening of the Pacific cable has given direct telegraphic communication to the ports of the United States with those on the opposite shores of the Pacific. The addition of such ocean steamships as the Manchuria, Mongolia, Minnesota and Dakota, which are now being built for the Oriental service, will make the Pacific trading fleet equal in every way to that possessed by the Atlantic. What shall I say of the Panama Canal? Robert Y. Hayne, the brilliant opponent of Daniel Webster, once rose in the Senate and asked: "What interest has South Carolina in a canal in Ohio?" The times have changed since then. No American now asks what interest the United States has in the Panama Canal. It is taken for granted that the construction of such a canal is necessary not only to the national welfare of the United States but also to the cause of civilization. It will be another potent tie that draws the East nearer to the West.

Even now the United States cannot view with indifference the progress of events that are taking place in China. The unsettled condition of Manchuria has seriously affected the manufacture of cotton goods in the Southern States. Western farmers are reaping the benefits of a growing demand for American wheat flour by the Chinese people. On the other hand, China's tea trade feels the impetus given to it by the removal of the duty of 10 cents per pound previously imposed upon that article by the United States. The commerce between the two countries, however, is still in its infancy. It admits of an almost indefinite expansion. It should be the settled policy of both Governments to foster commercial intercourse between the two countries by breaking down all barriers, natural or artificial, as well as by opening new markets. By so doing the relations between the two peoples will stand on the firm basis of enlightened self interest, and lasting benefits will accrue to both.

THE TOASTMASTER—I regard it as a piece of especial good fortune that we should have been able to secure the presence here tonight of our honorary member and old friend, Mr. John Barrett. I caught Mr. Barrett on the fly between his recent post in the Argentine Republic and his new post as Minister to Panama. Though temporarily immersed in South and Central American problems. Mr. Barrett's heart remains, I feel convinced, true to Asia. He was one of the pioneers, and perhaps the most earnest and active of pioneers, in proclaiming the enormous possibilities for the expansion of American trade in

the Far East, and he remains today one of the men in public life most deeply interested in the promotion of American interests in Eastern Asia. But, apart from all this, there is a particular reason for the fitness of Mr. Barrett's presence at our board tonight. As you are aware he was the representative of the Louisiana Purchase Exposition and the head of a special mission whose effort it was to procure the participation of the Asiatic countries in the St. Louis World's Fair. The confidence which he expressed in his ability to obtain an adequate representation at the Exposition from the Chinese Government was by many deemed to be misplaced. But China is represented at St. Louis on a scale never attempted on a similar occasion before, and we must assume that this result is very largely due to the persuasive eloquence of Mr. John Barrett. Whether China was more than half inclined to come in I cannot say, but I am sure that in whatever state of mind Mr. Barrett found the authorities at Peking they would have been more than human had they been able to resist his appeal. The presence, therefore, of our distinguished guest, His Imperial Highness Prince P'u Lun, must be held to be largely due to the successful mission of our friend and fellow member, Mr. Barrett, to the Chinese Empire, and for that service we owe him a special acknowledgment.

THE GATEWAY OF THE ORIENT.

Response by Hon. John Barrett, Minister of the United States to the Republic of Panama.

After referring to the pleasure he had in renewing acquaintance with his friends and fellow members of the Association, and declaring his undiminished interest in the question with which they were organized to deal, Mr. Barrett said:

There is one notable deduction that can be made from the signs of the times; and the presence in the United States of an Imperial Chinese Prince and the splendid exhibit of China at St. Louis are in harmony with this deduction.

No matter which nation is victorious in the struggle that is now being waged in Manchuria, this war is the culminating event and influence which is to precede a mighty material and political awakening throughout the Chinese Empire. There is no question in my mind that the achievements of peace in China during the next ten years will attract the attention of the world even more than the stirring events of the present Russo-Japanese War. In other words, I humbly prophesy that the awakening of China into a new and progressive era is about to surprise the world as the logical sequence of great historical movements in the Orient, beginning with the Chinese-Japanese War, followed by the Boxer outbreak, and culminating in the conflict between Russia and Japan.

THE TOASTMASTER—With a touch of diplomatic caution Mr. Barrett has said that Mr. Rockhill perhaps knows

more about China than any of us. Between ourselves there is no "perhaps" about it. Mr. Rockhill is easily the foremost authority on any and every question relating to the Chinese Empire which this country can produce. The Secretary of State, who is a fairly competent judge of such matters, is accustomed to act on that conviction, and the President of the United States, who is tolerably familiar with the subject, shares this belief. I do not think that I violate any confidence in saying that every line and word of the new treaty of commerce between China and the United States was passed upon by Mr. Rockhill, and that if the treaty be the work of any one man more than another it may confidently be called his. There is thus an obvious fitness in our selection of Mr. Rockhill to respond to the toast of "China Under the New Treaties."

"CHINA UNDER THE NEW TREATIES."

Response by Hon. W. W. Rockhill.

I am greatly pleased to have been chosen to respond to the toast of "China Under the New Treaties," first because it is an eminently safe subject, and secondly because I fear that our attention has been so completely absorbed by the stirring events which have of late been taking place in Manchuria and Corea that we have had but little, if any, time to give a thought to the peaceful but lasting conquests of diplomacy which have been made in China during the year.

It was on the 28th of July, 1903, that the ratification of the British treaty of commerce with China took place, and less than six months later—in January last—the treaties negotiated by Japan and the United States with China for the improvement and extension of our commercial relations with that Empire came into effect.

What benefits are we now enjoying under these treaties; what do they still hold in promise to us? They are to my mind so important that, had anyone expressed the belief in 1884, when I first went to China, that in twenty years they would all be accomplished facts, he would have been jeered at by the whole foreign community.

Under the new treaties five localities have been opened to trade, and more recently China has opened three more in the province of Shantung, making a grand total of forty-two localities now open to international trade and residence in the Chinese Empire.

Foreign shipping interests have been greatly benefited by the extension to all and any steamers of the right to navigate under the regulations the inland waterways of China, by the removal of the artificial obstructions in the Canton River before the middle of next year, and by the permanent improvement of the existing accommodations for shipping at the port of Canton. The right has also been granted by China to establish means for hauling shipping through the Yangtze gorges, and this, it seems conceded by engineers, is the easiest and most expeditious method of solving this difficult but important problem.

Trade interests have been clamoring for years for the extension to all ports in China of the bonded warehouse system and for a satisfactory method for cashing drawback certificates. These demands have been satisfactorily met by treaties. Trademarks, patents and copyrights are now under the protection of the Chinese Government, which is establishing bureaus for their registration and devising means for adequately protecting their owners.

A most important provision which has now come into force, and which should tend to the great and permanent advantage of commercial and industrial undertakings in China, is that by which the rights and obligations of Chinese and foreigners, shareholders in partnerships and companies, have been defined. I may be optimistic, but it seems to me that the participation of Chinese capital in the various foreign enterprises, particularly railways and mining, which are now so rapidly springing up on all sides in China, must be most desirable, and that the community of interests thus created will establish bonds of union between natives and foreigners which could never exist without it. Such participation will, I feel sure, greatly stimulate native interest in the rapid introduction of the various elements of Western civilization recognized as necessary to the development of China's great resources, and will prove a powerful guarantee for the future peace of the Far East.

Among the reforms which China has pledged herself by the new treaties to undertake are a revision of her existing mining regulations, so as to attract foreign capital, the adoption of a national coinage and of a uniform standard of weights and measures, the urgent need for all of which measures her Government fully recognizes; and I have no reason to doubt but she will keep faithfully the pledges she has solemnly given.

I have not spoken of the reforms of the revenue system, entailing the abolition of the obnoxious likin, and which is provided for in the new treaties, as they only become operative when accepted by all the Powers; but it must be evident to all familiar with the subject that when carried out they will prove of extraordinary value to the Government of China in consolidating and strengthening its authority, increasing its revenue and relieving the people from heavy and irregular taxation, and that foreign trade will be equally benefited by the removal of obstacles which have long interfered with its legitimate extension.

Such in brief is the work accomplished by the peaceful efforts of Great Britain, Japan and the United States in China within the last year and a half. Other Powers are at present negotiating at Shanghai new treaties of commerce which, I have reason to believe, are very similar in their principal provisions with those already made. The day does not therefore seem far distant when this weary work of negotiating will be completed, and China, helped by the equal participation of the Powers who wish to see her integrity and independence insured and her prosperity developed, will advance with giant strides in the way of progress.

Confucius being asked by the Duke of She concerning good government, replied, "It is to make happy those who are near and to attract those from afar." The Government of China, by agreeing in the new treaties to the many concessions asked of it by friendly Powers; by pledging itself to undertake difficult administrative reforms practically revolutionizing long established methods, has shown, I think, that it was mindful of the sage's words. The future will further prove the wisdom of its action, if China but prove true to the ideal set it by its great teacher.

THE TOASTMASTER—As Mr. Rockhill has very truly said, the keynote of progress in China is the diffusion of education. We have with us tonight a gentleman who has given twenty years of his life to earnest, self denying efforts to advance the cause of education in China, and I call upon him to tell you something of how he regards the results which have been achieved in the past, and the expectations which he has formed for the future.

CHRISTIAN EDUCATION IN THE FAR EAST.

Response by Rev. Oscar F. Wisner, M. A., D. D.

China and Japan are the two great nations in the Orient today. Japan has become a modern nation, China is ready to be modernized. Sixty years ago neither of them had diplomatic relations with the rest of the world.

Japan has been the pupil of the United States in this enlarging and modernizing of her life. In 1854 Perry went to Japan bearing a request from the President of the United States for that country to enter into commercial relations with her. He bore as presents models of all the modern improvements of the time. He set up and worked an electric telegraph machine and a miniature railway, greatly to the delight of the natives. His mission was successful.

Minister Harris went in 1856 as the first foreign representative of any nation to Japan. He obtained an audience with the Shogun and negotiated a treaty authorizing free residence in the empire and making Christianity free.

Then came the missionaries, Hepburn beginning medical work and Verbeck organizing the national system of education. The result has been that the work of reforming the national system of education has been done by a few Americans, and the new education has made the New Japan. The Japanese have erected a monument to the memory of Perry. What Japan was fifty years ago you will need to learn from the museums and histories; what she is today you can learn from the morning paper.

We believe in Christian manhood, in Christian statesmanship, in Christian spirit manifested in our laws and institutions. As a Christian nation we could not but give to Japan the best we had, the best we believe in, when we saw her in need. Japan herself is coming to appreciate this. Her material prosperity is giving rise to new needs and problems which are spiritual rather than material. She feels the need of a spiritual and steadying power.

Already the most thoughtful minds are looking to Christianity, expecting in its teaching of the fatherhood of God and the brotherhood of man to see this need met.

China is a great nation in possibilities. China is great in her antiquity, in her territory, resources, population, literature and national characteristics. Her people are industrious, intelligent, thrifty, reliable, China has always been the teacher of the East, but notwithstanding her real greatness, China may and should be greater. As the negro said, the greatest room in the world is the room for improvement.

The great point for China to remember is that the United States has always stood for the integrity of China, for the open door in China, for the highest intellectual and moral improvement of her people through Christian education. The point for us Americans to bear in mind is that China today recognizes the necessity for reorganizing her educational system. The Government recognizes it, as is seen in the recent edicts with reference to education. The people recognize it; they are patronizing the schools. China has millions of students. They are the influential class in China. They are capable. Influence the students of China and you have influenced China; and all the great schools in China today are in the hands of the American missionaries. The thousands of endowment of those schools should be millions. Three things should be borne in mind: First, that Christian education in the Orient is the expression of the fact that America is the well wisher of those people. In its broad, unsectarian sense, it is the best representation of American thought and life to the East. If you ask why this work of education should be entrusted to the Christian educators, I reply, first, because they learned the language and understand the people; they are the best interpreters of the thought and feeling of the people; they are in the best position, therefore, to reach the people. Second, they set the highest value on the people as fellow men; they do not treat the natives contemptuously, but sympathetically. Third, the missionary sets up the highest moral standard in his work; he aims at the formation of character. Material greatness cannot persist without a spiritual basis. Much has been done, but much remains to be done. Especially in China today is the call for higher education urgent. Whether China shall have what we have already given Japan, whether we will help her to become again the leading nation of the East, depends upon the liberality of our support to this work of higher Christian education. This is the work, not of the United States as a government, but of the United States as a people. It is a philanthropic work; the burden must fall upon individuals.

THE TOASTMASTER—The world has recently been very forcibly reminded that civilization sometimes rides on a gun carriage, and I have the pleasure of calling on Major-General Corbin to respond for the men who accompany and who precede and follow the gun carriage—for the army of the United States, in whose wake have always followed civilization and liberty.

THE ARMY.

Response by Gen. Henry C. Corbin, Adjutant General of the Army of the United States.

YOUR IMPERIAL HIGHNESS, MR. TOASTMASTER, MR. PRESIDENT AND GENERAL OF THE ASSOCIATION—The hour admonishes the last speaker of the evening that brevity is the sense of the occasion. Just so far as I may be able to speak for the army I wish to bid cordial welcome to His Imperial Highness to the greatest city of the greatest State of the greatest republic of the earth. His visit is timely and promises to dissipate much of the prejudice of our own country and to carry intelligence back to his, assuring us of more cordial and more intelligent relations. His coming is far better, far more reaching in its beneficent influences than fleets with guns or armies, and I should be unmindful of my own sense of gratitude if I did not take advantage of this opportunity to make acknowledgment of the courtesy of the Chinese people, extended to me as an officer of the army traveling under the orders of the President up a long voyage on the Yangtse three years ago. There I was received with uniform courtesy everywhere. It is a source of satisfaction to all our people that our army is best loved where it is best known. In Cuba we left with the regrets of all the people. In the Philippines the new commissioner will find the best friends of the army in the best citizens of the archipelago. Three years ago, when the army of the United States, under its present distinguished Lieutenant-General, was called with the allied forces to Peking, it was the compliment of the Chinese people of the citizens of Peking that petitioned the Allied Powers to have the army in charge of that great city. With us, more than any other, our army is of the people and by the people and for the people, and while we are esteemed abroad, it is a source of profound satisfaction that we are loved and respected at home.

THE TOASTMASTER—I regret to have to announce the unavoidable absence of Rear Admiral Rodgers, who was to have responded to the toast of "The Navy," but in spite of the earnest desire of this association to preserve an attitude of perfect neutrality, at least around the festive board, and to refrain from subjecting our guests to the hearing of any sentiments destructive of that neutrality, I cannot refrain from saying that we have with us the naval attaché of the Japanese Legation, Capt. Isam Takashita, who might say a word in reference to a navy which, without American influence, would probably not have been the victorious navy of Japan.

Captain Takashita responded as follows:

Your Imperial Highness, President, Mr. Toastmaster, Gentlemen of the Asiatic Association, Members of the Asiatic Association—We Japanese will win. Therefore I simply ask you to join me drinking "Banzai."

The toast was drunk amid great applause.

The meeting then adjourned.

MEMBERSHIP OF THE ASSOCIATION.

The circular letters sent to the members urging them to use all possible efforts to swell the ranks of the Association received special attention from Mr. Everett N. Bee, of the firm of Otis, McAllister & Co., of San Francisco. Mr. Bee has had in the past close official connection with the Chinese trade, and, as the present head of a well known and influential firm of commission merchants doing business with all sections of the Far East, he was deeply impressed both by the importance of the work of the Association and the limited recognition it had secured from the business men of the Pacific Coast. He accordingly issued, under the signature of his firm, the following appeal to business houses in San Francisco and elsewhere on the Coast who might be assumed to be more or less interested in the development of American trade in the Orient:

OTIS, McALLISTER & CO.

Cable address: "Aliabe."

Everett N. Bee.

M. Hall McAllister.

James Otis.

109 California Street,
San Francisco, Cal., May 5, 1904.

DEAR SIRS—We have been requested by the secretary of the American Asiatic Association, of New York, to invite the prominent firms on the Pacific Coast interested in Orient trade to become members of the Association, and we beg to ask if we may propose your name for membership.

The American Asiatic Association was formed to protect the commercial and industrial interests of the United States in the Orient, and through its affiliation with the American Association of China, with headquarters at Shanghai, and the American Asiatic Association of Japan, keeps correctly informed as to the necessary demands to make to maintain American interests in the Orient against other nations, and the suggestions of its executive committee have been uniformly welcomed by the Secretary of State, and have had a great deal to do with the present policy of the administration to keep the "open door," and particularly to keep Manchuria open to our merchants.

The membership of the Association consists of about 250 of the most prominent Eastern firms, with only five members from the Pacific Coast. The Pacific Coast is certainly not represented in the Association at all in proportion to the magnitude of its commercial interests in the Far East, and at no time in the history of the Association has it been so necessary that it should be a thoroughly representative and highly influential body as it is today, and we hope you will allow us to propose your name for membership. Although the Association's headquarters are in New York, their work is not local, but to protect the

interests of the whole United States, and the Pacific Coast members will receive the same benefit as Eastern members.

The dues are \$10 per year, and you will be furnished with the "Journal of the American Asiatic Association," published monthly, which contains very interesting exclusive articles relating to the work of the Association and affairs in the Orient.

If you conclude to join we shall be pleased to call on you and show you a list of the members and also a copy of the Journal. Yours very truly,

OTIS, McALLISTER & CO.

The result of this appeal will be found below in the list of new members from San Francisco, which constitute most of the additions made during the month to the ranks of the Association:

Name.	Proposer.	Seconder.
Levi Strauss & Co., San Francisco, Cal.....	Otis, McAllister & Co.....	John Foord
J. A. Folger, San Francisco, Cal.....	Otis, McAllister & Co.....	John Foord
Meyer, Wilson & Co., San Francisco, Cal.....	Otis, McAllister & Co.....	John Foord
Rosenberg Bros. & Co., San Francisco, Cal.....	Otis, McAllister & Co.....	John Foord
M. J. Brandenstein & Co., San Francisco, Cal.....	Otis, McAllister & Co.....	John Foord
The American Biscuit Company, San Francisco, Cal....	Otis, McAllister & Co.....	John Foord
Union Lumber Company, San Francisco, Cal.....	Otis, McAllister & Co.....	John Foord
W. P. Fuller & Co., San Francisco, Cal.....	Otis, McAllister & Co.....	John Foord
Haslett Warehouse Company, San Francisco, Cal.....	Otis, McAllister & Co.....	John Foord
California Fruit Cannery Association, San Francisco, Cal....	Otis, McAllister & Co.....	John Foord
Wells, Fargo & Co., San Francisco, Cal.....	Otis, McAllister & Co.....	John Foord
Sussman, Wormser & Co., San Francisco, Cal.....	Otis, McAllister & Co.....	John Foord
Pacific Lumber Company, San Francisco, Cal.....	Otis, McAllister & Co.....	John Foord
Robert S. Dollar, San Francisco, Cal.....	Otis, McAllister & Co.....	John Foord
Selby Smelting and Lead Company, San Francisco, Cal....	Otis, McAllister & Co.....	John Foord
E. F. Fenellosa, New York.....	Emil S. Fischer.....	John Foord
Chase & Sanborn, Boston.....	William A. Avis.....	J. R. Patterson
Corn Exchange Bank, New York.....	William A. Avis.....	Thomas A. Phelan
Olivier & Co., New York.....	Albert Cordes.....	John Foord

SOME SECRETS OF TEA.

Why it is Becoming the Leading Beverage of the World. Its Marvelous Varieties and Properties Unknown to Consumers.

BY THOMAS A. PHELAN,

President of the National Tea Association of the United States of America.

While civilized man has developed the number of foods from the original herb and root to the 2,000 kinds in the modern catalogue, he has only succeeded in manufacturing four essentially different beverages to which he can habitually adhere. And yet liquids are as important as solids in contributing to the cravings of the human palate.

The four principal manufactured beverages now in use by civilized communities are: 1, The extract of the coffee bean; 2, The extract of the cocoa bean; 3, The alcoholic drinks, including wines, whiskies, beer, etc., and 4, The extract of the tea plant.

The medical profession have been warning their patients for years against the various injurious effects accruing from prolonged use of the three first mentioned beverages, but have sanctioned the use of tea by invariably prescribing it even in sickness when little else could be taken.

If the profession is right tea becomes the most important manufactured beverage known to mankind, inasmuch as it is the only one which can be taken for a lifetime without injury to the human system. Even the temporary irritation to abnormally delicate nerves caused by excessive indulgence can be avoided if care be taken to prevent the development of a superfluous amount of tannin by proper preparation.

The Encyclopædia Britannica makes the following interesting statement:

"What is indisputable about tea drinking is that it forms an agreeable means of imparting the proportion of water necessary in human nutrition, which, being taken hot, communicates to the system a beneficial warm glow. Further it is a medium of taking no inconsiderable amount of real nutriment. Its properties have nowhere been better described than by the earliest Chinese writer on this subject, Lo Yu, who says: 'Tea tempers the spirit, awakens thought, prevents drowsiness, lightens and refreshes the body, and clears the perceptive faculty.' The gentle exhilaration which accompanies the moderate use of tea is not followed by the depression which succeeds the use of alcoholic stimuli. Experience has proven that tea sustains the mind under severe muscular or mental exercise without causing subsequent exhaustion."

ONE OF THE SECRETS OF TEA.

The intelligent use of tea is in knowing that it possesses two leading chemical principles, viz., theine and tannin.

The former contains the principal merits, and the latter the principal imperfections of tea. Theine is a gentle tonic which makes tea a harmless stimulant. Tannin forms an acid which, if taken habitually to excess by persons in delicate health, is apt to affect the nerves or the digestion. The whole secret, therefore, of obtaining the beneficial properties of tea without any injurious effects is to secure theine without tannin, and this can be accomplished by never permitting the tea leaves to boil at all, nor even to draw in the usual way for over seven minutes, after which time tannin begins to develop, and after ten minutes in such quantity as to slightly affect the nerves. Before the expiration of seven minutes theine and the delicate flavor accompanying it is brought out with no appreciable amount of tannin.

These facts account for the phenomena that many can take their tea three times every day until the age of four score without the slightest detriment, while others complain of some irritation to the nerves after a few years.

If therefore a beverage exists upon which we can depend to give pleasure to the palate indefinitely without surfeit and also without detriment, if caution be observed against improper preparation, and which possesses the greatest variety of delicate flavors ever discovered, together with the properties of a valuable and harmless tonic both for brain and muscle, the consumer should certainly know the principal points concerning its nature and use. He should know: 1, How many varieties there are from which to choose; 2, What are the characteristics of these different varieties, and 3, How to prepare perfectly his chosen variety.

We will discuss these points in their order.

The average consumer approaches his grocer generally with the request for 1 pound of black or green tea—knowing little more than this about the article and leaving the rest with the grocer. It is not suspected by either dealer or consumer that there are as wide differences in black teas alone as there are between tea and any other beverage or as there are between coffee and chocolate.

How many specimens of China black tea is it possible for the grocer to furnish? We answer, after careful enumeration of kinds and grades, about 500. And how many of green? We answer about 200. And how many of Ceylon or India? We answer again over 500. And how many of Japan tea? We answer about 100. Now as all these specimens can be blended together, it follows that it is

possible to obtain about 2,000 flavors of tea. It is a remarkable phenomenon, therefore, that after hundreds of years man does not yet know how to find a favorite specimen of his most important beverage, nor how to prepare it perfectly after he has found it.

GREEN TEAS.

Let us first investigate green tea. Until within three years this variety has been found chiefly in China, but recently excellent specimens have been produced in India and Ceylon. Its home is in the north of China and its market is at the port of Shanghai. It is consumed chiefly in the Middle States, as Ohio, Indiana, Missouri and Kentucky, and is used as a mixture or blend throughout all the other sections. Green teas are known as Gunpowders, Imperials, Young Hysons and Hysons, according to the shapes which the leaves take in the process of firing. They may all come from the same plant, the Gunpowders and Young Hyson being the smallest and the Imperials and Hysons the largest leaves. They may all have the same or similar flavors when picked from the same plantation, but the flavors differ radically according to the districts from which they come. There are six principal districts, viz., Moyune, Teenkai, Fychow, Soey Oan, Wenchow and Ping-suey, and are preferable in the order named. Of every district there are seven grades of quality, beginning with the largest leaf, which is called common, then fair, good, fine, finest, choice and choicest, and many intermediate qualities. Six districts, therefore, multiplied by seven grades, make forty-two well known specimens of Gunpowders, Young Hysons, Imperials and Hysons, or a total of from 150 to 200 specimens, without counting the intermediate grades.

A prejudice once existed against green teas owing to the coloring matter used to give them their names, and consequently to the facility of imitating them by placing this coloring matter upon spurious leaves, which were merely noxious weeds; but this objection has been done away with completely by the passage of an act by Congress in 1897, "to prevent the importation of impure and unwholesome tea," which has been effective in excluding all adulterated teas. Today not a pound of impure tea is permitted to enter the United States—in fact, tea is the only beverage guaranteed to be pure by the Government. The method is quite simple. The ports of entry have been reduced to seven, and a Government expert placed at each port, whose duty it is to compare every lot of tea with the standards established by the Government board of seven experts. Therefore not only impure tea is excluded, but all the tea which is worthless and which does not equal in quality the standards. It was found to be just as important to protect the people from the lowest grades of tea, which are little better than hay or catnip, as it was to exclude spurious or adulterated teas. Therefore all teas sold in our country today have some degree of merit in addition to being pure. But if green tea is desired in the highest degree of perfection the consumer should demand that he be supplied from the Moyune district, with which no other varieties can be

compared. The grocer will easily find it if the consumer will insist upon having it.

BLACK TEAS.

We now approach the black teas. These are far more popular than greens throughout Europe, but in our country they have to divide honors, not only with greens, but with Japans. Black teas are divided into four great families, viz., 1, Congous; 2, Indias; 3, Ceylons, and 4, Oolongs.

The first three kinds are fermented teas, while Oolongs are unfermented. By fermented teas is meant those which are first exposed to the air after picking until a fermentation takes place in addition to the withering, which causes them to have, after firing, a malty, heavy flavor. Americans call it an English Breakfast flavor, although that term is unknown in England, and the water shows a rich mahogany color. But there is a great difference in Congous alone. They come from China and are divided into two marked varieties, called North China and South China. Of the North China teas there are numberless districts, each with characteristic flavors, and of the South China teas a variety of districts also. The best known of the northern districts are those of Moning, Ning Chow, Keemun, Ichang, Hohow, Chong-Si-Kai, Kintuck, Kutoan, Liling and Shuntam; and of the southern districts, Pakling, Paklum and Pan Yong. The Ning Chows, Keemuns and Ichangs go largely to Russia and are the favorites the world over. They are the burgundies of China tea, having a superb bouquet, while the other districts correspond more with clarets, having less flavor and body.

Oolongs, on the other hand, like greens and Japans, are fired almost immediately after picking, and consequently appear to be black tea with a green tea flavor, taking the place of a mixed tea. The unfermented blacks are as a Guinness' stout compared with Oolongs, which by comparison resemble in body and color a lager beer. The former, including Congous, Indias and Ceylons, are the favorites of Great Britain, Russia, Australia and Canada, while the Oolongs are popular in our country only and are consumed principally in New York, Pennsylvania and the Eastern States. It is characteristic that Great Britain prefers heavy bodied drinks, while America almost invariably takes the lighter ones, and therefore it is natural that the English should take the teas which are heaviest and correspond with porter and ale, while we incline to those which are lightest and resemble lager beer or light wine.

According to the official records there are in India about 700 tea gardens or estates, and about the same in Ceylon, all of which have a characteristic flavor, easily recognized by the expert. Hence the large London firms employ tea tasters, who make a specialty of Indias and others of Ceylons, devoting a lifetime to their respective kinds. Every garden shows five distinct grades, the coarsest leaf being termed Souchong, the next coarsest Pekoe Souchong, then Pekoe, then Orange Pekoe and the highest grade and smallest Broken Orange Pekoe.

Both India and Ceylon are divided into well known districts, each producing their own characteristic flavor. The leading districts of India are Darjeeling, Assam, Cachar,

Dooars, Kangra, Kumaon, Madras, and Sylhet. Those of Ceylon are Badulla, Dikoya, Dimbula, Haputale, Kalutara, Kelani Valley, Maskeliya, Matale, Pussellawa and Rangala.

About 200,000,000 pounds of these teas are consumed in Great Britain, or 90 per cent. of the entire consumption; while in the United States about 10,000,000 pounds are taken, or about 10 per cent. of the entire consumption.

Oolongs, the favorite black tea of America, are divided into two principal families—the Formosa Oolong and the Foochow Oolong, named from the countries from which they come. Both kinds are separated into spring, summer and autumn varieties, with about ten grades for each variety. Oolongs are universally used in New York, Pennsylvania, New Jersey and all the Eastern States, Formosa being the favorite of New York and Boston, while Philadelphia has always adhered to Foochows. They are equally pure and desirable. The finest grades bring the highest prices in the market, and are as near to the choicest rose in flavor as it is possible to procure in a beverage. If we multiply the seasons by the number of grades, we find that we have at least 100 specimens of Oolongs constantly on the market.

JAPAN TEAS.

Fully one-half of all the teas consumed in the United States come from Japan. They are taken by the Northern States along the Canadian border, and also by the far Western States to the Pacific. They are the lightest of all teas in the color of the water, resembling green teas, with a bright amber hue. They are desirable for their uniformity, and are divided into spring, summer and autumn teas, with corresponding flavors. They are also known as having three distinct varieties, named from the different processes of firing, namely, pan fired Japans, which have a bright green color; sun dried Japans, which have a yellow color, and basket fired Japans, which have no color, but are simply the leaves dried in the natural way. The Japans are the white wines of teas, and are as different from Congous and Oolongs as those wines are from burgundies and clarets. The May pickings should always be demanded and insisted upon. They are far superior to the later crops, and arrive from the middle of June until the end of August.

HOW TEA IS CONSUMED IN AMERICA.

Statistics show how the consumption of tea is divided in America. The various descriptions are imported in the following proportions:

	Pounds.
Japans, used principally in the Northwest and Pacific Slope.....	40,000,000
Greens, used principally in Western, Middle and Southern States.....	20,000,000
Congous, used principally by foreign population.	9,000,000
Ceylons and Indias, scattered throughout the Union	9,000,000
Oolongs, used principally in Eastern States....	22,000,000

Total importation of United States..... 100,000,000
Total consumption of United States (estimated). 80,000,000

REVOLUTION IN TASTE FOR TEA.

Very few consumers or even dealers in tea today realize that an entire revolution in taste has occurred within the last twenty-five years, not only in the United States but in England. Previously to 1860 Ceylons, Indias, Japans and Formosa Oolongs were unknown to the world, whereas today they are the favorite teas. Up to 1862 the Northern States of our country consumed fully 80 per cent. of green teas, whereas the Eastern States took Foochow and Amoy Oolongs; while England preferred Congou teas almost exclusively. Since the above date green teas have given way to Japans in the West. Foochow Oolongs have been abandoned in the East for Formosas, while Amoy Oolongs have disappeared altogether. In England Congous and greens have likewise markedly diminished, and the consumption now is almost exclusively of Ceylon and India teas to the extent of about 90 per cent. The reason for this change may be ascribed to the greater flavor and body given to teas from new soil, as the present favorites come from countries which did not raise tea prior to 1860 except for home consumption.

THE BEST TEAS TO USE.

Having hastily pointed out the different descriptions of teas the practical question arises: "Which is the best tea to drink?" Our advice is first to try the leading descriptions and having determined which suits the taste then to drink the highest grade of that description. The highest grades of each are equally pure and good. We say drink the best, because it is folly to consume the lower grades, which lack both flavor and tonic effect when tea is the cheapest beverage in the world. There are between 200 and 300 cups of tea to the pound. Consequently, at the apparently high price of \$1 per pound the consumer receives at least two cups for one cent, and generally three cups, if great strength is not required; whereas at 50 cents per pound he receives from four to six cups for one cent. No water sold in bottles is cheaper than this. On the other hand there are only forty cups of coffee to the pound and perhaps twenty cups of chocolate or cocoa. A thoroughly good tea can be purchased at retail at 50 cents per pound, but by no means a choice one. Hence the rule is advised to buy no tea under 60 cents per pound, and by all means pay \$1 and be assured of receiving both the bouquet and the maximum tonic properties. A retailer cannot buy a strictly choice tea so as to sell it at 50 cents per pound. He is obliged to pay more than that price himself for a choice or choicest article. In a whole year it costs one individual who uses in that time 3 pounds of tea just \$1.50, whether he regales himself with a perfect bouquet at \$1 per pound or whether he takes, without satisfaction, an indifferent article at 50 cents. An economical paterfamilias will cheerfully pay 30 cents for a pint of ordinary claret costing 10 cents per glass, but hesitates to pay \$1 per pound for tea which corresponds with Chateau Lafitte, the prince of clarets, and only costs him half a cent per cup.

THE PROPER PREPARATION OF TEA.

Important as it is to know that we have the choice of 2,000 flavors of tea and that there is one which will give us supreme satisfaction if we take the trouble to find it, yet this fact sinks into insignificance compared with the importance of preparing properly the favorite when found. For, if not correctly drawn, the choicest on earth, which may have cost several dollars per pound, will sink to the value of a repulsive weed. It is for this reason that tea in our country is only consumed at the rate of one pound per capita per annum on the average, or say, 80,000,000 pounds for 80,000,000 inhabitants, while in England the consumption is 6 pounds per capita per annum, and in Australia 7 pounds, and in Canada 4 to 5 pounds. It is safe to say that 70,000,000 of our people out of 80,000,000 never know what good tea is, although they pay a good price and receive a good article. It would be far better to buy the lowest grade admitted to the country and draw it thoroughly well than to buy the best and ruin it in the preparation. As merchandise in the market the former would be worth more than the latter. There are four exact rules to be followed in preparing tea, and the neglect of any one of them will render the article valueless. Nearly every housewife neglects at least one. In the first place, the flavor of tea never appears unless the water is freshly drawn from the faucet and is boiling furiously when poured on the leaves. Nine cooks out of ten never empty the kettle of water which boiled for breakfast when preparing the tea at 5 o'clock; and, if they should avoid this fatality, they seldom, in their haste, wait for the water to boil thoroughly before pouring it on the tea. It is sufficient for them that the slightest curl of steam emanates when the water is promptly used, with the result that the choicest tea in the world tastes like catnip. If both these pitfalls are avoided, then the tea is permitted to draw hardly two minutes when the maid, with a mad rush, pours it off into the cups, and again the superb aroma of the rose is invisible and a wild, weedy solution offends the palate. If again this mistake is escaped, then the herb is allowed to soak from fifteen to thirty minutes while the family converse, and, when served, the bouquet has come and gone and nothing but a bitter tannin has developed, which, when taken into the human economy, plays upon the nerves so insidiously as to fill the divorce courts with wild and untameable cases. Consequently, tea is discarded as a hopeless attempt at satisfaction, and the consumption in the United States becomes a merely nominal one. Our people hardly ever know what tea really is. It can readily be imagined, therefore, what kind of a vile concoction awaits the traveller at the railroad station or at his favorite hotel when arriving fatigued and longing for a refreshing cup, he is presented with a bitter, sickening infusion which has been simmering on the leaves in a large urn over an alcohol lamp for several hours. It is no wonder then that we prefer to go to our graves on cocktails, and give up tea as a hopeless failure. Fine and imprisonment would be very gentle remedies for such incompetency. Therefore, tea should never be served otherwise than in small pots. It is most beneficial as a tonic when taken at 5

o'clock in the afternoon without much food, and if our brain fagged lawyers and merchants did but know it they could reawaken their jaded energies daily in their offices by the use of this innocent stimulant as many of our English cousins do.

TEA IN PERFECTION.

To have tea in perfection it is only necessary to follow the four following rules:

- I. Let the water be fresh from the faucet.
 - II. Let the water boil furiously five minutes before using.
 - III. Let the water remain on the leaves not less than seven nor over ten minutes, and then be poured off into another heated vessel.
 - IV. Use one full teaspoonful of tea for every cup of water, and, if too strong, reduce the quantity.
- Adherence to these simple rules procures the best and most harmless tonic, the most exquisite flavor and the most inexpensive beverage known to civilization.

A FEW NOVEL FACTS.

It may be interesting before dismissing the subject to know a few items about tea not generally promulgated.

Pepys, of diary fame, makes mention in London that on the 25th of September, 1660, "I did send for a cup of tea, a China drink of which I never had drunk before." The quantity of tea imported in England in 1678 was 4,713 pounds, which glutted the market for several years.

In 1700 the importation had increased to about 100,000 pounds at an average cost of 16s. per pound, the duty on tea having been 200 per cent. during the eighteenth century. Today the importation of Great Britain is over 250,000,000 of pounds, proving conclusively that the constant use of tea is both wholesome and satisfactory.

The quantity of tea consumed in China is about 2,000,000,000 of pounds per annum, and in the whole world 2,500,000,000 of pounds per annum. Outside of China the increase in consumption from nothing in the year 1500 to 500,000,000 of pounds in 1903 points to the conclusion that tea in the near future will be the leading beverage of the civilized world.

POINTS WORTH REMEMBERING.

From the foregoing description of tea as a beverage it is suggested that the following important facts be particularly borne in mind by all consumers:

First—Tea is the only beverage whose purity and quality are guaranteed by the United States Government.

Second—Tea is the only manufactured beverage which can be taken for a lifetime without some detriment to the human system provided the leaves are never permitted to boil nor to draw over ten minutes, under which circumstances tannin is developed which may affect the nerves of delicate constitutions.

Third—Tea is beneficial both as a delightful medium of carrying water through the system, and as a harmless tonic for wearied brain and muscle.

Fourth—Tea is the cheapest beverage known, costing only 1 cent for four to six cups at the price per pound of 50 cents, as there are from 200 to 300 cups of tea to the pound. Therefore, the higher grades only should be used.

“AMERICAN INTERESTS IN THE ORIENT.”

Speech delivered by the Secretary of the Association in response to the above toast at the dinner of the Founders and Patriots of America.

For centuries the glamour of the East held sway over the minds of the men of the West. How to reach the Indies and far Cathay by a shorter sea route than Vasco di Gama had found when he doubled the Cape of Good Hope was the quest of Columbus, of the Cabots and the rest of the adventurous mariners of 500 years ago. When it was borne in upon the minds of men that there was another continent between Europe and Asia it was regarded as an unwelcome barrier to the achievement of a thing which was declared to be more divine than human, namely, to sail by the West unto the East where spices grow. When the broad Pacific rolled before the eyes of Balboa and Magellan the world grew bigger than it had been supposed to be, and the shores of Asia receded into a dimmer distance.

Ever since, the shores of Asia have been growing nearer; for, ever since men from Europe possessed themselves of this continent they have been coming closer to the East by constant migration Westward. It is only fifty-seven years ago that the United States became a Pacific power by the conquest of California, and only thirty-seven years since, by the purchase of Alaska and the Aleutian Islands, the territory of this Republic enclosed, with a great encircling arm, the North Pacific Ocean and came closer to farther Asia. Since then Hawaii, in mid-Pacific has become ours, and that great outpost of Southeastern Asia, the Philippine Islands; so that for 20 degrees below the Arctic Circle and 20 degrees above the Equator, the territory of the United States is in close touch with the great central continent of the world, and the hand with which the West clasps that of the East, across the intervening ocean, is the hand of this free republic.

It was in the later sixties that William H. Seward made his celebrated prophecy that “the Pacific Ocean, its shores, its islands and the vast regions beyond, will become the chief theatre of events in the world’s great hereafter.” The ancient world grew up around the Mediterranean and the great highway of its commerce was that inland sea. As the newer civilization advanced it sent its ships to brave the perils of the Atlantic, and with the navigation of that ocean is associated the material progress and the mechanical triumphs of modern times. We are but on the threshold of that new and greater era in which the influence of an awakened Asia is to make itself felt, and in which the United States will be called on to play a part worthy of its place among the nations. Around that great Pacific area is grouped more than half the population of the world. There are 300,000,000 of them in India, 400,000,000 in China and 45,000,000 in Japan. It has been given to the people of the Island Empire to show the world of what Asiatics are capable when they imbibe the teachings of our civilization. It was the United States that passed the live torch of modern enlightenment on to Japan, and lo! it has become a beacon for all Asia! The mental and spiritual illumination that first came from the East has made the circuit of the globe, and we have helped to pay the debt of human civilization by transmitting it to the climes in which it was born.

To us who see in the awakening of Asia simply the completion of a cycle of human progress, all talk of the yellow peril, of the common interests of the West to guard against a regenerated East, is pure foolishness. To nations who think that their profit lies not in the civilization but in the plunder of Asia, there may be danger in the discovery that there is nothing in the modern science of warfare beyond the ability of Asiatics to understand and to master. But to a government whose rule in the Far East is guided by the principle of educating an Asiatic race to govern itself, and to a people whose trade in the

Far East asks nothing more than equality of opportunity, there can be only satisfaction in the prospect of a new and progressive Asia, accepting the ideals of the West and profiting by the lessons of its experience. The heirs of the martial prowess of feudal Japan have shown to the world that there is no achievement, in war or the arts of peace, of which Asiatics are not capable; no height of self-sacrificing patriotism which they cannot attain, and no principle of constitutional freedom which they fear to accept. They have also demonstrated that progress in Asia means an addition to the wealth of the rest of the world; a gain in productive energy which enriches native worker and foreign trader alike. Within a generation the export and import commerce of Japan has increased nearly thirtyfold, and today the United States buys a third of all she has to sell, and sells her a fifth of all she buys. Twenty years ago we sold Japan little or nothing; today she takes from us over \$20,000,000 worth a year. If our sales to China bore the same proportion to population as they do in Japan they would increase our export trade by \$175,000,000 a year; if all the Asiatic races bordering on the Pacific bought from us as freely as the Japanese our export trade would show a gain of over \$300,000,000 a year.

Obviously, our interests in the Far East lie in the direction of an awakened and progressive Asia, able to hold its own with the rest of the world and able to defend itself against the harpy nations who would plunder and enslave it. They certainly do not lie in the direction of a dismembered China, cut up into spheres of rival interest and alien sovereignties, so that we should have another Europe facing us on the opposite shore of the Pacific. If the extension of the influence of the United States has been anywhere pursued in obedience to the call of “manifest destiny” it has been in and around the Pacific Ocean. If there be one point more than another where a check to our influence would dwarf the role which this republic is fitted to play on the stage of history it would be here. The Government and people of the United States have stood uncompromisingly for the principle of the open door in the Far East, because any other policy must inevitably lead to the partition of the most populous of empires and the richest of all the undeveloped regions of the earth among the great Powers of Europe, to the destruction of all the rights of trade which we have acquired by treaty with that empire and to the exclusion for all time of our influence and enterprise from the equipment of Eastern Asia with all that belongs to modern civilization.

The President of the United States has rightly characterized the construction of the Panama Canal as a project of wellnigh incalculable possibilities for the good of this country and the nations of mankind. But it can only prove so if the ocean, whose gateway we are to open, and to hold as a trust for mankind, is to be in the world’s great hereafter the scene of the rivalries of peace and not the theatre of the recurrent wars; if the coasts which it bounds are to be dotted with busy marts of trade and not with the ports and arsenals of the military Powers of the Old World, transferring their antipathies and jealousies to this new soil and fighting their secular quarrels by the aid of races whom they have cheated out of an independent future by reducing to subjection. The true peril to be apprehended in the future of this great Pacific area, in which the influence of the United States ought to be a dominating factor, is the peril of the military ambition of the white races, and not that of the yellow men who are accepting our culture and struggling for the right to enjoy that equality before the law which was gained for the people of this republic by the Founders and Patriots of America.

AMERICAN TRADE IN MANCHURIA.

(From United States Consul Miller, Niuchwang, China.)

EXPLANATORY INTRODUCTION.

Before 1902 practically all the foreign trade in Manchuria came through the port of Niuchwang and the Chinese annual customs returns gave the complete statement of imports and exports for all the country. This was altered to a considerable extent by imports and exports in 1902 through Dalny, Port Arthur and Vladivostok. In 1903 the situation changed still further, and foreign imports now enter through Niuchwang, Dalny and Port Arthur via Tientsin, Chin Wang Tao, and thence by rail over the Chinese railway recently completed to the River Liao at Shin Min Tun; also by the Russian railway from Vladivostok and Siberia and Russia. Another important route has been opened into Manchuria from the sea up the Amur River, and thence up the Sungari River by large river steamers to Kirin.

In 1899 the entire trade of Manchuria went through the port of Niuchwang, while this year there are seven different avenues of trade, each doing considerable business.

There are no official records from which it is possible to get the necessary data to give even an estimate of the quantity of goods coming in and going out through these various channels, excepting for Niuchwang.

The volume of trade at Niuchwang remains practically the same. The foreign imports in 1903 amounted to 20,483,095 taels* (\$13,314,012), against 21,845,589 (\$15,641,442). In 1899, the largest import in the history of the port. In addition to the foreign trade of Niuchwang there was an import of native produce from the central and southern ports which amounted to 5,976,174 taels (\$4,278,940) in 1899 and to 7,469,567 taels (\$4,855,218) in 1903.

There are no records telling the origin of the goods imported. American goods reach here in many ways. Some come from Hongkong and Canton, large quantities from Shanghai, and some from Japan, while much American cotton is manufactured into yarn and goods in Japan and then shipped to this place.

Manchuria is not yet thickly populated and farms are mostly in large tracts of 100 and 200 acres, and even more. The great commercial development has come as a result of its agricultural development and the settlement of the country by agricultural people from other parts of China.

Although the country is extremely rich in minerals, including coal, iron, copper, silver, gold and other kinds, these have only been worked in a small and crude way by the natives. When the mineral wealth is developed and worked by modern methods in a manner fitting its econ-

omic possibilities Manchuria will prove to be one of the richest sections of Asia.

It has the happy combination of a splendid variety and vast quantities of minerals, valuable forests, great agricultural wealth, and an industrious, capable people, whose labor is perhaps the best in the world for its cost. In addition, it has good waterways and easy grades and a country in which railway construction and operations are very economical. All of these advantages are combined with a healthy, invigorating climate, where crops never fail.

The time covered by the accompanying figures does not include any period of the Russian railroad or the Chinese railroad operations. All of the traffic that these commercial statistics cover was carried in and out of the country by native boats and carts, and during the past year the bulk of the produce came by the same old methods, the carts competing with the railroads in a haul of 400 miles or more. I believe there is no place in the world where the wagon or cart traffic is equal to that of Niuchwang. During the winter months, when the roads are firmly frozen, there are not less than 2,000 carts, each carrying 2 tons, per day coming to the port, each drawn by from four to seven mules or ponies; some of these carts are from thirty to forty days on the roads in order to reach the market. It is under such conditions as these that this trade has grown, and it is a mistake to attribute the growth of this trade to the building of the Russian railway. The railways are just beginning to have an influence toward improving the trade of the country, and the natives are only beginning to alter their methods to meet these new conditions. It is plain that the railways will add much to the development of the productiveness and trade of the country, but that remains for the future to show. The country has made this marvelous growth independent of the railways, and what it will do with them will depend upon the wisdom of the railway management.

AMERICAN TRADE.

As I have previously pointed out, it is erroneous to suppose that the United States has a monopoly of the Manchurian trade or that there is no successful competitor. There are four active sources of competition, each striving for a stronger hold on the trade, and the contest is so close that the variations in the value between gold and silver have a determining influence thereon.

The strongest competitor, as I have previously reported, is the product of the hand looms of China, known as nan-keens, made from the yarns produced in the various cotton mills of China from both native and foreign cotton. The value of this cloth brought into Manchuria in 1902 amounted to \$5,300,000, an increase of \$800,000 over the

* The haikwan tael used throughout this report was valued by the United States Treasury at 71.6 cents in 1899, and at 65 cents in 1903.

year 1901. This increase was due to the low value of silver, and the American trade suffered to that extent.

UNITED STATES COTTON GOODS.

The growth in the trade of United States cotton goods in Manchuria represents the greatest expansion of United States trade in the Orient, and the year 1903 proves to have been the largest in its history.

There is every reason to believe that considerably more than is shown came into the country—through the ports of Dalny and Port Arthur. The schedule of imports herewith shows that the United States has almost the entire foreign trade in cotton cloth passing through this port.

IMPORTS OF FOREIGN COTTONS AT NIUCHWANG.*

Class of Goods.	1899.	1903.
Drills—		
American	\$1,448,798	\$1,637,805
All other.....		34,955
Totals	\$1,448,798	1,670,760
Jeans—		
American	\$63,652	\$205,400
All other.....		53,300
Totals	\$63,652	\$258,700
Sheetings—		
American	\$2,800,624	\$2,874,235
All other.....	5,012	\$214,084
Totals	\$2,805,636	\$3,088,319
Cotton flannels—		
American		\$44,330
All other.....		\$5,370
Totals		\$49,700
Shirtings (plain), gray—		
American		\$107,965
All other.....		212,550
Totals		\$320,515
Shirtings (plain), white—		
American		\$4,225
All other.....		170,040
Totals		\$174,265
Grand totals—		
American	\$4,312,984	\$4,873,960
All other.....	5,012	688,295
Totals	\$4,317,996	\$5,562,255

* The haikwan tael was valued at 71.6 cents in 1899 and only 65 cents in 1903; hence in the reduction of the amounts to gold values the increase is not so great as it was in tael values.

The Chinese nankeens are the strongest competitors in this market with the United States drills. The continued depreciation of silver during 1902 decreased the market of United States drills and increased the market for nankeens produced in a country with a silver standard.

The rise in the value of silver during 1903 has produced a result exactly the reverse, and United States drills were imported to the value of 2,519,730 haikwan taels* (\$1,637,805), against 1,382,000 taels (\$801,560) in 1902, an increase of \$836,245, while Chinese nankeens were imported in 1903 only to the value of 6,516,213 taels (\$4,235,238), against 8,211,439 taels (\$4,762,634) in 1902, a decrease of \$527,096.

The next largest competitor with United States cotton goods is in the form of Indian yarns, which are manufactured on the hand looms of Manchuria into cloth and dyed—as are all imported cloth—by natives with a native product.

* The haikwan tael was valued at 58 cents in 1902 and 65 cents in 1903.

Indian yarn to the value of 3,704,206 haikwan taels (\$2,148,436) was imported in 1902, which was a decrease from the previous year of 234,768 haikwan taels (\$136,165).

Another growing competitor in the same form is Japanese yarn, imported to the value of 817,718 haikwan taels (\$474,276) in 1902, an increase of 208,938 haikwan taels (\$121,184) over 1901. This seems to offset the decrease in Indian yarns imported.

There is also a significant increase in imports of Japanese drills and sheetings, which indicates a growing trade for the products of the Japanese mills.

The fourth competitor—and the unknown quantity—is the competition of Russian cotton goods. In prints I have reason to think it is considerable, and in northern Manchuria, with Harbin as a centre, I am told by the manager of the Russo-Chinese Bank that Russian drills and sheetings are driving out the United States goods. These Russian goods come into the country via Dalny, Port Arthur and Vladivostok without duty, and we have no means of ascertaining their value.

COTTON GOODS AND BANKING.

The Russo-Chinese Bank is financing a great many Chinese merchants who are sent every year to Moscow and other cities in Russia, and they report their business returns successful in all lines but sugar, and that in cotton goods their trade is growing very fast.

The cotton goods manufacturers in the United States should study the Manchurian trade in connection with the banking business. If United States trade in Manchuria in cotton goods, kerosene and other lines assumes the extent to which the economic opportunities entitle it, there must be developed some banking association that will assist and support it, and branches must be established in the principal trade centres of the country.

The Russo-Chinese Bank and the Yokohama Specie Bank are much more liberal and generous in their treatment of customers when purchasing goods from their countries. This is most natural, but as there are no United States banking interests in the country this policy is seriously detrimental to United States trade that comes into competition with these banks. The fact that United States banking extension into China is now absolutely essential to the further development of our trade is apparent to all students of the commercial situation.

The opportunity for excellent returns to banking capital in Manchuria is certainly most inviting. Reliable foreign banks are paying 7 per cent. on fixed deposits and good Chinese banks will pay 10 per cent. and make a splendid profit above that.

The substantial productiveness of the country and the sure and constant markets for all the products make this a splendid field for banking capital, and if utilized in connection with the extension of United States trade will be of great value to our country. In this lines the country is taking on new forms and methods of business, and the political settlement that should follow the present war ought to make this country a most inviting field for United States capital and commerce.

HOW TO INCREASE UNITED STATES TRADE.

On this subject I desire to renew my previous suggestions—that if United States manufacturers and commercial houses expect to build up and hold the trade of Manchuria they must establish agencies and have representative Americans in the country. The trade cannot be created exclusively by catalogues and consuls. Consuls are of great value in this country to assist in building up trade and maintaining it, but it is not possible for them to create it and maintain it without the aid of American citizens on the ground. This country may differ from Europe materially in that respect. British trade in the Orient has been established through British subjects on the ground, and German trade is growing fast in China, and especially in Manchuria, through German firms and German subjects on the ground. American trade grows in spite of the fact that we have no citizens working for the trade. The Russian railway and the Russo-Chinese Bank, with the Russian Government back of both, are pressing hard for the trade of Manchuria.

The Yokohama Specie Bank and Japanese steamship lines and Japanese subjects are working up a Japanese trade in Manchuria, and if Americans want this great future market, which they can hold and increase many times over, they must send American citizens into the country to work for it.

KEROSENE.

There was quite a recovery in the kerosene trade for the year, but large quantities are held over. The increased consumption of oil is noticed all over Manchuria, and is especially noticed in all the cities under Russian administration, where the natives have been forced to keep lights burning all night at a distance of about 50 feet apart. In this city alone it is reported that 200 cases per day are required for street lights.

The Russian Oil Company is constructing tanks in the principal towns and will carry the kerosene in tank cars to all towns along the railway line. This system is in course of construction, but is not yet complete. This will give Russian oil a great advantage in the trade.

Russian oil is sold throughout Manchuria at from 20 to 70 cents per case less than United States oil.

In the northern part of Manchuria, with Harbin as a centre, Russian oil is fast supplanting the United States product. There is no way of ascertaining the amount of Russian oil coming annually into Manchuria, but it is fast assuming large proportions. Kerosene oil was imported into Niuchwang during the year 1903 as follows: American, 485,381 haikwan taels (\$315,497); Russian, 25,000 haikwan taels (\$16,250).

IMPORTS AT PORT ARTHUR.

Flour.—The development of the flour milling business in Manchuria and the sale of the cheaper Shanghai flour have practically closed the market for United States flour at all points except Port Arthur. The amount of United States flour imported there for war purposes and for laborers in that vicinity was about \$500,000 worth for the year 1903.

Beer.—I am also advised that United States beer to the value of \$250,000 gold was imported into Port Arthur for the use principally of Russian army and navy.

Milk.—Condensed milk to the amount of \$25,000 gold came in through Port Arthur. These items alone show that the customs returns no longer indicate the true state of trade in Manchuria.

TRADE OF DALNY.

The following figures from the Dalny harbor master's report give some idea of the trade of that port.

The exports are the products of Manchuria, and the largest item, under the head of "all other articles," was wild silk, from which pongees are made.

Of the imports, the largest item was tea, on its way from the valley of the Yangtze—mostly Hankau—to Siberia and Russia:

Imports.	Quantity. Tons.	Value.
Coal	125,716	\$577,778
Cement	30,817	486,830
Tea	29,564	9,931,620
Rice	7,858	297,155
Lumber	20,748	304,880
All other articles.....	36,725	5,451,163
Totals	251,438	\$17,049,426

Exports.	Quantity. Tons.	Value.
Rice	2,438	\$69,937
Beans	1,039	65,508
Millet	1,822	74,575
Wheat	2,704	91,822
All other articles.....	1,881	660,642
Totals	10,814	\$962,586

* Tons of 2,240 pounds each.

PROSPERITY OF THE COUNTRY.

The year 1903 was the best that Manchuria has ever known, as to its production. Crops were unusually good and prices were also good. Both Manchuria and Mongolia are marvelously rich, and, under a good government, with transportation provided and its timber and mineral wealth developed and added to its agricultural resources, Manchuria will prove one of the greatest markets for United States goods, as well as a splendid field for the investments of United States capital. In 1894 and 1895 it was the field of war between China and Japan; in 1900 it was the district of the Boxer movements that were so destructive; and now again, in 1904, it is the theatre of war between Russia and Japan.

Notwithstanding all these wars the country continues to grow in productiveness and commerce. Its people are largely industrious, frugal, and capable, and need only an enterprising, substantial and honest government to insure them great prosperity.

HENRY B. MILLER, Consul.

NIUCHWANG, China, April 2, 1904.

TEA FROM FORMOSA.

All the tea shipped direct to the United States via Kelung in 1902 and 1903 came from three of the four United States tea firms established here. The British firms have not as yet made use of the Kelung route for direct shipments, preferring to continue to ship through Amoy, where they have large vested interests and facilities for matting and marking. It is, however, a rather significant fact that the majority of them have of late enlarged their premises in Formosa, perhaps with the idea of patronizing the Kelung route, which would necessitate the matting and marking being performed in Formosa. The Kelung harbor has been extensively improved and its shipping facilities very much enlarged. There has been a yearly increase in the export of Formosa Oolong, all of which, save an insignificant amount, finds its way to the United States. Despite this general increase, the direct shipments from Kelung in 1902 were only about 7 per cent. of the total export from the island, while in 1903 they rose to 18 per cent.—A. C. Lambert, Vice Consul, Tamsui, Formosa, February 29, 1904.

AMERICAN TRADE AT HONGKONG.

Hong Kong is very largely a mere distributing point for the immense tonnage of merchandise, stores, and material (raw and manufactured) annually discharged in its harbor.

China is the destination of a very large part of what constitutes the tonnage of the port, distributed to its locality, for sale or exchange, by the small river and coast steamers and by the ever present junk.

The Philippine Islands, the East Indies, and India receive a small percentage of the goods, but they are almost invariably distributed under a foreign flag. China is the real centre of consumption, the consumption at Hong Kong being a mere bagatelle.

The value of the trade through the port of Hong Kong can only be estimated; it being a free port, there are no complete official returns of exports and imports. The people who know best estimate the value at £50,000,000 (\$243,325,000) per annum, and it is largely increasing. It consists, as stated in the harbor master's official reports, of opium, cotton, sugar, flour, oil, cotton and woolen goods, cotton yarn, matches, metals, earthenware, amber, ivory, sandalwood, vegetables, grain, etc.

The Standard Oil Company has its principal office here and does an immense volume of trade in China, supporting its own line of ships and successfully competing with its Russian and Sumatra rivals. One cannot help noticing the fact that flags other than the United States fly at the mast-heads of the ships carrying oil—not on all of them, perhaps, but on enough to attract attention.

The Sperry Flour Company, of San Francisco, is here evidently to stay. The importation of flour has proven a successful venture. Others besides the Sperry people are engaged in the same trade, but I credit the Sperry Company as being the nearest to an American firm, if not exclusively so, engaged in this increasing and profitable business. The number of sacks (50 pounds each) of Oregon, Washington and California flour handled in this market during the year 1903, compiled from reliable data, was at least 5,513,794.

The Singer Sewing Machine Company established an office here, but their trade is in its infancy.

An American corporation or association from San Francisco opened a commission house here in the latter part of 1902, under the name of the "American Chinese Commercial Company," but from some untoward circumstances intervening it has been wound up and disposed of to local interests here.

There are no large wholesale houses of the character found in American cities having stocks to fill orders for jobbers. Orders come here to shippers as commission men or to men in trade or to brokers, and the orders go to compradores, who fill them from Canton, Macao, and other places where the particular articles wanted can be found or manufactured.

The table in this consulate is loaded with pamphlets, circulars and almost every other sort of advertising to bring goods, electrical apparatus, farming implements, hardware, etc., to the notice of Hong Kong dealers and persons who may desire to invest in them; but more than a year has passed since my arrival and I have not yet received a call for information or for permission to examine the catalogues. As previously stated, Oriental methods of business ignore advertisements, circulars and catalogues. The comprador is the substitute, and he is ignorant of all languages except Chinese and "pigeon English."

EXPORTS FROM HONG KONG TO PORTS IN THE UNITED STATES.

The records of this office show goods shipped for the fiscal year ended June 30, 1903, valued as per invoice at the gross sum of \$3,061,705, and for the first and second quarters ended December 31, 1903, as \$2,125,550, a classified list of which is as follows:

Article.	Year Ended June 30, 1903.	Last Six Months of 1903.
Anise oil.....	\$74,585	\$18,390
Bristles	135,070	32,270
Cassia and cassia oil.....	233,520	124,290
Chinaware	62,520	32,030
Clothing, Chinese.....	92,320	58,350
Firecrackers	125,780	19,440
Flour	30,425	.....
Matting	77,365	55,170
Medicines, Chinese.....	35,770	26,850
Oil, peanut.....	223,210	99,800
Opium .....	.....	9,350
Paper and paper ware.....	23,005	.....
Preserves	39,855	31,080
Provisions, Chinese.....	261,470	186,300
Rattan and rattan ware.....	79,825	42,620
Raw silk (second quarter 1903 only)	261,830	566,960
Rice	664,270	286,300
Shoes, Chinese.....	45,135	31,270
Silk piece goods.....	199,430	117,190
Soy and sauce.....	59,100	24,300
Sugar, refined.....	24,380	67,710
Tea	110,060	73,450
Tobacco	52,420	39,230
Wine	55,260	41,200
Sundries	95,000	141,960
Total	\$3,061,705	\$2,125,550

EDWARD S. BRAGG, Consul General.

HONG KONG, March 11, 1904.

THE PERRY MEMORIAL RELIEF FUND.

The following subscriptions have been made up to date:

American Trading Company, . . .	\$1,000.00
China & Japan Trading Co., . . .	1,000.00
Isaac N. Seligman,	500.00
International Banking Corporation, . .	250.00
Clarence H. Mackay,	1,000.00
Jacob H. Schiff,	500.00
Bliss, Fabyan & Co.,	200.00
D. W. Stevens,	200.00
Morris K. Jesup,	100.00
George W. Lane & Co.,	100.00
William G. Low,	100.00
Cornelius N. Bliss,	100.00
Stewart L. Woodford,	100.00
John Hone,	100.00

Total \$5,250.00

AMERICAN ENTERPRISE IN CHINA.

Another chapter has been added to the history of the relations between the American China Development Company and the Government of the United States. It was stated in these columns some two months ago that so far as the construction of the Hankow-Canton Railway was concerned, the American character of the enterprise had for some time past been purely nominal, and that within the few weeks preceding it had ceased to be even that, the directorate of the American China Development Company having become Belgian both in name and in fact. To this statement exception was taken by Mr. Charles A. Whittier, the president of the company, who said in a letter published by us on March 25 that there had been no change in the charter or status of the American China Development Company, which "remained and must remain distinctly American." Mr. Whittier added that "the stock interest which the Belgians have acquired therein has no more effect upon the company's status than similar holding in the past in scores of other American corporations." To this the reply was made that of the 6,000 shares of the company, 4,000 are directly held for the controlling Belgian interests, and that of the remainder the only important block of the stock likely to remain in "distinctively American" hands consists of the 600 shares standing in the name of J. P. Morgan & Co. It was further contended, in our comments on Mr. Whittier's letter, that it was absurd to pretend that a foreign stockholding interest in railroads operated on American soil had a precisely comparable status to a similar interest in an American corporation chartered to construct a railroad in a foreign country, and claiming, as this corporation has already done, the intervention of the strong arm of the United States for the protection of its agents against mob violence in that country. It was further argued that the change of status of the American China Development Company, or at least of that phase of its enterprise represented by the construction of the Hankow-Canton Railway, became a public question, because, in ceasing to be distinctively American, and coming under the management and control of representatives of the King of Belgium, the obligations to protect it must be held to pass to the government in whose head or in whose subjects is vested the title to a controlling majority of its stock.

It now appears in dispatches of an apparently authoritative character from Washington that the United States Government has concluded to recognize the American China Development Company as a bona fide American concern, "notwithstanding the fact that a majority of the stockholders are Belgians." This at least disposes of Mr. Whittier's pretense that the allegations made in these columns were "not consistent with the facts," but it raises a further question as to what is to be gained by the frank recognition on the part of our Government that it considers the American China Company to be in good faith an American company, and that this Government alone has the right to deal with all diplomatic questions affecting the interests of the company. This deliverance was apparently elicited by certain questions submitted to the Department of State by the Chinese Minister, whose efforts to ascertain or to fix the precise status of the Hankow-Canton Railway are said to have been assisted by a Mr. John F. Ferguson, who is variously described as "a special commissioner from China" and as "Grand Secretary of the Imperial Chinese Railway

Administration of that country." One would like to have the comment of His Excellency Sheng on this latter title of Mr. Ferguson's, as also the views of his compatriots in Shanghai in regard to Mr. Ferguson's eminent fitness to conduct such a negotiation. But, minor considerations apart, there stands out the reason assigned for the somewhat important decision reached by the Administration, namely, that China has feared for some time that Russia might acquire control of the American China Development Company through either Belgian or French capitalists, and "thus secure the proposed railway north from Canton and through the Yangtze Valley to Hankow."

As a matter of fact, this would appear to be what Russia has already done. Some six years ago, in commenting on the conclusion of the contract between the Chinese Government and a Belgian syndicate for the construction of a railroad line from Peking to Hankow, the English China Association said in a memorial to Lord Salisbury: "Though the hand which signs the contract may be the hand of Belgium, it appears beyond question that France and Russia are the real powers behind the veil." The financing of this enterprise has been, from the first, in the hands of the Russo-Chinese Bank, and the comment of the British critics has been proved to be entirely just. It is not claimed, apparently, that the Peking-Hankow syndicate control the southern extension of the line, which, strictly speaking, extends from Wuchang, across the river from Hankow, to Canton. That financially ubiquitous monarch, the King of the Belgians, is the accepted head of the first, and as yet the only, enterprise of the American China Development Company; but why it should be deemed more difficult for Russia to acquire control of the company through his agency than through that of the Northern Belgian syndicate passes comprehension. Either too much or too little of Mr. Ferguson's argument must have been given to the public; certainly what has been published tends to obscure, rather than to elucidate, the action of this Government. As bearing on the general subject, and specifically on the claim made by Mr. Whittier in his letter to us, that the Chinese Government accorded to the Belgian company of the northern line a right of reversion in the Hankow-Canton concession should the American concessionaires fail to carry it out, the following quotation from the reply of the Chinese Foreign Office to the British Chargé at Peking, dated May 10, 1899, may be of interest: "We received your letter to the effect that in the prospectus issued by the Belgian syndicate it is stated that China has promised that in the event of the abandonment of the American contract for the Hankow-Canton Railway the Belgian syndicate will be intrusted with the construction of that line. You added that you had heard that this promise was given subsequently to the settlement of the Belgian agreement, and you inquired whether such an arrangement had been made. We have the honor to inform you that neither the Belgian agreement in twenty-nine clauses, nor the supplementary agreement in ten clauses, contains any such stipulation, and that there has been no subsequent arrangement of any kind." A subject which lends itself so easily to misrepresentation seems to require some franker and fuller treatment than has been accorded to it in the explanatory dispatches sent from Washington.—*New York Journal of Commerce and Commercial Bulletin.*

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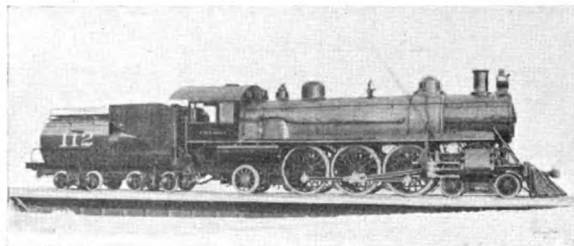
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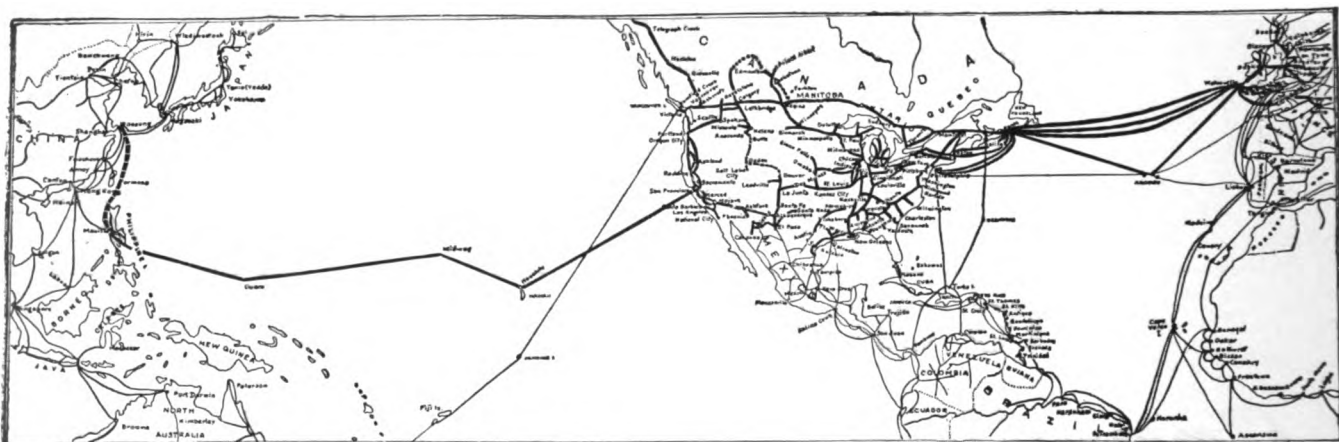
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Journal of The American Asiatic Association

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JOHN FOORD, PUBLISHER,
78 Beekman Street,
New York City.

We devote a considerable amount of the space of this number of THE JOURNAL to a record of the speeches delivered at the banquet given by the members of the Chamber of Commerce of the State of New York to the visiting delegation of representative Filipinos. In one of the speeches not recorded—that of Bishop Potter—occurs this pregnant saying of a citizen of San Francisco: "New York is the back door of the United States, and San Francisco is the front door." The Bishop thought this a sample of the kind of audacity of which he had heard a great deal in the East, but it was merely an anticipation of conditions in the near future when the Pacific will be the great central highway of the commerce of the world, as the Mediterranean was in ancient times, and the Atlantic became during the period of what we call modern history. That the Pacific Coast of the Republic should, before another generation has run its course, face the sphere of the greatest commercial activity of the United States is not at all improbable, and it will mainly depend on San Francisco itself whether it shall be the greatest of the portals or sea gates to the developed Pacific commerce of the twentieth century. When, after the construction of the Isthmian Canal, the ports of the Gulf are placed in contact with both oceans, we shall have an extension of coast line which may be productive of unforeseen results. In any case, it is something to have the acquisition of the Philippines lead the American people to a new conception of how closely their future is related to that of Eastern Asia, and how immeasurably more important than any questions relating to the administration, present or future, of those islands themselves is the bearing of their possession on the capacity of the United States to discharge its responsibilities as the greatest of the Powers of the Pacific.

As was to be expected, the nearest and most obvious questions received most attention from the speakers at the Chamber of Commerce dinner. Secretary Taft displayed his customary common sense by insisting that in dealing with a people like the Filipinos the first and most important principle was to tell the exact truth, and to abstain from general expressions about a government of the people by the people, if there was no intention of applying them except in a far distant future. To bind ourselves to what we are going to do a quarter of a century, or some generations, hence is as unwise as it is superfluous. Sec-

retary Taft is unquestionably right in his contention that the present most important thing is to begin to make the Filipinos fit for self government and for independence, leaving the evolution of these to the influence of time and education. Even Dr. de Tavera admitted that a period of instruction in the methods of free government was an indispensable prerequisite to the making of a deliberate choice by the Filipinos of the system under which they may choose to live. Both in New York and in other cities visited by this highly intelligent commission the interchange of ideas in regard to questions which have been made the football of partisan discussion has been extremely beneficial, and the foundations have at least been laid for a better understanding on both sides. Unquestionably the most serious obstacles to such an understanding are created by the so called friends of the Filipinos, who encourage them to believe that they have only to agitate for incorporation with the Union, the basis of other sovereign States, to have their appeal heeded. Secretary Taft's blunt reminder that 90 per cent. of the people of the Philippine Islands need education in the most elementary principles of free institutions before they can be fit for self government was, let it be hoped, not lost either on the visitors or the anti-imperialist sticklers for giving the Filipinos the full benefit of the Declaration of Independence.

THE ever watchful Count Cassini is reported to have taken exception to the drinking of a toast to the Japanese navy at the annual dinner of the Association, and, more especially, to the demonstration of American sympathy with Japan which the drinking of that toast elicited. The Russian Ambassador was pained to note the presence at the dinner of representatives of the diplomatic service and of the army of the United States, and was particularly disturbed at the impression which a display of pro-Japanese sentiment, made under such auspices, was likely to have on His Imperial Highness Prince P'u Lun. We are not advised of the reception which the representations of the Ambassador were accorded by the Secretary of State, but to ordinary observation they seem somewhat far-fetched. So far as the Chinese Prince is concerned, he must have used his eyes and ears to very little purpose in his progress throughout the country if he failed to note the overwhelming preponderance of sentiment in favor of the cause of Japan. The proceedings of the annual dinner of the Association were somewhat carefully guarded against the intrusion of anything like offensive partisanship, and the outburst which followed the mention of the victorious navy of Japan was one of those spontaneous manifestations which indicate the strength of the feeling which had been held in tolerably complete suppression throughout the rest of the evening. Count Cassini's six years' residence in the country do not appear to have done much toward enabling him to understand the character and ways of the American people, and he certainly never made a more maladroit protest against a characteristically American expression of feeling than he did in taking exception to the closing demonstration of the annual dinner of the American Asiatic Association.

THE following letter has been received from His Excellency Sir Chentung Liang Cheng by the President of the Association.

IMPERIAL CHINESE LEGATION,
WASHINGTON, June 20, 1904.

Silas D. Webb, Esq., President American Asiatic Association, P. O. Box 1,500, New York City:

DEAR SIR—Prince P'u Lun has requested me to express to you and through you to the American Asiatic Association his sincere thanks for the courtesies and attentions extended to him by the Association during his recent visit to the city of New York. His Highness would have written to you himself if it had not been for his hurried departure for Europe.

To the sincere thanks of the Prince I beg to add my own.

Very respectfully yours,

CHENTUNG LIANG CHENG.

It is extremely gratifying to the members of this Association that the Prince's sojourn in the United States should have proved in every respect a most auspicious one, and nothing could have been more in line with the purposes of the Association than the contribution which its members were able to make to the interest and éclat of the Prince's visit.

AS WILL be observed from a statement published in another column, some progress is being made in the collection of subscriptions for the Perry Memorial Relief Fund. Reasons not unconnected with a desire on the part of business men to avoid any imputation of partisanship in the present struggle have deterred a great many of the representatives of American commerce and finance from becoming subscribers to the fund. The Committee is in hopes that some of the current objections to being enrolled as subscribers may be overcome, and that the fund will gather momentum as it grows. It will be observed that the movement has been taken up in Boston, and it is hoped that other cities throughout the country may be induced to follow the example. In any case, the work of the New York Committee will continue to be diligently prosecuted until a result more adequate to the purpose in view has been attained.

AGREEABLY to the suggestion of some of our members in San Francisco we publish in this number of THE JOURNAL the roll of the association corrected up to date, with the business of each member attached, except in cases where the title of the firm is descriptive of its business. For the purposes of a trade directory for use in the Far East this list has an obvious value. We may be permitted to suggest to those of our members who desire greater prominence for their business through the medium of THE JOURNAL that its advertising columns afford a cheap and effective method of reaching the business community of the chief ports of Eastern Asia, from Singapore to Yokohama. No other medium of publicity has a circulation so comprehensive or so thoroughly identified with the commercial relations of the United States in the Far East, and the insertion of a business card in THE JOURNAL may be confidently recommended to all desirous of extending their business in that part of the world.

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the eleven months ending May 31, 1903 and 1904.

EXPORTS TO CHINA.

Months. 1902.	Cotton Cloths.		Mineral Oils.		Wheat Flour.	
	Yards.		Gallons.		Barrels.	
July.....	32,036,120	\$1,658,250	70,139	\$13,505	1,465	\$4,606
August.....	23,366,570	1,087,054	730,110	57,474	2,657	9,108
September....	23,759,038	1,190,977	55,492	11,800	8,804	25,589
October.....	20,472,678	1,036,726	3,017,797	270,697	18,620	56,636
November....	6,712,750	340,422	2,292,023	198,958	16,717	50,510
December.....	20,582,544	1,074,463	6,205,559	529,109	11,546	37,273
1903.						
January.....	18,440,398	924,882	1,944,706	197,967	8,637	26,288
February....	34,642,500	1,713,994	878,660	92,265	1,524	4,805
March.....	37,929,363	1,850,571	1,712,040	179,780	9,457	31,372
April.....	34,640,141	1,608,487	1,163,320	126,709	6,536	22,132
May.....	14,737,775	717,564	849,368	93,756	3,675	12,348
Total.....	267,319,877	\$13,203,390	18,919,214	\$1,770,020	89,638	\$280,667
1903.						
July.....	9,751,868	\$443,228	1,384,881	\$147,423	166	\$587
August.....	4,096,161	189,133	1,644,834	142,882	1,653	6,650
September....	3,377,050	168,208	1,001,398	109,456	9,016	31,407
October.....	9,370,600	414,156	5,509,766	647,751	7,448	25,937
November....	1,038,835	69,055	3,376,910	405,300	17,325	58,033
December.....	3,665,364	230,546	2,496,200	303,123	10,812	38,951
1904.						
January.....	8,906,813	476,609	3,772,243	447,712	6,303	24,019
February.....	13,806,444	785,473	7,305,887	862,625	2,489	9,264
March.....	8,652,392	435,780	5,808,064	695,371	11,515	39,999
April.....	1,041,000	62,311	2,232,150	249,538	3,944	14,567
May.....	4,455,937	306,731	1,944,134	210,131	4,494	15,508
Total.....	67,862,434	\$3,566,900	36,476,467	\$4,221,312	75,165	\$264,922

EXPORTS TO HONGKONG.

Months. 1902.						
July.....	1,200	\$220	1,301,020	\$101,420	75,811	\$228,906
August.....	38,103	2,470	768,590	69,360	93,998	295,892
September....	14,739	1,418	33,250	4,002	141,598	437,587
October.....	17,550	3,111	5,100,885	439,318	137,672	422,355
November....	6,568	1,400	3,023,690	264,956	147,545	477,722
December.....	69,107	6,395	2,894,751	286,066	240,937	826,823
1903.						
January.....	22,099	3,841	.....	.....	142,918	460,238
February....	161,346	9,798	1,001,830	105,190	126,693	427,199
March.....	36,858	3,267	.....	.....	106,520	395,479
April.....	32,210	4,544	1,222,283	128,955	74,107	245,989
May.....	35,658	4,864	1,300,540	137,880	48,670	183,531
Total.....	453,438	\$41,328	16,646,839	\$1,537,147	1,336,469	\$4,401,221
1903.						
July.....	117,991	\$13,468	822,392	\$86,725	39,890	\$143,890
August.....	60,502	9,083	124,179	16,514	83,724	330,075
September....	7,652	828	1,773,512	199,683	193,545	736,441
October.....	24,740	4,840	1,581,553	174,495	165,903	658,178
November....	5,963	809	1,241,310	148,971	128,144	494,014
December.....	17,825	3,058	5,955,043	721,169	175,682	646,422
1904.						
January.....	5,877	994	955,320	112,700	155,130	574,431
February....	26,000	2,027	34,234	5,223	189,308	694,139
March.....	37,919	7,538	54,365	5,801	58,718	232,217
April.....	8,846	1,374	3,265,323	368,210	9,521	35,609
May.....	.....	.....	752,000	81,600	9,730	34,273
Total.....	313,315	\$44,019	16,559,241	\$1,921,091	1,209,295	\$4,579,742

DEPARTMENT OF COMMERCE AND LABOR,

Bureau of Statistics.

WASHINGTON, D. C., June 28, 1904.

Imports of Tea and Silk into the United States for the eleven months ending May 31, 1902, 1903 and 1904.

TEA.

	1902.		1903.		1904.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
Imported from						
United Kingdom.....	3,395,339	636,823	5,494,832	1,025,139	6,217,304	1,295,964
British North America....	1,747,175	300,183	1,931,390	396,276	1,967,907	438,119
Chinese Empire.....	35,711,846	3,705,992	54,732,007	6,930,410	52,672,897	7,199,992
East Indies.....	2,703,676	369,587	6,290,038	797,450	6,924,665	1,051,972
Japan.....	29,370,702	3,939,278	35,359,413	5,553,890	41,135,715	7,505,963
Other Asia and Oceania ..	309,550	38,936	447,816	50,976	425,309	52,826
Other countries	7,940	2,190	10,920	3,749	90,844	23,939
Total.....	73,246,228	8,992,989	104,266,416	14,757,890	109,434,641	17,568,775

RAW, OR AS REELED FROM THE COCOON.

SILK.

	1902.		1903.		1904.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
Imported from						
France.....	524,463	1,765,651	553,256	2,111,615	327,338	1,097,750
Italy.....	2,392,405	9,264,835	2,922,646	12,172,176	1,762,600	7,562,060
Chinese Empire.....	2,746,625	7,567,053	2,891,818	8,416,924	3,105,258	9,022,337
Japan.....	5,831,466	19,477,105	6,566,433	23,794,023	6,305,565	23,043,893
Other countries	273,217	869,228	51,945	177,020	81,195	275,283
Total.....	11,768,176	38,943,872	12,986,098	46,671,758	11,581,956	41,001,323
Waste .....lbs. free..	1,566,280	905,770	1,425,139	891,521	3,922,169	1,553,378
Total unmanufactured		39,851,337		47,563,437		42,565,398

THE PERRY MEMORIAL RELIEF FUND.

The following is the copy of a letter received by General Woodford from President Yamagawan, of the Imperial University of Tokyo, with a translation of the resolutions adopted at a mass meeting of educators and students in Tokyo on May 28:

TOKYO TEIKOKU DAIGAKU (Imperial University of Tokyo),

Tokyo, Japan, June 5, 2564 (1904).

General Stewart L. Woodford, Chairman of the Committee of the Perry Memorial Relief Fund, 96 Wall Street, New York:

MY DEAR GENERAL WOODFORD—Your acceptance of the chairmanship of the American Committee of the Perry Memorial Fund has given peculiar satisfaction to our people, and especially to those of us who had the privilege of meeting you when you were in Japan two years ago. It is therefore a doubly pleasant duty that I have to perform in forwarding to you the enclosed resolutions adopted at a mass meeting of the representatives of the principal educational institutions of Tokyo.

The sympathy of the American people, and especially of that of thinking classes of your great Republic, is very grateful to us at this time when we are engaged in what is truly the life or death struggle of our Empire. It was to give expression to this, our appreciation of your sympathy and active efforts in behalf of the destitute wives and little ones left behind by our reservists, that the meeting to which I have referred was organized; and we, the promoters of the meeting, beg you to accept the resolutions, though they but feebly express what we feel toward you and those whom you represent. We hope that as occasion permits you will bring us to the remembrance of the officers and alumni of the American colleges whose intelligent sympathy has for so many years been such an inspiration to us.

To yourself, my dear General, let me express our deepest gratitude for the part you are taking in the cause of our fatherless ones. Their destitution may in one way and another be borne during the summer months, but one shrinks from contemplating the suffering which is inevitable next winter.

With warmest greetings to the gentlemen of your committee, believe me, with highest regards,

Faithfully yours,
K. YAMAGAWAN,
President of the Imperial University of Tokyo.

TRANSLATION.

We, educators and students, representing the higher institutions of learning in Tokyo, assembled on the 28th day of May, 1904, adopt the following resolutions:

1. That we express our appreciation of the part taken by the United States Government in the peaceable opening of Japan to a new life and new civilization, beginning with the first treaty of friendship negotiated through Commodore Perry.

2. That we gratefully recognize the friendship of the people of the United States for the people of Japan, as manifested continuously during the past fifty years, and the many services rendered by them to our country, especially in the cause of education by the disinterested labors of American educators in the development of our institutions of learning; and in the cause of humanity, by the sympathy and assistance given to the families of our soldiers and sailors.

3. That we confirm the statement that Japan has not entered the present struggle for aggrandizement or conquest, but has been forced into it for the security of the Empire, for the permanent peace of the East, and for the progress of that beneficent and enlightened civilization which Japan herself has imbibed from the nations of the West, and which she has made her own.

4. That in the struggle, standing as we do for principles which we believe are identical with those cherished by all enlightened nations, we look to the people of the United States for that sympathy which we believe our cause deserves; and especially do we turn to the colleges and universities of America which have given to so many of us so cordial a welcome and to whose teachers, alumni and students many of us are bound by ties of gratitude and friendship.

COMMITTEE.

(Signed)

- KENJIRO YAMAGAWA, *Rigakuhakushi*, Ph. B. (Chairman), President of the Imperial University of Tokyo.
- BARON TADANORI ISHIGURO, Director of the Okura Commercial School.
- YENRIO INOUE, *Bungakuhakushi*, Director of the Tetsugakukwan Daigaku College.
- KAZUO HATOYAMA, *Hogakuhakushi*, D. C. L., LL.D., Director of the Waseda Daigaku College.
- BARON JUNJIRO HOSOKAWA, Principal of the Peers' College.
- HIROTO TOMIZU, *Hogakuhakushi*, Barrister at Law, Director of the Nippon Daigaku College.
- TOKUJIRO OBATA, Chancellor of the Keiogijiku Daigaku College.
- YOSHITO OKUDD, *Hogakuhakushi*, Director of the Tokyo Hogakuin Daigaku College.
- JIGORO KANO, Director of the Tokyo Higher Normal School.
- KOKICHI KANO, Director of the First Higher School.
- BARON NAIDU KANDA, A. M., Professor of the Peers' College.
- YEIKICHI KANADA, Director of the Keiogijiku Daigaku College.
- HIDEO TAKAMINE, Director of the Tokyo Academy of Music.
- SAMAYE TAKATA, *Hogakuhakushi*, Dean of the Waseda Daigaku College.
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- KIYOO NAKAMURA, *Rigakuhakushi*, Director of the Tokyo School of Physics.
- KENJIRO OUME, *Hogakuhakushi*, Docteur en Droit, President of the Hosei Daigaku College.
- NAOHIKO MASAKI, Director of the Tokyo School of Fine Arts.
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- SEIICHI TEJIMA, Director of the Tokyo Higher Technical School.
- TATSUO KISHIMOTO, Licencié en Droit, Director of the Meiji Daigaku College.
- KAKICHI MITSUKURI, *Rigakuhakushi*, Ph. D., Director of the College of Science of the Imperial University of Tokyo.
- KOTARO SHIDA, *Hogakuhakushi*, Professor of the Tokyo Higher Commercial School.
- TOJIRO HIRYAMA, Director of the Mercantile Navigation School.
- HIDESABURO SEKI, Ph. D., Magister Artium Bornarum, Acting Director of the Tokyo Foreign Language School.

A committee has been organized in Boston to collect subscriptions for the fund in New England, and the following circular has been issued by it:

THE COMMODORE PERRY MEMORIAL FUND.

BOSTON, June 24, 1904.

Some weeks ago there was organized by the American merchants and missionaries resident in Japan the Commodore Perry Memorial Association; this in commemoration of the semi-centennial of the signing of a treaty between Japan and the United States; that being the first treaty with a government of the Western world which the Japanese authorities had ever made. In place of building a monument in commemoration of the event—the introduction of Japan to the world by the United

States—it was thought desirable to raise a memorial fund, to be used for the immediate relief of the widows, orphans and others dependent upon the Japanese soldiers and sailors killed in the war now going on in the Far East.

The Japanese believe, and with not a little reason, that they are fighting to maintain their independence, and that if they had not acted when and as they have they would sooner or later have lost their national identity, and have been submerged by the advancing tide of Russian aggression. While the Japanese are actively utilizing their wealth, they are, as compared with most civilized nations, a poor people, not having had a sufficiently long experience in modern industrial methods to enable them to acquire large material resources. All of their means are turned now to the prosecution of the war with Russia, leaving little which can be devoted to purely humanitarian causes.

The Japanese are not an aggressive people. In the thousands of years over which their national history extends there have been apparently but two occasions in which they have engaged in a war which has carried their arms beyond their national frontier, a record of non-aggressiveness which is without an historical parallel.

At the present time, as a result of the determined, courageous and absolutely self sacrificing manner in which the Japanese soldiers and sailors are carrying on their war, the dependent widows and orphans in Japan are rapidly increasing in number. By the tragical, if patriotic, removal of the bread winner of thousands of families, many women and children find themselves in a state of extreme destitution. It is to the immediate though temporary relief of these that the money raised for the Perry Memorial Fund will be devoted. Any contributions that may be sent to Mr. Chas. C. Jackson, No. 19 Congress street, Boston, will be gratefully acknowledged.

GENERAL COMMITTEE—BOSTON DIVISION.

- | | |
|----------------------|----------------------|
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| HENRY PARKMAN. | |

The following subscriptions have been received:

American Trading Company,	\$1,000.00
China and Japan Trading Company,	1,000.00
Clarence H. Mackay,	1,000.00
Isaac N. Seligman,	500.00
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August Belmont,	500.00
International Banking Corporation,	250.00
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Isidor Straus,	100.00
Parker, Wilder & Co.,	100.00
Charles S. Fairchild,	25.00
Haines & Bishop,	25.00

Total \$6,550.00

CHINA IN TRANSFORMATION AND THE WAR.

BY ARCHIBALD R. COLQUHOUN.

(From the North American Review for July.)

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Although very few people with any reputation as political students would care to risk a prophecy as to the probable dénouement of the present war, the writer is bold to foretell one thing. China will provide some surprises for the world at large, possibly before the conclusion of the war, inevitably after it is over. Russia and Japan present to the uninstructed observer the spectacle of two men fighting for the possession of a quasi-moribund third; but the supposed helpless one has opened at least one eye, if not very widely, and is eagerly watching the struggle.

Let us briefly recapitulate some of the principal developments in China which have been silently at work during the past few years. The most important change has undoubtedly been in the attitude of the Chinese toward Japan. This has been in the nature of a revolution, and the fact that it has been possible to overcome one of the strongest prejudices in the Chinese mind opens the gate to infinite possibilities.

When the coup d'état of 1898 reduced the reforming Emperor to a helpless puppet, exiled the leaders of the movement, and brought into power the most reactionary of Chinese parties, the Western World accepted the situation with apparent resignation. China must work out her own salvation, and Occidental efforts must be concentrated simply on obtaining as many advantages for trade as were compatible with existing conditions. The attitude was not unreasonable, since it was ostensibly no one's special business to interfere in Chinese domestic affairs, and the action of any one Power or group of Powers would have been resented as much by the others as by China herself. Japan was on a different and even more delicate footing, and it is with consummate tact that she has contrived to obtain her ends. One of her most useful agencies has been the Legation at Peking. Europeans who knew that city of diplomatists some years ago can remember the time when Great Britain dominated it politically and socially, as far as the foreign community was concerned. Then came the period of Russian ascendancy, acquiesced in by Britain and her representatives with a sort of blind fatalism. The Russians brought Oriental tactics to bear; they got the best information, not merely by paying for it, but by devoting time, patience and infinite pains to the task. Cassini, usually credited with a Machiavellian policy in Peking, was in fact a figurehead, Pavloff, the type of a rusé Russian diplomat, being in reality the moving spirit of the Legation in these palmy days of Muscovite influence. The Chinese were hypnotized by Russia; the multiplication of Russian ambitions, the number of agencies employed (not the least important being that peculiar institution, the Russo-Chinese Bank), the steady march for-

ward of Russian railways—all this bewildered the weak and venal party at the head of Chinese affairs. Li Hung-Chang, that cynical opportunist, was convinced that Russia was the strongest as well as the most insistent of the Powers who were clamoring at the gates of Peking; and the man who in his earlier days had really tried to make his country strong ended by throwing her into the arms of her most dangerous enemy. This was the period for Russia of bloodless victories, of shameless breaches of faith, of endless ambitions. For Britain it was a period of fruitless remonstrance and loss of prestige, while Germany and France, in their several ways, made the most of the opportunity afforded by China's weakness. Japan alone was busy laying a countermine, while refraining carefully from any overt act of aggression. Gradually it became apparent that the Japanese Legation was the best informed in Peking. At the same time rivalries and dissensions divided the Russian party within itself, until at last the two chief agencies, the Legation and the Russo-Chinese Bank, were barely on speaking terms. The Russian authorities in Manchuria squabbled with those at Peking. Alexeieff, when he took over the reins of government as Vice Czar in the Far East, found a disunited staff, and his stiff militarism and consequent unpopularity did little to restore harmony.

Before all this happened, however, the Boxer incident upset the most careful diplomatic calculations. Japan was on the horns of a dilemma. She was obliged to march with the Allied Armies, and to take part in a punitive expedition against the very people whose amour propre she was most anxious not to wound. Only the extraordinary restraint and propriety of the Japanese troops, contrasted with the license of some of the Occidentals, saved the situation for her. Russia undoubtedly gained by the Boxer rising, since it gave her long sought excuses for strengthening her hold on Manchuria; but Japan gained in moral stature proportionally in Chinese eyes, and, having proved to them that her soldiers were equal in the field to any of the allied troops (a testimony borne by the commanders of different nationalities), she was able also to point a moral to her quondam foes. The necessity of a trained army for China, with all the accompaniments of modern equipment, had long been realized by some of the foremost Chinese statesmen of the day, and by none more clearly than by the generalissimo of the Northern forces, Yuan Shih-Kai. This personage has accomplished the difficult task of balancing himself on two stools, being at once the favorite of the Empress Dowager and the favorer of reform. It is well known that he gained the confidence of that remarkable woman, Tszu-Hszi, by an act of treachery to the reformers; but it is also conceded by many who are in sympathy with the Reform party

that, at the time of the coup d'état, their program was revolutionary and unlikely to produce good results. Yuan Shih-Kai, having gained a firm footing by his action, has since that time quietly but firmly supported the less visionary reforms, and at the present time has achieved a unique position in China. He is regarded by his countrymen as their one hope in the future, and Europeans who know him speak in the highest terms of his character and capacity. His chief efforts have been bent to the training and equipment of an army in Northern China; for one of his maxims is that policy without force is useless.

It is needless to say that Japan plays a great part in the considerations of this Chinese statesman. It must be remembered that, unlike Li Hung-Chang, he has resisted the influence of Russia, while to Germany he has been a thorn in the side (in Chihli and Shantung), resisting her attempts at encroachment, barring her way to concessions, and generally making himself as unpleasant as possible. Nevertheless, while making every use of Japanese methods in drilling and equipping his men, he is not, as is sometimes represented, a Japanese tool. His motto is "China for the Chinese." He expresses vigorously the belief that, whichever party wins in the present struggle, China will not be a gainer, unless—and we can imagine that his mental reservation on this subject would be "unless China can bring forward a policy backed by force." The lesson taught by Russia in Manchuria, by Germany in Shantung, and by the Allied Armies as they marched to Peking has sunk into the hearts of the Chinese, to whom any less forcible lesson would have been useless. Yuan Shih-Kai has plenty of sympathy in his aspiration to give his country an arm of defense.

Space forbids that the growth of Japanese reforms in China should be described in detail, although it is a most interesting subject and can be traced backwards, as it were, through the ramifications of Chinese society to its various sources. Japan took up the task where Europe had practically laid it down, and she did not build on any of the old foundations. Religious propaganda had always been regarded as the only root force which could accomplish reform in China, and the heroism and devotion displayed in this cause by Occidental missionaries has been unsurpassed in the history of religion. Deeply as one must sympathize with the men and the cause, it is impossible to be satisfied with the result. Japan had two great advantages at the outset of her campaign—she had the written language as a means of communication, and she had a certain community of religious and social traditions. Although pan-Buddhism is actually playing a part in the Chinese-Japanese entente, it is more as a racial than as a religious bond. The radical difference in the Oriental and Occidental attitude toward religion is one of the strangest and most discouraging facts which the Christian missionary has had to face. It is a wall between the races. Japan and China are on the same side of the wall; they can understand each other without shouting. Practically, the opportunity of acquiring many things which had become in his eyes desirable, without

any fear of having his morals questioned or his traditions disturbed, has inclined the Chinese toward the Japanese rather than the Occidental form of modernization.

From this vantage ground the Japanese began their campaign—how? By the intensely modern method of creating a native press! Europe has put a weapon in the hands of the Orient which she will polish and use in her own way. Let it not be imagined that the views of Europe and her civilization spread by the Japanese controlled Chinese press are those that have currency among the Anglo-Saxon peoples! It would be a distinct shock to the conceit of many people who are in the habit of patting Japan on the back as an apt pupil to realize the extent to which the pupil has diagnosed the weakness of the teacher while utilizing as much as possible his strength. The effect produced on the most remote parts of China by the introduction of newspapers has been electric. In a population extraordinarily literate and inquisitive, literature had hitherto been entirely confined to the classics, with the exception of a few sheets, circulated chiefly in the seaport towns and containing little that could reach the populace. One of the first results was the exodus of students to the Japanese colleges, of whom there were last year in Tokyo alone over 1,000, and among these many of the influential class. Japanese teachers have largely replaced the Europeans in the Chinese colleges. The tradition that high class Chinese could not leave home without losing caste has been dispelled by the visits of princes of the blood to foreign countries, and by the appointment of sons of mandarins of high rank to the suites of the ministers in London and Washington.

One of the most remarkable and far-reaching changes, however, is to be found in the revolution which has taken place in examination questions for the degrees which open the road to official appointment. In the place of the stereotyped classical allusions, tests of memory, and so forth, we find in last year's papers questions as to the significance of the Monroe Doctrine, the value of the Trans-Isthmian Canal and Trans-Siberian Railway, the meaning of free trade and protection, the characteristics of the educational systems of different countries, and the essentials of a pure and efficient civil service. The new departure is in many cases to be traced to the influence of missionary disseminated literature, and, in particular, to the Society for the Diffusion of Christian and General Knowledge, which, in later years, has worked on the broadest non-sectarian basis of education. The most significant questions, however, relate to the progress of Japan and whether she is "merely following European footsteps." Simultaneously, an industrial entente has been effected between China and Japan. Workmen are crowding Japanese arsenals and factories to be taught the use of modern machinery and methods, and the East Asiatic League, which is the organ of the entente, devotes itself largely to promoting this side of Chinese reform.

Who can doubt, in the face of all this evidence, that China is on the eve of a new era, and that the new reform movement, of which Japan is the prime instigator, will be

successful, because it does not centre in any one district, class of society or political party, but has centres of activity in the army, the mandarin class, the literati and the industrial class. All have been touched with the magic wand, while the widely disseminated literature of the Japanese press carries new light to the farthest ends of China. In this connection it must be remembered that to the Imperial Maritime Customs, under their British director general, China owes one of the most useful developments which make for reform. A network of postal service has been spread over the length and breadth of the eighteen provinces, which makes the dissemination of the newspapers and literature possible. As this article is being written, there comes a communication from Sir Robert Hart, in which he unfolds a great scheme of reform for China. The time chosen appears inopportune, the scheme itself is ill balanced and chimerical; but that such a suggestion should emanate from so conservative a man, who from long residence and association has become more Chinese than many a Chinaman, is additional proof of the profound changes in the Celestial Empire.

The world, which has been almost electrified by the immense successes gained by Japan so far—successes which no subsequent events can rob of their significance—has given hardly sufficient credit to one Japanese arm. It is to her careful and systematic studies, as represented in her truly wonderful Intelligence Department, that Japan owes most. Russia, we may say, was taken by surprise. Why? Because Japan, who had been conducting negotiations with the utmost patience and propriety, knew the moment to strike. It was the exact moment when world conditions were most favorable.

It is inconceivable that Japan would have risked her very existence in so vital a struggle had she not been fully cognizant of, and made allowance for, various factors which did not appear on the surface. Japan has played no Machiavellian game, she has only utilized the superior advantages of her Oriental reserve and pertinacity in getting information and keeping it quiet; and, coming as an outsider into the game of Occidental politics, she has perhaps seen more than the old performers. It is impossible within the limits of this article to follow out the many threads of policy which have been converging in Eastern Asia; but a very few will suffice.

Let us take recent British action in Asia. One of our great difficulties in Asia has always been our lack of really reliable information, which has been chiefly obtained through a few of our own Asiatic subjects whom we have deigned to employ. The British method of dividing Asia into compartments and treating them separately has also been against us. Fortunately for Japanese aims, we have recently had an Indian Viceroy of more intelligence and force of character than is usual, and a clearer understanding of the Asiatic situation as a whole was vouchsafed to this Viceroy than to any of his predecessors. Incidentally, we must all remember that a Japanese gentleman of education passed a number of months in the Tibetan capital recently, and that the revelation of the Russo-Chinese understanding respecting Tibet came through Peking. The origin of this understanding is not obscure, and notwithstanding the repeated and explicit denials of the existence of any such agreement the evidence in the possession of British authorities is conclusive. While Russian influence declined at Peking, Chinese influence has been discredited at Lhasa, and the Russians provided a second string to their bow in the shape of a friendly intercourse with the Dalia-Lama, whom they actually provided with a Russian (Buriat) counsellor. The British move into Tibet, besides happening at an auspicious moment for Japanese interests, which demand that every distraction possible should hamper her adversary, has the effect of demonstrating to the Chinese the vulnerability of that Russian shield on which they had relied. The writer is inclined to think that China will

welcome a settlement of the Tibetan question which recognizes her own suzerainty in a part of the Celestial Empire which was fast slipping from her grasp.

The recent entente between Britain and France has been discussed ad infinitum on both sides of the Atlantic, and the writer has very little that is novel to add. It has rather escaped notice, however, that a certain docility on the part of Britain as regards disputed points in connection with Siam, the abandonment of railway schemes which might conflict with French ambitions in South-western China, as well as the more open concessions in North Africa and Newfoundland, have been the foundations of the newly cemented friendship. At the same time there has been a renewal of British activity in other quarters of Asia from which we hope good results, and the conclusion to which one is driven in regarding these moves in the diplomatic game is that, in Asia at least, British foreign policy has quite recently become more coherent. Looked on as a whole, we can see a distinct plan, a focus as it were; a partial breaking down of the "compartment" theory. However that may be, Japan, watching the game very closely, has clearly perceived that we have achieved the task of detaching France from an inconvenient interpretation of the Dual Alliance at the very moment when it might have been dangerous to Japanese interests. Japan, moreover, has no longer to fear a repetition of the Triple Alliance, which was so inimical to her interests after a previous war. Germany, although she began her career of Pacific expansion with so much vigor, is reduced to a rather minor part in the European chorus. She is at present devoting her energies to ingratiating herself with Russia, to working up the "Yellow Peril" bogey, and incidentally to getting Yuan Shih-Kai into trouble if possible, for nothing would be more unwelcome to Germany than an armed, efficient China. A very plausible opportunity may present itself in the question of Chinese neutrality.

There is no doubt that the Chinese Government is genuinely desirous of preserving a neutral attitude and is urged thereto by Japan, Britain and the United States. For China to become involved in the struggles would not only open the door for Russian retaliation at many vulnerable points, but would inevitably lead to an appeal for intervention on the part of Russia, which would certainly mean further spoliation of China. At the same time, the position is one of peculiar difficulty and danger. Manchuria itself is chiefly inhabited by Chinese from the eighteen provinces, with a mere handful of Manchus; and these, by a general order of Alexieff, are to be held responsible for acts committed by the robber bands which infest the country. As the Occidental press just now contains frequent references to these "Chunchuses,"* it may be useful to give a slight description of them.

Manchuria has always, since the Chinese throne fell under a Manchu domination, been the Alsatia of the eighteen provinces. When the conquering Manchus were engaged in enforcing their supremacy in China and draining their own country of men to place in official posts throughout the empire, and to act as imperial troops, China, in return, sent back a stream of immigrants to sparsely settled Manchuria. These were chiefly agriculturists or traders, but the lax state of law attracted all who had overstepped the bounds of law in their own country. Malefactors of every class found refuge there; and a large number, banding together, began to make a living by preying on the more industrious immigrants. So systematic did their depredations become, as Chinese commerce developed, that they nearly killed the goose that laid the golden eggs, and at length a compromise was effected which was truly Chinese. The Hung-hu-tsz actually established their own insurance office in New-chwang, where, for a consideration, the merchant,

* "Hung-hu-tsz" (or *tsu*) is the correct name, and means "Red-beard." Chunchuse is evidently the Anglicized version of the Russian form, Khunkuse or Khunkuz.

traveling inland, was provided with a little red flag (the Robber Sign), and enjoyed immunity from depredations in the country infested with marauders. In recent years many of these bands, defying Chinese authority, smuggled improved weapons across the northern (Russian) frontier, and they are not only fairly well armed but are well mounted, and have the mobility, reckless daring and ingenuity common to such freebooting gangs in every age and every clime. Their headquarters are in remote and inaccessible, but fertile, recesses of the mountainous region between Mongolia and Manchuria. Their numbers vary greatly according to the season and the character of the season. Anyone who has experience of such bands knows the peculiar relations they are able to establish with the village inhabitants, who are at once their victims and their allies. No more difficult problem exists in warfare than that of dealing with such an enemy, who will not come into the open; Americans have not forgotten their experiences with the Ladrões in the Philippines.

Alexeieff's order, "All Chinese harboring Chunchuses will be shot, and their villages burnt," if carried into effect, will mean the devastation of the whole country and the practical extermination of a large section of the people; or else it will drive the greater portion of the people into outlawry as robbers themselves. The writer has always held very strongly that these drastic measures are worse than useless in dealing with this difficulty, and they have invariably failed wherever put in force. The really peaceful villager, with a truly Chinese desire to be left alone and to practice his occupation without interference, is placed between the devil and the deep sea. He is denied arms, and is therefore helpless before the Hung-hu-tsz, who have terrorized him and his fathers from time immemorial. On the other hand, he has the fear of Russia before his eyes, and he knows from grim experience how heavy Russia's hand can be. Not content with this measure against the robbers, Alexeieff has actually promulgated an order by which Chinese officials may be arrested on mere suspicion of supplying information to the Japanese.

Just across the border, an imaginary line, on one side of which this state of affairs exists, is an army of 20,000 or 30,000 under General Ma. The situation is, therefore, a delicate one. A spark may set fire to the powder magazine. Yuan Shih-Kai, as generalissimo of the Northern Forces, is clearly a person on whom much depends.

There are already many signs that the Hung-hu-tsz are to play an important part in the war. Russia is ready to declare that they are employed by Japan, and the only absolute argument against this hypothesis is the proved prudence of the Japanese, who would place themselves in a false position by so doing and might precipitate the very thing—intervention—which they are most anxious to avoid. As a matter of fact, the Russians have already tried to utilize them as irregular forces, but the execution of several of their leaders (most flagrant marauders) has alienated all these lawless bands, who regarded it as an act of treachery. They may not love the Japanese, but they are shrewd enough to wish to be on the winning side, and the successes of Japan must have won her many adherents. It would be difficult to disprove the charge of Japanese complicity with the Robbers, and still more difficult to prove that the Robbers are quite independent of Chinese aid or encouragement. Chinese soldiers in disguise may well be found within their ranks, and although in reality they may be deserters from the army, it will be impossible to prove this clearly.

While the attitude of the government and of the Chinese general remains correct, it would be in the highest degree unreasonable to set up a charge of breach of neutrality; but there are evident signs that such a charge will be made on the very slightest pretext. It is to be hoped that the Powers whose interests demand that China

should be kept out of the fray are exercising special vigilance in this matter, and are prepared to meet any charge with evidence of its unreason.

A move on the part of Russia which should meet with universal disapproval in the civilized world is the recent order as to the employment of convicts from Saghalin as soldiers in Manchuria. Anyone who has experience of Russian communities in Siberia and Manchuria is aware that even the less desperate criminals, of whom the lowest stratum of society is formed, are a constant menace to property and even to life. But the Saghalin convicts are criminals of the worst type, brutalized still further by the circumstances of existence in their horrible exile. Surely no civilized nation has ever called into its service men of such calibre, and when the complicated conditions of the country are taken into consideration, and it is remembered that these men may be called on to mete out justice to unarmed villagers, to maintain order—they who have set the laws of order in defiance in the most desperate way—and to uphold the honor of "Holy Russia" among a pagan people, one may well tremble for the consequences. This action is a curious commentary on the statement given to the world in the pages of this Review by Count Cassini. He tells us that "the flower of enlightened civilization blooms through a land that a few years ago was a waste." Count Cassini's picture of Manchuria blooming under Russian rule inevitably recalls that fatal name of Blagovestchensk, and he is prepared with a statement concerning that episode which is hardly paralleled for audacity. We are told that the Boxers, aided by Chinese regular troops commanded by Chinese officers, crossed the Ameer and attacked Blagovestchensk. One feels that Count Cassini's defense of his country's policy cannot but lose from such palpable distortion of facts well known and attested by reliable witnesses.

Of the many considerations which arise out of the points raised in this article, the one which the writer is most anxious to press home is the delicate and dangerous position of China and the necessity for preparedness on the part of those Powers which desire to keep her out of the fray. We have seen that the course of events, not merely in the Far East, but in other parts of Asia, makes it likely that Russia will be specially desirous of embroiling China, whose influence in Central Asia can no longer be regarded as pro-Russian; but we have also seen that the present grouping of Occidental Powers is sufficiently favorable to Japan to secure her a fair field. That she relied on this is as certain as that she gauged the fact, long before it was palpable to Europe, that the war would not array the whole Russian Empire against her. We know now that it is a war waged by the bureaucracy, who are not even unanimous among themselves; and when we remember this, and remember that some of the leading Russian statesmen are opposed to the headlong policy which led to the war, and that the bulk of the people are indifferent, if not averse, to it, we may indulge the hope that the conflict will result in a more even and permanent adjustment of Far Eastern politics than has hitherto been possible, without that absolute ruin of either of the combatants which our Job's comforters are fond of predicting.

As an old friend and admirer of the wonderful Chinese Empire and a profound believer in its future of prosperity and usefulness, if only it could accomplish domestic reform, the writer cannot help cherishing the hope that this favorable solution will be found possible. If Yuan Shih-Kai fulfills the promise he has given—he is only forty-five years old—he may prove the leader for whom China has waited so long. Removed from the deadly pressure of the Muscovite on the north, China could deal effectively with the aggressions of the foreigner; and, with moderate measures of reform, she would be able to develop her unruined resources and maintain her independence as a nation, and yet afford a market for the great expansionist commercial Powers.

NEW YORK'S WELCOME TO THE FILIPINOS.

At the conclusion of an address delivered by Secretary Taft at a special meeting of the Chamber of Commerce of the State of New York, on April 21, the speaker said: "In order to familiarize the people of the United States with the Philippine Islands, and in order to bring the Filipinos closer to the United States, the Commission has deemed it wise to expend about three-quarters of a million dollars in making a satisfactory exhibit at the World's Fair at St. Louis. In making the ethnographical exhibit, the collectors have brought here natives of the islands. Naturally as an exhibit they would not bring the civilized tribes, except as they are shown in the battalions of scouts and constabulary which are here. The educated, the cultured and the refined Filipinos would, of course, not appear in an exhibit, and yet the attention likely to be attracted to the wild tribes may blind the people to the fact that these wild tribes do not correctly represent the general average of civilization in the islands. For that reason the Commission deems it proper to appropriate a considerable sum of money to bring to the United States a delegation of from forty to fifty Filipinos prominent at the bar, prominent in business, prominent in the provinces, prominent in literature, in order that by going about the country and the different cities they may become acquainted with the institutions and appearance of this country, and at the same time the business and prominent men of the cities of the United States may have acquaintance with the best elements of the Filipinos. The appropriation is not large enough to justify such extensive visiting to the various cities as we should like, and therefore we have thought it wise to appeal to the commercial bodies of each city to assist us in the entertainment of these gentlemen while they are here. I venture to suggest, therefore, to the Chamber of Commerce that some action be taken in the nature of the appointment of a committee to confer with Dr. Wilson, who is in charge of the Philippine exhibit, and also in charge of the delegation of Filipinos, and to care for them while in New York. I am sure that there is in New York, as there is elsewhere, a sufficient interest in the people of those far distant islands to invoke some effort on the part of the individuals to see that the hospitality of the city of New York is properly extended to them. The first virtue of a Filipino city or village is hospitality, and should any of your number ever visit the Philippines and become acquainted with the Filipinos, you will understand why it is that those of us who have enjoyed the hospitality of the people of those islands are so anxious that the Filipino gentlemen, with their standards of hospitality, shall not be disappointed in what they receive here."

In compliance with this suggestion a complimentary dinner was given by the Chamber of Commerce in honor of the commissioners from the Philippine Islands to the United States on Friday, June 17, at Delmonico's.

Mr. Whitelaw Reid, one of the vice presidents of the Chamber, presided, and on his right sat Señor de Tavera and on his left Señor Legardo. Others at the guest table were Señor Pimentel, Señor de los Santos, Señor Monreal, Señor de Irarte, Señor Mapa, Señor Juan de Leon, Señor Martinez, Señor Novenario, Señor del Rosario, Señor Trias, Brig. Gen. Albert L. Mills, U. S. A.; Brig. Gen. Charles F. Humphrey, U. S. A.; Bishop Henry C. Potter, William H. Taft, Secretary of War; Maj. Gen. Henry C. Corbin, President Schurman, of Cornell University; Alexander E. Orr, Maj. John Biddle Porter and Robert C. Ogden.

The presence of the two hundred-odd men of prominence at an occasion arranged in honor of representatives of a race which certain critics declare has met only ill treatment and injustice from this country was a significant fact. Some of the sentiments expressed by the speakers were equally significant. The closing sentences of the address of welcome to the visitors, made by Mr. Reid, for instance, told the members of the Commission that the merchants of New York wished to have the Filipinos forget that they were newcomers, and to "feel henceforth and always at home among them," as well as to realize that they had "the right to feel at home." This sentiment was enthusiastically applauded by the Filipino guests, as well as by the members of the Chamber.

When W. H. Taft, Secretary of War, began his toast by addressing the visitors as "my Filipino fellow countrymen," the applause was almost deafening. The smiles of pleasure on the faces of the strangers showed that they appreciated the compliment.

President Schurman evoked another burst of applause by the sentence:

"I have no desire for any other political or diplomatic office whatever, but I should like more than anything on earth to be the first Minister of the United States to our sister republic in the Philippines."

The answering speeches of the Philippine Commissioners, delivered in Spanish and French, were translated by Arthur W. Fergusson, who acted as interpreter.

The following are the principal addresses made on this occasion:

PRESIDENT SCHURMAN'S SPEECH.

MR. CHAIRMAN—It is with deep and genuine emotion that I join you in extending a cordial welcome to our distinguished visitors. Gentlemen of the Philippines, we are all right glad to see you. The heart of America is open to you. And this Chamber of Commerce tenders you the best entertainment which our country affords. No welcome could be too cordial, no reception too lavish, for the chosen delegates of the people of the Philippine Islands; for the Filipinos themselves are of all peoples in the world the most amiable, the most courteous, and the most generously hospitable. (Applause.)

It was my fortune, sir, to have been the guest of the Filipinos at a very critical period in their history—and our own. The arbitrament of war had, to the surprise of us all and the regret of most, suddenly made us responsible in the forum of international law for the civil and political condition and destiny of 8,000,000 people on the other side of the globe who were as ignorant of America as Americans were of the Philippines. I am at a loss, sir, for language to describe adequately and graphically the nature and extent of that mutual ignorance; it was not merely darkness, but in Milton's phrase a "darkness visible," nigh palpable, an oppression and obstruction to every avenue of perception and mutual understanding. As knowledge enables men to act wisely and prudently, so ignorance at one and the same time shuts up the eyes and awakens the passions. Happily for the name and fame of the American people our Government was then in the hands of a wise, well poised and skillful statesman, a man above passion, sweetly reasonable, and with a heart of such bounty and affection that, while it embraced all mankind, it captivated everyone who came under its radiant and benign influence. Happy the nation that produces in one generation two presidents like Abraham Lincoln and William McKinley. (Applause.) I do not say that these men were infallible. But it is my conviction that in the high place of supreme power, into the stature of which they continuously grew, they made fewer mistakes than most other rulers the world has ever seen.

And so I believe that no government in 1898 could have handled the Philippine question with more of wisdom or less of error than the government of President McKinley. (Applause.) At the outset he knew no more of the Philippines than his fellow countrymen, but even then his natural wisdom and his experience in statesmanship saved him from blunders which others in his place could scarcely have avoided. I wish the Filipinos had at that time been represented by a man of the same breadth of mind, the same freedom from suspicion, the same fraternal sentiments, and the same prudent statesmanship. It would be ungenerous to criticise Emilio Aguinaldo; defeated and disappointed he bears his fate in silence and with great dignity and self respect. Yet I cannot refrain from expressing the belief that, even from the point of view of Philippine nationalism and independence, the insurrection against American sovereignty was a great mistake, and that no war would have been waged against us had the Filipinos had as their representative and spokesman a man of the type of President McKinley—a man like some of the distinguished commissioners you honor—a man (if I may name one) like my illustrious friend here, Cayetano Arellano, now chief justice or president of the Supreme Court of the Philippine Islands.

It is over five years since I first met Mr. Arellano, Mr. Pardo de Tavera and the other commissioners you tonight welcome from the Philippines. At that time the American flag waved over the city of Manila and the harbor of Ilo-Ilo, and nowhere else in the archipelago. War had broken out while the Civil Commission, of which

I had the honor to be president, was on the way to Asia. The appeal to arms necessarily enlarged the powers and augmented the prestige of the military commanders. But our Commission, and President McKinley, too, deemed conciliation as indispensable as force. We set ourselves to win over prominent Filipinos to the cause of peace and American sovereignty, and then to organize them as a political party. This was the beginning of my acquaintance with the distinguished Filipinos you entertain tonight. Organized as the party of autonomy or home rule, and later taking the name of the federal party, they zealously urged their fellow countrymen to pursue peace and to accept American sovereignty. Mr. Chairman, they are entitled to generous recognition for their valuable services—services rendered at a time when risk and danger were the price they cost. (Applause.)

With the aid of this new political party our Commission entered into negotiations with the "President" and "Congress" of the "Philippine Republic," and in May, 1899, they voted unanimously to accept peace and American sovereignty under the terms President McKinley had, on the recommendation of our Commission, cabled me to offer. But, alas, the military power of the "Philippine Republic" was then too strong for the civil power; and what President Aguinaldo and the Congress voted General Luna and the army refused to execute. Henceforth it was force against force; but even then the political party which our guests represent continued to be an important factor in reconciling their countrymen to American sovereignty. But of that my friend Secretary Taft can tell you much more than I.

And now the gentlemen who were our friends and helpers in the Philippines are here as our guests. Their trip is so arranged that they will see much of our cities and something of our people. At St. Louis they will see the rivalry of the nations of the world in the arts of peace. In Washington the President of the Republic has already bid them welcome, giving them, I am sure, a handshake as warm as his heart, as strong as his will, and as genuine as his character. Little remains, I fear, for the rest of us to do that would enable us to show our regard for our Filipino guests or to pay honor to the people they so worthily represent. I can only express my delight at their coming to us and my conviction that intercourse with gentlemen so cultured, refined and capable will tend to give our people a more correct idea of the character, attainments and civilization of the Filipinos. If this mission was designed as a means of education for the Filipinos, I believe that its effect will be to educate Americans, to dispel the ignorance and misunderstanding which still abound among us in regard to the Filipinos.

I have recently read in the Manila daily newspapers the speeches made by our guests at the time of their departure for America. Many topics were freely discussed by them and by their friends at home. I noted complaints of our tariff against Philippine products and censures of our Congress for making Philippine interests the puppet of party politics. Nor were these animadversions

confined to things material and economic. On the contrary, the leader of the Liberal party implored the parting Commissioners to make such arrangements in the United States that the "sun of the great democratic principles of the American Constitution might soon shine in the Philippine firmament." And one of the most honored and conservative of the Commissioners you now entertain described a peaceful path to Philippine independence, which he urged his hearers to pursue by every means in their power; and his sentiments were, I note, received with tremendous applause.

Well, gentlemen, this is no time for politics; and in the courteous hospitality of this Chamber of Commerce politics has no place. But I trust I may, without giving offense to the most delicate sense of propriety, make one or two broad observations on these themes. I would say, then, to our Filipino friends that the American people are in business the shrewdest and most level headed in the world, and in government the greatest lovers of liberty and champions of political idealism. Furthermore, as they like their own ways, they believe they are the best ways in the world for all peoples in the world. And those who will not adopt them we do not hesitate to exclude from our shores. There will be no free immigration of Chinese into the Philippine Islands, because the Filipinos do not want it, and Americans share their antipathy to the yellow race. That is one point of importance to you about which there can be no reasonable doubt. Furthermore, I look for a reduction of our tariff on Philippine products, but it will not come as speedily as though the Philippines had a voice in Congress like the State of New York, and in fixing the reduction the established policy of protection to American industries will not be sacrificed. But I look for the reduction because the American people are generous and will act generously when they realize how hard the present tariff is bearing upon the prosperity of the Filipinos.

On another of the points mooted by the Manila orators I am less hopeful. This, gentlemen, is a government by public opinion; officeholders are the delegates and servants of the public; the public discuss everything, and every voter, whether educated or ignorant, rich or poor, insists on sitting in judgment on all questions of public policy. Furthermore, we divide into parties—for and against every measure. Consequently, the American public will and must discuss the Philippine question; and to that extent, at any rate, it cannot be kept out of party politics. And, gentlemen of the Philippines, let me call your attention to the fact that nothing will be done about the Philippines without the initiative of public opinion. Members of Congress are influenced by their constituents; officeholders come and in three or four years disappear; but the people remain, and popular sentiment is the source of all our legislation and policy. Whenever you want any particular measure for the Philippines, let a commission of distinguished Filipinos, like our present guests, come here to advocate it to our people and so educate public sentiment.

Lastly, as to the future of the Philippines, it is in the womb of time. The American people are still undecided, still perplexed. Some of our people may want to retain the Philippines as an American colony, for reasons of commercial or military advantage, or for prestige or glory in the Orient. They are, however, a minority, influential perhaps, yet numerically not large. Practically none of our citizens, I imagine, want to admit the Philippine Islands as territories or states into our constitutional or federal American Union. Some development from the present status along the lines of home rule and ultimate independence is, I think, the more general desire and expectation. But there is no consensus of opinion as to details. Some favor independence in a few years; critics called them idealists, yet history proves that idealists in politics are generally the most practical statesmen. Others say it will take a century to fit you gentlemen to govern yourselves; but I suspect that the phrase "a century" is merely an Oriental mode of speech for "a short time." We prepared the Panamans for independence in twenty-four hours, and the Cubans in twenty-four months. Ten years are 3,650 days. Are Panamans 3,650 times as swift in their political development as the Filipinos?

Well, the question is for the American people and the Filipino people to settle. Our people love liberty, they have given independence to Cuba, they refuse to establish colonies in Central or South America. We believe in the government of the Filipinos by the Filipinos. And one day, I have no doubt, the Filipinos will be masters of their own political destiny like Canada or like Cuba. And at that time I shall ask my first favor of our Government. I have no desire for any other political or diplomatic office whatever; but I should like more than anything on earth to be the first Minister of the United States to our sister republic in the Philippines. God bless the Filipinos! Once more a cordial welcome to their distinguished representatives. (Long continued applause.)

THE TOASTMASTER—We had expected at this point, gentlemen, a toast to be responded to by the distinguished Assistant Attorney General of the United States. Duty has called him elsewhere, and that which was to have been said concerning the service of commerce to humanity will have to remain unsaid. But now, gentlemen, we reach the peculiar glory of our own land—the peculiar beneficence it brings to any land in its control. In the name of the Chamber as it stands, for equal opportunities for every citizen, welcome.

"Every individual man has a bias which he must obey, and it is only as he feels this that he rightly develops and attains his legitimate power in the world."

There is but one man here, gentlemen, to speak for that—the man who blazed the way, who bore the burden and carried the equal opportunities. The man best known and best trusted in all the world by our guests, and the people and the lands that stand for it. I call upon the late Governor of the Philippines, our honored Secretary of War. (Great applause.)

SECRETARY TAFT'S SPEECH.

MR. PRESIDENT, GENTLEMEN OF THE CHAMBER OF COMMERCE, AND MY FILIPINO FELLOW COUNTRYMEN—The first thought that came into my mind as I came here tonight, and that still remains for expression, is one of personal gratitude to the great Chamber of Commerce of New York, that it should give this manifestation of American hospitality, as the greatest business representative of the United States, to our friends, the Filipinos. (Applause.)

The Chamber of Commerce of the State of New York never does anything by halves. It represents the best spirit of American commerce. And it is most gratifying to have that spirit manifested on this occasion, which to me, and to the Bishop who spoke before me, and to President Schurman, I am sure, is an occasion of the utmost interest and importance in the history of these two peoples. Another thing that struck me in thinking back over the history of four years, is that, after all, dinners play a very large part even in the history of nations. (Applause.) The first time that I had the pleasure of meeting President Schurman was at a dinner which President McKinley gave to the retiring Philippine Commission at the White House. I came all the way from Cincinnati to attend it—had nothing else to do, and managed to get in at the White House in the presence of that distinguished company of fifty fifteen minutes late. That impressed me with the necessity of promptness thereafter. It put me fifteen minutes behind my friend President Schurman, and I am not sure that I am going to catch up with him tonight. After that our Commission had a dinner at San Francisco, on our way out. We did not have a dinner on our landing in Manila exactly, because the occasion did not seem to require it. (Laughter.) But we had not been there very long—not more than six months, or not more than eight months—before we began the greatest series of dinners that I think that island has ever seen. (Laughter.) The Commission was well constructed to meet the issues thus presented. (Laughter.) And the Filipino people, apparently appreciating that, in each one of forty-five provinces that we organized into civil government, subjected our digestions to a test which only Filipino hospitality is able to furnish.

I think I explained, at a time when I had the honor of addressing the Chamber of Commerce, the particular purpose that brings this delegation of distinguished Filipinos here. The Commission deemed it necessary and wise to expend a large sum of money in making an exhibit at the St. Louis Exposition which should explain to the people of the United States, as far as such an exhibit could, what was the Philippine archipelago, what it produced, what progress had been made in civilization, in arts; what were the agricultural products, and also an ethnological exhibit of what we know as the wild tribes, who bear the proportion of 600,000 to 7,000,000 of the Christian Filipinos, and the Democratic newspaper to which President Schurman has referred complained, as did other representatives of the Filipino people, that in taking representatives of the wild tribes to St. Louis we

were in danger of representing to the world at large, and the American people in particular, that the Filipino archipelago contained nothing but wild tribes. We thought, therefore, that it was perfectly just that we should send, by way of making the Filipino people acquainted with America, and also of making the American people familiar with the Filipino people, the best type of delegates, which is here tonight. (Applause.)

And I am sure, from what has happened thus far, that the object of the Commission will be fully accomplished, and that the people of the United States will know that gentlemen, educated gentlemen, within the tropics do not differ in honor, in reason and in common sense views of things and in habit, behavior, from the gentlemen who inhabit the temperate zone. (Applause.)

It is a good method of judging, not of a people but of the capabilities of a people, to take the best men of that people. (Cries of "Right!") And it was for that purpose that the Commission felt justified in appropriating from the Filipino treasury a sum sufficient to be pieced out by the generous hospitality of such chambers of commerce and such generous hearted men as are before me—a sum which should carry the delegation from one end of the country to the other, and show them what civilization and what liberties and what our free institutions have done for this country.

And now, gentlemen, I was advised by the secretary that there was to be no discussion here at all that raised any issue that would bring the blush to any maiden's cheek; that all those contentions which had figured in the newspapers between various gentlemen who thought they knew something about the Philippine Islands were to be banished, and President Schurman assured us of the same thing. If there is a contention, or if there is an issue with respect to the Philippine Islands that my friend President Schurman did not get into his speech, I have not heard it. (Laughter and applause.) It is possible—as he says he was presenting the questions judicially for others to settle—that you did not know which side of the controversy he is on. I have just a remote idea. Now, in dealing with the Filipino people, the first and most important principle that has got to govern the men or man responsible for the future of those islands is to tell the Filipino people the exact truth. (Applause.) Mere general expressions about a love of liberty and a government of the people by the people are simply misleading if you intend to apply them in a far distant future and if they are not applicable tomorrow. In other words, gentlemen, you have got to deal with them straight, or you might as well move out of the islands and let the islands go. (Applause.) My friend President Schurman has not always been of the same opinion. He has expressed various views within only four years, and yet that indefinite party to which he referred, he having no views on the subject, is in favor now of our binding ourselves to exactly what we are going to do twenty-five years or three or four generations hence. Gentlemen, I say it is not wise. If the time comes when the Filipino people are prepared

for independent self government and desire it, God knows I want to give it to them. (Applause.) I am not in favor of keeping them, when they are fit for self government, from having independence. But what I say is that the present important thing is to make them fit for self government, to make them fit for independence, and that by injecting into every political issue that you send out to the islands the question of independence you are robbing those people who are there attempting to build up a popular government of the opportunity to get the attention of all the people of those islands in the building up of that government. (Applause.) My Filipino friends know—I don't have to state it, they are conscious of it—they know there are 90 per cent. of the people in those islands that need education, elementary education, education in political lessons, in order that those people shall be fit for self government. That is the task we have set our hands to do. Shall we be turned away from that task by discussions as to details of what we are going to do in the future when we are attempting to build up that government?

Now, I want to put a test to these gentlemen that take the position that they are the only protectors of the Filipino people and that those who hold office and have been out there have some different view.

Who was it that brought about the popular assembly in the present act? Why it has been said that I have changed my view on this general subject, because I said to the Filipino delegation here that in two years they were going to have a popular assembly. Now it must be that the gentleman who wrote that editorial, supposing that that was a great change of policy on my part, did not know that right in the statutes passed in July, 1902, is a provision requiring that two years after the publication of the census there shall be a popular assembly, should the islands be tranquil enough to justify such a proclamation by the President. Now that is what I call practical work for the development of the people. That is a lesson. When they elect their people to that assembly and try the political problems, and see first that by legislation you cannot do everything, then they will have had a political lesson, and yet that will give them half of the autonomy of the islands; that will give them half the power in the islands, and I do not think it too much to say that but for the pressure of the officeholders upon that particular question, but for the pressure of the Civil Commission, that provision of law never would have been enacted, and here now we are attempting to give them in two years a practical part of the government. Now let us see how that works. Is it not better to let the thing come gradually without promising first this and then that so many years ahead? Is it not better, step by step, to teach them the art of self government, and give them what it cost the Anglo-Saxons a thousand years to learn by a short cut of what is comparatively a few years in the history of a government? I say, gentlemen, that the business of carrying on a government under such circumstances is delicate, and it is the business of those at home not any more than they can

help to embarrass the hands of those who are attempting to retain the confidence of a naturally suspicious people, and who are attempting to elevate and lead on that people to the best that they can make out of themselves. (Great applause.)

I agree that there is a difference in method, but I prefer to wait until I can do a thing certainly and with confidence than by promises to bring into present discussion something that is merely academic, and must be. Why, even Dr. James, the psychological professor in Harvard, says probably twenty years. Of course I do not know about it because I have been in the islands four years, and he has not been there at all, therefore I must be prejudiced. It is my baby, and therefore I think that the present government must be a pretty government and ought to be encouraged to live. Well, I agree that there is that danger of bias and misjudgment that a man may know all about the horses that are going to run in a race, and yet an outsider may come in, and without knowing anything about the horses may win from the gentleman who has inside information. (Laughter.) But what I say is that generally the man who knows something about the subject, if you discount what he says for prejudice and bias, and I observe there is bias in the toast here, that generally a knowledge of the facts assists in reaching a fairly just conclusion. (Laughter and great applause.)

Now I had not intended to go into this because I was warned by the secretary, just as Bishop Potter was, that there was to be nothing controversial here; but I know that, though President Schurman and I differ in this matter, and I could not let what he has said go unanswered in the presence of a Filipino delegation chosen with respect to their representation of the people without putting the other side, namely, that we are not speaking for those who look at it as I do, we are not denying to the Philippine people the prospect of independence, we are not denying to them the prospect of a government of the Filipinos for the benefit of the Filipinos. What we say is that the policy that ought to be followed out toward the Philippine Islands for the Filipinos is that nothing should be done which is not for the benefit of the Filipinos, and that while it is for the benefit of the Filipinos to develop them into self government, that it is premature now to permit them to form any kind of self government when we do not know but that if you let them in behind the tariff wall, as you ought to do, they will be delighted to remain there instead of being put on the outside.

What I cherish in my soul as a hope is that they will become so attached to America that they will never consent that the sole light bond which connects Canada with England may always remain to remind them of the great good which association with the United States has done for them. Now it may be that that will not come about. It may be that they will prefer absolute independence. I do not know. But what I wish now is that these gentlemen, so called anti-imperialists, who are so anxious about the welfare of the Filipinos should come down in a delegation to hold up my hands in

trying to induce Congress to reduce that tariff, to hold up my hand in trying to put through Congress the acts which are necessary for the development of that country out there by the construction of railroads and by the issuing of bonds which shall enable us to make them a civilized people. (Great applause.) What I ask for is not alone faith, but works, something that shall work for the immediate benefit of the Filipino people. Now it is fair if we take the Filipino people in and deprive them of markets in other parts of the world that we should give them the benefit of the markets here. (Great applause.) We may injure some particular interests, but those interests seem to be well able to take care of themselves, and I am perfectly confident that the reduction of that tariff is coming because, as President Schurman says, this is a government of the people and by the people. And it may be that for one term of Congress, or for another session of Congress, special interests may defeat the hearing, may defeat the vote on questions of that sort, but ultimately the American people always win and enact in the law the views which they entertain. And you know and I know that the great majority of the American people are in favor of the most generous treatment of our Filipino wards, and that nothing can happen to give them such national pride as the long continued prosperity and elevation of the Filipino people.

I thank you. (Long and continued applause.)

● MR. WHITELAW REID'S SPEECH.

The Chamber has meant that the welcome it gives its guests tonight should be offered in no stinted measure.

Its committee summoned, as you have seen, five distinguished spokesmen to utter that welcome in as many keys and from as many diverse points of view, ranging from the bishopric of New York and a university presidency to three great departments equally influential, the one in our domestic, the others in our public life, the department store and the Departments of Justice and of War. It now enjoins your chairman to gather up all these strains of welcome into a single toast.

The Chamber is necessarily a non-partisan body. There are Democrats here and Republicans; there are civil service reformers and other sorts of reformers; there are also the men who sit on the fence and throw stones impartially at both sides, and probably there are Prohibitionists—though one may wonder from appearances before us to-night whether Delmonico has yet found them out. (Laughter.)

It is characteristic too of our form of government and of our people, from which the Chamber has not wholly escaped, to develop a multitude of varying opinions on almost any given subject, and at about any given time. Perhaps I may venture to add for the benefit of newcomers among us, that the fewer there are who support any particular view, the more shrill and ear piercing is likely to be their voice. (Laughter.)

But there are several things on which the members of this Chamber are absolutely agreed. Here are two. They all mean that our relations to the beautiful islands and to

the people on the other side of the globe, suddenly left on our hands by the fortune of war, shall bring to those people good and not harm them. They all mean likewise that these resolutions shall be made useful and not harmful to ourselves.

The Chamber contains and represents the merchants who conduct trade in one of the greatest trade centres of the world. It has always had among its honored members men identified with trade in the further East. The older among us will recall in particular one conspicuous associate who laid the foundation of his fortune in Manila before he returned to become president and reorganizer of the Illinois Central Railroad. Others early taught us the possibilities of trade with China; others gave the first commercial greeting to Japan. The members of this Chamber are not blind now to the enormous stir in the East. They believe the past trade we have had there to be insignificant in comparison with what is about to open. They comprehend the part the Pacific Ocean is to play in the commercial interchanges of the twentieth century; and you can find among them no mourning because the flag of their country dots the whole way across the ocean and is firmly planted on either side. They would not be the merchants of New York, would not possess the sagacity and enterprise that have made this port and city what they are, if they did not look forward with common and equal confidence to New York as the financial centre of the world and to American commercial supremacy on the Pacific.

Even on these points, outside this Chamber, our guests will hear many contradictory voices. They will learn after a while that in a land of so much freedom speech becomes very fluid and runs everywhere; but they will learn that also in the end it finds its level. They will come to distrust mere sentimentalists. This Government wasn't founded by such men or preserved by them, and is not now and never has been controlled or conducted by them. The mere sentimentalists have raised protests against every great advance it has made and every great man it has produced. In our national disputes they have generally been for the other fellow; in our great Civil War a considerable number of them opposed Lincoln and wanted to let the wayward sisters depart in peace; and they are now proving their regard for the peoples and lands represented by our guests chiefly by an impatient eagerness to be rid of them.

Observation will soon show our visitors that this Government still pursues the object laid down by its founders in the very forefront of the Constitution, "to promote the common welfare." It is the last Government in the world to undertake a showy, sentimental role, in giving away rights and privileges belonging to the people without the people's clear mandate; and the majority think of the man who wants to very much as we get apt to think of the busybody who is always preaching charity to others, but takes no way to display his own save by putting his hand in somebody else's pocket.

A delusion honestly held by some and persistently thrust on your guests is that the secure enjoyment of personal rights is not freedom—that unless people of all sorts in all

places have forthwith every political privilege slowly acquired hitherto through centuries of preparation and development by the most advanced, most powerful and most prosperous people in the world, they are oppressed. Now the mere lack of political privileges does not make oppression. Women are not oppressed, though now and then a sharp voiced one shouts that she is. Alaskans are not oppressed. Resident foreigners are not oppressed. Porto Ricans are not oppressed—in fact, they are freer and more prosperous than ever before in their history, though they have neither the power to choose their own governor nor their own judges, nor the Upper House of their own Legislature, nor to collect their own taxes nor to manage their own external relations. Massachusetts did not establish slavery when she refused the ballot to the ignorant, or Connecticut when she refused it to the immoral; and South Carolina would not establish slavery if she should decree tomorrow that not a man within her borders, white or black, should vote unless he were able to read the Constitution of the State and pay some tax for its support.

Our friends are far too acute and have observed the development of nations and the character of races far too closely to have any fear as to the essentials of freedom. Peace and order under the flag they welcome constitute for them an irreversible guaranty, for freedom to work for themselves and not for another, freedom of worship, freedom of movement, freedom of pursuit and career, equal and free opportunity for all—the personal rights held by the freest peoples in the world, the Anglo-Saxon race, from Runnymede down to this hour, and secured now, under similar conditions, for Filipinos, Moros, Igorrotes and all the rest, Christian, Moslem and Pagan, to them and their descendants, from the day Dewey sailed into Manila Bay as long as grass grows and water runs.

Well, gentlemen, the merchants of the first city in the New World are glad to see you among them. They hope to see more of you. They want to become better acquainted with you; and want you to become better acquainted with them. They would like you to feel that the fortune of war has linked you, for generations at least, to a good nation and a big one—not likely to do little things; and that there are enormous advantages for you in this relation between us, as well as some, we hope, for ourselves. In a word, the merchants of New York especially wish to have you forget that you are newcomers, and feel henceforth and always at home among them, as well as to realize that you have the right to feel at home. (Great applause.)

THE TOASTMASTER—I think I may venture to call on our own interpreter in Paris, Mr. Fergusson, to repeat this to those of our guests who are not as familiar with the English language as we hope that they will soon be. We are glad to see you. We hope to see more of you. We want to become better acquainted with you. We hope that you will become better acquainted with us. We hope you may feel that the fortune of war has linked you to a good nation as well as a great one, one not likely to do little things. (Great applause.) We would like to

have you believe that this connection is full of enormous advantages to you, as we hope and believe that it may be of some advantage to us. (Great applause.) In one word, gentlemen, we wish very much to have you feel tonight and forever hereafter that you are at home among us; and, more and better, we would like you to feel and realize that you have a right to be at home among us.

And now, gentlemen of the Chamber, I ask you to fill your glasses and rise while I give you the great toast of the evening. Immediately after this toast is drunk I shall call upon a distinguished member of the Philippine Commission at my right hand to respond for our Philippine guests. I give you "Our Guests," with the best wishes of the Chamber of Commerce of New York for their health, prosperity and happiness, and with a like wish for the distant but esteemed peoples they represent.

Gentlemen of the Chamber, I have the great pleasure of presenting to you a gentleman who is not only a Filipino but an American, and whom I knew as an American before I knew him as a Filipino, for I had the honor of having him as a colleague representing one of the American Republics in a foreign port before he returned to his native land to render distinguished service, His Excellency Dr. Tavera. (Great applause.)

HON. T. H. PARDO DE TAVERA'S SPEECH.

MR. PRESIDENT AND GENTLEMEN—After all the great expressions and evidences of good will, of sympathy and of hospitality which we have been tendered and shown by the citizens of the United States of the different cities we have visited, we come to find here a splendid and magnificent ovation in our behalf, and I feel unable to express myself even in my own language the sentiments of gratitude that well up within me and render me mute and incapable of conveying to you gentlemen those sentiments which every one of the hearts of the members of the Honorary Commission desires to express through me. (Great applause.)

You have heard, gentlemen, from the lips of the Honorable Secretary of War the reasons for our being in this country; and I may say that there has been no occasion like the present when we have felt so overjoyed at being present and demonstrating to you that we are *not* savages. (Laughter and applause.)

We have heard, gentlemen, with great gratification ever since we reached the city of San Francisco, and across the continent through every city that we have visited, and here tonight more than ever, the most gratifying information. We have learned from the mouths of all Americans, from the President of the United States, Mr. Roosevelt, down to the humblest citizens, that the islands are not to be held by the United States for the purpose of exploiting them.

We already knew, gentlemen, that these were the sentiments that were entertained by the Government and a very large majority of the American people, but, unfortunately, there reside in the islands a considerable number of Americans who, through their press, daily insult us and attack us with calumnies, stating that we are not able

to govern ourselves and that we are an inferior race, always needing subjugation and subjection.

But now, gentlemen, we can return to them and say that from our own experience the words that were uttered to us—to all of us—by the immortal and never to be forgotten McKinley are true in every syllable. We can say to them that that class of Americans to whom I have referred who reside in the islands do not represent the American people, and that they are no more Americans than the insurgents in the Philippines are Filipinos. (Applause.) Filipinos entertain nothing but feelings of gratitude for the great benefits that have accrued to them through the course the United States has pursued with respect to them. (Great applause.) This, gentlemen, has not been our experience with other countries. We have been visited in the Philippine Islands by European nations of the highest civilization. Some have come to us under the pretense of teaching us their religion. Others have come to us under the pretense of teaching us the needs of civilization. But all of them had forgotten the needs of the people of the islands. (Great applause.) Two convictions have been borne in upon us by this trip of the Commission to the United States. One is rather humiliating. We had always been held out, the Filipinos, as the most hospitable of people, but we find on arriving in the United States that we are not in it (laughter), for your hospitality and your courteous attention make ours dwindle into insignificance. And the other is that the two political parties in the United States are united in desiring to do for us all that they possibly can. They both desire to work for our civilization, our happiness and our well being. (Applause.) And under these circumstances, and as sincerity has met us on all sides, it behooves us to speak out with all candor, to let you know the good and the bad, to explain to you the actual, true situation of the people of the islands, without withholding anything.

Those who state that we have the capacity to govern ourselves at this time speak the truth, and those who say that we have not that capacity at the present time likewise speak the truth. It all depends upon the point of view. We have been under the tutelage for a long number of years of a nation which has taught us its methods of government. And although those methods and their procedure were not advisable for us, they were the only ones we knew. We have been brought up under it. We have espoused it because we had to. And if we are asked if we are capable of governing ourselves, I should say yes, after the Spanish fashion. (Applause.) We have learned that your system is that which best fits us—that suits us, and we believe that we can progress and advance better under that system. But there is one little point—there are a few worthy gentlemen in the islands, natives, who desire to occupy a place apart, and who are not yet willing to embrace America. They say that it is true that the new system is the better, but they don't like to use the word American. They don't call it the American system; they call it the Anglo-Saxon system. (Laughter.) There are two parties in the islands—one which desires independence, and the other which desires to come into the federation, and they are agreed upon one point, and that is that a certain time must pass before either one or the other is achieved. Both parties believe that a certain period of instruction in the new system of government must be had—instruction in legislation, instruction in the administration of justice, and in all the various branches of civil government.

We have confidence in the American people, and we believe that the present government of the islands is temporary, as is so stated in the Philippine bill—in the act of July 1, 1902. No one can foretell what will be the opinion of the Filipinos after the lapse of a certain period of time during which they are under American tutelage and following American customs and under American laws. I

do not know what the outcome will be, but I do not believe that there will be any disturbance of the peace by expatiating or discussing the two questions of independence and federation, that is, for the islands to come in as a part of the United States, which is the ideal pursued by the Federal party. But all the Filipinos ask is that when the time comes to take action that that action shall not be taken without consulting the people of the islands. (Great applause.)

Many are the Americans who have labored in the islands in behalf of the Filipinos and in behalf of their great country. But three figures stand out from among the rest of the great leaders, and I know that my Filipino compatriots and colleagues would leave here with displeasure should I not mention them on this auspicious occasion. I refer in the first instance to Gen. Elwell S. Otis, who was the Military Governor of the Philippines during a most difficult period. During his administration the hostilities between the Filipinos and Americans broke out, but neither he nor any Filipino nor any American could have prevented it. He conducted himself always in a just manner. He conducted himself in a humanitarian and a humane manner. He was energetic as a soldier, but he never forgot that he was obeying the orders of his country, nor did he forget the dictates of humanity toward those whom he was fighting; nor did he forget that he was there, not for the purpose of subjugating the people, but to aid and help them to a better fate. (Applause.)

Next came the first commission headed by our distinguished friend, and a friend so beloved by the Filipinos, President Schurman; and he came to us in a civil capacity to explain in detail the intentions with regard to us of the people and Government of the United States. And last came the second commission, presided over by Governor Taft (great applause), the great friend of the Filipino people, the benefactor of the Filipino people with whose work you are as well acquainted as we, and who has been not only our benefactor but the true exponent and servant of the American people. You know full well his worth to the Filipinos, and you know the sturdy energy with which he is working with President Roosevelt for the benefit of the Filipino people and for the growth of the American ideals and ideas there.

I shall epitomize the great work that has been done in the Philippine Islands by Governor Taft by putting in one phrase, the whole of it, calling him what he is, the father of the Filipinos, no matter whether they become an independent nation or a part of the United States. (Great applause.)

And not desiring to tire you, gentlemen, I shall close my remarks in response to the toast, which has been announced by the chairman this evening by renewing any expression of thanks in behalf of the members of the honorary commission for this splendid feast; and I desire particularly to convey the expression of regard and esteem which the commission holds toward the members of the Chamber of Commerce of New York who have through their spokesman, Mr. Ogden, said something which is a salve to the hearts of every Filipino here when he said, although a commercial and a business man, that the moral duty of the Americans toward the Filipinos came before the commercial interests.

I drink, gentlemen, to the prosperity and health of the Chamber of Commerce of New York, and as Mr. Schurman has said, God bless the Filipino people, I may return by saying, God bless the noble American people. (Great applause.)

CHAIRMAN REID—Gentlemen, I told you he was a good American. He has proved it. There are forty-four more of them here, all orators. He has been put forward as their representative and spokesman, and in him we greet them all and wish them abundant prosperity and good night.

REVIEW OF PHILIPPINE COMMERCE FOR THE CALENDAR YEAR 1903.

GROWTH OF COMMERCE.

The value of gross shipments into and from the Philippines in 1903 approximated \$66,000,000, exports being slightly less than the imports, or to confine the relation of the outgoing to the incoming trade according to the chief items in each, the large hemp production during the year was nearly sufficient to offset the extraordinary demand for rice. While statistics prior to 1899 are incomplete it may be of interest to note that measured by the yearly trade during Spanish regime, as far as available records show, the commerce of the islands has practically doubled in volume despite the many obstacles that have arisen in consequence of a series of calamities for which the Government was in no way responsible. The accompanying charts are presented with a view of showing the general development for five years ending December 31, 1903, and from the standpoint of the actual value of business transacted it is apparent that the progress during American administration has been constant.

HEMP, THE LEADING EXPORT.

The production of hemp continues to lead in quantity and value all other articles of export from the islands, and for the year amounted to \$22,000,000 or two-thirds of the total export trade. At least fifteen of the forty-one provinces of the archipelago are now producing hemp in much larger commercial quantities than heretofore, the result being an output of three times the value shown in 1899. Although this outclasses any previous record it is said the present hemp area under cultivation may be still further enlarged, and shipments to the United States advanced proportionately, so that the ratio of more than one-half the total exportation to this country in the last two years will in all probability be maintained. By a comparison of the commerce as a whole, exclusive of coin and United States Government supplies, imports of \$33,811,384 and exports of \$32,396,746 in the twelve months of 1903 appear to be larger amounts shown thus far for calendar year periods.

DEMAND FOR FOODSTUFFS.

Included in the imports, however, will be found articles of food valued at \$17,109,590, or more than one-half the total, an abnormally large amount resulting from the continued need for rice. The depressing state of agriculture so far as rice, corn and other food products is concerned was anticipated and the Philippine Commission more than a year ago took steps to relieve the distress brought about by unfavorable crop conditions and the disastrous loss of farm cattle.

As previously referred to in a general way, relief measures in the form of appropriations to defray the expense of buying and distributing rice at nominal cost to the in-

habitants were promptly extended after rumors had been confirmed that merchants in Manila and elsewhere had undertaken to control the supply. The rapid increase in price was checked and much suffering among the people prevented by use of the \$2,000,000 Mexican appropriated by Act No. 405 of the Philippine Commission, to cover the cost of supplying rice to the inhabitants of those provinces in which the rate was excessive. From the records of imports it is shown that for several years the bulk of the ordinary trade in this cereal has been supplied through shipments from the French East Indies, but the operations of the syndicate mentioned seem to have almost immediately closed that market as far as the Government was concerned, application to other sources being necessary, and while in certain of the purchases the authorities suffered a loss, the price was lowered to a reasonable figure.

PURCHASE AND DISTRIBUTION OF RICE.

The money thus used came from the general fund of the insular treasury, and according to the reported proceeds from Government sales netted a loss of \$200,000 Mexican, caused by wastage, and the purchase of Calcutta rice which proved to be of an inferior grade. With the exception of about 50,000 pounds given to certain of the indigent poor, none of the rice was gratuitously distributed, it being held for delivery at cost to such points as required assistance, and under the laws and executive orders safeguarding the distribution complete account has been kept showing the detail of all transactions. The \$3,000,000 gold, subsequently obtained from Congress, was available for general relief and much of the food purchased through allotments out of that fund (Acts Nos. 786 and 797 of the commission appropriating \$500,000 and \$1,000,000, local currency, respectively), was given in payment for the destruction of locusts, labor performed in the building of roads and other public works. There has been purchased under these acts 8,455,524 pounds of rice at \$348,931.93, and 16,552,487 pounds at \$732,790.13 local currency, and the distribution down to November 30 had amounted to nearly 20,000,000 pounds, leaving about 5,000,000 pounds on hand, additional purchases for the present being deemed unnecessary. The road work done at the expense of the fund has been chiefly that of repairing roads in different provinces, and plans are under way for the construction of what may be called "insular" roads, in the sense that they will lead from one province to another, or from one side of an island to another, being too expensive to be carried out by the provincial authorities. It will be observed that Government aid was not a matter of charity, in which form it would have been harmful to the recipients, but the succession of disasters such as cholera, rinderpest and the effect of locusts on native

crops, made it almost impossible for the Philippine cultivators to work their fields without a helping hand from the civil authorities.

OTHER RELIEF MEASURES.

Following up the plan to lessen the ill effects of agricultural depression and provide against the danger of famine the commission in view of the anticipated small rice acreage urged that quick growing crops be planted. The act bearing on this matter was brought to the attention of the people by proclamation, and went so far as to permit the temporary allotment of municipal land for growing food plants and when necessary natives were allowed to pay for the seed after the reaping of the crops. So extreme did the situation seem to be in some parts of the archipelago that the local councils are said to have exceeded their authority, and the failure to plant crops was classed as a criminal offense. The persons imprisoned on a charge of this sort were subsequently released and by executive order the practice was discontinued.

CONDITION OF COMMERCE AND AGRICULTURE.

The Philippine Commission in its last annual report outlines the status of the industrial and commercial conditions at the close of the year, and though not presenting a very hopeful view for the immediate future, each move looking to the commercial advancement of the islands is shown to have been made after careful investigation.

It appears that the stimulus given to the cultivation of the ground through legislation and the efforts of the authorities above referred to, has resulted in the use of a greater acreage in the raising of rice and other food crops than in any year since 1889. Much difficulty has been found in the absence of draft cattle, but the actual needs of the situation have led to the use of existing carabao by many different farmers and to some plowing by hand. It was at first thought all crops would be destroyed by continued drought, but rainfall later in the year was general throughout the islands, and rice which seemed to be in a failing condition developed, with the result that a fair amount of grain will probably be produced. While no cases of starvation have been brought to the notice of the Government, reports show that in the provinces of Ambos Camarines, Iloilo and Batangas there was much suffering, and the scarcity of farm cattle may interfere with the production of rice, and staple food in the islands, even under normal conditions. It is also known that the culture of hemp which does not need the carabao except for purposes of transportation, is increasing very rapidly in certain provinces where rice was formerly raised in large quantities.

IMPORTATION OF RICE.

Rice imports for the year ending December 31, 1903, were unusually large, and exceeded that for the previous year by about \$4,000,000, reaching a total of a little over \$12,500,000. The receipts for November and December, however, show a marked reduction in the average monthly purchases, and it is hoped that no such amount will be

necessary next year, but should the profit from raising hemp, copra, tobacco and sugar be sufficient to enable the inhabitants to purchase rice from foreign markets to better advantage compared with the cost of home production, its further importation as a food may not necessarily indicate a lack of prosperity in the islands.

IMPORTATION AND DEVELOPMENT OF LIVE STOCK.

One of the chief objects of the Congressional Relief Fund was the restocking of the islands with farm cattle. By act No. 738 of the commission the sum of \$100,000 was appropriated for preliminary expenses in the purchase of draft animals, and the acting purchasing agent advertised for bids at which 5,000 carabao immunized from rinderpest would be delivered in Manila, but the uncertainty as to the percentage that would survive the process of immunization prevented the securing of a contract from responsible dealers in Manila. The purchasing agent, accompanied by a cattle expert from the Agricultural Bureau, was then sent to Asiatic countries for that purpose.

Through the establishment of a serum laboratory the Government, by a scientific method of inoculation, was enabled to take up the work of immunizing the carabao that remained in the islands and thus prevent a recurrence of the unfortunate loss by rinderpest. The efforts proved successful, and in view of an average loss of but 3 per cent. after inoculation in provinces revisited by the disease, it was thought that the purchase of animals in China and inoculation before shipment might result in no appreciable increase of that ratio. Accordingly the insular purchasing agent contracted with a Shanghai firm for the delivery in Manila of 10,000 immunized carabao, 500 each month, at the price of \$88 (Mexican) per head, an agent of the insular government to examine and if necessary reject carabao before inoculation at Shanghai and to supervise the process, the government to share the loss by the payment of 40 pesos for each head dying on account of it. The percentage of loss soon became so great that a new contract was entered into, under which the same firm agreed to deliver in Manila 10,000 carabao of certain weight and age at 79 Mexican pesos a head, temporarily immunized in China and subject to inspection at Manila. Thus far, it is said, the contract has not been successful, the imported animals seeming to be peculiarly susceptible to many other diseases than rinderpest after their importation into the islands.

A statement of transactions to and including November 20, 1903, shows the purchase of 1,805 carabao for \$118,805 Philippine currency. Of the 1,370 accepted alive 429 have since died, ninety-one were sold through the insular agent, and the balance transferred to provinces to be disposed of in a manner prescribed by the commission, sales being conducted under the auspices of the provincial boards. The charge made is somewhat less than the original cost, it being understood that Congress intended they should be furnished at a low price in order to meet the conditions.

Of the total sum of 6,000,000 pesos (\$1 in United States currency being the equivalent of two Philippine pesos), appropriated and known as the Congressional Relief Fund,

2,691,000 pesos were allotted by the Philippine Commission, net withdrawals of 1,312,162 pesos from such allotment left a balance of 1,378,838 pesos on December 1, 1903, and including 3,309,000 pesos unallotted, 4,687,838 pesos, or \$2,343,919 gold, is shown to have been in the Treasury on that date. With reference to the embarrassment due to the loss of draft cattle the commission says that it is not certain that it can greatly relieve the situation, although experiments will be continued and it may be that a satisfactory solution will be reached through the importation of so called Indian bulls and cows used in the Straits Settlements, and in India for rice culture. With a view to the possible development of a type of animal suited to the peculiar requirements of the islands it is also the government's intention to import a number of stallions, jacks and mares for experimental breeding on a stock farm already established for that purpose.

LABOR, INVESTMENT OF CAPITAL, RAILROADS.

In business circles the difficulty in securing good labor is still the subject of complaint; however, nothing has occurred to change the views of the insular government that as conditions settle the Filipino laborer will be fully able to meet the demand. The effect of this important factor on investments in general is spoken of, and while the commission desires by every possible means to encourage the coming of American capital, its duty to grant the necessary franchises for railroad and other constructive enterprises with the least possible delay may result in the use of capital from sources other than the United States. English and Belgian promoters have so far controlled the field and the people of the islands are now anxious for the introduction of American capital. It is said that the owners of the railway from Manila to Dagupan, a line 120 miles in length, originally built by the Spanish, but later purchased by English capitalists, and which is at present the only road in the archipelago, have already accepted two franchises for the construction and operation of branches, one of 25 miles and another of 531 miles on the main line of the road. These parties are anxious to secure additional privileges extending their railway in other directions, showing that they are familiar with the possibility of obtaining native labor and making it available for the reasonable economic construction of their works. In touching upon the subject the Civil Governor says: "A reluctance on the part of American investors will certainly lead to the acceptance of their propositions. It seems to me that this much ought to be said by way of warning American investors that when later on they shall come into the islands and find foreign capital strongly entrenched in many profitable enterprises, they will have only themselves to blame for a failure to seize the opportunity when it is offered them."

ENCOURAGEMENT TO NEW RAILROAD CONSTRUCTION.

The development of nearly every resource of the islands is dependent upon intercommunication, and political conditions are such that for the next ten years railroads, canals and steamship companies, by placing now practically inaccessible but productive sections of the archipelago in easy touch with their nearest coastwise ports, should revolutionize the interior trade of the islands and have a most marked effect upon the exportation. A number of short lines may be constructed with government aid, but there are other lines, longer and of more difficult construction, that should be begun at once, though it is not probable that work required on these will be undertaken unless there is actual financial encouragement held out by the government to investors.

In view of these conditions recommendation was made that such encouragement on the part of the government be given to railroad construction in preference to the granting of lands or other form of government subsidy. It was suggested that the Philippine Commission be authorized

under an act of Congress to encourage the investment of capital in the construction of railroads in the archipelago by accompanying the grants of franchises, in cases where deemed necessary, with the Philippine Government's guaranty of a certain income on the amount of the investment, to be fixed in advance by the act, the amount of income guaranteed not to exceed annually 4 per cent. of the fixed principal.

RAILWAY LEGISLATION.

In accordance with this idea legislation is being considered by Congress which provides that an annual income of not exceeding 5 per cent. upon capital invested in the construction and equipment of railroads in the islands shall be assured by the Philippine Government, the guaranty to be under such conditions that public interests may be safely guarded; the act will also prescribe rules for ascertaining the capital invested and the net income on the same, as well as fix the limit of invested capital to which said guaranty shall apply, and provide for government supervision of the conduct of the finances of the road, location, construction and maintenance. The bill further provides that the guaranty be made in the form of interest on bonds or of income on preferred or common stock or in such other form and under such terms and conditions as may be determined and approved by the Philippine Government, provided that the total annual contingent liability of the insular government under the guaranties authorized shall not at any time be in excess of \$1,500,000, and that no guaranty shall continue for a longer period than thirty years. Free importation into the islands of material for the construction and equipment of such railways is provided for and it is hoped that when final action is had the measure will prove of substantial benefit to the commercial development of the islands.

FINANCIAL STATUS OF INSULAR GOVERNMENT.

With reference to the ability of the insular government to assume such an indebtedness as is contemplated by the proposed legislation it may be of interest to state that the present Philippine public debt of \$15,000,000 amounts to but \$1.62 per capita for a population of 8,000,000, the annual net interest charge being less than 4 cents per capita. The per capita indebtedness of the United States is at least \$12, with annual charges of more than 30 cents; Great Britain's debt exceeds \$90 per capita, with interest charges of \$3; and the indebtedness of France amounts to almost \$150 per capita, the burden of annual interest being \$6. While it is admitted that the countries mentioned may be richer than the Philippine Islands and that their gross revenues are larger, the true test should be the ratio which the interest burdens bear to the gross revenues. But here also the showing is in favor of the islands, as 30 per cent. of France's revenues is required to meet the charges on the public debt; 19 per cent. of Great Britain's; and of the revenues of the United States about 5 per cent., exclusive of State and local indebtedness, where in the Philippines the proportion is but about 2¼ per cent.

It will be seen therefore that the burden on the inhabitants of the Philippines caused by their bonded indebtedness is among the lightest imposed by modern states, and they are well able to take upon themselves further responsibilities for the construction of railways and means of communication so essential to development of natural resources.

SOURCES OF REVENUE, CUSTOMS TARIFF, ETC.

In operating the present system of government the expense has been met through the insular revenues, with the exception of the relief fund made necessary by the unfortunate industrial conditions elsewhere mentioned. The largest income is derived from customs, which in the fiscal

year 1903 amounted to nearly \$10,000,000, or two-thirds the receipts from all sources, including postal, internal revenue and miscellaneous.

As a whole the duties under the present tariff are lower than the old Spanish tariff and average a fraction more than 18 per cent. ad valorem, the burden of taxation being on articles best able to bear a relatively high rate of duty. It is probable that the Philippine Government will in the near future introduce a carefully prepared plan of internal revenue collections which may permit of an even lower tariff schedule. The postal service is nearly self supporting, its revenues being derived from the sale of postage stamps, money order fees, lock box rents, second class mail matter and other miscellaneous postal charges. The miscellaneous income of the islands is derived principally from judicial and notarial fines and fees, and Government telegraph receipts.

SURVEYS OF PROPOSED ROUTES.

With a view to the possible adoption of a plan for the construction and operation of railroads in the islands, the Philippine Government had preliminary surveys made of several lines. These surveys were confined exclusively to the island of Luzon, the most extensive being the line from Manila northward through the agricultural country of the interior, including the rich tobacco fields of Cagayan and Isabella provinces, to Aparri on the north coast at the mouth of Cagayan River, and covering a distance of 336 miles, at an estimated cost of \$6,500,000. Near this proposed route, and a few miles south of Aritao, in the province of Nueva Viscaya, about 125 miles from Manila, is a large deposit of fine granite. It is said that the quality is equal to that of the granite imported from Hong Kong, and that it can be easily and cheaply quarried when means of transportation are to be had.

Another proposed line running near the west coast from Dagupan to Laoag, 168 miles, into a well populated territory, would probably pay fair interest after the first year on an estimated cost of between \$3,000,000 and \$3,500,000.

As a commercial proposition a line from Manila southward to Batangas, a distance of 69 miles through some of the best agricultural districts in the islands, is considered as having better prospects than either of the foregoing and should be a paying investment from the day it is first operated. The route passes through rice, sugar and coffee producing sections, and in former years the output of coffee sent from the town of Lipa, located in this territory, reached a value of \$2,000,000 and sometimes \$3,000,000 annually.

INTER-ISLAND TRAFFIC.

The need of railways is perhaps the most important element involved in the development of the islands, but the commercial benefits would be of little consequence without adequate facilities for inter-island transportation and intercourse with the outside world. Under the terms of the act at present governing the coastwise trade the navigation laws of the United States will be applicable to the islands July 1, 1904, and unless some action is taken by Congress they will not only apply to shipments between Philippine ports but also to those between the archipelago and the mainland of the United States. In effect both classes of trade will be closed to all but American bottoms.

That the regulations for vessels entering the coastwise trade should be left solely to the insular government is admitted to be the proper course at this time, and traffic to and from the United States, it is vigorously contended by the commission, should be open to all vessels for a period sufficient to give the chance for development that is needed. The commission's analysis of the situation discloses the fact that nothing could be more disastrous than

the operation of the United States laws if the same should go into effect at the time stated, and result in the exclusion of a great majority of the ships now engaged in local trade. In 1899, by executive order, the coastwise trade was limited to vessels bona fide owned either by a citizen of the United States resident in the islands, or a native inhabitant, or a resident who had become a citizen by the Treaty of Paris. Even this order, if strictly enforced, would have excluded a large proportion of the available coasting vessels then engaged in the business, and the military authorities, to avoid the disaster of driving them out of the trade of the islands, made no close investigation into the regularity of their transfers to Filipino clerks and agents in whose names certificates of protection were taken out.

These vessels had been in the trade in Spanish times and they were still needed. Any change in the existing laws should provide that vessels now having a certificate of protection be allowed to continue in the trade. Indeed, so convinced was the commission that the local shipping facilities were not extensive enough for the good of the islands that it procured an amendment to the Executive order by which, under certain restrictions, vessels flying foreign flags may engage in the inter-island trade. The occasion for this was a combination among the various shipping interests to keep up the already exorbitant rates. The amendment, however, has had an excellent effect and rates are more reasonable, although still too high.

Summing up the situation, so far as the inter-island trade is concerned, the Civil Governor was evidently of the opinion that it could not be presented in too forcible a manner, the following language being used: "If the present profits of the inter-island trade are not sufficient to attract American capital, then certainly it would be selfish exploitation of these islands of an indefensible character to exclude vessels now in the trade and impose the heavy burden of higher freight rates in order to induce American capital to invest in coastwise vessels, and would furnish just grounds for reproach against a government professing good will and doing evil. It seems to me that the best provision of law which could be adopted, so far as inter-island trade is concerned, would be to place the matter wholly in the discretion of the commission, which, as conditions change, and warrant it, could make the restrictions in favor of American and Filipino shipping greater."

FOREIGN SHIPPING TONNAGE.

The available tonnage for trade between the islands and the United States is referred to in the annual report of the collector of customs for 1903, whose statement on the subject represents fully the views of the insular government. At the present time the greater part of the freight between the Philippines and Atlantic ports is carried on in foreign bottoms. So far as indications go, it is believed that any law which prevented the continuance of that trade in foreign bottoms until an equal tonnage of cheaply operated American freighters is actually available to take up the trade and maintain a healthy rate competition would result in a decided increase over the present rates of freight. The tonnage plying between the archipelago and the Pacific Coast is about equal to the present freight supply and no change in the present law seems advisable so far as trans-Pacific routes are concerned. It is earnestly recommended that the present laws, so far as they permit foreign bottoms to trade between these islands and the mainland territory of the United States, be not changed for a period of at least five years from July 1, 1904, and that positive legislation to that effect be had by Congress at an early date.

The evidence submitted to Congress for its guidance in adopting a measure that may prove satisfactory will probably result in the enactment of what is known as the Frye bill, which authorizes the insular government to make and enforce regulations for the transportation of merchandise

and passengers between ports and places in the archipelago until Congress shall have provided for the United States registry of vessels owned in the Philippines. The number and tonnage of the different classes of vessels engaged in coastwise trade on December 31, 1903, are shown to have been as follows:

Class of Vessels.	Number.	Tonnage.	
		Gross.	Net.
Steamers	126	49,771	30,535
Steam launches.....	146	5,472	3,038
Sailing vessels.....	2,824	43,097	41,692
Cascos	484	15,848	15,848
Lighters and lorchas.....	266	21,226	20,593
Barges	32	2,566	2,052
Bancas	107	1,803	1,803
Lighterage and harbor.....	232	13,196	12,805
Total	4,217	152,979	128,816

In addition to the foregoing there are about 8,000 small craft with an aggregate tonnage of 12,000 tons, licensed for local traffic under the provisions of Section 141, Act 355. Under Act No. 520 twenty special coastwise licenses have been issued to foreign vessels to engage in the coastwise trade, but on December 31, 1903, only fourteen of these licenses were in force, representing an aggregate of 2,112 tons.

According to a statement of June 30, 1903, similar to the above, it would seem that there has been a gradual increase in the shipping tonnage for the intervening six months. The steamers, especially the larger ones, are almost without exception foreign built and owned by Spanish or British subjects, in firms or corporations. A number of the small steamers belong to natives and practically all of the sailing vessels are built in the islands.

RESTRICTION TO AMERICAN BOTTOMS.

That part of the bill relating to shipments between the islands and the United States confines the trade to American bottoms on and after July 1, 1906. This date was decided on after an effort had been made to prevent the immediate exclusion of foreign vessels, which was somewhat conclusively shown would have the effect of decreasing the large hemp trade established during the past few years. Development of our trade in the islands under these conditions rests largely upon the claim of American shipowners that sufficient tonnage at reasonable cost in freight will be available at that time. On the basis of returns for the calendar year 1903, exclusive of Government supplies carried by the army transport service, 88 per cent. of the \$13,000,000 worth of Philippine exports to the United States, and approximately the same percentage of imports into the islands coming from this country, were carried in foreign vessels.

INAUGURATION OF CURRENCY SYSTEM.

Under authority of the act of Congress of March 2, 1903, a complete monetary system has been inaugurated. The purpose of this system is to afford a fixed medium of exchange and thereby prevent the fluctuation in value which has been in the past such a serious drawback to commercial development. It enables merchants in the islands to purchase exchange on New York by depositing Philippine currency with the insular government and paying a premium of three-fourths of 1 per cent. for demand drafts and 1½ per cent. for telegraphic transfers.

Of the new Philippine currency authorized a total of 17,881,650 (pesos) in pesos, subsidiary and minor coinage has been shipped to Manila. This amount, the insular authorities reported, was ample for inaugurating the new currency when supplemented by the recoinage of the Spanish-Filipino money now in the islands. The purpose of the commission to demonetize the Mexican dollar January 1, 1904, was carried out and steps taken to get into the treasury all Spanish-Filipino money for shipment to San

Francisco and recoinage there, owing to the lack of proper minting facilities at Manila. The seigniorage, exclusive of mintage charges, transportation, insurance and miscellaneous expenses, on the above mentioned total amounted to \$1,238,714.50, or 2,477,429 pesos.

CIRCULATION OF NEW COINAGE.

Promptly upon its receipt in the Philippines the new coin was put into circulation, and the very large balance of United States money in the insular treasury at the close of the fiscal year enabled the insular government to resume payment under a gold standard July 1, 1903, without any appreciable disturbance in financial circles. Appropriations were made subject to withdrawal after June 30 in Philippine or United States money, at the option of the Treasurer, and disbursements ordered paid in the same currencies, except where specially authorized according to the nature of contracts. To expedite the substitution of the new for local or Mexican currency disbursing officers of the insular government were directed to deposit in the insular treasury local or Mexican money on hand not required for disbursement before June 30, 1903, and to close their Mexican currency accounts as of that date. To promote the circulation of the new coinage in the provinces, the Treasurer, by Executive order, was authorized and directed to exchange in his discretion, with provincial treasurers, Philippine currency for Mexican and Spanish-Filipino coin at the authorized ratio at the time of receipt of such funds for exchange. All officers of the government, likewise, were directed to make contracts payable in Philippine or United States currency, and the adjustment of existing contracts otherwise payable was directed to be made as soon as practicable on the new basis. Accounts with the insular treasury for the fiscal year 1904 will be rendered and settled as far as practicable in Philippine currency.

ISSUE OF PAPER CURRENCY.

Among other provisions of the act referred to was the authorization for issue by the Treasurer of the Philippine Islands of silver certificates in denominations of from 2 to 10 pesos, for deposits of the standard silver coins. The preparation of 3,000,000 pesos' worth of certificates of the denomination of 2 pesos; 6,000,000 pesos of the denomination of five pesos; and 6,000,000 pesos of the denomination of 10 pesos was authorized, the work thereon being performed by the United States Treasury Department, upon the request of the Secretary of War.

PHILIPPINE EXHIBIT AT ST. LOUIS.

A recent report from the Department of Finance and Justice indicates that the new currency is being absorbed by the trade of the islands at a fairly rapid rate, and that there is a remarkable increase in the silver certificate circulation; especially is this true of the 10 pesos denomination, and it is anticipated that should the circulation of this denomination increase at the same ratio during the coming months the supply will be inadequate to meet the demand. Preparation and shipment of additional 10 pesos certificates to the amount of 5,000,000 pesos has been requested by the Philippine Government, and to meet future requirements it is believed that Congress will make some provision for the issuance of certificates of higher denominations.

For the purpose of making an exhibit of Philippine products, manufactures, arts, ethnology, education and habits of the people, at the Louisiana Purchase Exposition, Act No. 514, November 11, 1902, was passed by the commission, providing that there should be a board of three members appointed by the Civil Governor, with the consent of the Philippine Commission, and Dr. W. P. Wilson, director of the Philadelphia Commercial Museum; Dr. Gustavo Niederlein, his assistant, and Señor Pedro A. Paterno, who had much to do with a Philippine exhibit at Madrid, were nominated to constitute the Philippine Exhibit Board.

By reason of the difficulty in securing what was desired many obstacles were encountered by the board in its effort to make a creditable showing, but through special collectors and the co-operation of different provincial governors good results have been obtained, and it is hoped that the exhibit will be of interest to the American people.

About 45 acres of ground will be devoted to this exhibit. A special building for agriculture, including tobacco, sugar, etc., is contemplated, one for forestry products, abaca and other fibres, another for industrial exhibits which will have a complete display of foreign goods imported into the Philippines, and a variety of information that will doubtless prove valuable to business houses in the United States. An important feature of the exhibit will be the presence of over 1,000 natives of the islands, who will illustrate the customs, industries and pursuits of the people of the archipelago. The leading government exhibits are subsequently to be returned and installed in a permanent museum of commerce at Manila.

It was originally assumed that the cost of collecting exhibits, assembling in Manila, and shipment to the United States, would be so great that it would require an appropriation of \$500,000 from Philippine revenues. An agreement was made with the Exposition Company that when such amount was appropriated by the Philippine Commission the Exposition Company would allot \$200,000 from their funds to prepare the grounds and buildings for the reception of these exhibits coming from Manila. It was hoped that the latter money would be adequate for the purpose. However, owing to the unanticipated prices and demands of labor, as well as the cost of material and the severe winter in St. Louis, which has retarded the work, this cost will be exceeded in the amount of \$200,000, which additional sum has been appropriated. The large amount of money expended is thought to be justified by the commercial advantages to the archipelago which an international exhibit of its products and resources will bring about, as well as the great benefit to be derived from a closer union and a better mutual understanding between the American and Filipino people.

PHILIPPINE CENSUS.

In preparing the Philippine exhibit close investigation along various lines became necessary and material assistance was rendered as a result of the census of the islands then in progress. The latter was taken as of date March 2, 1903, the date proclaimed by the Civil Governor in pursuance of Section 16, Act No. 467, and practically completed in most of the provinces by April 15. The returns are now being compiled and it is anticipated that the final report will contain much valuable information not now available concerning the material industries of the islands past and present. It will be ready for distribution about October, 1904, and at the expiration of two years from that date, if the President shall find that tranquillity prevails in the Christian Filipino provinces, it will become his duty under the civil government act to direct the holding of an election at which members for a general assembly of the Christian Filipino people will be chosen. This body will be a co-ordinate branch of the legislature to be composed of the commission and legislative assembly.

PORTS OF ENTRY IN THE PHILIPPINES.*

CALENDAR YEARS 1899-1903.

	Imports.	Custom Duties.	Exports.	Custom Duties.
Manila	\$137,345,695	\$28,106,293	\$112,496,112	\$3,750,959
Iloilo	9,876,823	2,513,924	13,133,965	410,520
Cebu	9,227,076	1,895,885	18,283,961	660,493
Other ports.....	1,779,631	440,745	1,204,180	15,535
Totals	\$158,231,225	\$32,956,847	\$145,118,218	\$4,837,497

* Gold and silver included in imports and exports.

The leading commercial centres of the archipelago are Manila, Iloilo and Cebu. Manila, the seat of the insular government, is the principal port as well as one of the important trade centres of the Orient. It is situated on Manila Bay, on the western side of the island of Luzon, the Pasig River furnishing the means of water communication with the interior to the east, and considering the trade of the archipelago as a whole fully 75 per cent. of the business is transacted at this port, the chief exports being hemp, tobacco and copra.

MANILA HARBOR IMPROVEMENTS.

The improvement of the harbor commenced some time ago is progressing, and upon completion of the present works Manila will have one of the best harbors in the world. It has been sought to make the chief port as attractive to commerce as possible, and while the expenditure involved will reach several million dollars the safety of the revenues has been given due consideration. The enlargement of the harbor accommodations and provisions for dockage, by effecting a substantial decrease in rates, should prove of material benefit to the island trade in an increased amount of shipping to and from Manila.

Among Manila's industrial features are included large cigar factories, rope works, engineering and shipbuilding works. It is the eastern terminus of the American cable via Honolulu and Guam, which places the Philippines in direct communication with the United States, reducing the toll for Government messages from San Francisco to about 50 cents, or one-third the former rate. The charge for private messages may be estimated at twice the Government rate. In addition to the trans-Pacific cable there are about 8,000 miles of land and submarine telegraph and cable lines, primarily established for military purposes. This system, over which commercial messages can be sent at rates lower than those prevailing in the United States, connects Manila with practically every point in the archipelago.

CEBU, ILOILO, AND OTHER ENTRY PORTS.

Cebu is situated about 300 miles southeast of Manila and as an import, export, and local shipping centre now ranks second to that port in the amount of business transacted. Hemp fibre makes up the chief article of export and at the present rate of production a steady increase in its direct shipment to foreign countries is assured by the appropriation in February, 1903, of \$350,000 for port and harbor improvements.

The port of Iloilo, on the eastern coast of the island of Panay, is third in importance. This collection district includes Occidental Negros and a large amount of sugar cultivated in that province furnishes the main item of export. An expenditure of \$150,000 has been authorized for the improvement of this port. The remaining entry ports up to and including October 14, 1903, were Zamboanga, Jolo and Aparri. On that date, however, by Act No. 898, September 24, 1903, provision was made for closing the port of Aparri located on the northern coast of Luzon, in view of the foreign business there failing to justify its continuance as an entry port, though its coastwise trade is of considerable importance. By the terms of the act the three small coastwise ports of Bangao, Cape Melville, and Puerto Princesa were created ports of entry October 15, 1903, principally, it is stated, to assist in the work of breaking up the smuggling operations which have always existed between Borneo and the groups of southern islands in the archipelago. This destroyed the moral arguments which have been persistently held forth by the natives of those islands that they had no accessible entry ports through which to legitimately import their goods from Borneo, and that practically no vessels of the Philippine coastal trade visited their localities. The expense of operating these

small entry ports is slight and it is believed that with their opening much more rigorous measures can be adopted to stamp out smuggling.

DISTRIBUTION OF TRADE.

The earlier commercial relations of the Philippines contrasted with the development of trade since American administration of affairs show a largely increased volume of business, and while the official reports bearing on the imports into and exports from the archipelago during Spanish ownership are not as complete as might be desired, an effort has been made through the statistical tables appearing in the latter pages of this summary to compare the figures for certain periods.

The annual average value of commerce enjoyed during the fifteen years 1880-1894 aggregated \$37,500,000, made up of 45 per cent. in imports and 55 per cent. exports. Many fluctuations occurred, but taking the period as a whole there was a noticeable decline in the amount of business done, as will be seen by comparing the average yearly values for the three quinquennial periods, 1880-1884, 1885-1889, and 1890-1894. In the first of these, gold and silver apparently included, the annual average amounted to \$40,300,000, that for the second to \$36,700,000, and that for the last to \$35,500,000. The average maintained during the five years of American occupation, 1899-1903, amounts to \$53,000,000; all reference to the commerce for that period, it should be noted, is exclusive of coin and supplies for the United States Government, which makes the showing especially favorable when compared with the amounts given above.

Of the fifteen years referred to, 1880 was credited with the largest figures, the total transactions reaching a value of \$44,000,000; in 1894 but \$30,000,000, or a little over two-thirds of that amount, is shown. Under American administration the returns show a trade growth of nearly 100 per cent., advancing from \$34,000,000 in 1899 to more than \$66,000,000 in 1903.

The archipelago's exports have generally been somewhat in excess of its imports, but within recent years the shortage in rice production throughout the islands and the consequent heavy purchases of this commodity from foreign markets have caused a relative change in commercial position from an exporting to an importing country. It is to be noted, however, that since 1899 the value of exports has increased at a greater ratio than the imports, and the balance of trade against the islands has been gradually lessened, until in the calendar year 1903 it amounts to but slightly more than \$1,000,000. During the period 1880-1894 the annual average value of imports brought into the Philippines was \$17,000,000, and exports sent to foreign markets \$20,500,000, as against an average of \$28,300,000 in imports and \$24,700,000 exports in 1899-1903. With but \$14,800,000 worth of produce in 1899, which is considerably less than any amount reported between 1880 and 1894, the export trade of the islands has advanced each year until in 1903 it amounted to \$32,400,000, and their purchasing power has increased from \$19,000,000 in 1899 to \$33,800,000 in 1903.

With regard to the distribution of Philippine commerce among the various countries, there are sufficient reliable data to warrant the statement that the United Kingdom, Spain (together holding a virtual monopoly of the import trade), United States and China, Hong Kong included, have been the chief beneficiaries during past years, enjoying practically 80 per cent. of the total commerce. While these countries continue to hold a large portion of the trade, the business transacted since American occupation indicates a wider distribution as well as a relative change in the amounts credited for recent years.

ADVERSE TO CONSUL GENERAL GOODNOW.

WASHINGTON, July 1.—The following petition was presented to the Hon. H. H. T. Pierce, Assistant Secretary of State, when in Shanghai on his tour of consular inspection. The last two signatures were added in New York on the draft of the petition sent from Shanghai, and have been included in the copy now in the possession of the Department of State:

SHANGHAI, China, May 17, 1904.

The President:

We are American citizens and have resided in China for several years, or American firms now doing business in China.

We know the official standing of Mr. John Goodnow, the Consul General of the United States at Shanghai, China, and we have heard that official standing generally discussed.

We wish to bring it to your attention.

In a court of law we could not be permitted to testify to any particular act to show that the standing of a man was not good, but we would be asked if we knew his general reputation. Acknowledging the justice of this principle, we do not, therefore propose to direct Your Excellency's attention to any one act, but we state that the official standing of the Consul General is not good, and that his course here has not inspired the confidence of the substantial foreign residents of this port. We do not feel safe under his administration, and we deeply regret to write that we do not.

We are loyal to our flag, and we beg that you will have it represented by a man who embodies in his official conduct its high mission.

Respectfully submitted,

(Signed)

F. R. GRAVES—Missionary Bishop Protestant Episcopal Church.

F. L. HAWKS POTT—President of St. John's College, Shanghai.

A. P. PARKER—President Anglo-Chinese College.

ROBERT E. LEWIS—Foreign Secretary International Committee Young Men's Christian associations.

CHARLES S. LEAVENWORTH—Professor of History, Nanyang College.

GILBERT REID—Director of International Institute.

H. W. BOONE, M. D.—Dean of the medical faculty of St. John's College.

W. B. BURKE—Pastor in Charge of the Moore Memorial Church.

D. WILLARD LYON—Act. General Secretary Young Men's Christian Associations, China, Korea and Hongkong.

FLEMING JAMES—Minister of the Church of Our Saviour, Shanghai.

S. ISETT WOODBRIDGE—Editor in Chief *Chinese Christian Intelligencer*.

W. H. LACY—Senior Manager Methodist Publishing House.

A. J. BOWEN—Treasurer of the Central China Mission of the Methodist Episcopal Church.

CHINA AND JAPAN TRADING COMPANY, LIMITED—Harry DeGray, Manager.

FEARON, DANIEL & Co.

ASIATIC CORPORATION—J. C. Shengle, Acting Manager.

B. A. HAMMOND—Manager, M. J. Connell.

JOHN P. ROBERTS—Marine Surveyor, for Germanischer Lloyd, Record of American and Foreign Shipping, the Yangtze.

NORTH CHINA, CHINA TRADERS AND OTHERS—Insurance Companies.

INTERNATIONAL BANKING CORPORATION—J. S. Fearon, vice president.

THE AMERICAN TRADING COMPANY—J. R. Morse, President.

LIST OF MEMBERS.

Corrected to July 1, 1904.

- Allen, George Marshall, Morristown, N. J.
 Allmon, George S. (Union Spring and Manufacturing Company),
 Wilmington, Del.
 American Biscuit Company, The, San Francisco, Cal.
 American Cotton Company, New York.
 American Lithographic Company, New York.
 American Locomotive Works, New York.
 American Steel and Wire Company, New York.
 American Trading Company, The (exporters and importers), New
 York.
 Amory, Browne & Co. (dry goods comm.), New York.
 Ansonia Clock Company, New York.
 Appleton, Herbert (insurance), New York.
 Arnhold Karberg & Co. (exporters and importers), New York.
 Atchison, Topeka and Santa Fé Railway Company (James F. Bartle,
 General Eastern Freight Agent), New York.
 Ault & Wiborg Company (printing ink), Cincinnati, Ohio.
 Avis & Co., William A. (commission merchants), New York.
 Batcheller, George Clinton (corsets), New York.
 Baily & Co., Joshua L. (dry goods comm.), New York.
 Baldwin, William D. (elevators), New York.
 Barber & Co. (steamship agents), New York.
 Barlow, Peter T. (lawyer), New York.
 Bausher, C. L., & Co. (dry goods comm.), New York.
 Belton Mills, Belton, S. C.
 Bennett, Sloan & Co. (teas, coffees, cigars), New York.
 Bernheimer & Walter (dry goods comm.), New York.
 Bliss, Fahyan & Co. (dry goods comm.), New York.
 Boyd, William (steamship agent), New York.
 Brandenstein & Co., M. J. (merchants), San Francisco, Cal.
 Brauss, R., & Co. (commission merchants), New York.
 Brewster, John H., Jr. (lawyer), New York.
 Brice, W. K., New York.
 Briesen, R. von (silk merchant), New York.
 Browne & Frothingham (export sales agents), New York.
 Brush, Edward (secretary American Smelting and Refining Com-
 pany), New York.
 Burnham, Williams & Co. (Baldwin Locomotive Works), Philadel-
 phia, Pa.
 Bush, Henry A. (commission agent), Newchwang, China.
 Busk & Jevons (commission merchants), New York.
 Butler, A. H. (president), New York.
 Buttfeld, W. J. (tea importer), New York.
 California Fruit Cannery Association, San Francisco, Cal.
 Camera, L., care Jardine, Matheson & Co., Shanghai, China.
 Capelle, Herman, Company, The (Egyptian cotton), New York.
 Carl, Francis A. (Chinese Commissioner St. Louis Exposition), St.
 Louis, Mo.
 Carleton, I. Osgood (commission merchant), New York.
 Carnegie Steel Company, The, New York.
 Carter, Macy & Co. (tea importers), New York.
 Cary, Clarence (lawyer), New York.
 Cary, John C. (cotton mill), Lockhart, S. C.
 Castle Brothers (importers, exporters and comm.), San Francisco,
 Cal.
 Catlin & Co. (dry goods comm.), New York.
 Central Trust Company of New York, New York.
 Champion & Staudinger (East India importers), New York.
 Chartered Bank of India, Australia and China (H. E. Moore), New
 York.
 Chase & Sanborn (teas and coffees), Boston, Mass.
 Cheshire, Fleming D. (United States Consul), Mukden, China.
 China and Japan Trading Company (exporters and importers),
 New York.
 Chicago and Northwestern Railway, New York.
 Cholwell & Co., George C. (tea brokers), New York.
 Chubb & Son (marine insurance), New York.
 Claffin Company, The H. B. (dry goods), New York.
 Clough, W. P. (Great Northern Railroad Company), New York.
 Conant, Charles A. (Morton Trust Company), New York.
 Cordes & Co., E. D. (dry goods brokers), New York.
 Cordova, Charles de (tea broker), New York.
 Corn Exchange Bank, New York.
 Cragin, E. F. (president), New York.
 Danielson, John W. (cotton manufacturer), Providence, R. I.
 Deering, Milliken & Co. (dry goods commission), New York.
 Deeves, J. Henry (contractor), New York.
 Delacamp & Co. (commission merchants), New York.
 Diamond State Car Spring Company, Wilmington, Del.
 Dodge, Francis E. (drug importer), New York.
 Dollar, Robert S. (shipping and lumber), San Francisco, Cal.
 Eddy, Thomas A. (American Trading Company), New York.
 Eldredge, Lewis & Co. (commission merchants), New York.
 Equitable Life Assurance Society, The (George T. Wilson, vice
 president), New York.
 Everett, Heaney & Co. (dry goods export), New York.
 Farrell, J. D. (steamship), Seattle, Wash.
 Fay & Egan Company, J. A. (woodworking machinery), Cincin-
 nati, Ohio.
 Fearon, Daniel & Co. (exporters and importers), New York.
 Fenollosa, E. F. (lecturer on Oriental art), New York.
 Fireman's Fund Insurance Company, Bernard Faymonville, vice
 president, San Francisco.
 Fischer, Emil S. (Austro-Hungarian Commission St. Louis Expo-
 sition), St. Louis, Mo.
 Flint, W. K. (wholesale grocer), Milwaukee, Wis.
 Folger & Co., J. A. (importers), San Francisco, Cal.
 Foord, John, New York.
 Forbes, Francis Blackwell, Boston, Mass.
 Fraser, Alfred (merchant), New York.
 Frazar & Co. (exporters and importers), New York.
 Fuller & Co., W. P. (paints, etc.), San Francisco, Cal.
 Funch, Edye & Co. (steamship agents), New York.
 Gard'ner, Wade (Hong Kong and Shanghai Bank), New York.
 General Electric Company, Schenectady, N. Y.
 Gossett, J. P. (president Williamston Mills), Williamston, S. C.
 Grant, W. Henry (secretary Canton Christian College), New York.
 Guggenheim, Daniel (American Smelting and Refining Company),
 New York.
 Guggenheim, Isaac (American Smelting and Refining Company),
 New York.
 Guaranty Trust Company of New York, New York.
 Gurley, W. & L. E. (instrument makers), Troy, N. Y.
 Haines & Bishop (dry goods comm.), New York.
 Hamilton, John W. (civil engineer), New York.
 Hanna, John W. (cotton goods comm.), New York.
 Hanna, Hugh H. (International Exchange Commission), Indian-
 apolis, Ind.
 Hardley, J. Wheeler (Michigan Copper Mining Company), New
 York.
 Hartley Company, The M. (arms, ammunition, etc.), New York.
 Haslett Warehouse Company, San Francisco, Cal.
 Heinz Company, The H. J. (canned goods and pickles), Pitts-
 burg, Pa.
 Hellyer, F. (tea importer), Chicago, Ill.
 Henderson, Chas. A. (International Mercantile Agency), New York.
 Hess, R. P. (city fire department), New York.
 Hewlett & Lee (tea importers), New York.
 Hicks, Charles F. (paper dealer), New York.
 Hill, Samuel (gas and electric lighting), Seattle, Wash.
 Hinck, A. J., & Brother (dry goods brokers), New York.
 Hirth, Friedrich (Professor of Chinese at Columbia University),
 New York.

- Hopkins & Hopkins (lawyers), Washington, D. C.
 Hubbard, John (International Banking Corporation), New York.
 Hubbard, Thomas H. (banker), New York.
 Huber, Jacques (silk manufacturer), New York.
 Hunt & Co., Robert W. (consulting engineers), Chicago, Ill.
 Irwin, McBride & Co. (tea importers), New York.
 Jacobs, M. R. (cotton goods broker), New York.
 Japanese Fan Company, New York.
 Jennings, O. G. (lawyer), New York.
 Johnson & Higgins (average adjusters), New York.
 Kanzow, O. C. (commission merchant), New York.
 Kimball, David P. (Boston, Mass.
 Kissock & Co., John (commission merchants), New York.
 Kutzleb, Walter (Russo-Chinese Bank), New York.
 Ladenburg, Thalmann & Co. (bankers), New York.
 Lane & Co., George W. (tea importers), New York.
 Leeson, Joseph Robert (importer), Boston, Mass.
 Leftwich, A. T. (tobacco), Baltimore, Md.
 Lewinson & Just (consulting engineers), New York.
 Lewis, Eugene H. (lawyer), New York.
 Lillibridge, H. P. (mining), New York.
 Livermore, John R. (freight broker), New York.
 Loomis, Laurus (dry goods comm.), New York.
 Low, Seth, New York.
 Lodge & Shipley Machine Tool Company, Cincinnati, Ohio.
 Mack, J. W. (treasurer Nathan Manufacturing Company), New York.
 Male, W. H. (president), New York.
 Mali & Co., H. W. T. (woolens), New York.
 Martin, Newell (lawyer), New York.
 Maryland Steel Company, New York.
 McConway & Torley Company, The (iron and steel), Pittsburg, Pa.
 McIntyre, William H. (banker), New York.
 McKinley, William, Jr. (dry goods comm.), New York.
 Mercantile Trust Company, The, New York.
 Meyer, Wilson & Co. (shipping and commission), San Francisco, Cal.
 Miller, D. (first vice president Chicago, Burlington and Quincy Railway), Chicago, Ill.
 Mills, A. G. (vice president Otis Elevator Company), New York.
 Minot, Hooper & Co. (dry goods commission), New York.
 Moffat, George B. (banker), New York.
 Montgomery, George L. (Jardine, Mathieson & Co.), New York.
 Montgomery & Co., James & John R. (tea brokers), New York.
 Morewood & Co. (commission merchants), New York.
 Mosle Brothers (importers), New York.
 Motley, Thornton N., Company (railroad supplies), New York.
 Moyer, William L. (banker), New York.
 Mutual Life Insurance Company, New York.
 New York Leather Belting Company, New York.
 New England Watch Company, Waterbury, Conn.
 New York Central and Hudson River Railroad Company (George H. Daniels, General Passenger Agent), New York.
 Nichols, J. Howard (treasurer Dwight Manufacturing Company), Boston, Mass.
 Nicholson, A. E. (Balmer, Lawrie & Co.), New York.
 Norden, A., & Co. (exporters and importers), New York.
 Occidental and Oriental Steamship Company (D. D. Stubbs, secretary and general manager), San Francisco, Cal.
 O'Donohue & Co. (raw silk), New York.
 Oelrichs & Co. (steamship agents), New York.
 Okonite Company, The, New York.
 Olivier & Co. (China produce), New York.
 Opelika Cotton Mills (M. M. McCall, treasurer), Opelika, Ala.
 Orcutt, C. B. (president), New York.
 Otis, McAllister & Co. (commission merchants), San Francisco, Cal.
 Pacific Mail Steamship Company, New York.
 Pacific Lumber Company, San Francisco, Cal.
 Pacolet Manufacturing Company, Pacolet, S. C.
 Paine, F. B. H. (Westinghouse Manufacturing Company), New York.
 Pantasote Leather Company, The, New York.
 Parker, Wilder & Co. (dry goods comm.), New York.
 Parsons, William Barclay (consulting engineer), New York.
 Parsons, William H. (president), New York.
 Pavenstedt, Adolph (banker), New York.
 Peabody, Henry W., & Co. (exporters and importers), New York.
 Pepperell Manufacturing Company (George Dexter, treasurer), Boston, Mass.
 Percebois, D. (Imperial Chinese Commissioner), St. Louis, Mo.
 Phelps, Dodge & Co. (importers of metals), New York.
 Philadelphia Museums, Philadelphia, Pa.
 Phoenix Silk Manufacturing Company, New York.
 Plummer, J. S., & Co. (straw goods), New York.
 Post, Alfred H. (freight broker), New York.
 Potter, E. C. (president), Chicago, Ill.
 Probst, A. O. (export cotton goods), New York.
 Putnam-Hooker Company, The (dry goods comm.), Cincinnati, Ohio.
 Rand Drill Company, New York.
 Reed, Mrs. Sylvanus, Redemont, Locust, N. J.
 Reedy River Manufacturing Company (W. E. Beattle, president and treasurer), Greenville, S. C.
 Reid, John (Jordan L. Mott Iron Works), New York.
 Ripley, Daniel (cotton broker), Galveston, Tex.
 Robbins & Appleton (watch manufacturers), New York.
 Rockhill, W. W. (Bureau of American Republics), Washington, D. C.
 Roe, Livingston (export oils), New York.
 Rogers, Brown & Co. (pig iron), New York.
 Rogers Locomotive Works, Paterson, N. J.
 Rosenberg Brothers & Co. (dried fruits), San Francisco, Cal.
 Rump & Cattus (commission merchants), New York.
 Russell & Co. (tea importers), New York.
 Sampson, Charles E. (merchant), New York.
 Schieren & Co., Charles A. (leather belting), New York.
 Schmitz, C., & Co. (importers), New York.
 Seager, John C. (steamship agent), New York.
 Seaman, Major L. L., M. D., New York.
 Selby Smelting and Lead Company, San Francisco, Cal.
 Seligman, J. & W., & Co. (bankers), New York.
 Sellers & Co., William (engineers), Philadelphia, Pa.
 Sewall, Harold M. (shipbuilder), Bath, Me.
 Shepard, Augustus D. (American Bank Note Company), New York.
 Sherman, C. W. (Central Car Wheel Company), Pittsburg, Pa.
 Sherman, Charles E., Lawrence, Nassau County, N. Y.
 Shewan, Tones & Co. (commission merchants), New York.
 Shaw, M. A., Vice President the Shaw Company (ships' stores), New York.
 Skinner, E. V. (Assistant Traffic Manager Canadian Pacific Railway Company), New York.
 Sloane, W. & J. (carpets and upholstery), New York.
 Smith, Hogg & Co. (dry goods commission), New York.
 Smith & Schipper (commission merchants), New York.
 Smyth, E. A. (cotton manufacturing), Pelzer, S. C.
 Spartan Mills (cotton manufacturing), Spartanburg, S. C.
 Springs, Leroy (cotton manufacturing), Lancaster, S. C.
 Stevens, W. H. (American Trading Company), New York.
 Stevenson, W. F. (Eastern Freight Agent Canadian Pacific Railway Company), New York.
 Stillman, James (National City Bank), New York.
 Straus, Isidor (R. H. Macy & Co.), New York.
 Straus & Co., Levi (dry goods), San Francisco, Cal.
 Strong & Trowbridge Company (exporters), New York.
 Sufferin & Co. (exporters), New York.
 Sussman, Wormser & Co. (wholesale grocers), San Francisco, Cal.
 Tata & Co. (commission merchants), New York.
 Taylor, Ira (Philippine Transportation Company), New York.
 Thompson, Henry B., Wilmington, Del.
 Thomson, John, Press Company (printing presses), New York.
 Tompkins, D. A. (engineer and contractor), Charlotte, N. C.
 Turner, J. Spencer, Company (dry goods commission), New York.
 Twohey, James A. (lawyer), Washington, D. C.

Union Lumber Company, San Francisco, Cal.
United States Export Association, New York.

Vacuum Oil Company, Rochester, N. Y.
Vietor, George F., New York.
Vinstehger, Gustave (exporter and importer), New York.

Walker & Hughes (insurance brokers), New York.
Walbank, K. S. (tea importer), Chicago, Ill.
Ward, George Gray (Commercial Pacific Cable Company), New York.

Washburn, W. D. (president), Minneapolis, Minn.
Webster, William R. (consulting engineer), Philadelphia, Pa.
Weld & Neville (cotton brokers), New York.
Wells, Fargo & Co.'s Bank, San Francisco, Cal.
Western Electric Company, New York.
Westervelt, J. I. (Brandon Mills), Greenville, S. C.
Wetmore, W. S. K. (American China Development Company), New York.

Wheelock, Thomas R., Boston, Mass.
Whittall & Co., of Ceylon, New York.

Whitney Manufacturing Company (cotton mills), Whitney, S. C.
Willard, E. A. (domestic and foreign coal), New York.
Willets, Joseph C. (New Howe Sewing Machine Company), New York.

Wilson & Bradbury (dry goods commission), New York.
Wilcox & Co., Albert (insurance), New York.
Wilcox, Franklin A. (lawyer), New York.
Wilcox, Theodore B. (flour mills), Portland, Ore.
Winter & Smillie (bankers), New York.
Winslow & Co., C. R., San Francisco, Cal.
Wisner & Co., William H. (commission merchants), New York.
Wolsey, George M. (Robins Converging Belt Company), New York.
Woodruff, Henry G. (dry goods commission), New York.
Wood, James (president), Mt. Kisco, N. Y.
Woodward, Baldwin & Co. (dry goods commission), New York.

Yale & Towne Manufacturing Company (builders' hardware), New York.
Young, Edward L. (commission merchant), New York.
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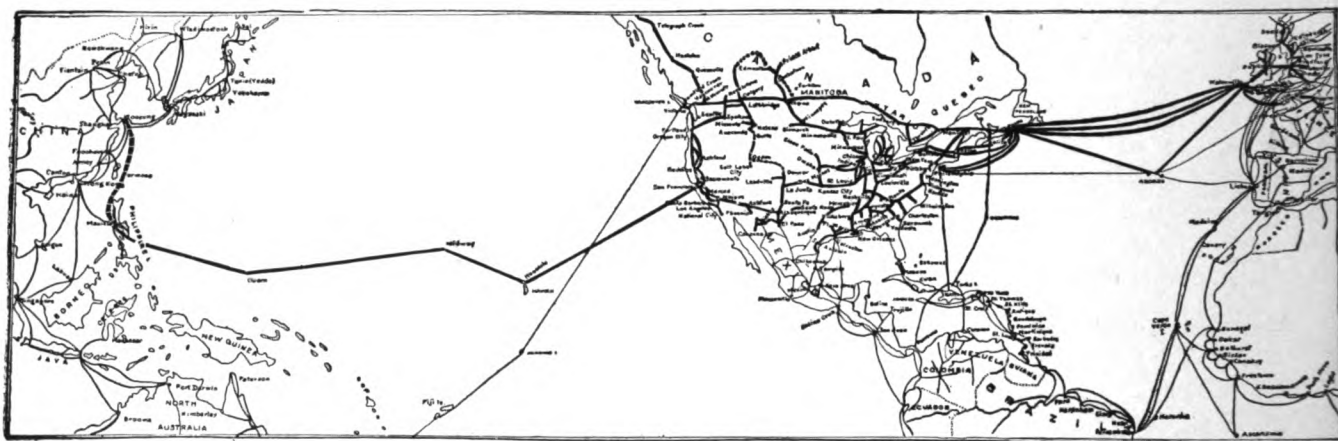
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Journal of The American Asiatic Association

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JOHN FOORD, PUBLISHER,
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New York City.

THE war has lasted for six months, and at a date when it was believed that Russian strength in Manchuria would have reached its maximum the fall of Port Arthur has become a question of days, and the armies of the Czar, already defeated at Taschi-Chiao and Haicheng, are preparing to abandon Liaoyang and to retreat to Mukden and beyond. The deliberate, calculated and irresistible progress of the Japanese armies has given the world a new object lesson in what constitutes military efficiency on modern lines, and a new warning of the perils that environ a great power which entrusts an ignorant soldiery to the leadership of uneducated officers, and places both at the mercy of an administrative system honeycombed with corruption and incapacity. The spearhead of Japanese prowess has punctured the colossal bubble of Russia's military prestige, and the rest of the world, breathing more easily, wonders why it was ever afraid. The Russian army was and is a most formidable expression—on paper—but for all the purposes of modern warfare, the demonstration has been convincingly made that it is merely good material in the raw, and that it shares with all things Russian the fatal disadvantage of having stood still when other nations were making progress. A system under which a personage of the character and capacity of the Grand Duke Alexander Michaelovitch is a moving power necessarily develops the Von Plehves, Bezobrazoffs and Alexieffs who have brought the Empire to its present pass. The popular exasperation that found expression in the assassination of the Minister of the Interior, as it had in that of his predecessor, is as little heeded by men like these as the indignant protests of other nations against the proceedings of the volunteer cruisers in the Red Sea and of the Vladivostok squadron off the coast of Japan. Muravieff is apparently to succeed Von Plehve—a plain challenge to the bomb throwers to do their worst—and the Ministry of Marine will have none of the policy of prudence which moved the Czar to order the release of the "Malacca" and to express regret for the sinking of the "Knight Commander." If it be true, as has been credibly averred, that there is no effective influence inside Russia to prevent the Grand Ducal clique doing what they please, then the chances of localizing the war must be held to be as slim as are those of averting a great internal explosion in European Russia.

If the issue of the war has given convincing proof of the weakness of Russia and the recklessness of its rulers, it has afforded even more cogent demonstration of the right of Japan to occupy a place of equality with the great Powers of the world. The possession by the Japanese of the very highest order of naval and military capacity has been patent to the least friendly of observers, and this has been accompanied by so scrupulous a regard for the rules of civilized warfare, and so careful an avoid-

ance of everything calculated to irritate or offend neutral powers, whether friendly or unfriendly, as to extort admiration in quarters not at all disposed to find good in anything coming out of Japan. The absolute unity of purpose and sentiment of the Japanese people throughout the present struggle has not been less notable than the cheerfulness with which they have made the sacrifices required of them for the national cause, and the admirable self control they have exhibited alike under conditions calling for elation and conditions provocative of discouragement. But it is not only the potentialities of its own future greatness into which Japan has given the world an insight; the progress of the present struggle has brought to the front the possibilities of a new and regenerated Asia, following under the leadership of Japan the path that Japan has herself trodden. That may be a prospect calculated to fill with misgiving many minds in Europe; it may even be the reverse of agreeable to a number of timid and shortsighted observers among ourselves. But, inspiring or depressing, however we like to take it, the fact has to be recognized that the most momentous of all the results of the war will be the stirring of a new life and the awakening of a new energy among the millions of China—too vigorous to be paralyzed by the touch of Peking—and a perception even in Peking itself of the difference between light and darkness, honesty and dishonesty—between the qualities that make a nation strong and respected and those that make it weak and despised.

SINCE there appears to survive in the press and among the public of the United States much obstinate misconception about the position which this Government has taken in regard to the protection of American interests in the Far East, we reproduce in another column the correspondence which passed between Washington and Peking, and Washington and St. Petersburg at the time of the conclusion of the Manchurian convention between Russia and China. It was the reported terms of the convention which Russia was trying to force on China in 1901 that moved Mr. Hay to direct Mr. Conger to take an early opportunity to advise Prince Ching: "That the President trusts and expects that no arrangement which will permanently impair the territorial integrity of China, or injure the legitimate interests of the United States, or impair the ability of China to meet her international obligations, will be made with any single power." From that comprehensive definition of the position and policy of this country, Mr. Hay never receded. He instructed the American Ambassador in St. Petersburg to repeat it with the same emphasis that he had asked Mr. Conger to lay on it in his communications with Prince Ching. It will be observed that Mr. Hay did not allow himself to be led away from the main subject by the suave assurance of the Russian Representative at Peking that no greater privileges were being asked in Manchuria than the Germans already possessed in Shantung, or by Count Lamsdorff's ingenious efforts to show that if the Russo-Chinese Bank should obtain concessions in China, "the agreements of a private character relating to them would not differ from those heretofore concluded by so many other foreign corporations." At St. Petersburg as at Peking the plain declaration was made that the Government of the United States "could look only with concern upon any arrangement by which China should extend to a corporate company the exclusive right within its territory to open mines, construct railways, or to exert other industrial privileges." Our Government paid very little attention to the stereotyped complaint of Count Lamsdorff that it was not proper to regard negotiations carried on between two entirely

independent States as subjects to be submitted to the approval of other powers. When the time comes it is fair to assume that this Government will insist on regarding the future limitations to be placed on Russian aggression as being a matter quite as closely concerning it as the proposed surrender of Manchuria to Russia by the nerveless government at Peking.

ALL through the period of stress and trial which culminated in the present war it was a piece of great good fortune that the United States should have had for its Consul at Newchwang a man of the untiring energy and robust Americanism of Mr. Henry B. Miller. From the first, Mr. Miller was a thorn in the side of the Russian civil administrator at Newchwang, and the "constant and irritating difficulties" which he raised with the Russian authorities were made the subject of a formal complaint by Count Cassini on December 28, 1901. When the Russian administration of the treaty port of Manchuria developed into interference with the working of the telegraph and the postal service, Mr. Miller redoubled the vigor of his protests against so outrageous an assault on the rights of other powers. This association, together with the affiliated organization in Shanghai, addressed formal protests to the Secretary of State against the high handed proceedings of the Russian administrator at Newchwang, and these were in turn transmitted by Mr. Hay to our Ambassador at St. Petersburg. But throughout this whole extraordinary episode of the hostile occupation of a Chinese treaty port with the tacit consent of the Treaty Powers, no influence was more potent in keeping before the world the arbitrary and oppressive character of the Russian administration than the reports of the Consul of the United States. One of the first acts of the Japanese on entering Newchwang was to thank Mr. Miller for the care with which he had guarded their interests, which were formally committed to his charge at the outbreak of the war. But Mr. Miller has done a service of still greater magnitude to the commerce of the world in his luminous reports on the operations of Russia throughout the three Eastern provinces and on the working of her policy of restriction in regard to the commerce of other nations. Mr. B. L. Putnam Weale, from whose book, "Manchu and Muscovite," we make copious selections in this number of THE JOURNAL, rightly regards the Russian occupation of Newchwang as being "the greatest outrage of all," and closes an instructive chapter on the subject with these words: "They have had enough of the new régime in Newchwang—enough of unparalleled usurpation. When is the war coming? is the daily question. May it be soon, for, although little, Japan will do the fighting; the great Far Eastern war will be the vindication of the Anglo-Saxon idea and nothing else—a vindication which the Anglo-Saxon governments are themselves afraid to undertake." There has certainly been no more stalwart representative of the Anglo-Saxon idea in Manchuria than the Consul of the United States at Newchwang, Mr. Henry B. Miller.

IN the July number of the JOURNAL subscriptions to the Perry Memorial Relief Fund were acknowledged to the amount of \$6,550.00. Since that time subscriptions have been received as follows:

E. D. Cordes & Co.,	\$ 200.00
Susan C. Twombly,	100.00
John E. Parsons,	100.00
Henry R. Mallory,	50.00
Previously acknowledged,	6,550.00

Received up to July 31, \$7,000.00

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the twelve months ending June 30, 1903 and 1904.

EXPORTS TO CHINA.

Months.	Cotton Cloths.		Mineral Oils.		Wheat Flour.	
1902.	Yards.		Gallons.		Barrels.	
July.....	32,036,120	\$1,658,250	70,139	\$13,505	1,465	\$4,606
August.....	23,366,570	1,087,054	730,110	57,474	2,657	9,108
September....	23,759,038	1,190,977	55,492	11,800	8,804	25,589
October.....	20,472,678	1,036,726	3,017,797	270,697	18,620	56,636
November....	6,712,750	340,422	2,292,023	198,958	16,717	50,510
December....	20,582,544	1,074,463	6,205,559	529,109	11,546	37,273
1903.						
January.....	18,440,398	924,882	1,944,706	197,967	8,637	26,288
February....	34,642,500	1,713,994	878,660	92,265	1,524	4,805
March.....	37,929,363	1,850,571	1,712,040	179,780	9,457	31,372
April.....	34,640,141	1,608,487	1,163,320	126,709	6,536	22,132
May.....	14,737,775	717,564	849,368	93,756	3,675	12,348
June.....	10,351,623	486,470	874,691	96,069	2,750	8,970
Total.....	277,671,500	\$13,689,860	19,793,905	\$1,866,089	92,388	\$289,637
1903.						
July.....	9,751,868	\$443,228	1,384,881	\$147,423	166	\$587
August.....	4,096,161	189,133	1,644,834	142,882	1,653	6,650
September....	3,377,050	168,208	1,001,398	109,456	9,016	31,407
October.....	9,370,600	414,156	5,509,766	647,751	7,448	25,937
November....	1,038,835	69,055	3,376,910	405,300	17,325	58,033
December....	3,665,364	230,546	2,496,200	303,123	10,812	38,951
1904.						
January.....	8,906,813	476,609	3,772,243	447,712	6,303	24,019
February....	13,806,444	785,473	7,305,887	862,625	2,489	9,264
March.....	8,652,392	435,780	5,808,064	695,371	11,515	39,999
April.....	1,041,000	62,311	2,232,150	249,538	3,944	14,567
May.....	4,455,937	306,731	1,944,134	210,131	4,494	15,508
June.....	9,024,100	524,052	4,617,100	508,186	5,539	20,132
Total.....	76,886,534	\$4,090,952	41,093,567	\$4,729,498	80,704	\$285,054

EXPORTS TO HONGKONG.

Months.	Cotton Cloths.		Mineral Oils.		Wheat Flour.	
1902.	Yards.		Gallons.		Barrels.	
July.....	1,200	\$220	1,301,020	\$101,420	75,811	\$228,906
August.....	38,103	2,470	768,590	69,360	93,998	295,892
September....	14,739	1,418	33,250	4,002	141,598	437,587
October.....	17,550	3,111	5,100,885	439,318	137,672	422,355
November....	6,568	1,400	3,023,690	264,956	147,545	477,722
December....	69,107	6,395	2,894,751	286,066	240,937	826,823
1903.						
January.....	22,099	3,841	.....	.....	142,918	460,238
February....	161,346	9,798	1,001,830	105,190	126,693	427,199
March.....	36,858	3,267	.....	.....	106,520	395,479
April.....	32,210	4,544	1,222,283	128,955	74,107	245,989
May.....	35,658	4,864	1,300,540	137,880	48,670	183,531
June.....	57,269	6,577	793,477	85,301	65,961	227,003
Total.....	492,707	\$47,905	17,440,316	\$1,622,448	1,402,430	\$4,628,224
1903.						
July.....	117,991	\$13,468	822,392	\$86,725	39,890	\$143,890
August.....	60,502	9,083	124,179	16,514	83,724	330,075
September....	7,652	828	1,773,512	199,683	193,545	736,441
October.....	24,740	4,840	1,581,553	174,495	165,903	658,178
November....	5,963	809	1,241,310	148,971	128,144	494,014
December....	17,825	3,058	5,955,043	721,169	175,682	646,422
1904.						
January.....	5,877	994	955,320	112,700	155,130	574,431
February....	26,000	2,027	34,234	5,223	189,308	694,139
March.....	37,919	7,538	54,365	5,801	58,718	232,217
April.....	8,846	1,374	3,265,323	368,210	9,521	35,609
May.....	.....	.....	752,000	81,600	9,730	34,273
June.....	27,891	6,135	6,133,940	645,063	62,820	250,404
Total.....	341,206	\$50,154	22,693,181	\$2,566,154	1,272,115	\$4,830,146

DEPARTMENT OF COMMERCE AND LABOR,
Bureau of Statistics.

WASHINGTON, D. C., July 28, 1904.

Imports of Tea and Silk into the United States for the twelve months ending June 30, 1902, 1903 and 1904.

TEA.

Imported from	1902.		1903.		1904.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	3,740,100	704,772	6,151,822	1,153,866	6,646,468	1,391,717
British North America....	1,839,079	321,898	2,135,065	445,997	2,156,808	482,816
Chinese Empire.....	35,989,945	3,736,526	55,064,296	6,974,643	53,146,080	7,238,564
East Indies.....	2,897,870	396,860	6,720,480	862,140	7,674,663	1,105,728
Japan.....	30,767,745	4,185,275	37,980,971	6,159,820	42,711,127	7,865,573
Other Asia and Oceania ..	336,426	42,593	508,138	58,191	450,922	56,006
Other countries	7,960	2,204	14,133	4,572	111,858	28,926
Total.....	75,579,125	9,390,128	108,574,905	15,659,229	112,898,016	18,229,310

RAW, OR AS REELED FROM THE COCOON.

SILK.

Imported from	1902.		1903.		1904.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France.....	550,566	1,866,202	577,659	2,211,577	378,183	1,215,898
Italy.....	2,567,752	9,954,501	3,098,124	12,969,793	2,095,034	8,784,198
Chinese Empire.....	3,027,608	8,308,383	3,091,711	8,893,598	3,385,477	9,813,049
Japan.....	6,197,795	20,702,101	6,810,054	24,725,285	6,690,992	24,373,126
Other countries	276,961	883,144	59,658	202,344	81,205	275,293
Total.....	12,620,682	41,714,331	13,637,206	49,002,597	12,630,891	44,461,564
Waste .....lbs...free..	1,610,026	919,325	1,633,394	1,008,295	4,061,967	1,628,239
Total unmanufactured .....	.....	42,635,351	.....	50,011,050	.....	46,100,500

CONTRABAND OF WAR.

The seizure of the *Malacca* has happily ceased to be a possible cause of war, but it has raised some questions which urgently call for settlement in the interests of international peace. It has been somewhat hastily assumed that the only questions involved in the discussion over the seizure of the *Peninsular* and *Oriental* steamer were: (1) Whether the seizure was made by a "lawfully commissioned ship of a belligerent nation," and (2) whether the vessel carried contraband of war. Behind these, however, is the graver question of whether, without any international agreement, a belligerent power has the right to define what it proposes to regard as contraband of war, and to regulate its searches and seizures accordingly. The Russian definition of contraband of war is decidedly sweeping, and has not been accepted by any other nation. It includes: "All kinds of fuel, such as coal, naphtha, alcohol and such like; telegraph, telephone and railway material; in general, everything intended for warfare on land or sea; also rice, foodstuffs, horses, beasts of burden and other animals which may be used in time of war, when they are transported for account of or in destination to the enemy." How very wide a margin is left by this definition for acts which may properly be resented by the power whose subjects or citizens may be made to suffer by them may be inferred from the issue which was raised by the seizure by a British cruiser in 1899 of American owned cargoes consigned to neutral merchants in the Portuguese port of Delagoa Bay. The policy of the British Government with regard to the detention of these cargoes was apparently based on the assumption that their nominal destination was merely a cover for their transshipment to the South African republics. Complaint being made by our Government that this assumption was unwarranted, and that if it were to be held to justify further acts of like character serious damage would necessarily result to American commerce, Lord Salisbury took refuge in the plea that the British vessels which carried the cargoes had been seized for a violation of the municipal laws of their country against trading with the enemy, and that the seizure or detention of their cargoes was merely incidental to the seizure of the vessels. But the American Ambassador, Mr. Choate, having urged that no such offense could be imputed to the cargoes which were not subject to capture as contraband of war, and their prompt restitution being demanded, it was duly conceded with indemnification to the owners for their seizure.

The principle on which this case was settled had been laid down by the English Chief Justice Earle in *Hobbs vs. Heming*, and was as follows: "If the goods were in course of transport from a neutral to a neutral port, the better opinion seems to be that war does not give to a belligerent any right to seize them on account of their quality. The allegation that the goods were shipped for the purpose of being sent to an enemy's port is an allegation of a mental process only; we are not to assume, therefore, either that the plaintiff had made any contract or provided any means for the further transmission of the goods into the enemy's state." Lord Salisbury frankly accepted this doctrine, and reached the conclusion that foodstuffs with a hostile destination can be considered contraband of war only if they are supplies for the enemy's forces. It is not sufficient that they are capable of being so used; it must be shown that this was in fact their destination at the time of the seizure. Now, it is plain that no such liberal interpretation of the rights of neutral commerce can be expected under the Russian definition of contraband of war, or would be likely to command respect either from a Russian prize court or the Government at St. Petersburg. * * * The treaty of Paris of 1856, provided that no fleet and no naval station of any country should be permitted in the Black Sea. That is to say, the Black Sea was neutralized and Russia resigned the right of keeping armed vessels on its waters with the exception of a few small ones for police purposes. It was in October, 1870, when France and Germany were at war, that Russia found her opportunity to denounce the neutralization clause of the treaty of 1856, and a conference of the signatory powers, assembled at London in 1871, concluded that it was advisable in the then condition of Europe, to accede to the demand. But the principle of closing the Dardanelles and Bosphorus to ships of war, unless the Sultan felt constrained to open the Straits for the defense of his throne, was steadily maintained. A private understanding between the Russian Government and the Porte for the relaxation of this rule in favor of the ships of the Russian volunteer fleet cannot possibly affect the stipulations of an international treaty. These must be held to remain in force till changed by the action of the same powers which became parties to them, and it is a flagrant piece of international bad faith on the part of Russia systematically to practice a violation of the terms of the convention of 1871. —*New York Journal of Commerce* of July 25.

UNITED STATES DIPLOMACY IN THE FAR EAST.

Current discussion in the press and elsewhere of the relations of the United States toward the questions at issue between Russia and Japan shows so much ignorance of the position taken by the Government of this country in regard to these questions that it is deemed desirable to reproduce from the latest volume of the "Foreign Relations of the United States" the correspondence between the American Minister at Peking, the American Ambassador at St. Petersburg and the State Department in Washington in regard to the convention and arrangement between Russia and China respecting Manchuria:

MR. CONGER TO MR. HAY.

[Telegram.—Paraphrase.]

Legation of the United States,
Peking, December 3, 1901.

(Mr. Conger reports the return of Prince Ch'ing with authority to sign Manchurian convention providing substantially as follows:

Article 1.—Manchuria will be returned by Russia to Chinese jurisdiction and administration.

Article 2.—Agreement of 1896 with Russo-Chinese Bank to be permanently maintained, and protection of railway and Russian subjects is undertaken.

If there are no repetitions of disorder, and the conduct of other nations does not hamper, Russia will evacuate as follows: During 1901, the southern part of Sheng-king up to Liao River; during 1902, the remainder of Sheng-king, and during 1903, Kirin and Heilung chiang.

Article 3.—In concert with Russian authorities the military governor will fix the number of Chinese troops and points to be occupied, beyond which China will not increase nor advance troops. Except in localities assigned to railway company, China shall use only cavalry and infantry, but not artillery.

Article 4.—Troops to protect railways cannot be sent by other nations. Anglo-Russian railway sphere convention and agreement as to companies borrowing funds to be maintained. No further railway or bridge construction in southern portions will be allowed, nor railway terminus changed, except by Russian consent. All Russian expenses in restoring and maintaining Shan-hai-kwan, Yingkou and Hsinting railways to be repaid and railway restored to the owners in 1901.

Mr. Conger states that English and Japanese ministers are warning China not to sign, and inquires what action, if any, he shall take.)

MR. HAY TO MR. CONGER.

[Telegram.—Paraphrase.]

Department of State,
Washington, December 6, 1901.

(Mr. Hay directs Mr. Conger to take an early opportunity to advise Prince Ch'ing that the President trusts and expects that no arrangement which will permanently im-

pair the territorial integrity of China, or injure the legitimate interests of the United States, or impair the ability of China to meet her international obligations, will be made with any single power.)

MR. CONGER TO MR. HAY.

No. 846.]

Legation of the United States,
Peking, December 12, 1901.

SIR—I confirm your telegram of the 6th inst., and report that on yesterday I had a conference with Prince Ch'ing on the subject matter thereof.

I handed to Prince Ch'ing a memorandum embodying your instructions and the expectations of the President, a copy of which I inclose. I said to him, in substance, that it was generally understood what the proposed terms of the Manchurian agreement were, but that we had no authoritative knowledge; that if the terms as understood should be agreed upon China's territorial integrity would be endangered, her sovereignty impaired, the treaty rights of other nations violated, and her ability to meet her international obligations diminished. He then briefly outlined to me the demands which Russia was making. They were substantially as reported in my telegram of the 3d inst. He said he agreed with my views as to the results to be reasonably expected from a compliance with the Russian demands, and that he should endeavor, in whatever agreement was finally reached, to preserve the sovereignty of China and respect all treaty and international obligations. He assured me that instead of taking nearly three years to evacuate Manchuria he should insist upon its being accomplished in one, and that while limiting the number and kind of Chinese troops to be kept in the territory during Russian occupancy, this matter should be left to China's judgment and control after the evacuation, and that after turning back to China the Shan-hai-kwan, Ying Kou and Hsinting railroads the Chinese Government should itself decide how it should be guarded, and whether or not a bridge across the Liao River should be constructed. Also, if upon investigation it should turn out that Russia's expenses of repair and maintenance of the above mentioned railroads were included in the general indemnity allowed by the final protocol, then they should not be paid again; otherwise, reasonable compensation should be agreed to.

I asked him if the proposed agreement did not provide for exclusive privileges of railway and mining development. He replied it did not, but that later negotiations might be entered into to reiterate the agreement heretofore entered into with the Russo-Chinese Bank; that these would give Russia, when new railroads were to be constructed or mines opened, the first right to build or open, but that these would only be given after conference with, and approval of, the Chinese authorities. He also said that if he could not secure Russian consent to these modifications he would confer with me again before signing.

Under all the circumstances I can see no serious objections to the terms which he suggests for the general agreement; but if the understanding as to a separate agreement concerning exclusive railway and mining concessions, as it would seem, really makes a part of the main agreement, it is quite as objectionable as if it was formally included therein. I am bound to add that I have very serious doubts about his ability to secure the consent of Russia to the terms he proposes. I have, etc.,

E. H. CONGER.

MR. CONGER TO MR. HAY.

[Telegram.—Paraphrase.]

Legation of the United States,
Peking, January 29, 1902.

(Mr. Conger reports that he has been informed by Prince Ch'ing that the latter has done the best he could and has held out as long as possible, but that Russian possession of Manchuria has become intolerable, and that China must agree at once to sign the convention or lose everything; that he has therefore agreed to sign the convention, modified as substantially stated in Mr. Conger's dispatch No. 846, of December 12, 1901, and will also sign the separate agreement with the Russo-Chinese Bank, which practically gives exclusive privileges of industrial development in Manchuria.)

Mr. Conger has reported to Prince Ch'ing Mr. Hay's telegraphic instructions of December 6, 1901, and the British and Japanese ministers advised him to about the same effect; but it is expected that the signing of the convention and agreement will very soon take place.)

MR. CONGER TO MR. HAY.

No. 898.]

Legation of the United States,
Peking, January 29, 1902.

SIR—I have the honor to confirm my telegram of this date.

On the 27th I had a conference with Prince Ch'ing, who informed me, substantially, that he was in a most difficult position. He had used, he said, every effort in his power to come to some agreement with Russia whereby the evacuation of Manchuria might be secured without the great sacrifice, on the part of China, which Li Hung-chang had agreed to. He had, he said, secured some very material concessions on the part of Russia, but they would yield no further, and he was convinced, if China held out longer, that they would never again secure terms as lenient; that the Russians were in full possession of the territory, and their treatment of the Chinese was so aggravating that longer occupation was intolerable; that they must be got out, and that the only way left for China to accomplish this was to make the best possible terms.

The only terms that Russia would consent to was the signing of both the convention and the Russo-Chinese Bank agreement. He said that the convention itself had been so modified as to require the evacuation within two instead of three years; that the number of Chinese troops and the kind of arms to be employed are to be controlled by China, and that no exclusive privileges will be granted by this

convention. He said, however, that the Russo-Chinese Bank contract, besides the railroad concessions already granted, was to contain an agreement that China, so far as she desired and was able to, could herself undertake and carry out all industrial development in Manchuria, but if she required outside financial help, application should always first be made to the Russo-Chinese Bank; and if it did not wish to undertake the work, then citizens of other countries might undertake it. He said, also, that a clause was to be put in agreeing that citizens of every country should have the same rights to trade at the open ports and in the interior as they have now.

Notwithstanding this latter clause, the agreement is most sweeping and exclusive. Yet China must sign or Russia will not leave, and unless she goes now her occupancy will not long be a question for negotiation, so far as China is concerned.

I told the Prince that I recognized the difficulty in which he finds himself and his Government, and that he could go any length he pleased in making concessions to Russia, provided the treaty rights of other Powers were conserved, and that my Government had instructed me to say that it could not consent to the bartering away for any purpose whatever of rights and interests which it had acquired in that territory through its formal treaties with China; and I added that if a settlement could not be made without violating rights which China had by treaty granted to other Powers, then she should first notify these Powers of the exact situation. The Japanese and British ministers have made like representations, the Japanese Minister making the stronger protest.

Although Prince Ch'ing did not plainly say so, yet I think succeeding events will justify my conclusion that an agreement is already reached and will soon be signed.

I have, etc.

E. H. CONGER.

MR. HAY TO MR. CONGER.

No. 447.]

Department of State,
Washington, January 30, 1902.

SIR—I have to acknowledge the receipt of your No. 846 of the 12th ultimo, enclosing a copy of a memorandum handed by you to Prince Ch'ing on the 11th ultimo, embodying your instructions from the Department and the President's expectations concerning the Russo-China negotiations as to Manchuria.

The Department commends your presentation of the subject to Prince Ch'ing. I am, etc.,

JOHN HAY.

MR. HAY TO MR. CONGER.

[Telegram.—Paraphrase.]

Department of State,
Washington, February 1, 1902.

(Mr. Hay states that the Government of the United States can view only with concern an agreement by which China concedes to a corporation the exclusive right to open mines, construct railways, or other industrial privilege; that such monopoly would distinctly contravene treaties of China with foreign Powers, affect rights of citizens of the

United States by restricting rightful trade, and tend to impair sovereign rights of China and diminish her ability to meet international obligations; that other Powers will probably seek similar exclusive advantages in other parts of the Chinese Empire, which would wreck the policy of absolutely equal treatment of all nations in regard to navigation and commerce in the Chinese Empire; and that, moreover, for one Power to acquire exclusive privileges for its nationals conflicts with assurances repeatedly given to the Government of the United States by the Russian Ministry for Foreign Affairs of firm intention to follow the policy of the open door in China, as advocated by the United States and accepted by all the Powers having commercial interests in China.

That the Government of the United States, animated now, as heretofore, by the sincere desire to insure to the whole world full and fair intercourse with China on equal footing, submits the foregoing considerations to the Governments of Russia and China, with confidence that due weight will be given to them and such measures be adopted as will relieve the just and natural anxiety of the United States.)

MR. CONGER TO MR. HAY.

No. 905.]

Legation of the United States,
Peking, February 4, 1902.

SIR—I have the honor to confirm herewith your telegram of the 1st inst., and to say that I at once transmitted a copy to the Foreign Office with the note, copy of which I enclose. I felt that I had already said so much to Prince Ch'ing on the subject that it was unnecessary to go to him in person again.

I presumed from the substance of the telegram that you had already communicated it to the Russian Government. However, I immediately called upon my Russian colleague and gave him a copy. We discussed the matter only in a general way, but he took occasion to say that they were asking no greater privileges in Manchuria than the Germans already possessed in Shantung. I replied that we did not recognize that Germany had such rights there, and even if by secret or other convention with Germany the treaty rights with other Powers had been contravened that would not justify further violation of them, but should rather unite all the other Powers in legitimate efforts for the restoration and preservation of all treaty rights thus infringed or annulled. I have, etc.,

E. H. CONGER.

[Enclosure.]

MR. CONGER TO THE FOREIGN OFFICE.

F. O., No. 341.]

United States Legation,
Peking, February 4, 1902.

YOUR HIGHNESS AND YOUR EXCELLENCIES—I have the honor to remind Your Highness and Your Excellencies that at my last interview with you I called your attention to the deep interest of my Government in the pending negotiations between China and Russia with regard to the evacuation by the latter of the Manchurian provinces and in the efforts being made by the Russian Government, as reported

to me and confirmed by Your Highness and Your Excellencies, to secure in the said Manchurian provinces by means of a separate arrangement between China and the Russo-Chinese Bank certain exclusive mining and railway concessions for Russian subjects. I informed Your Highness and Your Excellencies on the above mentioned occasion, as I had already done also at several previous interviews, that the United States could not but view such concessions with concern as violating the favored nation clauses of existing treaties between China and the several Powers, as tending to impair the sovereignty of China in the region mentioned, as threatening the territorial integrity of the Chinese Empire by inviting demands from other Powers for like concessions in other provinces, and as tending to impair China's ability to meet her international obligations.

Since my last interview with Your Highness and Your Excellencies I have received the following telegram from the Department of State, which sets forth very fully the views of my Government.

It becomes my duty to forward the above telegram at once to Your Highness and Your Excellencies, and I trust that its contents may receive your very careful attention and that such measures may be adopted as will relieve the just and natural anxiety of the United States Government.

I avail myself, etc.,

E. H. CONGER.

MR. CONGER TO MR. HAY.

No. 932.]

Legation of the United States,
Peking, March 4, 1902.

SIR—In order that I might be definitely informed of the progress of negotiations on the Manchurian question, I called upon Prince Ch'ing for that purpose on the 2d inst. He outlined to me the proposition which he had made to the Russian Minister, and finally gave me a copy thereof, which I herein enclose. The Russian Minister has not yet replied. If he does accept them, the Prince says that he will be obliged to sign.

One of the greatest objections is to the clause by which China agrees not to extend the Shanhaikwan Railway, which now terminates on the opposite side of the river from Niuchwang, nor ever to build a bridge across the Liao River without the consent of Russia. The Russians have recently built a railroad on the west side of the Liao River to a point opposite and about 15 miles from Moukden. They own all the roads on the east side of the river, so that it is possible for them to practically cut off Niuchwang, divert all the trade to Dalny, and thus destroy the only open Chinese port in Manchuria, and the source of a very large revenue. I explained this to Prince Ch'ing, and he promised that if his present terms were not accepted and there was opportunity to amend, he would try to remedy this. He informed me that both British and Japanese ministers had signified their approval of these terms. The latter tells me he has, by instruction of his Government, approved them. The former, however, says that there are several modifications that he is still urging Prince Ch'ing to secure if possible.

The Prince again informed me that he would not sign the Russo-Chinese Bank agreement, and that if the Russian Minister refused, as he feared he would, to sign the convention as modified, he would inform me.

From the wording of the document, "up to the Liao," Niuchwang would not be included in the first period of evacuation, although Prince Ch'ing insisted that it was so understood.

I urged the importance of the earliest possible restoration of Niuchwang, both on account of our trade and the revenue which was pledged to the indemnity, now being collected by the Russians, but I did not think it best to discuss in detail other special provisions of the convention.

I have, etc.,

E. H. CONGER.

MR. CONGER TO MR. HAY.

No. 948.]

Legation of the United States,
Peking, March 15, 1902.

SIR—Continuing the subject matter of my No. 932, of the 4th instant, I have the honor to inform you that the Russian Minister, in response to Prince Ch'ing's proposal, has signified his willingness to make the terms for evacuation eighteen months, instead of three years, as the Russians had formerly proposed, or twelve months, which Prince Ch'ing had named. The probability is that a compromise will be made on fifteen months.

The British Minister is still urging upon the Prince some minor changes, but I am quite certain that if the Russian Minister consents to Prince Ch'ing's proposal, copy of which I sent you in my No. 932, the British Minister, while not consenting, yet will not object to such a conclusion of the matter.

I have, etc.,

E. H. CONGER.

[Enclosure.—Translation.]

His Majesty the Emperor and Autocrat of all the Russias, and His Majesty the Emperor of China, with a view to re-establishing and consolidating the neighborly relations which were interrupted by the rebellion that took place in the Celestial Empire in 1900, have named as their plenipotentiaries, for the purpose of establishing an agreement upon certain questions concerning Manchuria, ———,

The aforesaid plenipotentiaries, provided with full powers which were found sufficient, have agreed upon the following stipulations:

Article 1.—His Majesty the Emperor of all the Russias, desiring to give a fresh proof of his love of peace and his sentiments of friendship for His Majesty the Emperor of China, notwithstanding the fact that the first attacks upon the peaceable Russian population were made from various points of Manchuria, which is situated on the frontier, consents to the re-establishment of the authority of the Chinese Government in the aforesaid province, which remains an integral part of the Empire of China, and restores to the Chinese Government the right to exercise governmental and administrative powers there as before its occupation by the Russian troops.

Article 2.—In resuming possession of governmental and administrative powers in Manchuria, the Chinese Government confirms, as well in regard to the terms as to all the other articles, the engagement strictly to observe the stipulations of the contract concluded with the Russo-Chinese Bank on the 27th of August, 1896, and assumes, according to Article 5 of said contract, the obligation to protect the railroad and its personnel by every means, and also pledges itself to guarantee the security, in Manchuria, of all Russian subjects in general who reside there and the enterprises established by them.

The Russian Government, in view of the assumption of this obligation by the Emperor of China, consents on its part, in case there shall be no agitations of any sort, and if the action of the other Powers shall offer no obstacle thereto, gradually to withdraw all its troops from Manchuria so as—

(a) To withdraw, in the course of six months from the signing of the convention, the Russian troops from the southwest portion of the province of Moukden, as far as the Liao-he River, and again to place China in control of the railways;

(b) To withdraw, in the course of the six months following, the Imperial Russian troops from the remaining portion of the province of Moukden and the province of Kirin; and

(c) To withdraw, in the course of the six months following, the remainder of the Imperial Russian troops now in the province of Hei-lung Kiang.

Article 3.—In view of the necessity of obviating in future a repetition of the disturbances of 1900, in which the Chinese troops quartered in the provinces adjacent to Russia took part, the Russian Government and the Chinese Government agree to order the Russian military authorities and the dzian-dziuns to come to an understanding for the purpose of regulating the number and determining the places of cantonment of the Chinese troops in Manchuria until the Russian troops shall have been withdrawn therefrom. The Chinese Government further pledges itself not to organize any other troops above the number thus agreed upon by the Russian military authorities and the dzian-dziuns, which shall be sufficient to exterminate the brigands and to pacify the country.

After the complete evacuation of the country by the Russian troops, the Chinese Government shall have the right to make an examination of the number of troops in Manchuria which are subject to increase or diminution, giving timely notice of such examination to the Imperial Government, for the maintenance of troops in the aforesaid province in superfluous numbers would manifestly lead to the increase of the Russian military forces in the adjacent districts, and would thus occasion an increase of military expenses, to the great disadvantage of both countries.

For police service and the maintenance of internal order in this region outside of the territory ceded to the Chinese Eastern Railway Company there shall be formed, near the local dzian-dziun governors, a police force, both on foot and mounted, composed exclusively of subjects of the Emperor of China.

Article 4.—The Russian Government consents to restore to their owners the railway lines of the Shan-hai-kwan—Yin-kow—Simminting, which have been occupied and protected by the Russian troops since the end of the month of September, 1900. In consideration of this the Government of the Emperor of China pledges itself:

1. That in case it shall become necessary to insure the security of the aforesaid railway lines it will itself assume that obligation, and will not request any other Power to undertake or participate in the defense, construction or exploitation of these lines, and will not permit foreign Powers to occupy the territory restored by Russia.

2. That the above mentioned railway lines shall be completed and exploited on the precise bases of the agreement made between Russia and England April 16, 1899, and on those of the contract concluded September 28, 1898, with a private company, relative to a loan for the construction of the aforesaid lines, and, moreover, in observance of the obligations assumed by the company, especially:

Not to take possession of the Shan-hai-kwan—Yin-kow—Simminting line or to dispose of it in any manner whatever.

3. That if a continuation of the railway lines in the south of Manchuria, or the construction of branch lines connecting with them, and the construction of a bridge at Yin-kow or at the transfer of the terminus of the Shan-hai-kwan Railroad, which is situated there, shall hereafter be undertaken, it shall be done after a previous understanding between the Government of Russia and that of China.

Seeing that the outlays made by Russia for the re-establishment and exploitation of the surrendered railway lines of Shan-hai-kwan—Yin-kow—Simminting have not been included in the sum total of the indemnity, they shall be refunded to it by the Chinese Government. The two governments shall agree together upon the amount of the sums to be refunded.

The stipulations of all previous treaties between Russia and China which are not modified by the present convention shall remain in full force.

MR. HAY TO MR. TOWER.

[Telegram.—Paraphrase.]

Department of State,
Washington, February 1, 1902.

(Mr. Hay states that a telegram has been received from the United States Minister to China to the effect that Prince Ch'ng has agreed to sign the convention with Russia relative to Manchuria, as well as a separate convention with the Russian-Chinese Bank concerning exclusive privileges of industrial development in Manchuria.)

That the Government of the United States can view only with concern an agreement by which China concedes to a corporation the exclusive right to open mines, construct railways, or other industrial privilege: That such monopoly would distinctly contravene treaties of China with foreign Powers, affect rights of citizens of the United States by restricting rightful trade, and tend to impair sovereign rights of China and diminish her ability to meet interna-

tional obligations; that other Powers will probably seek similar exclusive advantages in other parts of the Chinese Empire, which would wreck the policy of absolutely equal treatment of all nations in regard to navigation and commerce in the Chinese Empire; and that, moreover, for one Power to acquire exclusive privileges for its nationals conflicts with assurances repeatedly given to the Government of the United States by the Russian Ministry for Foreign Affairs of firm intention to follow the policy of the open door in China as advocated by the United States and accepted by all the Powers having commercial interests in China.

That the Government of the United States, animated now, as heretofore, by the sincere desire to insure to the whole world full and fair intercourse with China on equal footing, submits the foregoing considerations to the Governments of Russia and China, with confidence that due weight will be given to them and such measures be adopted as will relieve the just and natural anxiety of the United States.

Mr. Tower is directed to communicate the sense of the above to the Russian Minister for Foreign Affairs.)

MR. TOWER TO MR. HAY.

[Telegram.—Paraphrase.]

Embassy of the United States,
St. Petersburg, February 3, 1902.

(Mr. Tower reports that he has communicated the contents of the Department's telegram of February 1, relating to Manchuria, to the Russian Government.)

MR. TOWER TO MR. HAY.

No. 523.]

Embassy of the United States,
St. Petersburg, February 3, 1902.

SIR—I have the honor to confirm your telegram of the 1st inst. in regard to a report made by the United States Minister in China of certain exclusive privileges about to be granted by the Chinese Government to the Russo-Chinese Bank; also my telegram to you of this date.

In accordance with your instructions I addressed at once a note to the Count Lamsdorff, Imperial Russian Minister for Foreign Affairs, communicating to him the text of your telegram, and I now respectfully inclose to you herewith a copy of that note. I have, etc.,

CHARLEMAGNE TOWER.

[Inclosure.]

MR. TOWER TO COUNT LAMSDORFF.

Embassy of the United States,
St. Petersburg, February 3, 1902.

MR. MINISTER FOR FOREIGN AFFAIRS—In obedience to instructions which I have received from the Government of the United States, I have the honor to inform Your Excellency that the American Minister to China has reported, in a telegram recently received at Washington, that Prince Ch'ng has agreed to sign the Manchurian convention and also a separate convention with the Russo-Chinese Bank under which exclusive privileges of industrial development in Manchuria are to be granted to that bank.

I am instructed to say that the Government of the United States could look only with concern upon any arrangement by which China should extend to a corporate company the exclusive right within its territory to open mines, construct railways, or to exert other industrial privileges.

It is the belief of the Government of the United States that by permitting or creating a monopoly of this character China would contravene the treaties which it has already entered into with foreign Powers and would injure the rights of American citizens by restricting legitimate trade; also that such action would lead to the impairment of Chinese sovereignty and tend to diminish the ability of China to meet its obligations. Other Powers as well might be expected to seek similar exclusive advantages in different parts of the Chinese Empire, which would destroy the policy of equal treatment of all nations in regard to navigation and commerce throughout China.

I am further instructed to convey to Your Excellency the sentiment of the United States Government that the acquiring by any one Power of exclusive privileges in China for its own subjects or its own commerce would be contradictory to the assurances repeatedly given by the Imperial Russian Ministry for Foreign Affairs to the United States of the intention of the Russian Government to maintain the policy of the open door in China as that policy has been advocated by the United States and accepted by all the Powers who have commercial interests within the Chinese Empire.

I am to assure Your Excellency that the Government of the United States is now, as it has always been heretofore, animated by the desire to secure for all nations entirely equal intercourse with China, and I am instructed to present to Your Excellency the request that the Imperial Russian Government will give due attention to the foregoing considerations, which have also been addressed to the Chinese Government, and to express to Your Excellency the hope that such measures of procedure may be adopted as will allay the apprehensions of the Government of the United States. I avail myself, etc.,

CHARLEMAGNE TOWER.

MR. TOWER TO MR. HAY.

No. 529.]

Embassy of the United States,
St. Petersburg, February 12, 1902.

SIR—I have the honor to enclose to you herewith a copy of the reply of Count Lamsdorff, Imperial Minister for Foreign Affairs, dated the 9th of February, to the note which I addressed to him, under telegraphic instructions from you, on the 3d of February, in regard to the report that exclusive concessions in Manchuria were about to be granted by China to the Russo-Chinese Bank.

As this reply is of so great moment, and as the inquiry made by you has elicited the very important declaration, in writing, that Russia firmly intends to withdraw her troops from Manchuria and return that province to China as soon as arrangements for the evacuation can be made and precautions taken to guard against a fresh outbreak, I telegraphed it to you in very full detail in my cipher dispatch

of the 10th of February, a copy of the text of which is respectfully attached hereto.

In order that the Count Lamsdorff's note may be brought as fully as possible before you, I enclose herewith copies of the original Russian text of the French translation of it, which accompanied it from the Imperial Ministry for Foreign Affairs, and of an English translation made at this embassy. I have, etc., CHARLEMAGNE TOWER.

[Enclosure.—Translation.]

COUNT LAMSDORFF TO MR. TOWER.

Ministry for Foreign Affairs,

First Department, January 27 (February 9), 1902.

MR. AMBASSADOR—The Imperial Government, always desirous of cultivating and developing the best relations with the United States of America, is fully disposed to remove the anxiety which the proposed arrangements between Russia and China appear to have caused the Cabinet at Washington, but it feels itself bound at the same time to declare that negotiations carried on between two entirely independent states are not subjects to be submitted to the approval of other Powers.

There is no thought of attacking the principle of the "open door" as that principle is understood by the Imperial Government of Russia, and Russia has no intention whatever to change the policy followed by her in that respect up to the present time.

If the Russo-Chinese Bank should obtain concessions in China, the agreements of a private character relating to them would not differ from those heretofore concluded by so many other foreign corporations. But would it not be very strange if the "door" that is "open" to certain nations should be closed to Russia, whose frontier adjoins that of Manchuria and who has been forced by recent events to send her troops into that province to re-establish order in the plain and common interest of all nations? It is true that Russia has conquered Manchuria, but she still maintains her firm determination to restore it to China and recall her troops as soon as the conditions of evacuation shall have been agreed upon and the necessary steps taken to prevent a fresh outbreak of troubles in the neighboring territory.

It is impossible to deny to an independent state the right to grant to others such concessions as it is free to dispose of, and I have every reason to believe that the demands of the Russo-Chinese Bank do not in the least exceed those that have been so often formulated by other foreign companies, and I feel that under the circumstances it would not be easy for the Imperial Government to deny to Russian companies that support which is given by other governments to companies and syndicates of their own nationalities.

At all events, I beg Your Excellency to believe that there is not, nor can there be, any question of the contradiction of the assurances which, under the orders of His Majesty the Emperor, I have had occasion to give heretofore in regard to the principles which invariably direct the policy of Russia.

Please accept, etc.,

COUNT LAMSDORFF.

AMERICAN GOODS IN THE PHILIPPINES.

In a recent article on the insular customs service the acting collector of customs for the Philippine Islands speaks of the foothold American goods have gained in those islands, especially since the latter have been under the control of the United States. Looking at the records of ten years ago, that is, during the calendar year 1893, our shipments according to the value shown by customs house records at United States ports amounted to less than \$1,000,000, while at the end of the first year of American occupation imports from this country were valued at \$1,350,000, steadily increasing until in 1902 they reached over \$4,250,000. The figures for the past year show a slight falling off, but the same may be said of receipts from all countries, with the exception of the British and French East Indies, from which sources heavy importations of rice were necessary in relieving the effect of adverse agricultural conditions that had prevailed throughout the archipelago; to the same cause may be attributed the small amount of purchases of manufactured articles rather than to any lack of desire on the part of the natives to continue their use.

Imports from the United States in 1902 were valued at \$4,153,174 and in 1903 but \$3,837,100, those from the United Kingdom in 1902 amounted to \$5,639,274 and in 1903 decreased to \$4,619,133, and China's shipments to the islands show a decline from \$4,938,185 in 1902 to \$4,628,431 worth in 1903, a similar falling off being noticeable in purchases from all other countries, with the two exceptions mentioned above. It is safe to assume that under normal conditions our manufactures are gradually finding as favorable a reception in the Philippines as those of other countries.

In the article referred to the acting collector lays stress on the fact that if American manufacturers, merchants and exporters desire to acquire and maintain commercial supremacy in our insular possessions they must make a study of local requirements and needs and foster trade in every possible manner. He says that it is apt to be forgotten that although the American flag flies over the islands, and politically they are subject to our sovereignty and control, commercially they are as foreign to the United States as any European nation, and the customs laws place the same restrictions on imports from the United States as on merchandise from any other country. The statements are in line with suggestions previously referred to in regard to United States exports to the Philippines.

"In the shipping of merchandise to these islands American exporters generally overlook two of the most important points as to the shipment of merchandise—invoices and packing—and to this end an examination of the law and its requirements will be beneficial. It is a requirement of the law that all invoices of imported merchandise 'shall contain a correct description of such merchandise, with true numbers, gross weights and net weights in the terms of the tariff, or quantities as the assessment of duty may require.' The exporters of American goods seldom comply with this provision, causing delay, trouble and expense both to im-

porters and the Government. A knowledge of the tariff is indispensable, and if American exporters would familiarize themselves with this law, so far as it concerns them, they would not only save their customers the delay, trouble and expense incident to improper and incorrect descriptions, but would save them considerable amounts in duties, which, because of their ignorance as to the requirements and rules, often necessitates the assessment of duty on packing at the rate paid by the merchandise itself.

"The Philippine tariff is for the most part a specific tariff, as contradistinguished from an ad valorem tariff, such as is in force in the United States. All exterior packing is assessed according to its respective provisions, while interior packing is assessed with the goods which it contains. This illustrates the need for specific invoices, invoices which give specifically the gross and net weights of the merchandise (bearing in mind that the net weight includes interior packing), and this must be given for each and every package and class of goods. It is the rule, not the exception, for American exporters entirely to overlook this essential in the invoicing of the merchandise before an intelligible entry can be filed, as required by law, such examination usually being conducted outside of regular customs hours and at the importers' expense. Each and every article should be specifically described in the invoice, that its nature, net weight (including interior packing), value and component materials of value may be ascertained, for any or all of such particulars are essential to the preparation of an entry. It will hardly be necessary to lay stress on the fact that invoices should be prepared with such care as to insure their accuracy, though, for the information of those who are not familiar with the operation of customs laws, it may be well to remark that an incorrect weight, description or value may subject an innocent importer to heavy fines or to a seizure of his merchandise.

"It is not possible in a specific tariff to enumerate all articles capable of being imported, and the provision must, therefore, be general, and these general provisions can be made only by providing for the assessment of duty according to the component material of chief value. Designations of articles by trade names are, therefore, frequently insufficient, and further emphasize the necessity of exporters familiarizing themselves with the provisions of the customs tariff, for by so doing they will then, and then only, be able to prepare complete and intelligible invoices for their patrons. Then, again, the duties on several lines of merchandise are regulated by certain characteristics, as, for instance, weight, size, value, or thread count, and this is particularly true with one of America's staple manufactured products—textiles. For example, the duty on cotton piece goods varies as they are plain or figured or twilled, as to weight per 100 square metres, and as to thread count. A plain cotton print which measures 65 centimetres or less in width may weigh not less than 8 kilos per 100 square metres to be liable to the lower rate of duty, while if it exceeds this

limit of width, though the excess may be practically inappreciable, to be assessed at the lower rate of duty the weight per 100 square metres must not be less than 10 kilos. In addition an elaborate system of surtaxes is provided, by which textiles pay increased duties according to certain characteristics or the number of operations performed in the manufacture. For instance, a surtax is assessed on a cotton textile which is stamped, printed or manufactured with dyed yarns, for embroidering or trimming, for containing metal threads, or for being made up into articles of commerce. And this again illustrates how essential it is that the consignees be furnished with invoices containing minute descriptions of the merchandise, and in such terms that he may prepare his entry therefrom.

"For such goods as are subject to an ad valorem rate of duty, it may be well to point out the necessity for specifying the various charges incurred in purchasing, caring for, and shipping goods, and not invoicing them in lump sums. Some charge for elements of dutiable or market value, while others do not, and if it is impossible to separate the dutiable from the non-dutiable charges it is frequently necessary for customs officers to include all in the value on which duty is assessed. Invoices are not required to be certified by a consul, collector of customs, notary or other person. They must, however, be made in triplicate, and at least two be signed by the person owning or shipping the merchandise, or his duly authorized agent. Two copies are required by the customs laws, and both of such copies must be made out on firm and durable paper, on one side of the paper only, and with ink not liable to fade. Press copies are not accepted by the customs authorities. It is not necessary that invoices shall be made out in the weights and measurements of the Philippine Islands, the provision in the law being that quantities shall be expressed in the weights and measurements of the country of exportation. The metric system is almost universally used here, and, as such system is in use to some extent in the United States, and is there authorized by law, such invoices should prove of service to the customs officials and importers. Invoices should show the marks, numbers, and contents of each separate case, and must not represent more than one distinct shipment to one consignee or firm of consignees by one vessel.

"Samples of merchandise furnished exporters free of charge should not, for this reason, be omitted from invoices, but should be specified as fully and specifically as regular merchandise, though they should be stated on the invoice to be samples, and of no value. A compliance with these regulations will often save importers long delays, for unless invoices comply with the requirements of the law they are liable to be rejected, when the importer is required to file a bond for the production of an invoice which will satisfy the requirements of the law.

"The other point on which the American exporters are extremely lax is that of packing. Goods are packed in much the same way as if they were to be shipped but a few hundred miles by rail to some State of the Union, shippers forgetting that before the goods reach the consignee in the Philippines they are handled many times, in

addition to a long sea voyage, and the rough handling received at this port in transferring them from the ship to the shore.

"American exporters would do well to study the methods of French and German merchants in this respect, with whom packing is not merely a science, but an art. It is seldom that a package is received in bad condition from either of these countries, and then only in the case of extremely rough handling, while in shipments received from the United States it is not infrequent that a good portion of the packages are in bad condition upon arrival. Other wares are inadequately packed, and much breakage and damage is thereby caused. This is particularly true with regard to stoves, it being the general rule that 50 per cent. of those shipped are received in such a condition as to be unsalable and entirely unfit for use. Importers lose not only the value of the goods, but must, in addition, pay duty thereon, unless such goods are abandoned to the Government.

"Such methods are not conducive to trade and the ousting of foreign in favor of American manufactures. Foreign merchants may even realize the superiority of American goods, but with such lax and inadequate methods of packing, and the loss and damage occasioned thereby, may, after a few attempts dispose of such goods, give up the experiment in disgust and return to European goods, which, if not of as good quality or workmanship, are at least received in such a condition as to be salable, and at a reasonable figure.

"With many classes of goods, particularly textiles, moisture and dampness are liable to cause damage, if not on the long sea voyage, then after arrival, for climatic conditions here are such that many goods mould rapidly unless properly packed and protected. The French and German packers realize this, and, in addition to packing such goods in heavy packages, strongly reinforced with straps, the cases are lined with zinc and made air or water tight. Inside of this is placed a waterproof paper or cheap oil cloth, and the individual articles are packed tightly and well protected by suitable wrappers. The foreign exporters have made a careful study of the requirements as to packing, not only so as to insure the transportation of their goods with the least possible damage, but in such a manner that large sums in duties are saved their consignees.

"American goods are gaining a foothold in the Orient, and it is essential that they should do so if America is to maintain her prestige in the commercial world. Until recent years the trade of the Orient had not been sought by the American manufacturers, their goods being consumed first at home and then in Europe. A large export trade and commercial intercourse with foreign nations, many of which afford virgin ground, are to be fostered both for prosperity at home and commercial prestige abroad. If this is to be done the wants of the consumers must be consulted and met.

"These criticisms," says the writer, "are submitted for the consideration of American exporters, and it is believed

that they will realize the correctness of the statements and the necessity for full and specific invoices, and for proper packing."

In considering these suggestions it is also well to bear in mind the importance of bringing our goods to the attention of the natives in such a manner that their first impression regarding American manufactures will be a favorable one, that our trade may not be handicapped at the start by prejudice. This feature of its development is one to be dealt with on the ground by representatives of our manufacturers and exporters, the American merchants in the Philippines. And too much care cannot be given to the manner in which the situation is handled. This can be done not only by a study of local wants and an exhibition of goods that conform to the requirements, the distribution of advertising matter clearly describing points of superiority of our articles over those of other countries in a manner that will be understood by the native, but above all by employing a friendly attitude toward the native buyer, and by obtaining his good will and confidence. The lack of a feeling of good will between our commercial representatives in the islands and the Filipino merchant has been the subject of comment, and it must be admitted that for some reason American trade has not gained the commercial advantage in the islands that might be desired. Governor Taft, referring to the attitude of American merchants with respect to the Philippine trade, announced his refusal to believe that our merchants are not as keen and quick to seek commercial advantages as any of their competitors in the world. His remarks on the subject are as follows:

"The American trade in these islands—and by that I mean the demand of Americans for goods and supplies—can never exceed that of 20,000 people in addition to the soldiers who may be here. The demand of the Filipino people will be a demand, when created and encouraged, of 7,500,000 persons. The only hope, the only possible source, of real business and of real trade that can be dignified by the name, which the United States or any of our merchants, whether living in the United States or in these islands, can have is with the Filipino people. The promotion of their material and intellectual welfare will necessarily develop wants on their part for things which in times of poverty they regard as luxuries, but which, as they grow more educated and as they grow wealthier, become necessities. The carrying out of the principle, 'The Philippines for the Filipinos,' in first promoting the welfare, material, spiritual and intellectual, of the people of these islands is the one course which can create any market here among the people for American goods and American supplies that will make the relation of the United States to the Philippines a profitable one for our merchants and manufacturers. If that be true, does it need a business man to tell—may not a layman say with the utmost confidence—that a policy which embitters and renders hostile a whole people to the American merchants in these islands must necessarily defeat all hopes of increasing the American business here? What do you say of a merchant who sneers audibly at his customer, who calls him names, who turns

his back upon him, who submits him to all sorts of social indignities? Is he likely to have any customers? Are those who are induced to patronize him going to remain his patrons? Now, right under our very noses here we have Spanish merchants, English merchants, German merchants and Swiss merchants. They are engaged in selling goods to the Filipino people and in exporting from the islands their agricultural products. That business is a most lucrative one. America is competing with Great Britain in almost every market in the world in cotton goods, and yet nine-tenths of the cotton goods sold in the islands are sold by the Englishmen and English factories. The greatest export of these islands is hemp. Who does the business in exporting hemp? Nine-tenths of it is done by English merchants, and that, too, when more than half of the hemp raised in these islands is shipped direct to the United States. Now, I wish to ask whether in public, in the newspapers for which they are responsible, or in the presence of the Filipinos, the English merchants, or the Spanish merchants, or the German or Swiss merchants, take up their time in abusing and insulting the Filipino race? If so, I am not aware of it.

"The hemp which is exported is purchased ultimately from the Filipino land owner; the rice which he must have is sold to him and brought upon the same ships that take the hemp away. Buying the hemp and selling the rice intelligently, with a due regard to profit and an increase of the business, involves a knowledge of the native merchants, the native hacendero, and the native local conditions. So, too, in the selling of goods, the native tastes must be studied, close examination made into the question who of the natives may be safely trusted, what credits can be allowed them, and an intimate knowledge gained of the native customs and native desires as well as of the language of the country. Certainly it does not help to transfer that business from the Englishman, the Spaniard, the Swiss, and the German to the American merchant, when it is understood that the attitude of the American merchant and the American resident is always bitterly hostile to the Filipino and utterly contemptuous of him and his business.
* * *

"Should the Congress of the United States, as I earnestly hope it will, reduce the tariff upon sugar and tobacco, there will be created a trade between these islands and the United States which can but lead to a counter trade in American products here, and this in spite of the fact that there may be no discrimination here against the goods of England, Germany, or other countries. The discrimination in favor of these islands by a reduction of the Dingley tariff must operate to turn a great proportion of the trade of these islands toward the United States, and the material development of the people must increase that trade. I shall not believe that the American merchants now in the islands, nor those who are to come here, will be lacking in that sagacity which they have at home and that they will blindly put an obstacle in the way of their own success by following a policy born of prejudice and not of good sound sense.

"I am not insisting that merchants who come here and invest their little or their great capital shall, at a loss to themselves, support the policy of the Government from altruistic motives or on the ground that the honor of the nation requires such a policy. I urge it upon them chiefly because it is the only method that I see by which the American trade in these islands can be made profitable and the American merchants who have ventured here can be made rich. The policy will, in fact, be carried out because it is a national obligation; but it is most fortunate that we find moving toward the same end both honor and profit. I am confident that Americans in these islands will realize this before it is too late."

OPPORTUNITIES FOR INVESTMENT IN THE PHILIPPINES.

A Manila paper of late date invites attention to a few opportunities for profitable investment of capital in the Philippines that may be of interest to persons desirous of establishing a business there. Ever since the Americans came to the islands experiments have been conducted by them in connection with the agricultural resources. Hemp offers an alluring medium for large returns and considerable American money is already influencing the growth and marketing of that important Philippine product. If the construction of railroads now contemplated in the Province of Albay, which, together with the adjacent provinces of Camarines and Sorsogon, may be credited with practically one-half of all the hemp grown in the islands, is carried out, it is not improbable that the next few years will show great progress and development in the territory opened up by these lines. The following paragraphs appear in the article above referred to:

Manila needs a paper mill. There is a vast quantity of fibre going to waste in the islands that is suitable for the manufacture of paper. Even the coarse, rough paper for packing and binding packages is imported, and old newspapers sell to the Chinese for about as much as the cost before passing into the hands of the printer. Much of our paper at the present time comes from Germany, America furnishing a fair share. Even under a rearrangement of the tariff it would be difficult for foreign firms to compete with the output of a local factory.

All our refined sugar comes from Hong Kong. We ship the raw product to the British metropolis and they return the refined article to us, and the local consumer pays freight both ways and the cost of running it through the foreign sugar machine. The most prominent candy manufacturers in Manila buy their sugar in America. We need a sugar refinery.

Among the southern islands experiments have proven successful in the production of rubber and there is a quantity of land that is suitable for the growth of the rubber tree. At the present time Americans with small capital are beginning to exploit this industry. They are enthusiastic as regards the success of their ventures.

For years the world has heard more or less about the pearl fisheries of the Philippine Islands. The work of developing these valuable deposits has been undertaken with successful results by men of different nationalities for half a century. An American company but recently organized is at the present time working among the beds of the Sulu Islands and the profits are extremely gratifying to the promoters. Efforts are being made to enlarge the concern and continue operations on a better organized basis. The price of pearls, as well as the shells, is constantly rising, a fact that will appeal to investors in this kind of property.

All forms of railroad property, including street railways, are receiving special concessions from the Government in the way of liberal franchises and guarantees against loss. This point has been so widely discussed in the press of the United States and by different members of the commission that it is but necessary to mention it here. There is certain to be an era of railroad building in the Philippines for the next ten years under these favorable conditions.

A glass factory is one of the possibilities of the future. All articles of this class are imported at this time. Heretofore, windows were made from transparent shell, but as American ideas of architecture supplant the styles of former days there is a growing demand for window glass. Large quantities of manufactured glass find a market in the interior and the native demand is sure to increase as the standard of living is raised by the natives coming in closer contact with the foreigners.

There is one small rope factory in the islands, the product of which is not nearly enough to supply the local demand. There is no reason why a cordage factory on the most modern plan should not prove a profitable industry in

the Philippines. Modern machinery, combined with the skill of the native laborer, should result in large earnings for the promoter.

RAILROADS IN CHINA.

According to the Kolonial Zeitung of June 9, 1904, a new railroad was opened to public traffic in Shantung, China, on June 1. Although other roads were built and operated in China previously, this road has a deep significance at this time. Work during 1903 had been urged forward so as to finish it within the time agreed upon for its completion when the right to build the road was conferred by the Chinese Government. The full payment, therefore, in series of shares of the nominal value, each series, of \$1,428,000 was called for; so that January 1, 1904, saw the full amount, \$12,852,000, paid up. By 1902, 129.24 miles had been built between Tsingtan and Tschang-loh-sien. By March 1, 1904, 223.69 miles were in operation. Finally, on June 1, the main line of 241 miles and a branch to Schetochuan from Tschangtien of 11.18 miles were opened.

During 1902, 4,280 passengers were carried each week and 256 tons of goods were transported. In 1903 the number of passengers carried weekly was 6,813 and the amount of goods 818 tons. In 1901 on an average of 40.38 miles the traffic was 59,912 passengers and 5,473 tons of merchandise; in 1902 on an average of 105.63 miles the passengers numbered 221,197 and the merchandise amounted to 13,845 tons; in 1903 on an average of 157 miles the passengers numbered 363,343 and the merchandise amounted to 44,962 tons.

RECEIPTS FOR THREE YEARS.

Year.	Passengers.	Freight.	Total.	Receipts Per Mile.
1901	\$30,819.31	\$16,181.87	\$51,868.12	\$946.00
1902	110,937.24	91,359.85	211,425.29	1,989.89
1903	212,184.73	205,496.60	442,239.65	2,790.77

RUNNING EXPENSES FOR THREE YEARS.

Year.	Total Expenses.	Expenses Per Mile.
1901	\$75,008.43	\$1,368.30
1902	236,991.45	2,237.80
1903	289,253.60	1,829.28

The receipts for 1904 will be much larger than for the last or for any previous year, for the amount taken in for the first five months of the current year was already \$400,000, or nearly as much as the total for the year 1903.

A NEW LINE FROM CALLAO TO HONGKONG.

[From United States Consul Gottschalk, Callao, Peru.]

A new line of steamships has been instituted to sail periodically from Callao to Hong Kong and other China ports via Panama. The chief movers in the new enterprise are Lima merchants, Domingo Almenara, Fox, Leon & Co. and other (Chinese) merchants. Their first steamer, which left here May 23, is the Kensington (British), a chartered vessel of 2,246 tons. These steamers, which are to leave here either in ballast or with cargoes of cotton, but carrying passengers, are to return, after an absence of two to four months, with cargoes of rice and general merchandise from China. The Kensington carried 150 passengers (chiefly Chinamen) from Callao, and took on fifty more at Panama, where she touched May 28. The vessels of this line are intended to furnish a convenient and rapid mode of transit for the cargoes and passenger traffic now carried on between Callao and China by sailing ships.

In this connection it may be interesting to note that, although the rice produced in Peru (neighborhood of Chiclayo and other places) is generally conceded to be superior in quality to that brought from China, the former does not suffice by one-half to meet the local demand. This information may be of value to American exporters of rice.

A. L. M. GOTTSCHALK, Consul.

CALLAO, Peru, June 1, 1904.

OUR EXPORTS TO JAPAN.

(From United States Consul Covert, Lyons, France.)

A French political economist, considering the trade of Japan with the great nations of the world, gives the following figures for the exports from the countries mentioned to Japan during 1902:

British India...	\$25,400,000	China	\$20,300,000
Great Britain...	25,150,000	Germany.....	12,400,000
United States...	24,350,000	France	2,370,000

In 1903 the four principal exporters to Japan stood thus:

British India...	\$35,050,000	United States...	\$23,100,000
Great Britain...	24,300,000	China	22,300,000

British India and Great Britain, taken together, are far in the lead. But the following statistics show that the gap between the United States and Great Britain is closing up rapidly:

EXPORTS OF GREAT BRITAIN AND THE UNITED STATES TO JAPAN, 1890-1903.

Year.	United States.	Great Britain.
1890	\$3,000,000	\$13,000,000
1895	4,500,000	22,500,000
1900	31,000,000	35,500,000
1901	21,000,000	25,000,000
1902	24,000,000	25,000,000
1903	23,000,000	24,000,000

The writer concludes that it might as well be admitted that the United States will soon, by reason of its geographical position, exceed all other nations as an exporter to Japan. The United States has almost a monopoly of Japan's petroleum and cotton imports.

The import of American sewing machines into Germany during the past four years was as follows:

VALUE OF GERMAN IMPORT OF AMERICAN SEWING MACHINES, 1899-1902.

Year.	Tons.	Value.
1899.....	1,907	\$716,340
1900.....	2,497	1,071,476
1901.....	1,842	838,426
1902.....	1,728	789,208

It will be seen that the import of American sewing machines shows no increase. German manufacturers, however, demand better protection. They claim that the American companies doing business in Germany cater direct to the consumer through an army of agents, while the German manufacturer, for the most part, still adheres to the method of selling to dealers.

ERNEST L. HARRIS, Commercial Agent.

EIBENSTOCK, Germany, April 23, 1904.

BELGIAN ENTERPRISE IN CHINA.

Le Mercure, a French journal, in its issue of May 29, says:

"The construction of the Peking-Hankow Railroad is the most important of the Belgian enterprises in China. The imperial decree authorizing the viceroys of Tchili and Hupeh and the director general of the Chinese railroads to make a loan for the Lukuchio-Hankow Railroad was signed in June, 1898.

"A company composed of Belgian and French capitalists has subscribed to \$21,712,000 of this loan. This company has also been assured the construction of the line for 932 miles. The roadbed and rolling stock will be valued at \$3,280,000.

"Another company has obtained a concession for the construction of a line from Kaifong to Honan, which will be ultimately projected to Kansu.

"The International Tramway and Lighting Company of Tientsin has been formed, with a capital of \$1,206,000, and is located at Brussels.

"In March, 1902, the Chinese-Belgian Bank was formed, with a capital of \$193,000, with an agent at Shanghai.

"Important Belgian interests are also engaged in the Chinese Engineering and Mining Company, at Kaiping, and the Grand Hotel Sleeping Car Company, at Peking.

"In addition, different Belgian companies are exploiting Chinese mines."

IMPORTANCE OF KNOWING FOREIGN LANGUAGES.

A very prominent German newspaper, the *Cologne Gazette*, contains a noteworthy article, which says, in part:

At this time, when there is so much complaint about inability to satisfy the numerous applications for employment in the public service, we deem it well to point out that the development of the German Empire occasionally creates new professional lines which, though known to but few, offer to young men favorable opportunity to enter the service of the state and obtain therein a comfortable living with the prospect of promotion. The relations of the German Empire with China have recently made it necessary to establish new consulates and to increase the working force of those already existing there. The most desirable candidates for these posts are young men who (having performed their one year's volunteer service in the army) have, during their university course of study, acquired a knowledge of the Chinese language at the Oriental Seminary. [There is such a seminary at the Berlin University.] The usual term for the study of that language is, for law students, two years; for those devoting themselves exclusively to the study of Chinese, twelve to eighteen months. Under normal conditions, a law student twenty-one or twenty-two years of age can, by serving the German Government in China, secure a well compensated and financially independent position with favorable chances for rising in the consular and eventually entering the diplomatic service, and also a position to represent abroad other German interests.

The above is worthy of consideration not only because it denotes the aim of Germany to exploit the great Chinese field, but also because it shows the excellent methods used by the Germans to obtain influence in foreign countries. The German Government, as well as the German manufacturing and exporting classes, know by experience that the mastery of the language of the foreign country which they want to bring under their influence is an essential requisite for their representatives abroad. Because of this knowledge the acquirement of the difficult Chinese tongue is deemed obligatory for German representatives in China. With very few exceptions the German consular and diplomatic officers command the language of the foreign country in which they are located.—Richard Guenther, Consul General, Frankfort, Germany, June 22, 1904.

PERSONAL EFFORTS WIN.

In a late report the British Consul General at Hankau says:

"It appears that the Germans and the Belgians have secured all the contracts awarded by the Chinese authorities for supplying machinery to the arsenals, mines and iron works.

"The English firms are themselves to blame for thus remaining empty handed. In this as in numerous other cases it is owing to their indolence that their competitors carry off the prizes. Occasionally English firms send price lists to this consulate, requesting their transmittal to suitable parties. But they are not aware of the fact that the Chinese authorities prefer dealing directly with the contractor or manufacturer in person. When it is desired to obtain government contracts here, then properly accredited representatives must personally negotiate with the chiefs of the governmental bureaus and give to the latter full information on all points concerning British productions."

The remarks of this British consul apply with equal force to American exporting interests.—Richard Guenther, Consul General, Frankfort, Germany, June 24, 1904.

“MANCHU AND MUSCOVITE.”

The following extracts from a volume just issued under the above title by Macmillan & Co. will be found interesting at the present juncture. The volume contains, on the whole, the most interesting study of ante-bellum conditions in Manchuria which has yet been attempted. Its author is Mr. B. L. Putnam Weale, and its contents are described as “Letters from Manchuria Written During the Autumn of 1903”:

BUSINESS IN A NEW WORLD WAY.

The Chinaman has made a great name for himself in business, and China is a place where men may deal for years and never know a pang. It is not so with the Russian, for he has never been looked upon in business except with suspicion; but it has been left for the new embryo empire on Chinese territory to show how impossible it is for either European or Chinaman to put trust in his dealings, political, commercial or any other kind.

When the blight of 1900 settled on Manchuria some beginnings in the new world trade I am about to speak of had already been made. Port Arthur and Harbin were towns of a sort—troops were there; and where there are troops, commerce, as it is understood here, commences. The position of the Russian when he pushes a step forward toward the Southern goal is curious and without parallel among the other nations of the world. For the Russian comes like the model war correspondent, without a thing except the clothes in which he stands; and instead of bringing things himself from his own home, he entrusts to others the task of procuring everything that may be necessary, making no stipulation as to where it shall come from. To buy from the outside world is absolutely necessary for him, since he has but little of modern make within his own borders. Now, when you begin empire building extraordinary you apparently need things without end. One want supplied merely shows the pressing need for something else. Years pass by, millions are carelessly and foolishly paid out, and still it does not seem to end. It is a splendid business while it lasts, and if you manage to be paid before the crash comes.

In Manchuria there were, and indeed still are in a somewhat lesser degree, four great sources of business existing quite independently and apart from the real trade of Manchuria, and carried on either at the seaports or along the iron track. These are the railway, the navy and naval works, the army and the army commissariat, and what might be called the general provisioning. The railway means sleepers, iron, steel, iron roofing, locomotives, tools, timber, and a thousand other things which could be largely obtained locally if the Russian had the Englishman's resourcefulness in a new country. The navy and the naval works comprise such things as dock making, machine shops, machine sheds, machine tools, steam launches, dredgers, pontoons, etc. The army always needs absolutely everything, for it comes out practically unequipped for the new conditions of the service. As for general provisioning, there are fortunes to be made so long as you can supply

the right brand of champagne (extra sweet) and do not put too much sawdust in the flour.

These are, however, simply a statement of the main categories; it is the methods to which I would direct particular attention; so let us proceed to work and do business—fortunately on paper.

The first thing you must be armed with in Manchuria is a big pocketbook full of rouble notes. Unless you have this you might as well take the first steamer and go home, for in the Russian Far East the axiom that money makes money is propounded in an odd way, and you must be prepared to accept the ingenious local reading or none at all. Assuming you have the pocketbook, what do you do? You proceed to spend its contents apparently carelessly and without thought, but really on an admirable principle. You admit by deed that the pay of Russian employees, officials and high officers, in fact of the whole official world, is on a ridiculously inadequate scale; that life is expensive and that contract making is a legitimate source of revenue. For it is bona fide Government contracts, quasi-Government contracts, semi-Government contracts, and even demi-semi-Government contracts, which practically constitute all Russian trading in interesting Manchuria. As for the real trade of the country, neither the Russian nor the merchant who has followed him knows or cares anything about it.

Having duly ingratiated yourself with the official world, both large and small, and engaged a poor, pale looking person clothed in a uniform to act as your private intelligence officer, you calmly wait to see what the zephyrs, duly propitiated, will blow your way in this best of worlds. You may wait for weeks, and then suddenly one morning, as you are pondering over the curiousness of life and sharpening your pencils for want of something better to do, your poor, pale youth aforesaid will dash in on you with face aflame and eyes sparkling and exclaim: “Contracts! Contracts! much contracts!—100,000 bags of flour for the army, ten locomotives for the railway, and 1,000,000 square feet of wood. Private tenders only!” Ah, kind words, “private tenders only.” For you have not to face the scrutiny of a righteous committee, each member of which is determined that the others shall not make more than he does. The glare of publicity will not shed its fierce light on your shortcomings, on your private arrangements. You may work quietly and quickly alone, and, provided that you are blessed with average brains, you need have no fear. So to work; count your notes and go forth. If you are well armed, the battle to be fought is already won.

So, mounting your carriage, you begin your work for those contracts. It may last a day, two days, five days, a week, two weeks; who knows? The Russian is sometimes slow to act, even when his percentage is duly fixed, for he will always want more. Suddenly one night, it might even be 3 in the morning, he makes up his mind; contracts are brought to be signed; you sign them and one-half is completed.

In the old days, when both Port Arthur and Harbin were a good deal smaller—that is, before the great invasion—your chase after the contract was a matter of local interest. In Port Arthur, for instance, there was only one small circle of streets to drive round after the contract givers. You began on the local bund, stopped for a moment at the small restaurant where so many millions have changed hands, and took a hasty look round. No, your man was not there; so, saying, "Go on" to the *isvostchick*, you went round and round that small circle. If you had not caught up the man you were looking for on the third or fourth round you knew you were going the wrong way. So you stopped your carriage and started the other way round. Sooner or later you certainly came across the mighty one going in this direction. This gave a local interest in the affair and was the daily play. Rivals would ask frantically, "What is it?" and without waiting for an answer would start the chase after the rouble, too, even with the heavy time handicap against them. Now, however, the growth of towns has stopped all that, and on the modern telephone you may accomplish in a few seconds what once took you hours of excited and frantic driving round a half mile course. Those were the good old days of two or three years ago, already bemoaned by all.

The contract duly secured means certain important things agreed to. It is sufficient to say that it has become an understood thing in Manchuria that No. 1 of the department with which you are dealing gets $7\frac{1}{2}$ per cent. of the gross contract price; that No. 2 has his $2\frac{1}{2}$ per cent., and that Nos. 3, 4, 5 and 6, down to the very palest and poorest young man in the shabby uniform on £4 or £5 a month, split another 5 per cent. among themselves. This 15 per cent. is in itself no small amount to have to add onto a huge invoice; but even this does not finish all. Nearly everything comes into the country by sea, for the railway is, after all, a make-believe and only loves rich passengers and quick freights of the vodka type. Ships have to come into ports and ports have port officers who are miserably poor, but withal have expensive tastes. So, unless you have a few thousand roubles handy for the port these port officers may be your ruin, for they can very easily stop your unloading indefinitely until demurrage kills you.

So you must have your few thousands ever ready for eventualities, no matter how complete your arrangements may be. Prices, it is true, are not as exorbitant as they used to be. Money, so tight in other parts of the world, is even harder to find among the Russians of the Far East since the crisis. But, in spite of the dangers which immediately menace them unless they obey the unwritten law, sometimes men are found who absolutely refuse to be parties to Russian deceit, corruption and fraud. A noticeable instance, though it occurred some time ago, is still the talk of Port Arthur, and men take sides and argue fiercely, not about the right or wrong of the whole matter, but merely whether it was good business or not.

The thing occurred in this way. A big American house secured a giant contract for hay. Everything was settled; the hay arrived, the transaction was practically finished when the trouble only began. That is the worst of it where the

Russian is concerned—you never know when you are safely out of the wood. The inspectors inspected the hay, fixed their commission among themselves and sent a duly authorized deputy to the offices of the big American house to receive the roubles. Imagine his surprise when he was told that the entire transaction was ended, the books closed and that there was therefore no more money for anybody, not excepting the Czar himself. The duly authorized deputy stormed; the agent of the big American house remained firm. "All right," said the Russian at last, "we shall see who wins." So he went back and nothing was heard for a day or two. Then a big departmental dispatch came, saying that as the hay was not up to the standard and contained a heavy percentage of dirt, the entire consignment was rejected and delivery could not be taken. What could be done? Nothing at all, for there is no appeal against the Russian Government, since it can do no wrong; and a loss of £20,000 sterling had to be faced by the contracting firm—a ruinous price, even for righteousness.

This sort of thing has been disgusting decent people more and more, until the big American house has received orders to close up all its agencies as soon as it can collect its money, and others are rapidly following suit.

But a more interesting and flagrant case, in which the Russian won, has gone down in local history and is worth repeating.

Several thousand tons of Cardiff steam coal had been bought by the Russian authorities and were being delivered when the senior engineer of the squadron in harbor descended on the managers of the contracting firm. "This coal you are selling the Russian fleet is good, very good; but it has one drawback—it is too cheap," he said.

"Too cheap!" replied the astounded agent; "what do you mean?"

"You are selling for 14 roubles a ton what is worth 18 roubles a ton to me. Make out the contracts at the higher price. I will pay you at that rate. Two days after the money is paid over to you I will call at your office and you will pay me the difference between the original price and the one I have just named. It is my share."

The agent, who was very young, refused pointblank. "All right," said the fleet engineer, "then your good coal is bad now; it will not burn. The Russian fleet does not like it."

The Czar's officer left irately and the young agent cabled in despair to an older agent for instructions. The older agent finally came himself, and, as his firm could not face the loss of a broken contract, he had to order the younger man to give in. And do you know the supreme argument used by the fleet engineer, and one to which he recurred with parrotlike insistence, probably believing to this day that it won for him? Hauling out a huge gold watch on which was a magnificent imperial monogram, he cried bitterly in broken English: "I am the friend of the Czar; when he was a young man and Czarewitch, and came out here, he liked me and gave me the watch. He is my friend. Please pay the money! I am very good, the Czar he like me; please pay me the money!" Have you ever heard of such an argument? On the principle that the

king can do no wrong it was undoubtedly a fixed idea with this officer of the Czar that erstwhile imperial friends are above ordinary codes—that an imperial watch is a passport of respectability to all, and that it was miraculous, impossible, absurd that ordinary merchants should not recognize this excellent logic and bow to a well reasoned decision.

The unsophisticated will have realized what an extraordinary state of affairs prevails in this new world trade. Americans are apt to talk of the wear and tear of life in American cities. It is nothing to the nervous strain of having business dealings with either Government or private Russians on or along the railway empire in Manchuria. The prospective profits are, however, so great that the temptation to remain is nearly always too strong. Everyone is always going in for one final coup and then finish and home. Like all unwholesome speculations, the fever finally gains you until it becomes a mania and your departure is postponed from day to day, from month to month, and then from year to year. Everybody is anxious to make a pile rapidly and then to leave the sinking ship before the waves engulf it. Everything is forgotten in the frantic chase after the traveling rouble. Morals are cast to the winds.

Each night you are forced to go and drink champagne amid sordid surroundings, with the smell of topboots offending your nostrils. You dare not halt a minute, for if you do you will drop out of the running and be known no more. Credit extended to unlooked for and dangerous proportions supports the whole vain fabric and may collapse at any moment. To be seen is to be trusted. When you are not there, who knows what may not happen and what stories will not be circulated? Only fierce wrangles succeed in extorting sums long overdue. The Government will not pay until the very last minute. Private contractors are worse and simply have no hearts at all. As for small merchants, shops, restaurants and the minor fry, only blows will bring them to reason. All is honeycombed with bribery, corruption, venality, false accounts and every deceitful thing. Every man is squeezing his neighbor for all he is worth. Nobody will move until his palm has been greased. Chinese are aghast and ask how it is that their own officials have acquired such a name for squeeze, when in Europe squeezers and renderers of false accounts exist to such an undreamt of extent.

From very top to very bottom, without exception and without one blush, this state of affairs is to be found in the boasted Russian Far East. Commercial travelers who arrived joyously by rail from Austria, France and Germany a year or two ago—mostly commercial travelers with hooked noses—and who made contracts right and left with twelve and fifteen months' credit, are dismayed to find that there is little chance of their ever being paid, and trail the streets with downcast looks. Day after day men are "missing"—mysterious disappearances, to find the clue of which you must look for the overdue rouble.

Everybody is hoping that it will come out all right in the long run, and is meanwhile piling on the percentages higher and higher, so that if the crash really does come they will at least have something to the good with which to make their escape.

This, therefore, is a rough sketch of Russia, almost down to the warm waters. Since everything is seen in the bright rays of a sun that is scarcely ever clouded over, a moral disorder unparalleled in the history of the Far East is the direct result. The railway, the army, the navy, the commissariat, merchants, traders, shopkeepers, all of them are mere speculators, speculating with Government funds; inflating credit until it is credit no longer, but mere make-believe; each determined that this golden East is going to make his fortune or that he will rot in the attempt. Sell up Government stores, take Government money, do anything so long as the roubles roll in. All are hungry, and a

few thousands won merely whet the appetite for countless roubles more. Smooth Hebrews, basking in the sunshine of official favor, have won the most, but there are others. Young men who have little moral stamina are whisked in a few months from the pleasant dream times of youth into pale, overstrained men, their manhood sapped before it has grown mature by excesses thrust on them through force of example and because they are determined to love Mammon alone. A hundred or even five hundred roubles spent in a night is nothing extraordinary for men whose legitimate incomes scarce exceed three figures in sterling per annum. Do not stop, for he who stops is trampled to death by the eager crowds which surge after.

Meanwhile the cunning ones are rapidly settling up at any figure. Square jawed men are losing their determination under the strain and feign a false gaiety to conceal the fear which gnaws at their hearts. After all, let war come, they think; it is best for you and best for me. Perhaps after the deluge life will be worth living. It certainly is not so at present.

ON THE TRAIL OF THE SERPENT.

To the average man, and certainly to anyone who does not know his Far East from the inside, the name of the Russo-Chinese Bank suggests nothing much in itself, and is indeed quite innocuous. Even in places where it actually functions, it is ostensibly a bank established with the philanthropic object of facilitating commercial intercourse between Chinese and Russians—a financial institution concerning itself with the squeezing of big exchange profits out of dealers in roubles and dollars and nothing else. But know all you who are not already informed that this prince of modern and up to date banks is divided into two great departments—the financial and the political—and the first somewhat coarsely masks the second, which is the reason of being, the leading motive of the whole ingenious creation, and that it is this bank which, more than anything else, is responsible for China's troubles during the past years.

Indirectly, the bank may be said to be a manifestation of the Russian's very real admiration for English success in the Far East, that astonishing success which has attended the spread of Anglo-Saxon trade and ideas under the ægis of England's undisputed naval might.

When Prince Utkomsky toured the East with the Czarevitch, almost exactly ten years ago, nothing impressed him so much as the results accomplished by Anglo-Saxon energy at those great marts, Hong Kong and Singapore, and in a lesser degree at the China and Japan Treaty ports. All the observations of this great empire builder were carefully noted down, and after he returned to Russia time only was needed to see his ideas take practicable shape. Utkomsky fully realized that unless Russia took early steps to combat the rapidly growing influence of Englishmen and English ideas, propagated, not by Government help, but indeed rather against the Downing Street wishes, the Far East in a few short decades would be so saturated with Anglo-Saxon methods, ideas and standards that no other culture or Power could hope for success. Speedy action was therefore necessary, and speedy action soon came.

The Chino-Japanese War interrupted the immediate prosecution of Utkomsky's schemes; but no sooner was that far reaching little war ended than the Russian bugles rang out clearly for such as had ears to hear. The message of those bugles is told in the eventful years of 1895 and 1896. I have already elsewhere discussed in detail some features of these years, but others have yet to be told. What diplomacy can effect has never been more brilliantly demonstrated than in those times. The year 1895 should have been a glorious one for one Power alone in the Far East—Japan; instead of this, Russian diplomacy converted Japan's victory, which was such a terrible menace to all St. Petersburg's expansionist schemes, into a Russian paper success, and left the Island Empire, though its mar-

tial spirit was still throbbing with exultation, at heart sorely alarmed by the unexpected turn of affairs.

Two names must be writ large on the Chinese canvas of 1895—those of Cassini and Uktomsky. These two men did more than any others to set the snowball rolling down from bitter Siberia on to China—a snowball that at this very moment terrifies all, onlookers and the men who launched it alike, with the hidden possibilities of the future. Cassini, the Russian Minister at Peking, began in that year those plottings and coquettings with sorely offended Chinese and Manchu officials which are responsible for the apocryphal Cassini convention; and, in December of the same year, Uktomsky organized the great politico-financial Russo-Chinese Bank and secured his imperial master's consent to the prosecution of numberless schemes, which embraced the ultimate destruction of China and the reduction of Japan to the rank of a secondary Power. And so successfully were Uktomsky's ideas carried out that the Russo-Chinese Bank, nominally with a capital of but 15,000,000 roubles, or roughly £1,500,000 sterling, has in eight years done more in the Far East than the British Government in half a century; has secured vast concessions; and has opened fifty branches in widely different places which stand like the points of cavalry patrols from Central Asia to the Sea of Japan, showing observers the vastness of Russian aspirations; for where those points are, one day will the Russian tricolor be hoisted.

Brutally put, the Russo-Chinese Bank is merely the weapon forged by Uktomsky to assimilate China, which, by elevating Russia to the proud position of the arbiter of Eastern and Central Asia, is to reduce automatically all the other Powers, but more especially England and Japan, to positions of secondary importance.

The task which confronted the promoters of this political concern when it was launched on the world was no mean one, for there were enormous odds to be fought against; and it is only fair to acknowledge that the greatest diplomacy and generalship of the intriguing sort were shown from the very moment of its official birth. At first it was made to appear that St. Petersburg capitalists were disinclined to find the necessary money to insure a successful flotation of the bank (although no flotation was really necessary); and consequently that Continental Europe had to come to the rescue. This was a most clever move, for as soon as Paris, Brussels, Amsterdam and other great centres were financially interested in the success of the business part of the venture the sympathies of Europe could be counted on; and Russia relies greatly on Continental sympathy. The fifteen millions were very easily found—were indeed many times oversubscribed when they were called for; and on the eventful 10th of December, 1895, an imperial ukase, launched from St. Petersburg, announced the organization of the bank. The words "organized under imperial decree," which are used by the bank, are practically the only true and open ones it has ever spoken, for they most aptly describe what was actually done and hint at the secret arrangements between Government and financiers which were undoubtedly made. The promoters of the Russo-Chinese Bank borrowed the idea of their institution directly from the well known Chinese model; for in China big undertakings of modern date are nearly always semi-official and are directly supervised by the Central Government. In China, as soon as a brilliant idea germinates in the brain of a yellow genius and is approved of by the powers that be, officials are appointed to organize the undertaking planned, while contributions are invited from the mercantile classes; then, when the capital needed is fully subscribed, the shareholders or bondholders appoint representatives to look after their own interests and to secure that a fair share of the profits accrue to them, while the actual management remains in the hands of Government officials. The profits earned are largely possible because the Government is directly interested in the welfare of the

undertaking and therefore gives it something in the character of a monopoly.

In the case of the Russo-Chinese Bank a similar procedure was adopted. The Petersburg Government had vast plans in its portfolios and needed a convenient covering both to mask them and to make them feasible. That covering was provided by the genius of an Uktomsky and his brilliant lieutenants, and other men were not found wanting to work out the minor details. Once the Russo-Chinese Bank was floated—if such a term can be applied to a Government concern—it was necessary to have an efficient working plan, and no time was wasted in finding that plan. It was decided that in each branch of the bank, beginning with the head office in St. Petersburg, and ending with the most insignificant outpost bank, there were to be two departments—one concerned with actual banking and the guarding of the interests of bona fide shareholders, the second with the winning of political influence by the obtaining of so called concessions in mining, railways, lumbering and any other field which suggested itself to the fertile brains of the directors.

The whole undertaking was so crowned with success, for the Russian Government can, and does, find brilliant agents to carry into execution its projects of world empire.

The very first thing the bank had to do was to turn its attention to Manchuria. The results of the Chino-Japanese war had given a terrible shock to the astute gentlemen who dwell on the banks of the Neva. Relying on their agents in the Far East, they had supposed that China would inevitably defeat Japan; and when the reverse occurred, and it seemed as if the Island Empire was about to close the roads down to the Yellow Sea by the seizure of the Liaotung, Russian bureaucrats were aghast, and lost no time in organizing the triplicate of Powers which forced the retrocession of the peninsula on Japan. The rapidity with which this was effected is astonishing when one remembers with what slowness diplomatic pourparlers generally proceed. The Shimonoseki Treaty of Peace was signed on April 17, 1895; the ratifications were exchanged on May 8, and only two days after this ratification a Japanese proclamation was issued stating that Japan was prepared to return the ceded Liaotung territory to China owing to the friendly representations of neighboring Powers. Russia's terror is plainly shown by this haste to restore the status quo ante, and it is interesting to recall that when Li Hung Chang, the Chinese Plenipotentiary, was demurring about signing away Chinese territory, Colonel Wogack, the Russian confidential agent, arrived at Shimonoseki and told him to put his signature without fear to any instrument he liked, as Russia was coming to the rescue.

These things hastened the work of the Russo-Chinese Bank, and by September, 1896, nine months after its official birth, this political weapon secured the concession for building the trans-Manchurian Railway, and the Manchurian question had been opened, although English statesmen remained incredulous.

The Russian Government was fortunate in having a most redoubtable agent in the bank in Peking, the great Monsieur Pokotilow, through whose untiring efforts so much has been done, and the bulk of the far reaching railway concessions arranged. When he arrived in Peking in the early days of 1896 he was a young man in the thirties. When he left the scene of his activity in 1903, seven years' work had given him a bent and broken appearance, and strangers supposed him to be a man of sixty. In this manner do Russian agents work.

The first concession obtained by the bank was but the prelude to a second, to a third, and then to many others; for the chief idea of the planned Russian conquest was to envelop China and her outlying territories with a strategic network of railways, which would choke the officials and people to death as soon as it was deemed prudent to throw

off the thin disguise. The second concession, tied up in a single clause of the Port Arthur leasing agreement, was even more important than the first. To arrange the final details, Prince Uktomsky himself visited Peking in 1897, and brought verbal instructions to the Russian chargé d'affaires, M. Pavlow, and the bank manager, Pokotilow. Prince Uktomsky's diplomacy had already succeeded in persuading Mr. Victor von Grot to join the bank and proceed to Mongolia, where he was to become the commander of the line of advanced posts which were being established. Mr. Von Grot was a splendid acquisition. But thirty-three years of age, trained for ten years under Sir Robert Hart, he had given unmistakable signs of extraordinary ability, and was therefore a marked man to the Russians. He was accounted in Peking facile princeps in the difficult art of Chinese despatch writing, and was one of those curious men to whom work is the reason of existence, and recreation an unknown thing. But he had an even more important accomplishment. He possessed a complete knowledge of the mysterious Peking world, and had been so closely concerned with the preparation of documents of great value, for several years previous to his enlistment in the service of the Russo-Chinese Bank, that he thoroughly understood the local atmosphere and the working of all the many political levers. And it is significant that, only a few months before his resignation from Sir Robert Hart's service, he had translated an exhaustive memorandum for the Chinese Government, containing remedial suggestions under every head, calculated to prevent a recurrence of disasters similar to those of the years 1894-95.

Five months after Prince Uktomsky's visit to Peking the Russian cruisers steamed into Port Arthur, and a few weeks after this the famous leasing agreement was openly signed. In article 8 the Chinese Eastern Railway was soberly given the right to build the Central Manchurian Railway, and connect the leased territory with the trans-Manchurian section. No sooner was the agreement signed than another crop of agencies sprang up in Manchuria; after a brief spell, others were opened in Mongolia and Eastern Turkestan, and by 1900 the bank had reached the high water mark of prosperity.

Meanwhile the shareholders who had supplied the initial capital, and through whose efforts further funds were obtained in the shape of loans to carry into execution the various concessions obtained by the bank, were not disappointed with their investment. The bank profits of the purely business side of this hybrid institution, in spite of bad and unscrupulous methods, were large, and big dividends therefore possible. Bonuses and private "chances" were likewise given to the big shareholders, mainly Continental banks, and everything done to satisfy the worshippers of Mammon. All seemed rose colored, and still further profits possible, when 1900 interrupted the triumphant march. But 1900 only meant a temporary setback, and as soon as things began to settle down again the greatest efforts were made to extend the field of the bank's operations in Manchuria. By 1901 there were ten branches in the three Eastern provinces, and the leased territory, and many others were planned. There can be no doubt that at the beginning of 1900 there was a great deal of talk concerning the advisability of directly taking over the Manchurian finances and ousting the Chinese officials. But the lack of trained men, the opposition of all classes of the native population, and the vastness of the undertaking, made the directors hesitate. Fortunately for them the signature of the Evacuation Protocol of April, 1902, demanded an indefinite postponement. Had the Russian Government decided to embark on this doubtful policy a fresh rebellion in Manchuria would have been a foregone conclusion and the country devastated far and wide.

But although the political department of the bank was constantly urging the establishment of more branches and a general opening out in Manchuria on a far more exten-

sive scale the business managers were not sufficiently convinced of the financial stability of a concern which was something of a banking abortion, and on their refusing to agree to this, an internecine war began. The heavy interest and discount rates charged by the bank where it held a monopoly allowed profits to be made, but those profits were "ragged"—were always too big or too small—and did not read well in the half yearly returns. Some branches in Manchuria steadily lost money and only showed a credit in their balance sheets by an inadmissible juggling of figures; one branch even had to be closed; and other offices, for instance, the Port Arthur and Harbin branches, made too much money to suit the Government. At Newchwang the impounding of customs revenue allowed a juggling in silver, which was vastly profitable, but this was only a temporary profit. As time went on, the considerable internal friction I have spoken of became more and more evident, and it seems useful to explain the curious recruiting which takes place of the bank's personnel and the rivalry which must result from such a system.

Two separate and distinct bodies are empowered to appoint representatives and employees. The first is, of course, the Ministry of Finance in St. Petersburg. In all the bank's important branches this ministry is represented by carefully selected men, who are in direct communication with the Russian Government. The exact extent of their powers it is, of course, impossible to gauge, but there seems some reason to believe that they practically control the bank's general line of action and policy at the posts at which they are stationed, and rank above the purely business managers. They do not interfere with the routine work of banking, but the general funds are controlled by them and they keep a jealous eye over everybody. It would also seem that in places that are looked upon as already "captured," for instance, in Manchuria and Mongolia (although this capture is a mere myth), the St. Petersburg Ministry of Finance takes over charge from the business representatives and attempts to have only its own nominees in such offices.

The second body which appoints the men to carry on the ordinary banking work is the special committee of shareholding banks sitting at Paris. Continentals of all nationalities are selected by this committee, having apparently due regard to two things—ignorance of banking methods and a partiality to Hebrews. It is commonly reported that numbers of clerks employed have quite elementary ideas on the subject of accounting and that books are kept in a manner which would be deemed highly suspicious in a commonplace English bank. But in spite of all that has been done in every department of the bank's business the French aphorism is amply demonstrated, that, while genius creates ideas hard work alone brings them to a successful conclusion. Genius there has been in plenty from the very beginning of the bank's short history, but hard work, except by your Pokotilows and Von Grots, has been conspicuous by its absence. And one of the unfortunate results of too much genius is the almost certain absence of routine and system—the jumping straight from an idea to its conclusion without a substantial structure being built beneath to support it—and the leaving to a few men what should be understood by many dozens.

In Manchuria it would seem at first sight that a portion of Uktomsky's idea in creating the bank has been realized—that Manchuria is lost to the world and gained for Russia. But probing beneath the surface shows one at once that empire builders should employ capable architects to see that foundations are not sunk in sand, and that although what has been created by the bank—the Chinese Eastern Railway, with its hundred solid stations, impregnable Port Arthur, bustling Harbin—is very striking to the eye, there is something unnatural in the whole thing, some curious setting aside of inexorable laws which must lead to trouble and an eventual toppling over.

TIENTSIN PAST AND PRESENT.

By J. W. JAMIESON, COMMERCIAL ATTACHÉ TO H. M.'s LEGATION AT PEKING.

As was pointed out in the report for 1899, Tientsin's geographical position has for years past made it the second port in China. The value of its total trade is only surpassed by that of the port of Shanghai, and the net total of its foreign imports exceeds that of Shanghai. Until it received the disastrous setback of 1900, its commercial prosperity had been growing steadily since 1888, and after two years of depression, it in 1902 fully recovered itself—the sterling value of the trade in that year being only £8,000 behind that of 1899, whereas the silver value was far greater.

The two intermediate years were those of the troubles and their aftermath. The Chinese authorities lost control of the city on June 4, 1900. On the 17th began the bombardment of the European concessions, which was followed by the military operations connected with their relief and that of the legations, and with the restoration of order throughout the province. Of the European concessions the French suffered most; one-fourth of the native houses were destroyed, two-thirds of the population fled—4,000 to 5,000 is the estimate of the loss of life—and of treasure 40,000,000 to 50,000,000 taels are said to have been carried off. Large seizures of land, houses and private property were made, and for months innocent and guilty alike suffered the full penalty of the misdeeds of the misguided fanatics, who thought that they could sweep the foreigner into the sea. The interior of the province of Chihli was overrun by punitive expeditions and marauding bands of natives, and organized government practically ceased. The first attempt to evolve order out of chaos was made by the Allied Powers, who introduced a form of provisional government for the cities of Peking and Tientsin, the government of the latter remaining in power until August 15, 1902.

The members of the International Executive deserve the highest praise for the excellent work they did, and for the many and great improvements which they effected. Commencing, so to speak, with a clean slate, they were in a position to plan and carry out reforms, which under normal conditions would have met with most formidable opposition. By the clearing away of the débris of ruined buildings, new arteries of communication were opened up, and after the artillery battered walls were pulled down, fine wide streets took their place. The taxes imposed were wisely expended in the institution of public works of permanent benefit. Sanitary and police regulations are being enforced in a way which obtains nowhere else in China. The city has its own supply of pure water, and an intelligent system of draining low lying ground, previously constantly flooded in the summer months, is in operation.

Fears were entertained that the resumption of Chinese jurisdiction would mean a return to old methods. These apprehensions have proved groundless, as the enlightened policy of the present Governor General, His Excellency Yüan Shih-k'ai, has for its object the continuance and de-

velopment of his immediate predecessor's schemes. He has laid out a large area to the northeast of the city, connected with the railway line by a broad road, bringing the railway borne traffic in more direct communication with the centre of native trade, and steps are being taken to secure a convergence of the junk borne traffic round to the same locality. Begging has ceased to be the pleasant and lucrative pastime it once was, as the sturdy beggar is at once arrested, given a distinctive uniform, and set to work on the road.

While the transition stage has enabled the extension of settlements to be made in the city itself, it has also afforded splendid opportunities to the Foreign Powers—formerly without settlements—to acquire quasi-territorial rights, and to previous holders of the same largely to extend their boundaries. Prior to June, 1900, the following was the area of the then existing concessions and settlements:

Nationality.	Original Area, Acres.	Extension Area, Acres.
British	63.73	235.21
American	31.86	....
French	141	....
German	39	....

Since then to the above have to be added:

Nationality.	Extension Area, Acres.
British	569*
German	524
French	212
Japanese	1,030
Russian	891
Belgian	320
Austro-Hungarian	190
Italian	124

IMPERIAL RAILWAYS OF NORTH CHINA.

After experiencing many vicissitudes at the hands of military administrators of various nationalities, the Imperial railways of North China reverted to their original owners in the course of 1902, and, having since then repaired damages and been thoroughly reorganized, are paying handsomely. While the lines were still under military control the Peking terminus was brought up to the main gate of the Tartar city, and the traveler now finds himself deposited within a few yards of Legation street. A branch line was built from Peking to Tungchou, 14 miles away, the head of navigation on the Pei-ho and the former port of Peking, whither in the old days all tribute rice was brought. This rice travels now almost exclusively by rail from the sea direct, but the earnings of this branch have not come up to expectation. It may ere long, however, be carried along the base of the triangle to Ku-yeh (vide sketch of country round Peking) and bring the capital into even more direct touch with the coast.

The somewhat remarkable eagerness displayed by the court on its return from exile to adopt Western convenience led to the building of a line 25½ miles long from Kao-pei-tien, on the Peking-Hankow line, to the western

* Extra mural.

tombs, so that now His Majesty can perform his sacrificial rites there with the minimum of inconvenience and loss of time. The much discussed extension from Kou-pangtzu—56 miles west of Newchuang—to Hsinmin T'un is now an accomplished fact, and the traffic thereon is said to be large and remunerative. It is 69½ miles in length, but it is unlikely that it will be carried farther by its present owners. The total mileage of the Imperial railways of North China is thus brought up to 580 miles, and extensions of the system by building a chord line from Tientsin to Paoting, and from Feng-t'ai via the Nanku pass to Kalgan—100 and 115 miles long respectively—are spoken of. The former would link up the Pei-han line directly with the sea, and might interfere seriously with the traffic earnings of the existing line to Peking. (An alternative chord line is to cut across from Chengting to Te-chou on the Tientsin-Chinkiang trunk line.) As Kalgan is just outside the Great Wall on the confines of Mongolia, the latter would bring Tientsin so much nearer to its sources of wool supply, and in the interests of trade expansion its construction ought not to be deferred. In what direction it may then push forward to join the Trans-Siberian trunk line, whether northwestward via Urga to Verkneudinsk, or due north via Dolonnor to Khailar, remains to be seen.

Rapid progress has been made in the construction of the Pei-han line, and its two ends ought to meet at Yungtzu on the Yellow River about May of the present year. Like the Imperial railways it suffered damage at the hands of the Boxers, but not to the same extent, and by way of indirect compensation it availed itself of the opportunity afforded by the absence of the Chinese Government to shift its terminus from Lu-kou-ch'iao to the main gate of the Tartar city, Peking, where the width of a street only separates the two stations. At the moment of writing it is working down to Shun-te on the borders of Honan, and the formidable task of bridging the Yellow River is to be taken in hand in the spring. When the northern and southern section get in touch with each other, another Belgian group of financiers, known as the "Compagnie Générale des Chemins de Fer et Tramways," will proceed to carry into operation a concession they obtained on November 12, 1903, for the building of a line from K'ai-feng, the capital of the province of Honan, to Ho-nan fu in the same province. The point of departure will be the above mentioned Yungtzu, on the south bank of the Yellow River, and the line will strike east to K'ai-feng (52 miles) and west to Honan (84 miles). The whole line has to be completed within two years from date of commencement, and the company has then the option of extending the western branch to Hsian, the capital of Shensi. For this purpose a gold loan of £1,000,000 at 5 per cent., guaranteed by the Imperial Government, is to be raised. Eventually K'ai-feng will be connected with Yenchow in Shantung, as, when the Tientsin-Chinkiang line is approaching completion, the Chinese Government has promised to entertain applications for the construction of a line from that town to K'ai-feng. So far, however, no steps have been taken by either the British or German concessionaires to get to work on that very important trunk line, although, as Chinan will be con-

nected with Tsingtao early in the year, one may expect soon to hear of greater activity.

The subscription lists for the loan of 40,000,000 francs at 5 per cent. for the building of the Cheng-ting-T'ai-yüan railway, a concession obtained by the Russo-Chinese Bank toward the close of 1902, were opened in December, 1903, at 96.50. This line, 125 miles long, starts from a town in Chihli on the Pei-han line, and has to cross a high range, traversing the geological formation known as Loess in order to reach the capital of Shanhsi, a province hitherto practically closed to the outer world. Its construction will prove by no means easy, and it is open to doubt if 40,000,000 francs will cover the cost. It is understood that the proposal of the engineers to make it a metre gauge line, as being cheaper and more feasible than the ordinary standard gauge, has been accepted by the Imperial Railway Administration. This will naturally cause delay and expense in the transference of goods from one line to the other. The Chinese Government, who guaranteed the loan, have given the bank authority to substitute for themselves a French company, and the right of extension southward to Hsian.

The Peking Syndicate's 80 mile mineral line from Ch'ing-hua to Tao-k'ou, now completed, taps the anthracite deposits of Shanhsi, where they project into Honan, and is intended to bring their output down by way of the Wei River and the Grand Canal to Tientsin, or by some route not yet determined to the Yangtzu. In order to realize expectations it should start from Tse-chou on the Shanhsi plateau, one of the richest coal and iron regions in the world, but the engineering difficulties are great and the cost prohibitive.

The obvious question which springs to one's lips is, to what extent will the trade of Tientsin be affected by this network of railways, and in what respect will the far reaching ramifications, which are bound to be the outcome of any extension of present systems, create a diversion of traffic? The answer, it must be confessed, will be that while for the immediate future the outlook is very bright, it can hardly be contended that, say twenty years hence, Tientsin will have the northern and northwestern trade so entirely under control as at present. Her principal area of distribution consists of the provinces of Chihli, Shanhsi, Shantung and Honan, to which in 1902 she, under transit pass, sent goods valued at £1,849,300, £540,500, £170,750 and £170,720 respectively. Her sources of supply are Mongolia, Hei-lung-chiang, part of Feng-t'ien, Kansu, Shanhsi, Chihli, Northern Honan and Shantung, whence in 1902 she drew produce valued at £1,100,000, and the gold fields scattered throughout Mongolia and Manchuria, which used to furnish about one-half of China's annual export of gold. It may be assumed that the Trans-Siberian Railway will attract all gold, and furs and skins of large value in small bulk; that part of the supply of Honan goat skins will be carried down to Hankow direct, that the German railways in Shantung will make every effort to divert exports to Tsingtao, and that a Russian railway from Kalgan via Urga to Verkneudinsk will in some measure interfere with wool supplies. The Russo-Chinese Bank has already an agency at Kalgan, proposes to establish itself at Kuei-

hua Ch'eng and thence move on to Lan-chou. The financial facilities it can thus afford will throw a share of the trade into its hands, and it will naturally support a Russian undertaking in so far as the state of the markets will permit. Against the opening of Shanhsi by means of the Chengting-T'ai-yüan Railway has to be placed the tapping of Shenhsi by means of the K'ai-feng-Hsian line, and an eventual extension of that line from Hsian to Lan-chou might, under conceivable circumstances, carry all the western wool to Hankow. On the other hand, railways create trade, and to judge by the limited experience that China has so far gone through, they have developed inland districts in a most unexpected manner. It may, therefore, be that what Tientsin may lose in her export trade she will gain by an increase of her distributing powers. In this direction again, however, the influence of competing ports such as Newchuang and Tsingtao must make itself felt, even though Tientsin can invoke the aid of the extended system of waterways by which the province of Chihli is intersected, and over which carriage may be cheaper than by rail. Unfortunately the import trade is mainly pushed by foreign firms or Chinese, the British houses finding export business so profitable that they have little time to devote to less lucrative undertakings.

A great contest for commercial supremacy—be it in imports or in exports—must ensue between Hankow and Tientsin, and as Hankow from her geographical position starts the race with many points in her favor and will in the end be found to be the largest market, Tientsin would do well not to forget that large markets possess large powers of attraction.

IMPORTS.

From the time that Tientsin was thrown open to trade in 1861 until now her foreign imports have exceeded in volume those of the other treaty ports, and that this is only what one need expect a glance at the map of the large tract of country for which she constitutes the sea gate will show. Central China can draw supplies through many channels, but the north and northwest can, as far as sea borne goods are concerned, be reached through Tientsin alone.

The magnitude of the trade attracted attention even in the early days, and the heavy tax imposed on it by transshipment—charges at Shanghai and high rates of coast freight—freight and charges Shanghai to Tientsin amounting to 3 per cent. ad valorem, against freight from the United Kingdom to Shanghai 1½ per cent. ad valorem, led to suggestions that a direct steamship service be instituted. Then, as now, the difficulty is to find return cargoes, and the increasing tonnage of modern carriers has by no means lessened this difficulty.

During the last two years, however, large quantities of railway material have been brought direct to the Taku bar, and for some time to come a monthly service of this kind can be confidently relied upon. Shippers have not hesitated to avail themselves of the vacant cargo space offering, and a direct trade is gradually springing up, which must eventually affect the distributing capacity of Shanghai. Those concerned at the latter port regard the new departure with perfect equanimity, arguing that buyers must always come to the emporium offering the most varied selection of goods, and that when Tientsin houses are tired of importing unsalable articles and disposing of them at a loss the trade will revert to Shanghai. They do not appear to realize that in staple plain goods there is no necessity for selection, and that when a commission house in Tientsin can, by personal communication with an up-country dealer in his own language, ascertain what the requirements of a particular district are, grave errors in the selection of fancy goods are not likely to occur.

It is to be regretted that British merchants in Tientsin are content to leave imports so entirely in the hands of their German and American competitors, and that the control of the trade on the part of the native middleman in Shanghai—who naturally views with disfavor any projects likely to interfere with his profits—is so great.

The quantity of opium imported in 1899 was greater than at any time since 1894, owing to a failure of the Shanhsi and Honan crops, and the largely decreased import since then is accounted for by the competition of the native article.

In 1902 the quantities of cotton goods imported considerably exceeded the importations of 1899, a result no doubt due to restored confidence and the necessity of replenishing depleted stocks. The year 1903 on the other hand shows a sad falling off, the consequence of over speculation in 1902 and the disorganized state of the money market, to which allusion has already been made. The differences in the quantities re-exported from Shanghai to Tientsin are as follows: 1903 compared with 1899, 2,385,600 pieces; 1903 compared with 1902, 2,226,400 pieces. The bulk of this difference has to be carried by Shanghai and has very seriously hampered business there. Prospects for 1904, however, are good. Stocks in the north are light, cotton has risen in value and is scarce, trade is reviving, as has been pointed out, on a sound basis, and there ought to be no difficulty in effecting a complete clearance in the spring.

Attention is called to the large increase the figures of 1902 show over those of 1899 in respect of American drills and sheetings, gray shirtings, and above all cotton yarn, on which latter article very handsome profits were made.

MONEY SYSTEM OF MANCHURIA.

The following paper on money in Manchuria, prepared by Mr. Arthur Henckendorff, of the Russo-Chinese Bank at Niuchwang, was transmitted by the United States consul at that place under date of May 5, 1904:

I think it would not be possible to find a more intricate or complicated money system than that at present in vogue in Manchuria. This is owing, I should say, to the fact that they have not there a fixed recognized standard of silver which can be taken as a basis for exchange operations.

Although China's currency is on a silver basis, yet there is no standard of silver common to all her provinces.

For instance, the silver of Niuchwang has a touch of 99.2, or, in other words, 8 ounces of alloy to 99.2 ounces of pure silver. The touch of the silver of Liaoyang, Mukden, Kirin and Tieling is supposed to be the same as that of Yingkou, but it never is, Yingkou silver usually being finer by 1 or 2 ounces in the thousand. Kwangchingtsu silver has a touch of 99, which puts it below Yingkou silver, while, on the other hand, Harbin silver has a touch

of 99.8, which puts it above that of Niuchwang. When we think that the touch is only one of the items which have to be taken into consideration in the everyday exchange operations which take place between the various Manchurian towns, we can understand that the negotiating of a rate between Chinese currency is not a simple matter. This constant practice in exchange of the Chinese banker accounts, I should say, for much of his quickness of perception.

The hard coin currency in Manchuria consists of the sycee, small coin, and, of late, the ruble; yet the bulk of the merchandise bought and sold is not bought or sold against these hard effectives. All prices and rates quoted are against transfer money or mo-lu yingtzu—in other words, goods money, or huo yingtzu. This transfer or mo-lu yingtzu is a peculiar and muddled system. The arrival of the ruble and the establishment of quick communication with Manchuria, thus enabling the rapid transportation of treasure to and from Manchuria, is in large part responsible for the muddling.

The transfer money is a purely nominal currency not substantiated in any way by an effective—in other words, it is a credit. We will say, for instance, that a merchant starts business in Niuchwang and that his capital is deposited in some bank in Shanghai. The first thing he will do will be to sell his draft on Shanghai in the market at the market rate. The purchaser will transfer to the credit of the merchant, at the place where he banks, the equivalent, in transfer money, of his draft, and with this credit he can purchase his goods or do his banking. This transfer money can at any time be sold for silver or ruble effectives.

The Chinese year has four settling days or mao-kou, when all transfer money which has been issued has to be released. The method of redeeming transfer money has undergone several changes during the last few years. The first system was that transfer money should be redeemed at full value in hard silver at the end of every three months. This system was continued until about two years after the Japanese War. During this period the effective currency was sycee and copper cash, small coin not having then made its appearance in large amounts.

Tiao notes were largely issued by bankers and merchants of good standing. Silver at that time was only purchasable with cash, not, as now, with transfer money. All other exchange quotations between Yingkou and the other provinces were in transfer. At this time hard sycee was subject to a premium of from 50 cents to 1 tael per shoe of taels, or, roughly, about 2 per cent.—that is to say, 53.50 hard sycee taels were equivalent to 54 or 54.50 transfer taels. On the settling day, when the holder of transfer was paid full value in sycee—that is to say, in sycee at par with transfer—he actually received about 2 per cent. more than the original amount; this 2 per cent. represented the interest he received on his money. By this it may be seen that transfer money increased in value as it approached the settling day, owing to the fact that it was accruing interest.

After the Japanese War the Chinese Government started to mint dollars in the various provinces; this had the effect of raising the price of silver and causing a scarcity in the silver market, as the Government was buying large quantities. This scarcity of silver made it very inconvenient to have to settle up in ready silver, as the market was often very tight, and consequently the premium on silver would go up very high, thus causing a heavy loss to issuers of transfer, so it was arranged that transfer upon falling due should not be redeemed at par in silver, but should have a premium added to it. This premium was usually slightly smaller than the premium on sycee, and represented the accrued interest. This system had the effect of somewhat diminishing the demand for hard sycee.

During the Boxer trouble the transfer issued was not settled up for a period of nine months. The next settling day it was settled up by the issuers of transfer paying \$81.50 for each shoe of transfer, the shoe then being worth about \$79, the difference between these amounts standing for the interest. Since then settlements have been made both by paying small coin and by paying a premium.

I mentioned a little while ago that before the Japanese War there were tiao notes and copper cash in currency. These gradually disappeared after the appearance of the small coin dollar, so that now even in the stalls in the streets you will hardly hear the word tiao mentioned, all business being done in small coin.

Of late the ruble has been a very important factor in the Manchurian currency. The ruble was brought into circulation by the Russian Railway and the troops. The Chinese took to it readily, owing to the ease with which it could be carried backward and forward, thus saving the expense of shipping specie.

The currency of Liaoyang is slightly different from that of Niuchwang. The effectives there are the small coin, sycee, copper cash and rubles. They have there also a system very much like the transfer of Niuchwang; that is, the tieh yingtzu, or note money. This consists of tiao notes issued on demand by bankers and merchants of good standing, payable upon presentation, not in copper cash, as would be expected, but in small coin, at the rate of the day. (The present exchange is about 11 tiaos to the dollar; the tiao there is the same as the tiao here, that is, 160 cash.) The present rate is about 15 tiaos to the tael. This quotation stands good merely for transfers of the tael and tiao against goods bought or sold; if ready silver is required an extra premium of about 1 tiao, more or less, according to the market quotation, must be paid. For instance, if a person buys 100 pieces of goods the price of which is 1 tael apiece, and the market rate is 15 tiaos to the tael, he would have to pay 1,500 tiaos for these 100 pieces of goods; but if, on the other hand, he wants to buy 100 taels of hard sycee, he will have to pay 1,600 tiaos, that is, 1,500 tiaos plus the premium of 1 tiao (or whatever the market rate may be) on each tael, thus making it 100 tiaos more.

The money system of Mukden and Tieling is practically the same as that of Liaoyang.

The system in Kwangchingtsu and Kirin is quite different again. There they have a system of transfer money very much like the system in Niuchwang. The exchange there is chiefly between tiaos and silver. The tiao there is three times the value of the Yingkou, Liaoyang and Tieling tiao. It is valued at 480 copper cash. But in Kwangchingtsu and Kirin there is no cash to speak of, nor are many tiao notes issued, so that the tiao is more or less a nominal currency, used merely for business trans-

fers, the actual settlements being made in sycee according to the rates quoted in the market.

The price of rubles is quoted in tiaos. The ruble has a fixed rate of 2 tiaos. The difference in rise or fall in exchange is made up by a premium on the ruble, which rises and falls as the value of the silver increases or decreases. In Chi-chi-har and Harbin all business is done in hard effectives, either sycee, rubles or small coin.

"THE DEFEAT OF THE TRAVELING ROUBLE."

As an instructive and illuminating comment on the foregoing article, we append the following extracts from a chapter of Mr. B. L. Putnam Weale's book, "Manchu and Muscovite," under the above title:

So by 1901 the rouble had a very firm and enviable position, and bid fair to become master of the economical situation in Manchuria. The Chinese Eastern Railway, which was being rebuilt at a truly phenomenal rate, now jumped into the fray, and arbitrarily, and without any right to do so, decreed that henceforth passenger tickets and freight charges must be paid for in rouble notes without distinction. Up till then, you see, the Harbin Railway administration had not felt sufficiently strong to tackle the Chinese on what is a matter of life and death to every one of them as soon as they are old enough to walk—that is, on the dollar question. But the presence of large bodies of occupation troops made the Slav foolishly confident, and caused him to commit a first great faux-pas, which was to be the ruin of the rouble. Tell a Chinaman he has got to do something that you have neither the organization nor the power to make him do, and you are simply inviting disaster. Above all, when it is a question of the Chinaman's pocket, act most warily and be warned in time.

Here it is necessary to explain that the real currency of Manchuria, as in other parts of China, is merely copper cash, not the small copper cash of the central and southern provinces, but the so called large cash of the north. As these cash are of too small a denomination in which to conduct commercial transactions of any magnitude, it may be said that the "tiao" is the unit of value in the big market places. What is the tiao? The tiao is simply a certain number of copper cash. In North China, or say, the metropolitan province of Chihli, it is 100 large cash; in Newchwang it is 160; in Moukden more, and finally in Kirin several hundred cash go to the tiao, and, roughly, in this last named place, 2 tiao equal one provincial dollar. But there is another point to note. The tiao is an imaginary coin; in fact it is no coin at all. It is simply a multiple of copper cash settled on long ago in the dim past and varying according to the district in which you happen to be, and is not coined into silver pieces. To simplify matters, Chinese bankers in Moukden, Kirin, and in fact in every mart of importance, issue paper tiao notes of various denominations, and these notes correspond almost exactly to the country bank notes of European countries

These notes are, therefore, only negotiable in their districts of issue. If, for instance, I have got a thousand tiao in Moukden notes, say £20, and I propose to go into Kirin city to buy produce, I must first cash my notes in Moukden and get a Kirin credit in silver taels; that is, an order on a Kirin bank to pay me so many local taels' weight of silver on demand. Arrived in Kirin I present my draft and am told that my credit in Kirin tiao at the current rate of the day is so and so and so much.

Are you beginning to see what a hornet's nest the Russians were disturbing when they attempted, unauthorizedly, to tamper with the Chinaman's birthright, the exchange question and the vast profits it brings him? However, there is yet another point.

In 1897, I think it was, mints to coin dollars of the same nominal weight and fineness as the Mexican dollars were opened in Kirin city and in Moukden. Unfortunately no figures are available to show what number of coins were yearly placed on the markets, but there is some reason to suppose, although the work was very intermittent, that the totals ran into millions. More attention, however, was given to the minting of subsidiary coins; that is, 5, 10, 20 and 50 cent pieces, than to dollars, because adulteration and short weight are not so easily detected or so objected to in minor coins as they are in big ones, and the mint profits are, therefore, more secure. These mints were opened with one object, that of supplying convenient tokens for the ever growing minor trade and traffic between foreigners and Chinese in Manchuria.

Reviewing rapidly what has been written above, the reader will see at once that the real money of Manchuria is the larger copper cash; that for commercial transactions, the tiao, a certain multiple of copper cash, is the value used; that for petty dealings of a semi-foreign character minted dollars are locally employed, and that, finally, for settling adverse trade balances, silver bullion or sycee is shipped from one point to another. The rouble was, therefore, in every way an interloper, at first tolerated by the Chinese bankers because they could squeeze a beloved exchange profit out of it, whether they were buying or selling. Once, however, they saw their entire monetary system threatened by the arbitrary decrees of Russian bureaucrats they prepared for battle, and when the dollar loving Chinaman prepares for battle look out for squalls.

During the first part of 1901 nothing much was noticeable, but after the evacuation protocol of April, 1902, was signed in Peking ominous rumors became suddenly current in every tea house and hong in Manchuria. The Russians were going, everybody said, and were leaving their useless paper money behind in millions of innocent Chinese hands. Who guaranteed this paper? What was this paper, and was there no redress?

These were the questions that were being freely asked and nervously answered, and the Chinese bankers, the conscious instigators of false rumors untraceable to anyone, smiled quietly in their back parlors, knowing that they would succeed. Briefly put, the battle, although just commenced, was already won. Distrust and suspicion, those twin fiends that conquer the strongest, had taken hold of the multitudes, and the game was absolutely in the hands of 1,000 native banking people. For although the Russian did not probably in the first instance dream of forcing his paper money onto Manchuria, events so shaped themselves that he thought he could use the rouble as a powerful weapon of conquest. Manchuria had a Russian railway; Russian guards everywhere; Russo-Chinese banks in many important towns; Russian authorities controlling the seaports; in fact, it seemed like Russia herself to purblind employees who traveled up and down the empire of the 5 foot track. Therefore, why not make an end of all pretense at once and spread the famous paper money, of which there is apparently no end, stamped with the effigy of an omnipotent Czar, and symbolic of Russia's victory all over the country?

But, as I have already said, it is best not to go too far in a country the size of France and Germany rolled into one, and withal possessed of a population to whom money is as the breath of life. Two years or even one year ago, tens of millions of rouble notes were hoarded in every native bank in Manchuria; today who will find me 1,000,000?

A year ago the Harbin Railway Administration addressed a query to St. Petersburg as to what should be done with the millions of silver dollars, and hundreds of millions of copper cash, stored in the railway city, and representing railway receipts during pre-Boxer days. The answer promptly came: ship away the dollars and keep the copper cash pending further instructions.

So the dollars were duly sent away. One million or so came to Shanghai, were sold on the local market only to be promptly bought up by native houses from the north that have Shanghai branches, and shipped back to Moukden and Newchwang inside of a fortnight. Some of the dollars went to Tientsin and were back within forty-eight hours in Manchuria. The Russian was vainly attempting in a most puerile fashion to kill the minted dollar in Manchuria; which, after all, is itself something of an intruder in the country. If such small success attended the fight against a semi-foreign coin, what were the chances against the elusive and imaginary tael, the still more fictitious tiao, and the very matter of fact copper cash? Absolutely nil, of course.

So today we find a conservative English banker estimating that nearly 70,000,000 paper roubles are exported to Shanghai from Manchuria by Chinese merchants and changed into silver dollars, or silver credits; native bankers stating that more than this amount goes to Tientsin and Chefoo, carried there by Chinese hands and once more promptly cashed into beloved silver. What does all this mean? That the rouble is entirely discredited by astute Chinese, and that whether the Russo-Chinese bank in Manchuria makes its payments in paper or not is a matter of entire indifference; for no sooner is paper received than prompt measures are taken to cash it into something more finite than a mere piece of parchment bearing an excellent likeness of his Imperial Majesty the Czar.

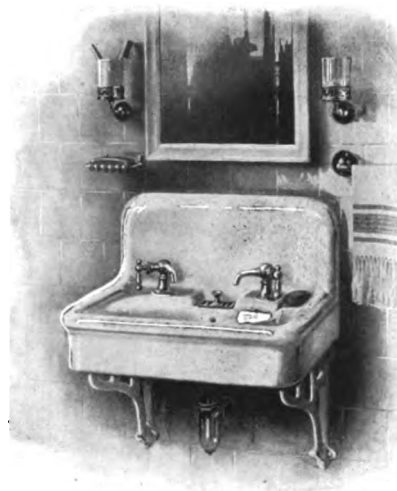
And with this huge drain going on every Russian enterprise is being rapidly crippled. Harbin, to take one instance only, has spent all its money and, what is more, all its credit in building itself new houses capable of more effectively resisting the terrible winter. The Chinaman is the only man who has profited by this, for, although the houses are nearly all ready, there is no one with money enough to live in them, so slack has business become. The roubles have all disappeared and been hidden in the coffers of the Russo-Chinese Bank, alone able, among a host of would be empire builders, to purchase back in silver what has been emitted in paper. In both Port Arthur and Dalny it is the same story. Tight money, or no money at all, are the cries one everywhere hears. Where have all those fabulous tons of paper roubles disappeared to? Where, indeed!

So the real commercial life of Manchuria rolls on uninterruptedly in spite of the Russian invasion, in spite of Imperial decrees, in spite of every attempt. Chink, chink, go the silver dollars; chunk, chunk, the heavy sycee of pure silver; clank, clank, the iron and copper cash of a people who understand business, and these sounds are full of ominous meaning for the incautious Slav. The railway, it is true, must still be paid for in roubles, but then in no country in the world is the native such an adept at exchange banking as in the land of the blue gown. If you want 100 roubles or even 10,000, you can buy them almost anywhere in Manchuria, for Chinese dealers are quite ready to make a profit, and the soldiery are being daily fleeced of more millions. But, though you purchase roubles with ease, you are simply buying a foreign currency which has no more entered into the commercial life of the people than the golden sovereign has at Hong Kong. And then in Hong Kong England has at least some trade, which is more than can be said of the Russian in Manchuria.

The fact is the Chinaman is inordinately a lover of the tangible. He likes his money in solid coins or solid bullion, even if they are all debased or fallen in value; that is something he can handle, and that is intelligible to the merest child. It is true that he may conduct huge transactions in mere credits, but in every case he knows that differences and balances are going to be settled in solid bullion payments. The rouble, therefore, has had its fling, and after a half hearted attempt to oust the Manchurian

currencies, it is condemned like everything else Russian in Manchuria to the dreary existence of a railway life.

A year ago in Moukden you could put down your paper money anywhere unchallenged. Today bring out a 50 rouble note and your bland Chinamen asks you to be good enough to wait a minute while he runs and changes. It is true that the wily Jap has somewhat contributed to this unkindly suspicion, for quite unauthorizedly he took upon himself to make up for the tightness in the northern markets by opening private rouble factories in Osaka, and flooding the place with truly excellent likenesses of the great Czar's money. But apart from this, the local Chinese have been asking, with all the rest of the world, how long this enormous Manchurian expenditure, which has made them richer than they ever were before, can go on without bringing an almighty crash; and they are quite right to ask the question. Russia must have spent 500,000,000 or 600,000,000 roubles if she has spent 100 in Manchuria during the past few years, and most of this has gone into Chinese pockets. The Chinaman has surely had his revenge in the sweetest way possible for the brutalities of 1900, by killing the rouble and pocketing the change. The political crisis may be settled one way or the other, but it can have no influence on one thing—the fate of the rouble. The rouble is already defeated and paid for. The Chinese have triumphed with a cash victory in spite of a material defeat. Russia may pin down Manchuria with her bayonets, but the Chinaman has his hands in the pockets of the Ruski soldiery and civilianry, and will starve them all to death when he likes.



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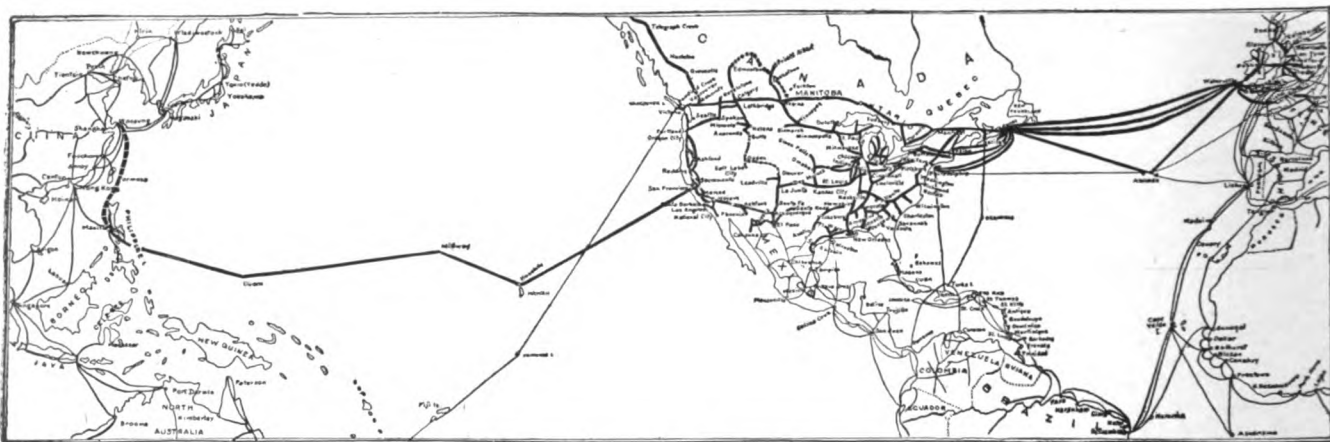
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Journal of The American Asiatic Association

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At this distance it looks as if Liaoyang might be the "main position" toward which the troops under General Kouropatkin have been so steadily retreating, and that the great battle which, in the closing days of August, is being so fiercely waged there, might prove the decisive struggle of the war. Unless all estimates of the Russian strength are misleading, the "numerical superiority" of the enemy can hardly be said to exist in front of Liaoyang, and, considering the defensive strength of the Russian position, amounts really to a practical inferiority. But the Russian commanders have a way of adapting their phraseology to suit the issue of an engagement, rather than to describe its purpose and character, and it will undoubtedly be found that when the inevitable retrograde movement takes place on the part of the armies of the Czar, that potentate will be assured that the main position is still further north. Under circumstances whose imminence is already indicated, it cannot well be Mukden, and hardly Tiehling, or K'ai-yuan but it may be Harbin—at least until pressure from the East renders it expedient to shift the position still nearer to the Amur. In any case, the process of sweeping the Russians out of Shengking, the richest and most populous of the Manchurian provinces, goes on apace, and the purpose for which the war was undertaken has been more than half accomplished. With the fate of Port Arthur still hanging in the balance, and with the crowning reverse to the Russian arms at Liaoyang only half revealed, it may be possible for Russian sympathizers to deceive themselves as to the final issue of the campaign. But September will not be old before the last excuse for accepting the logic of facts will have disappeared, and, even in Russia itself, the stubborn and inexorable truth will have to be faced that Muscovite domination in Eastern Asia has passed away, never to return.

THERE seems to be a singular misapprehension prevailing in high official quarters in Paris in regard to the attitude of the United States toward the discomfiture of Russia and the triumph of Japan. It appears that this country and Great Britain are seriously expected to make common cause with France in preventing Japan from taking the place of Russia and becoming the dominant power in Eastern Asia. The argument is that the trade of all three countries would suffer in any such contingency as now seems imminent, and the inference is that France would like to repeat the diplomatic juggle of 1895, with the active or sympathetic co-operation of England and America. No more preposterous blunder could well be made than to

reckon on any such intervention to cheat Japan out of the legitimate fruits of victory. The vast majority of the people of the United States will view, not only with perfect equanimity but with lively satisfaction, the substitution of Japanese for Russian influence at Peking, and the emergence of Japan as the foremost of Asiatic powers. Their government is certainly as little disposed as they are to lend itself to any line of policy calculated to minimize the penalty which Russia must pay for defeat, and such influence as it may properly exert will unquestionably be thrown, together with that of Great Britain, against any outside interference with the terms of settlement which Japan may prescribe. It is reasonably certain that these will not be such as to inflict any injury on our trade or treaty rights in China; in fact, there is the best possible reason to assume that they will be in entire harmony with all that our Government has contended for in regard to both. The only country in which the French suggestion is likely to find a responsive echo is Germany, but it is happily beyond the power of both combined to give it effect. The tacit acquiescence of Great Britain which was the determining factor in the successful pressure exerted to drive Japan out of the Liaotung Peninsula in 1895, will certainly not be forthcoming at the close of the present war.

A VERY clear idea of the controlling motive of German policy in the struggle between Russia and Japan will be found in the article headed "Berlin", copied elsewhere from this month's *North American Review*. This is one of four articles constituting a new and highly valuable department of the *Review* under the head of "World Politics," and like those which accompany it, is by a writer of acknowledged eminence and authority. The evidences of a close understanding between the Governments at Berlin and St. Petersburg have nowhere been more clearly and convincingly traced, and their significance could not be more forcibly or correctly stated. Some years ago, it was still possible to cling to the idea that German interests were substantially identical with those of Great Britain, Japan, and the United States in the Far East, and that Germany might be counted on to support the policy to which the three powers had committed themselves. It is not possible to entertain any such hope to-day, and that mainly because Germany has ambitions for whose fulfillment the friendship of Russia is more essential than that of England, as well as because the position occupied by Germany in Shantung bears sufficient resemblance to that of Russia in Manchuria to make the compulsory abandonment of the one of somewhat ominous import for the future of the other. Among its other momentous consequences, the war has brought about a new grouping of the Great Powers, which may affect the immediate future of European history no less powerfully than that of Asia. In such a grouping the place of the United States is not at all doubtful, and the effort made by a publication of the character of the *North American Review* to give authoritative exposition to the changing phases of international politics is but one of many evidences of the growth of public interest here in movements which several years ago would have excited comparatively little attention.

We surrender the major part of the space of this number of the JOURNAL to articles relating to the Government, the trade and the people of the Philippine Islands. First among these is the luminous address made by Secretary

Taft at Montpelier, Vt. This partakes of the character of a partisan deliverance, being essentially an apology and defense of the whole course of Republican policy in regard to the acquisition and administration of the Philippines. But, apart from its apologetic and defensive character, the address may be regarded as a statement from the American Government to the world at large of its position and purposes in the Philippine Archipelago, and as a plea for taking out of the sphere of partisan discussion a subject which should by this time have passed beyond the range of political controversy. The administration of these Islands in the way best adapted to develop their latent resources and to elevate their people in the scale of human efficiency, will certainly not be made easier by keeping the whole question of the relation of the Philippines to the United States an open party issue. Albeit some of our men of light and leading continue to harp on it, the precise bearing of the Declaration of Independence on the future of the Filipinos should have long ago been consigned to the limbo of futile controversies. The American who still delights to proclaim himself "anti-imperialist" is usually a well-meaning, and often an excellent person, in the ordinary affairs of life, but he does the Filipinos a very questionable service in furnishing pabulum for their professional agitators and in keeping alive vain hopes among their petty politicians. Suggestions like these will probably occur to most readers of Secretary Taft's address and Governor Wright's inaugural message, both of which we commend to careful perusal and respectful consideration.

THE Journal of the American Association of China issued in July has been received here, and affords gratifying evidence of the renewed activity of our affiliated organization in Shanghai. The Journal comes too late to make it possible to give our readers the benefit, in this number, of a very interesting article on the newly opened treaty ports of Manchuria and Korea, by Mr. James W. Davidson, U. S. Consul at Antung, and of other seasonable matter which the issue contains. We shall endeavor to find space for some of this next month. Not the least interesting contribution to the Journal is that of Professor Jenks on "Monetary Reform in China", whose conclusions, though familiar to most of those immediately addressed, are stated with a lucidity and force calculated to command for them new attention. The Professor is now on his way home, and it is gratifying to be able to quote this testimony to the impression which he has left behind him from the Journal of the American Association of China: "The final success of the new measure will be in no small part due to the energy, confidence and genial tact of Professor Jenks, who has represented the Commission in this part of the field of operations, and to him the thanks both of patriotic Chinese and of foreigners having dealings with China will be due for this great reform, which will be a harbinger of much good to China and foreign nations."

THE very interesting effort of Dr. Walter Brooks Brouner and Mr. Fung Yuet Mow to popularize the acquisition of Chinese, which will be found advertised in another page, will be critically examined in the next number of the JOURNAL.

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EXPORTS TO CHINA.

Months. 1903.	Cotton Cloths. Yards.		Mineral Oils. Gallons.		Wheat Flour. Barrels.	
January	18,440,398	\$924,882	1,944,706	\$197,967	8,637	\$26,288
February . . .	34,642,500	1,713,994	878,660	92,265	1,524	4,805
March	37,929,363	1,850,571	1,712,040	179,780	9,457	31,372
April	34,640,141	1,608,487	1,163,320	126,709	6,536	22,132
May	14,737,775	717,564	849,368	93,756	3,675	12,348
June	10,351,623	486,470	874,691	96,069	2,750	8,970
July	9,751,868	443,228	1,384,881	147,423	166	587
Total	160,493,668	\$7,745,196	8,807,666	\$933,969	32,745	\$106,502

1904.						
January	8,906,813	\$476,609	3,772,243	\$447,712	6,303	\$24,019
February	13,806,444	785,473	7,305,887	862,625	2,489	9,264
March	8,652,392	435,780	5,808,064	695,371	11,515	39,999
April	1,041,000	62,311	2,232,150	249,538	3,944	14,567
May	4,455,937	306,731	1,944,134	210,131	4,494	15,508
June	9,024,100	524,052	4,617,100	508,186	5,539	20,132
July	17,244,010	1,077,012	6,675,122	707,008	2,103	8,274
Total	63,130,666	\$3,667,986	32,354,700	\$3,680,571	36,387	\$131,763

EXPORTS TO HONGKONG.

1903.						
January	22,099	\$3,841	.....	\$.....	142,918	\$460,238
February	161,346	9,798	1,001,830	105,190	126,693	427,199
March	36,858	3,267	.....	.....	106,520	395,479
April	32,210	4,544	1,222,283	128,955	74,107	245,989
May	35,658	4,864	1,300,540	137,880	48,670	183,531
June	57,269	6,577	793,477	85,301	65,961	227,003
July	117,991	13,468	822,392	86,725	39,890	143,890
Total	463,431	\$46,359	5,140,522	\$544,051	604,759	\$2,083,329

1904.						
January	5,877	\$994	955,320	\$112,700	155,130	\$574,431
February	26,000	2,027	34,234	5,223	189,308	694,139
March	37,919	7,538	54,365	5,801	58,718	232,217
April	8,846	1,374	3,265,323	368,210	9,521	35,609
May .....	.....	.....	752,000	81,600	9,730	34,273
June	27,891	6,135	6,133,940	645,063	62,820	250,404
July .....	.....	.....	689,620	72,410	117,469	463,196
Total	106,533	\$18,068	11,884,812	\$1,291,007	602,696	\$2,284,322

DEPARTMENT OF COMMERCE AND LABOR,
Bureau of Statistics.

WASHINGTON, D. C., August 29, 1904.

Imports of Tea and Silk into the United States for the seven months ending July 31, 1902, 1903 and 1904.

TEA.

Imported from	1902.		1903.		1904.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	2,508,765	453,070	3,416,386	729,190	3,831,405	863,822
British North America....	1,101,756	194,113	1,485,222	335,178	1,361,593	305,823
Chinese Empire.....	18,970,923	1,865,586	12,381,034	1,565,713	21,546,801	2,580,154
East Indies.....	2,282,788	305,520	3,348,903	480,475	4,315,235	654,380
Japan.....	10,749,147	1,694,566	16,710,417	3,208,928	15,363,099	2,807,970
Other Asia and Oceania ..	202,242	25,311	279,238	31,145	186,268	23,084
Other countries	5,683	1,370	11,518	2,990	117,989	30,920
Total.....	35,821,304	4,539,536	37,632,718	6,353,619	46,722,390	7,266,153

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SILK.

Imported from	1902.		1903.		1904.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France.....	313,290	1,053,768	239,559	952,886	286,515	800,571
Italy.....	1,492,707	5,861,540	1,690,343	7,292,138	1,528,355	6,000,136
Chinese Empire.....	1,749,491	4,694,378	1,365,794	3,972,923	2,173,340	6,301,948
Japan.....	2,756,918	9,180,357	3,069,619	11,577,227	3,575,776	12,449,769
Other countries	261,177	825,637	27,866	93,138	21,716	65,947
Total	6,573,583	21,615,680	6,402,181	23,888,312	7,585,702	25,618,371
Waste .....lbs..free..	982,036	571,021	972,097	523,846	2,355,696	1,007,471
Total unmanufactured .....	.....	22,186,841	.....	24,412,218	.....	26,625,844

CHINESE NOTES.

FROM M. J. W. JAMIESON'S REPORT ON THE FOREIGN TRADE
OF TIENTSIN.

It is curious to note with what ease the British dollar has entered into circulation in the north, and established itself alongside of the Mexican, whereas the French dollar, intrinsically a finer coin, is only taken at 7 to 10 per cent. discount. The present Governor-General has been instructed to commence the coinage of a national tael, and has rebuilt the mint and engaged an expert assayer, through the United States Treasury Department. All that is lacking is the machinery, which is now being ordered from America.

One result of the new conditions under which trade is being carried on has been to place the native merchant in closer touch with manufacturers abroad. He now asks for quotations in sterling and is mastering the mysteries of exchange, a problem with which he previously did not choose to concern himself. Should he so elect, he can have his purchases shipped to Tientsin direct, as every month a steamer arrives at the bar with railway material and surplus space for other goods. His intercourse with foreigners is facilitated by the fact that the latter almost all possess a knowledge of the language sufficient to carry on a business conversation, an example which merchants at other ports might well follow.

The exports from Tientsin to non-Chinese markets are limited in number, and are practically confined to skins and wool. The figures for 1902 closely approximate to those for 1899, but, owing to native dealers holding back supplies in expectation of higher prices, those for 1903 are not likely to yield such good results. In his report for 1899 Mr. Carles has given the history of the export trade of the port, which was entirely built up by the enterprise of British merchants, and of which they have succeeded in retaining some 65 per cent. Whereas the control of British imports is principally left to Chinese, German and American firms, the manipulation of exports, which go almost exclusively to America, is mainly confined to the three British firms who made the first start.

Some forty years ago, when the value of raw cotton exported from Tientsin amounted to two-thirds of the value of the total exports, skins and wool were only remotely thought of. Certainly no one then contemplated that cotton would disappear from the export list, and

hopes of future expansion were centred on coal. The fleeces of sheep and the wool of camels, bred far beyond the confines of the eighteen provinces, and the skins of goats from Honan and Shanhsi, which are converted into the smart American boot, have gone a long way toward building up the wealth of Tientsin; but, for reasons given above, it would not be wise permanently to rely on a continuance of present supplies. In December, 1903, for instance, goat skins from Tientsin's area of supply could be bought in Hankow, whither they had been conveyed by rail, at prices which Tientsin could not quote.

Careless methods of plaiting on the part of producers have killed the straw braid trade, and exporters give it but little attention. What trade there is is entirely in the hands of one German firm, who appear to control Luton supplies from the north of China.

The trade in bristles, of which the better qualities come from Manchuria, is a steadily growing one, as is that in the comparatively new item, jute—1,785 tons in 1902 against 1,160 tons in 1899.

An important feature in the Tientsin export trade is differential rates of freights, and to these is to be attributed the gradual drawing off to the United States of articles such as bristles, cow hides, untanned skins and jute, which might otherwise go to the United Kingdom. The normal rate of freight from Shanghai to New York is £1 5s. per ton of 40 cubic feet net, and rates have been quoted as low as 17s. 6d., while to London the rate is £2 5s. per ton (less 10 per cent. rebate, refunded about one year after payment of full freight). In making purchases of produce of low value and great bulk, such as above cited, the American merchant thus possesses a very great advantage over his British competitor, and may quite conceivably obtain an undue control over the London market, as, if his cargo fails to find a market in New York, he can readily re-export to London at 7s. 6d. per ton extra. The merchant who ships direct to London at £2 5s. less 10 per cent.—£2 os. 6d.—per ton net, therefore pays 8s. per ton more than the American merchant who ships to New York and then to London, and has in addition the option of two markets. Should the British merchant attempt to ship to London by steamer via New York, he would be called upon to sacrifice all his freight rebates in respect of London freights. This very real grievance and hindrance to British trade cannot, it is to be feared, be alleviated or removed by any system of preferential tariffs.

THE REPUBLICAN PARTY AND THE PHILIPPINES.

SECRETARY TAFT'S DEFENSE OF THE POLICY OF EXPANSION DELIVERED AT MONTPELIER, VT., AUGUST 26, 1904.

When the war over Cuba began, the imagination of no one soared to the point of supposing that the fates of the United States and the Philippine Islands should be linked together for any time, however short. The victory of Dewey, your fellow citizen of Vermont, in Manila Bay, however, was a turning point in the history of the Philippine Islands and an event of much importance in the history of the United States, for which only fate can be said to have been responsible. There had been an insurrection in the Philippine Islands in 1896 against the sovereignty of Spain, led by Emilio Aguinaldo. That had been brought to an end by the so called Treaty of Biac-na-bato, under which Aguinaldo and his followers were paid \$400,000 and were promised \$200,000 more and agreed to leave the country and never return, and a general amnesty was proclaimed.

When Dewey won his victory he was without military force, and although he might have taken Manila at once, he did not have the force to police the city. Accordingly, when Aguinaldo came to him at the instance of the American Consul at Singapore, he sent him ashore to see if he could not arouse and unite again the forces that had been in insurrection against Spain in 1896. This Aguinaldo succeeded in doing. Aguinaldo says that Dewey promised that they should have independence. Dewey said that he did not, and if anything else were needed to confirm Dewey's statement there is written evidence in the records of the insurgents to show that no such promise was made. After a while the American troops reached there. On August 13 they took Manila.

Aguinaldo was not permitted to enter Manila, and resented the fact that his army was not given an opportunity to loot that rich city. The insurgents greatly outnumbered the Americans and completely surrounded Manila, using the arms which they had obtained from Dewey and which the Spaniards had turned over to them before the capitulation in other parts of the islands. Record evidence now shows that when Aguinaldo left Hongkong he had a completely formed plan by which he should get the guns from Dewey and use them upon the Spaniards first, and then upon the Americans if they did not leave the islands. Manila was taken about the time the protocol was signed and peace declared between Spain and America. The treaty was not confirmed until April, 1899. Meantime, the two forces of Americans in Manila, and the insurgents outside of it, were in close contact, with a feeling of hostility on the part of the insurgents, which required great forbearance on the part of the Americans not to resent it. On February 4, 1899, there was an outbreak in accordance with the plan that Aguinaldo had formulated, and the result was a defeat of the insurgents.

Meantime, Aguinaldo, as dictator, had established a government in a number of the provinces. He had convened

a so called convention at Malolos, a town about 40 miles north of Manila, on the railroad. He had appointed to this convention all the lawyers and prominent men in Manila of his own race. They were credited to all parts of the archipelago as if elected by popular vote. A constitution was adopted, taken largely from the Constitution of the United States, the Mexican constitution and that of the Argentine Republic. The constitution was proclaimed, but was never put in force. It was used only for foreign and diplomatic purposes. The government was that of a dictator, whose power reached down into the municipalities, and who selected his tools as municipal officers and governors of the provinces, and for the eight or nine months during which the provinces were under his control the oppression, corruption and misgovernment far exceeded that under the Spanish régime.

When the United States Commissioners of Peace and the Administration of President McKinley came to decide what form the treaty of peace should take, they were presented with the dilemma whether they should turn the islands back to Spain, whether they should turn them over to the government of Aguinaldo, or whether they should assume sovereignty for the United States throughout the archipelago. Every consideration of honor forbade that those who had fought with them as allies against the Spanish régime should now be turned over to the tender mercies of the Spaniards by the restoration to Spain of the sovereignty over the islands. On the other hand, it was perfectly apparent that the government which Aguinaldo had established and that any government which he could establish would be utterly unfit to promote the prosperity and progress of the Filipino people. A great majority of the people were hopelessly ignorant, and were unable to read or write.

Not 10 per cent. of them speak Spanish, and a knowledge of Spanish is the line of intelligence, for those who know only the native dialects, even if they read and write in one of them, are hopelessly separated from contact with the modern world and from a knowledge of modern affairs. They are a Christian people, and left alone they are quiet and orderly, courteous, not overly industrious, but nevertheless a good people, and a people in a state of Christian pupillage, longing for education, but superstitious and subject to being led by their educated fellow citizens one way and then another without the slightest independence of opinion or self restraint. The only course open to the United States, therefore, was to accept the sovereignty of the islands, and to see what it could do by creating a civil government, in the participation of which the people of the islands should be given a greater and greater voice as they developed greater and greater fitness for self government. This was the policy adopted by the Republican party, and it involved on the part of those who were re-

sponsible for it the holding of the Philippines for the benefit of the Filipino people, and the enforcement of the principle that no measure should be there adopted which savored of selfish exploitation of the islands for the benefit of the United States and which did not make for the benefit of the Filipino people.

Aguinaldo and his generals who were interested in maintaining his government, with the army at their back, maintained an insurrection against the sovereignty of the United States, acquired by the treaty of peace, for about three years. At first there was an organized army, but when the United States was able to bring reinforcements into the islands this army as an organization was scattered to the winds, and then the insurgents resorted to guerrilla warfare, which is most destructive to the prosperity of a country, to its business, its agriculture and everything of benefit, and which develops a cruelty on the part of the combatants toward the noncombatants which it is difficult to exaggerate. But the American army showed itself remarkably adaptable to new conditions and ultimately overcame the guerrillas. The army was much aided in the process of tranquilization by the establishment of civil government wherever that was possible, under the auspices of the Commission appointed by President McKinley.

The Federal party was formed among the Filipinos for the express purpose of bringing about peace, and all the good elements among the people united with this party and aided the Commission in the establishment of civil government in all parts of the islands, which was so far advanced that on July 4, 1901, it was thought wise to appoint a civil governor to act as the executive, with the Commission as a legislative body. The insurrection continued in Batangas and Samar for nearly nine months longer. Finally complete tranquillity was secured in all parts of the archipelago occupied by the Christian Filipinos. The Moros, who are very little short of savages, continue at times to make outbreaks; but these are in the remote south, and are not to be more regarded than the outbreaks of our Indians in the West during the period after the war.

The civil government established was threefold: First, municipal; second, provincial; and third, central. In the letter of instructions of President McKinley to Secretary Root the Commission was directed to secure to the inhabitants every right secured by the Bill of Rights of the Constitution of the United States, except the right to bear arms and the right of trial by jury. By act of the Commission 900 municipalities were organized in which complete autonomy was given to the people; that is, all the officers of the municipality were elected by the people.

In the provinces a government was organized in which the governor was elected by the people, and the provincial treasurer and the provincial supervisor of roads, who with the governor constituted the provincial board, were appointed. In the central government three Filipinos were appointed and with five Americans made up the Commission, which was the legislative body of the islands. By an act passed July 2, 1902, the instructions of President McKinley were confirmed and embodied in an act of Con-

gress. A provision was made for a census of all the inhabitants of the Philippine Islands, and it was provided that within two years after the publication of that census a popular assembly should be elected by those qualified to vote in the municipal elections, to consist of not more than 100 and not less than 50, and to constitute a co-ordinate branch of the legislature with the Commission.

A constabulary force of 7,000 men enlisted from the natives was organized and, with the assistance of 5,000 native scouts, enlisted in the United States Army; the *ladrones*, or highway robbers, who in bands had infested all the provinces of the archipelago for centuries, under the Spanish régime, were killed or captured and brought to justice and imprisoned in the state's prison at Manila, called Bilibid. This has been a tremendous work, but it has accomplished much for the benefit of the country.

A school system was established by bringing over 1,000 American teachers and employing 3,000 Filipino teachers. As I have said, about 7 per cent. of the Filipinos speak Spanish. There are twelve different dialects among the Christian Filipinos, of such a character that a man who speaks only one dialect cannot understand a man speaking another. These dialects are very poor in vocabulary and literature. They are not of a character to justify the selection of any of them as the language of the islands. English is the language of the Orient.

English is the language of free institutions, and the proposition to teach the Filipino children English met with a tremendous approval by all the people of the islands. Accordingly a system of education was established, and now upward of 200,000 children are enrolled in the schools, with an average attendance of about 75 per cent., who are learning the English language. Secondary schools to give an academic education have been established in each province. A normal school of 400 in the city of Manila has now been running for more than two years, and a thorough normal school education is being given in English. The Government sends 100 of the brightest pupils selected from each of the provinces to this country to be educated each year, with the understanding that when those pupils return they shall serve in the government capacity as teachers in the schools or elsewhere. The plan is to prepare 10,000 Filipino teachers to teach in English all the necessary branches, and if the plan is not departed from this object will be accomplished in less than ten years. We are spending as much money as the revenues afford in the construction of roads, the construction of harbors, and all other important public works.

We have introduced a gold standard of currency, so that there should not be the disastrous fluctuations that prejudicially affected business in the islands under Spain and during the first three years of our stay. We have established an efficient post office department in the islands. We have connected every province of the 44 in this archipelago of 3,000 islands by cable and telegraph with Manila, and we have laid the foundations for progress in education and civilization in the islands which, if carried out, will in all probability, in my judgment, educate the present genera-

tion and by experience teach the people a useful lesson in self government. Popular self government is impossible without an intelligent public opinion. With 90 per cent. of the people in a hopeless fog of ignorance and superstition and pliability under the influence of fraudulent demagogues a stable popular government is impossible.

Hence it is the plan of the Administration, by practice of the Filipinos in the self government which may gradually be extended to them, by education in the schools, by the introduction of roads and railroads to facilitate intercommunication, by increasing the material prosperity of the islands in every way, ultimately to create an intelligent body of people who may have such a public opinion as will properly restrain their public officers selected according to popular methods.

We are engaged now in furnishing to Manila a proper sewerage system, and an addition to its water supply, so that the dreadful epidemics of cholera and plague and smallpox may be reduced to a minimum.

We hope by the establishment of hospitals, by the education of doctors, by the enforcement of health laws, to reduce the tremendous mortality that now exists, especially among the children, and to make a stronger and better race. The great difficulty that we now encounter in enforcing the rights secured by act of Congress to these people is to teach them what their rights are. The lawyers are few in number and not sufficiently widely distributed to furnish to the people an opportunity to protect their rights. The dissemination of intelligence, the greater education of the youth, the increased facility for intercommunication, the enforcement of better rules of hygiene are all necessary to develop these beautiful gems of the Pacific as they should be developed, and to make their people a worthy nation of the world.

Government on this basis is an expensive matter. It takes a large amount of money to operate it, and we have not that money. We have an income of about \$10,000,000 or \$12,000,000. That is not sufficient to accomplish all that we hope to accomplish. The revenues of the islands will only increase with the increase in business, but the internal developments of the country will largely increase business and largely increase revenues. It is incumbent upon Congress and the American people, if they approve this policy, to facilitate in every way this development. This, gentlemen, is the policy of the Republican party in the Philippines. Now, what is the policy of the Democratic party?

The Democratic party has incorporated the anti-imperialists, so called. They were opposed to the Spanish war. They were opposed to the acquisition of the islands by treaty. Mr. Bryan does not seem to have been so opposed, for he went to Washington and worked for the promotion of the treaty, which could not have been confirmed without Democratic votes, but as soon as the treaty was confirmed then there began to be agitated the question of letting the islands go. Mr. Bryan was in favor of immediately establishing a government of Filipinos and then abandoning the islands. The authority of the United States was then resisted in open insurrection. Accordingly the Republican party, through Congress and the Executive, took steps to put down that insurrection, and they did no. The task was a most onerous one.

In the course of it the Filipinos showed a cruelty toward our soldiers which in some instances, comparatively few I am glad to say, provoked cruelty in return on the part of the American soldier toward the native. There were instances of the so called "water cure," which consisted in pouring water down a man's throat until he should tell what he knew, and there were other instances of a violation of the laws of war. On the whole, however, as I said before the Congressional Committee, and as I now repeat, there never was a war in the history of the world between a civilized army and partially civilized forces in

which there was less cruelty and more of generous treatment than the American Army showed in the Philippine insurrection.

In the beginning, and for two years of the war, prisoners were not taken, but were released as soon as captured, and the leaders of the insurrection would surrender and take advantage of the surrender to plot again without hesitation.

What did the Democratic party do under these circumstances? They attacked the army with an enthusiasm that indicated that they had now found an issue upon which they might go before the people and defeat the Republican party. With fiendish glee they seized upon every evidence, however slight or unfounded, of a violation of the laws of war by the American soldiers, and held it up as a rich morsel to public condemnation. The wildest stories told in private letters, founded on nothing whatever, were circulated by them as an indication to prove that the Filipinos were undergoing the tortures of the Inquisition at the hands of American soldiers.

Mr. Root and the generals of the army were accused of aiding and abetting and approving a policy of cruelty and torture toward the natives. Pamphlets were issued, sensational reports sent out, turgid volumes of eloquence upon the floor of the House and the Senate were given forth in the wild race for a successful issue against the party in power.

It was just preceding a Congressional election, and what was the result? An increased Republican majority. The American people refused to encourage this effort on the part of the Democracy to have the country befooled its own nest, and refused to listen to the slanders and calumnies that were heaped against men who were imperiling their lives in the Philippines in support of the flag of the country and in maintaining ordered liberty in those islands.

Hence we hear nothing of that issue in the Democratic platform. The Administration brought forward a bill to establish civil government in the islands and to secure by legislative act the rights which President McKinley had sought to secure as far as he could as Executive by giving his instructions to the Secretary of War. The bill was discussed and passed, being obstructed by the Democrats more than three months in the Senate. The bill approved the establishment of a civil government, approved the autonomy thus far established, and promised a legislative assembly. It contained provisions for the distribution of public lands, for the distribution of mining rights to the people of the islands, and it ended military government in the islands, but it was nevertheless opposed by the Democratic party.

The Democrats denounced, with all that eloquence of which they have so much, the existence of any tariff at all between the United States and the Philippines, and declared that by virtue of the constitution only free trade could exist. The friends of the Filipinos—the administration—were anxious that the tariff against Philippine products should be reduced at least 50 per cent., and 75 if possible. It was reduced 25 per cent. in the winter of 1901-2, a great majority of the Democrats voting against the reduction. In the winter of 1902-3 the House of Representatives passed a bill reducing the tariff on all products of the Philippine Islands to 25 per cent. of the Dingley rates. This was absolutely essential to encourage the business in the Philippine Islands. The bill went to the Senate and was defeated by the action of the Democrats. Senator Teller, Senator Patterson and Senator Dubois talked it to death, and in the hurry of the short session it was impossible for the Republican majority, which was anxious to pass it, to put it through. Again, in the last session of Congress, a bill was introduced which proposed to allow the issuing of \$5,000,000 of bonds for the improvement of roads and public works in the islands. It also had an important provision authorizing the Philippine government

to guarantee an income for not exceeding thirty years to companies constructing railroads in the islands of not exceeding 5 per cent., on condition that provision should be made for the return to the government, out of the property of the company, whatever might have been paid out by the government under the guaranty.

This would be an obligation not binding on the United States, but binding on the Philippine government, and if independence were to be granted and a transfer made, therefore, to the new government, of course the old obligation of the Philippine government would be assumed by the new government. Experience shows that the only method by which the construction of railroads in tropical countries and colonies can be secured is by the government's building the roads or guaranteeing an income. The latter method involves the government in much less expenditure than the former. There are only 120 miles of railroads in the Philippine Islands. In barbarous Algeria there are 2,000 miles, although the territory is very little larger and the population is not as great by one-third. This gives a fair idea of the disproportion in the matter of railway mileage in the Philippines when you compare it with that of tropical colonies similarly situated in other parts of the world. Nothing will so contribute to the education, elevation and uplifting of the people as the construction of railroads through the different parts of the islands. Nothing will so contribute to their commercial prosperity, because the railroads will make it possible to bring the enormous crops which can be raised from various parts of the islands to the seaboard for exportation.

But this bill having passed the House was held up in the Senate by the Democratic senators on the specious plea that it would involve our holding the islands for a long period of time, and this objection to the bill is recited in the platform of the Democratic party. Nothing could be further from the truth than that if the Philippine government were to be authorized to guarantee an income to railroads it would bind the Philippines to the United States, for it would be entirely possible were there to be a transfer of sovereignty to an independent government, or some other government, to make provision for the assumption of the obligation of the guaranty by the successor of the Philippine government. The United States by authorizing the Philippine Islands to contract a debt does not itself assume it, or otherwise a State legislature by authorizing a county to contract a debt would make the debt of the county or the municipality a State debt.

The Philippine plank of the Democratic party is so framed that it is impossible to tell whether it is in favor of immediate independence of the islands, or whether it intends now to declare that in the future they shall be independent, and to hold them indefinitely until we think them fit for their independence. Judge Parker, the candidate of the party, falls into the error of saying that the Philippines cost us \$650,000,000, when by no possible calculation can their cost be made to exceed \$250,000,000 down to the present time. He says that we got the islands because we could not help it; that we should prepare the people as rapidly as possible for self government; that we should hold them until they are fit for self government, but he says, as the Democratic platform says, that we ought to promise them this now. With the exception of the promise, therefore, it is a little difficult to tell, if Judge Parker is to be regarded as the interpreter of the Democratic platform, how the Democratic policy will differ from the Republican policy if carried out.

But this is only one instance, of which there are many, in which the Republicans have gone ahead against a constant objection of the Democratic party to carry out a particular policy which involved the solution of difficult problems requiring courage, effort and energy, and after a solution has been effected, and the probability of success demonstrated, the Democratic party, although it has con-

stantly been in opposition to the policy, moves up and takes the position which the Republican party had occupied from the beginning. And now why do the Republicans not agree with the Democrats in favoring a distinct promise in the law which shall bind the Government to give independence to the Filipinos when they are fit for it?

The Republicans hope that the time may come when they may be safely granted independence, and think that it will come, but the reason why they are not in favor of promising that is because such a promise will greatly mislead the Filipino people and greatly complicate the situation in the Philippine Islands with respect to the success of the present government there and its orderly continuance. No promise can be made to the Filipinos except that we will grant them independence when they are fit for complete self government. The demagogues and the men of violence in the islands—the former leaders of the insurrection—will be glad to have an opportunity to charge this Government with a breach of faith. We have been studiously careful to promise the Philippine Islands nothing but what we could carry out.

If now we make a promise to them which can be so construed as to charge this Government with a breach of the promise, we lose our power for good in the islands and sap the foundations of our government there, and the whole hope of uplifting the Filipino people is in the success of that government and its plans.

Let us suppose that by law the issue as to whether the people are fit for self government is declared to be that one upon which shall turn the time for independence. The men of force, of violence, and the demagogues in the islands will go before the people and argue that the people are now fit for self government. Is there a people in the world, however ignorant, of whom when such an issue is presented, there would not be an enormous majority in favor of their fitness for self government? No one of their own race, however friendly to our Government, would have the courage to take the negative in such a discussion, and if independence was not at once granted, the Government would stand convicted of a breach of faith and its friends and supporters among the Filipinos would be silenced.

But there is a still stronger reason why the Democratic party cannot be trusted to carry on the Philippine policy of the Republican party to which they now subscribe. The war in the Philippines by the insurgents was carried on for more than two years beyond the time when it would have been carried but for the encouragement received by the insurgents from the anti-imperialists and the Democratic party in the United States. That is capable of demonstration by the proclamations issued by the insurgents from Manila during that entire time. They looked to the election of Bryan as an election which should give them that which they were fighting for. I do not say that the anti-imperialists of the Democratic party had not a right to take that position, but I do say that, having taken that position, they are responsible for the continuance of the war. The insurgents, the leaders of violence, Aguinaldo and all his supporters regard the Democratic party as a party which will give them independence at once.

Now, then, if that party come into power and does not give immediate independence, it will be charged by the violent Filipinos, the former insurgents, with the most flagrant breach of faith and there will be an end of tranquillity and of all well ordered liberty which we now are attempting to build up and secure.

One would think in reading the letter of Judge Parker that we had denied the rights of life, liberty and property to the Philippine people. It is not true. By act of Congress those rights are secured, and they are actually secured to them under the Philippine government. Of course it may be said that a right secured by an act of Congress may be lost by the repeal of the act. So, too, an act secured by the Constitution may be lost by an amendment to

the Constitution, but when you have an act of Congress securing you a right and that act remains in force and is capable of enforcement in the courts, it is a secured right. It is said that we are enslaving the Philippine people. The Philippine people never had such liberty in the history of their country as they are now enjoying. It is said we are upholding nothing but a despotism. With an autonomous municipal government, a partially autonomous provincial government, with a central government of a commission in which are three representative Filipinos, and with a popular assembly which is to take full part in the legislation of the country as a co-ordinate branch of the legislature in two years, the Filipinos may be under a despotism, but if so the word has lost its usual meaning.

But now it is said that our holding the Philippines is a violation of the Declaration of Independence, in that that instrument declares that all just rights of government depend upon the consent of the governed. The Declaration of Independence was written under circumstances which show conclusively that it could not have application to this case. The men who wrote and signed that and the people whom they represented had had self government practically for 200 years. There were never a people in the world so capable of self government as they. They did not mean that that instrument should have a literal interpretation, because if they did the instrument itself was a false statement. Women and children were governed, slaves were governed in those days, and the many excluded from voting by property and educational qualifications were governed, and were not consulted in that government and did not consent to it. If the literal interpretation of the instrument is the true one, then nothing but universal suffrage by men, women and children could constitute a just government. The instrument is to be restrained to the fitness and the reason of things. All people are not capable of self government.

If they are, then we ought to let the Philippines go at once. Yet today the candidate, Judge Parker, is in favor of holding the Philippines until they are fit for self government, which in itself implies that they are not now fit for self government. Now, to hold them a year is just as much a violation of the principle as to hold them five years in their preparation for self government.

In other words the position of the candidate, Mr. Parker, on this subject, takes the Declaration of Independence out of the controversy. The promise to give them independence when they are capable of self government does not in the slightest degree avoid the violation of the Declaration of Independence if the Declaration of Independence is to be considered as assuming that all people, however ignorant, are capable of self government, and that all governments, in order to be just, depend upon the consent of the people to be governed.

Notwithstanding the fact that the position of Judge Parker really eliminates the question of consistency with the Declaration of Independence from the discussion, we still are enlightened at different times by arguments from statesmen like Mr. John Sharp Williams, who denounce the Republican party for a departure from the principles of that instrument in that we deny to the Filipinos the privilege of determining what their government shall be.

It is quite remarkable that Mr. Williams should be so sensitive that the Filipinos are not given complete self government at once and yet should be willing to represent the Yazoo district in Congress, elected thereto by a vote of 1,463 persons out of a population of 190,000.

I do not wish to contest the proposition that persons may be properly excluded from the suffrage on account of lack of education or even by a property qualification, and if in the Yazoo district this is what has been done, and nine-tenths of the male citizens of voting age are excluded by qualifications which apply equally to everybody, I do not criticise Mr. Williams' acceptance of the

election; but I venture to point out that nine-tenths of the male citizens of voting age in Mississippi are being governed without their consent by reason of such disqualification, and therefore assuming that all people are within the equal protection of the laws of Mississippi, and that the amendments to the Constitution are all enforced there as they ought to be, the Republican party in the Philippines is only qualifying the principle of the consent of the governed as it is qualified in Yazoo district for the benefit of Mr. Williams, to wit, by making it applicable only to persons who have sufficient intelligence and fitness to govern themselves, and not to people so ignorant that they do not know their own interests.

In view of this example of Mr. Williams' district, which could be repeated in many districts of the South, I think one may be excused for doubting the sincerity of the declarations which come from the statesmen of that quarter in favor of the poor Filipinos, whose right to govern themselves they say has been so outrageously denied to them by the Republican party in the way described.

My friend, Mr. James C. Carter, in writing a letter giving his reasons why he has joined the Constitution Club, enumerates among other crimes of the Republican party the holding of alien people in colonial subjection. This is one of the reasons he gives for voting for Judge Parker, although personally he likes Mr. Roosevelt; but Judge Parker announces that the people are to be held until they are fit for self government, and this is exactly the policy which Mr. Roosevelt and the Republican party have been following and propose to follow.

Mr. Carter is troubled about the principle of protection, but his candidate, whom he selects, says that there is nothing to hope for in the way of free trade or a change of the tariff because of the Republican Senate for the next four years. Mr. Carter is also troubled by the pension order, an explanation of which I have already given. Indeed, it would seem, when his reasons are analyzed, that he has none except one which he does not state—that his associations have always been with the Democratic party, and that to capture him for that party is like the Dutch taking Holland.

Now, my friend, Mr. Olney, formerly Attorney General and Secretary of State under Mr. Cleveland, has attacked the Philippine policy of the United States, and he attacks it on the ground that there is no constitutional warrant for the Government of the United States to expend a large amount of money in the altruistic business of helping an alien people; in other words, that the charity of the United States must be kept at home, and that it is not for the welfare of the United States, within the constitutional limitation, for it to act as an almoner of its bounty to other peoples. This sounds strange to one who is at all familiar with Secretary Olney's views upon the Monroe Doctrine, and upon the general foreign policy of the United States.

No man has laid down the doctrine which bears the name of President Monroe with more emphasis than did Mr. Olney in the Venezuelan matter. The Monroe Doctrine is altruistic in the matter of the governments of the Western Hemisphere. It is an assertion that the popular governments there established should be maintained, and should not be disturbed by the intervention of European governments. Mr. Olney has given us an opportunity to know his views exactly upon this question, because in Sanders Theatre, at Cambridge, he delivered an address on the foreign policy of the United States, and in that address he said that the time had arrived when the Government of the United States should depart from the admonitions of Washington in his Farewell Address, and should take part as a world power in the deliberations between other world powers as to matters of international interest.

He said the time had come when the United States must cast off its swaddling clothes; that Washington's Farewell Address was adapted to a country weak and struggling as the United States was when the address was delivered, but that now we had risen to the full height of a world power and must expect to meet the responsibilities and obligations of such a power. I do not misrepresent him, for I will quote what he says exactly on this subject in a number of the *Atlantic Monthly* for 1898:

"The pioneer in the wilderness, with a roof to build over his head and a patch of ground to cultivate, and wife and children to provide for and secure against savage beasts and yet more savage men, finds in the great law of self preservation ample excuse for not expending either his feelings or his energies upon the joys or the sorrows of his neighbors. But surely he is no pattern for the modern millionaire, who can sell nine-tenths of all he has and give to the poor and yet not miss a single comfort or luxury of life. This country was once the pioneer and is now the millionaire. It behooves it to recognize the changed conditions and to realize its great place among the powers of the earth. It behooves it to accept the commanding position belonging to it, with all its advantages on the one hand and all its burdens on the other."

"The mission of this country, if it has one, as I verily believe it has, is not merely to pose, but to act, and while always governing itself by the rules of prudence and com-

mon sense, and making its own special interests the first and paramount objects of its care, to forego no fitting opportunity to further the progress of civilization, practically as well as theoretically, by timely deeds as well as by eloquent words."

The great object we now have in the Philippines is to build up the government there so as to make it more and more useful to the Filipinos, so that they may ultimately become an educated, intelligent and self governing people. Then if they desire independence, let them have it. But if we bring them in behind the tariff wall, if they see that association with the United States is beneficial to them, as I verily believe it will be, it is quite unlikely that they will desire full independence. It is quite likely they will prefer that association which exists between England and Australia or between England and Canada.

What is the use, then, of looking so far into the future that no man can see, and of binding ourselves to a course the advisability of which no man can know, when the effect of it is certain to create disturbances among the people whose prosperity and tranquillity we are trying to promote? Why, again, should we trust to carry out the policy which has been so opposed by the Democratic party, to that party when its conduct will make it, by reason of its announcements and declarations, most difficult for it to conduct any government at all in the Philippine Islands?

PHILIPPINE CONDITIONS AND PROSPECTS.

FROM THE INAUGURAL ADDRESS OF GOVERNOR WRIGHT.

In reviewing in a general way the work that has been done thus far and in presenting to the Filipino people his views as to the value of what it is hoped will be accomplished for them in the future, Governor Wright emphasizes the fact that the policy of the government will be continued along the lines so earnestly advocated by his predecessor. His remarks in part are given below:

"The Commission came to these islands, bearing a message of peace and good will from the American people to the Filipino people. The instructions which President McKinley gave us were definite and explicit and were made known to us before we left the United States. We assumed the responsible duties with which he had honored us, fully understanding their tenor and assenting to their wisdom and justice. Whatever differences of opinion may exist as to the soundness of the policy enunciated in these instructions, there can be none among conscientious and honorable men that we were and are fully committed to their execution. We understood fully that while opposition to American authority, when it took the form of an armed insurrection, must be met and put down by the military forces of the United States; at the same time we realized with equal clearness that a true peace could only be established by obtaining the confidence and co-operation of the educated and patriotic Filipinos. We further believed that it was true American doctrine that the people affected by government should have as large a participation in that government as they were capable of safely ex-

ercising in their own interests; and that the fullest opportunity should be given them to test their abilities by actual participation in the administration of their own affairs. It was not believed to be either just or politic to impose upon them a government modeled strictly upon American lines and administered wholly by Americans.

"Acting upon these general principles, Governor Taft and his colleagues, from the beginning, have endeavored to pursue a policy of attraction, and at every step have invited and welcomed the advice and assistance of those Filipinos whom they believed competent to be of service in establishing good government here.

"It is not my purpose to glorify the work which has been already accomplished by Governor Taft and the commission. The future must largely determine whether we have wrought well or badly. We perhaps stand too near to the stirring events which have thronged the years of American occupation of these islands to judge dispassionately the value of what has been accomplished. The substitution of American theories of government and methods of administration for those which had obtained for hundreds of years under the Spaniards has been carried on with the characteristic energy which is the distinguishing feature of the American. And naturally there have arisen differences of opinion as to the wisdom of our course not only among observing foreigners and Americans, but among Filipinos as well. There are not wanting critics in the former class who think the commission has gone too fast and too far,

and, on the other hand, there are not wanting impatient Filipinos who, forgetful of what has already been done, complain that we are moving too slowly. This is not the occasion nor am I the proper person to discuss, upon their merits, these differences of opinion. That we have made mistakes I shall not controvert. The man or men, however, who do not make mistakes are only those who accomplish no serious or permanent work. I think, however, we may justly claim at least the benefits of good intentions and honest efforts. It seems to me, furthermore, that when a comparison is made between the situation as it existed three years and a half ago and as it exists now, even the least observant or the most censorious must be struck with the marvelous change for the better. Then there was a blaze of insurrection extending from one end of the archipelago to the other; today general peace prevails. Then life and property were only secure in those towns garrisoned by American troops who occupied several hundred stations; today the number of our troops has been reduced by more than three-fourths, occupy only a few strategic points, and yet with the exception of the occasional depredations committed here and there by insignificant and fugitive bands of *ladrones* life and property are as secure in these islands as in other well ordered communities. I do not for a moment pretend that this gratifying change has resulted wholly from the labors of the Commission. Unquestionably in the mere suppression of insurrection the chief credit is due to the efforts of our gallant army and navy. But I think I may say, without the imputation of egotism or the desire to unduly exalt the Commission, that but for its efforts to establish in the minds of the intelligent and thoughtful Filipinos a conviction as to the rectitude and benevolence of the intentions of the American people with reference to them, and thereby securing, in a multitude of instances, their cordial and zealous co-operation in the establishment of peace and order, these gratifying conditions would not now exist. We have reposed trust and confidence in many Filipinos, and it is but simple justice to say that rarely has that trust and confidence been abused. Today, pursuant to legislation enacted by the Commission, the Filipinos have in all their local affairs self government as Americans understand that term. They are largely represented upon the Commission, in the judiciary and in all other branches of the Government. They constitute the body of the constabulary who have been for the past two years charged with the duty of maintaining order, and have done and are doing most faithful and efficient service. They have the benefits of a comprehensive civil service law which applies equally to them as to Americans. A public school system has been created and is being steadily extended with satisfactory results. When it is considered that so much has been accomplished among a people alien to us in traditions, customs and languages, I think I may fairly say, in the first place, that we have not wrought wholly in vain, and in the next and most important place, that it furnishes striking evidence of the adaptability and capacity of the Filipinos and warrants us in entertaining high hopes for their future."

FUTURE WORK, RAILROAD BUILDING, AGRICULTURE.

"But it is not my purpose to deal further upon this subject nor to produce the impression, by what has already been said, that the conditions which obtain in these islands today are ideal in character. Real work, both for the American and the Filipino, lies in the future. Up to this time we have been going through what may be aptly termed a period of political reconstruction. While there has not even as yet been a perfect adjustment on the part of the people to the new order of things, as I have already shown, we have made substantial progress in the right direction. From this time forward our labors must mainly be toward

the consolidation, elaboration and making permanent that which we have established and the building up and developing the natural resources of the islands. Our first and most obvious need is an improved method of intercommunication among the people. We especially must labor to begin an era of railroad building for Luzon, Mindanao and several of the large islands of the archipelago. I do not underestimate the value of schools and other agencies of modern civilization which lead the masses of the people to higher levels of living and thinking, but to my mind, so far as concerns these people, nothing is of so much moment to them as railroads. While without them much may be done, yet any progress must be slow, halting and unequal. With them we may not only hope for but confidently expect rapid and tremendous improvement. As matters stand, except along that part of the coast line of the islands accessible to vessels, there is practically no incentive offered to labor or production. Having no markets the inhabitants only seek to produce enough to meet their simplest wants. Agriculture under such circumstances is primitive in character and exceedingly limited in extent. The mineral resources of the islands remain undeveloped and vast forests of valuable timber almost unexplored and wholly untouched exist. It is only within a comparatively recent period that we have been in a position to grant franchises for the construction of railroads and other works of internal improvement. We have always recognized, however, the vital importance of the matter and have, from time to time, in our reports brought the subject to the attention of the authorities at Washington. When in that city last winter I had occasion to discuss this matter with the President and the then Secretary of War, Mr. Root. Both of them I found to be fully alive to our needs in this regard. The latter arranged several interviews with prominent capitalists and railroad builders in the United States looking to the inauguration of a large railroad system in these islands, and I am informed that, notwithstanding the enormous pressure of other business incident to his position, he has continued to urge upon capitalists at home the advantages of investment in railroads in these islands. While it is somewhat premature to speak definitely, I feel much encouraged in the belief that in the not remote future we may hope for substantial benefits as the result of his efforts. And now that Governor Taft has succeeded him, we have a right to feel doubly sanguine in this regard, for his colleagues know, as perhaps few can know, how near to his heart lies the prosperity and happiness of these people.

"The importance of developing agriculture cannot be overestimated. The people have been sorely afflicted in the last two years by the destruction of their crops by locusts, and to a large extent the loss of their horses and cattle by rinderpest. Through the liberality of the American Congress a large sum was placed at the disposal of the Insular Government to replace the cattle thus lost and to aid and prevent, as far as possible, suffering among the people. This fund has to a considerable extent been expended in the building of important highways and in the construction of other important public works, thus furnishing a means of livelihood to the people, especially in those sections most seriously affected by the loss of crops and cattle, and also in the purchase of carabaos. It has not in the past been nor will it in the future be the policy of the Government to extend aid to the point of pauperizing the people, but only to relieve their actual necessities by enabling them to earn money by their labor. In a number of the provinces in which rice has heretofore been the principal crop the people have been recently blessed with a bountiful yield of that cereal. Owing to a lack of cattle there still remains fallow, however, a considerable area of land formerly cultivated. As a result the importation of rice will still be necessary, though not to such an extent as last year. It should be our endeavor to increase the pro-

duction of this necessity of life by every means in our power, at least to the point of making the islands self supporting in this regard. The introduction of American agricultural machinery and methods of cultivation is very desirable and will be of immense benefit. The sugar and tobacco interests, I regret to say, are in a depressed and languishing condition. While what I have said as to rice production applies with almost equal force to them, and much may and must be done for their betterment by the Insular Government, still the fact remains that we cannot hope for any real advance in these industries until they are given entrance to the markets of the United States upon equitable terms, and for this boon we can only appeal to the Congress. Even were this granted, several years must elapse before the sugar and tobacco planters of these islands could hope to produce as much as prior to the insurrection; nor so long as the introduction of Chinese and other contract labor is prohibited, as at present, and as doubtless it will be permanently, is there the slightest danger of Philippine exportation of these articles injuriously affecting prices to producers in the United States. I entertain the confident hope and belief that Congress will not long hesitate in removing the insurmountable tariff barriers which now bar the way to the entrance of these important products. * * *

CURRENCY.

With reference to the evolution which has been taking place in the monetary system of the islands he states:

"The Commission perceived in the very beginning that one of the great drawbacks to anything like the permanent prosperity and progress of the islands was the lack of a stable currency. The only circulating medium which the Americans found here was an irredeemable silver currency composed of Mexican and Spanish-Filipino coin. The general tendency of silver has been for many years downward, but with frequent and violent fluctuations in price. The currency in circulation, as a result, rose or fell with the advance or decline of silver. All transactions, and especially those involving credits, were consequently largely speculative; this has been disastrous to all business enterprise. The Commission in its first report to the President urged legislation by Congress which would give to the people a silver currency to which they had always been accustomed but redeemable in gold, thus establishing and fixing a uniform stable standard of values. The Congress of the United States, on the 2d day of March, 1903, passed an act the provisions of which substantially embodied the recommendations of the Commission, and provided for a new coinage of Philippine pesos redeemable at the Insular Treasury in gold, which, together with the United States gold coin, are declared to be the sole legal tender of the islands after a date to be fixed by the Commission. Pursuant to this act, the Insular Government, by proper legislation and executive order, has demonetized Mexican dollars and provided for the redemption and recoinage of the Spanish-Filipino currency. It has, however, met with considerable difficulty in immediately retiring the outstanding Mexican and Spanish-Filipino coins, because the great mass of the people failed to understand and appreciate the real value of the new currency and continued to receive and use in their daily transactions the old upon a parity with the new coins. The difficulty of substituting the new currency for the old has furthermore been increased by reason of the fact that certain business interests have found it to their advantage to buy the hemp, copra and tobacco produced in the islands in the old coins, which are much cheaper than the new, and thereafter to sell their purchases in foreign markets for gold. The Commission, however, has been thoroughly convinced that there could be no real and genuine business prosperity and progress so long as

this state of affairs continued, and has therefore enacted legislation which will, after the expiration of a few months, tend to make unprofitable the use of the old currency and thereby make easy and certain the introduction of the new and stable currency.

"The importance of making effective the wise legislation of Congress above referred to cannot be overstated. In my judgment we cannot hope for any large revival of business and improvement in general conditions until we have eliminated this disturbing factor from the business of the islands. It will be the policy of the Commission to bring about this result as rapidly as may be upon the lines which it has already laid down.

FUTURE POLICY.

"Did time permit I might enumerate other matters of considerable though minor importance which call for future consideration. Enough, however, has been said to indicate the general lines of policy which it is believed will be pursued by the Government in the immediate future. I cannot refrain, however, from saying that the success or failure of the efforts of the representatives of the American Government in these islands must very largely depend upon the attitude of the Filipino people themselves, and, furthermore, that their attitude will in the nature of things in turn be largely affected by the attitude of the Americans in these islands toward the Filipino people. It has been perhaps not extraordinary, in view of past events, that Americans and Filipinos should, to some extent, still stand apart from each other. It seems to me, however, that the time has passed, if it ever existed, for an attitude of reserve and distrust. The Americans who are here in these islands with the legitimate and laudable purpose of aiding in their development and at the same time bettering their own fortunes cannot fail to see that they can only hope to accomplish their desires by establishing cordial personal and business relations with the people with whom they must necessarily come in contact. This is so obviously true that it does not require elaboration. Aside from this, every consideration of magnanimity and patriotism impels them to such a course. We are strong; the Filipinos are weak. We are justly proud of our institutions and of the benefits and blessings which spring from them. We have assumed control and government of these islands without consulting the wishes of their inhabitants. Are we not then in conscience and honor bound to offer them the best we have to give? In inviting them to participate equally in our common birthright we do not make ourselves the poorer but therein the richer. We cannot ignore the truth that in our relations with this people the Americans here are quite as much on trial before the civilized world as are the Filipinos. On the other side, every Filipino should turn a deaf ear to the sinister promptings of restless and selfish agitators and demagogues who strive to keep alive prejudices born of the evil passions engendered by war and, following the example of the wisest and most patriotic of their countrymen, should frankly and loyally accept the situation as it is. Nothing can be accomplished that is good by a contrary course. The logic of events is inexorable. True patriotism, under existing conditions, is found in a loyal attitude to the Government. Every intelligent Filipino must realize that his people in their present stage of development are unable to stand alone and that in the very nature of things they must lean upon some stronger arm. It is suicidal, therefore, to repel the kindly advances made by those in authority or to engage in a policy of obstruction or agitation. There is no reason for antagonism. On the contrary, there is every reason against it."

In concluding his remarks the governor refers to the attitude of the American people and to the duty devolving upon them in the work of reconstruction.

POPULATION OF THE PHILIPPINES.

The Philippine archipelago lies entirely within the tropics, and numbers approximately 3,141 islands and islets, which extend from latitude $4^{\circ} 40'$ to $21^{\circ} 10'$ north, and from east longitude $116^{\circ} 40'$ to $126^{\circ} 34'$. For the general configuration of the islands, and their more detailed topographic features, reference should be had to the maps and relief models prepared by the Rev. José Algué, S. J., which form part of the Philippine exhibit at the Louisiana Purchase Exposition. Within this area of 832,968 square miles of land and water dwells a population of 7,635,426 people. Of this number 6,987,686 are civilized, or partly so, while 647,740 are wild and uncivilized, although not without some knowledge of the domestic arts.

The aborigines of the Philippines are believed to be the Negritos, and of these 23,000 still remain. They are found in many, although not all, of the provinces, living in a primitive state. They are very short, the males averaging about 4 feet 10 inches in height, while the females are shorter. Their color is black, their hair is woolly and bushy, their toes are remarkably prehensile, and they can use them almost as well as their fingers. They wear no clothing except a gee string, and live on such food as they can find; they have no fixed habitations or occupations, but wander about in the forests, having but little contact with other people, except when trading. They are skillful in the use of the bow, in throwing stones, and in making a fire, which they do by rubbing together two pieces of dry bamboo. The women, as usual with uncivilized races, do all the work. They are not without a religious belief; the principal deity is the moon. They are very shy and distrustful, and all efforts to civilize them have apparently failed. They probably approach as nearly to the conception of primitive man as any people thus far discovered.

The origin of the Negritos is not known, but the fact that people of the same type are found in the Malay peninsula and the Andaman Islands, Bay of Bengal, leads to the belief that they once occupied the entire Malay archipelago. With the arrival of the Malays in the Philippines, the Negritos gradually withdrew or were driven away from the coast into the mountains; but they are still found in the provinces of Cagayán, Isabela, Ilocos Norte, Ilocos Sur, Abra, Tayabas, Nueva Ecija, Bulacán, Rizal, Tárlac, Zambales, Pampanga, Bataan, the Camarines, Albay, Cápiz, Antique, Negros Occidental, Negros Oriental, Surigao, Sorsogón and Iloilo. There is probably no doubt that there are Negritos of mixed types in many of the smaller islands.

Of the other wild tribes in the Philippine Islands, one of the most important is the Igorot, which inhabits the central Cordillera from the extreme north of Luzón south to the plains of Pangasinán and Nueva Ecija. Under this general name there are various sub-group designations,

such as the Gaddans, Dadaygs, or Mayoyao. Another branch of the Igorot tribe is the Kalinga, along the Cagayán River, near Ilagan, in the province of Isabela. To the westward, in the sub-province of Bontoc, is another branch of the Igorot people, who are said to be the most famous of the head hunters. Another branch is the Tinguan, inhabiting the provinces of Nueva Ecija, Ilocos Sur, Lepanto-Bontoc and Abra.

In the provinces of Isabela, Nueva Vizcaya, Nueva Ecija and Tayabas there is also a very curious tribe of head hunters, known as the Ibilao, sometimes called Ilongot. In the island of Paragua are the Tagbanuas and Bataks; in Mindoro we have the Mangyans, mixed in some instances with Negritos; and in Mindanao, the Mamanuas or Negritos, Manobos, or river people, Bago-bos, Atas, Mandayas, Bukidnon, Subanon, Tiruray, Bilan, Tagabili, Tagakaolo, Yakan, Ilano, Magindanao, Samal, Samal Laut and Malanao Moros. The Bukidnon are also found in Luzón, Negros, Panay and Sámar. These tribes have different names, according to locality.

All these people of Mindanao, except the Moros, have the beliefs and ceremonial customs of savages; they take not only the heads of vanquished enemies but their hands and hearts as well, and offer human sacrifices to their deities; yet they are by no means savages; they raise maize, mountain rice, taro and a very fine quality of hemp, which they dye and make into strange and ornamental patterns.

Finally, we have the the Moros of Paragua, the Yakan and Samal Moros of Basilan, and the Samals of the Sulu group, who, like those of Mindanao, are Mohammedans. The Moros live in villages, generally along the seashore or some lake, and are famous boat builders; they also manufacture their arms and some cannon, and weave a large amount of cloth; they gather considerable quantities of gutta percha every year, and those living in the Sulu group are expert pearl divers. They have no political organization, but obey some dato or petty chieftain.

For many years the Moros followed piracy and made incursions and attacks upon all the settlements in the other southern islands, going even to Manila. They carried the Mohammedan religion with them, and, but for the timely arrival of the Spaniards, it is believed that all the people in the islands would have become Mohammedans. They killed, captured and enslaved large numbers of Filipinos, and slavery, although now prohibited, still exists among them; but under the close supervision of the United States their piratical and marauding expeditions have ceased. All the wild tribes, except the Negritos, are of Malay extraction.

Setting aside the intermediate water space, amounting to 717,942 square miles, and considering the land alone, the area is estimated to be 115,026 square miles, or 73,616,640 acres. Of this about 12,000,000 are private lands

and over 61,000,000 public lands. Of the later 40,000,000 or more are forest lands, leaving about 21,000,000 available for agriculture.

Much of the land covered by forests is of great richness, and if cleared would be capable of a very high degree of cultivation. This may be said of nearly all parts of the Philippines, in which the soil is especially adapted to tropical agriculture, producing all kinds of tropical fruits and vegetables and many of those usual to the temperate zone.

Among the products for which the islands are renowned is the fibrous plant abaca, which grows in many of the provinces, and from which the manila hemp which is used throughout the world in the form of rope and twine is made. Fine sugar, rice, coffee, cacao and tobacco are grown, and although the implements and machines used in farming are of the simplest character, nature is so lavish that up to this time they have proved sufficient. A description of the methods and cost of cultivation of the several staples mentioned will be found in the report of the Philippine census, now in course of preparation.

Assuming that the value per acre of forest land will average as high as heretofore, and that there will be no deterioration in quality or diminution in the quantity of the lumber per acre, it is estimated that the forest lands of the Philippines are worth more than \$2,000,000,000.

Under existing laws a homestead of 39.54 acres may be acquired by any citizen of the Philippine Islands, while a corporation can acquire 2,530 acres. The grant or sale of such land is conditioned on actual and continued occupancy, improvement and cultivation of the premises for a period of not less than five years, during which time the purchaser or grantor can not alienate or encumber said land or the title thereto.

The civilized Filipinos are classified by this census in eight tribes, as follows: The Bicol, Cagayan, Ilocano, Pampangan, Pangasinán, Tagalog, Visayan and Zambalan, the most numerous of which is the Visayan. The tables give the population for each of the islands, provinces, municipalities and barrios as determined by the census.

At the time of the discovery of the Philippines by Magellan, in 1521, the total population is supposed to have numbered about 500,000 persons, who were living in a more or less wild and barbarous state.

Assuming that these figures are approximately correct, and that the census was fairly accurate, it follows that during a period of 382 years the population has multiplied about fifteen times. During the past century it has increased at the average rate of 1.5 per cent. per year, the rate in the United States has been 2 per cent. per year, and in Java 2.1 per cent. per year.

While the great mass of the people are Malays, and probably had a common origin, there is a difference in their written and spoken language, but not much in their customs. For such progress as they have made they are indebted somewhat to the Chinese, with whom they had been in contact for several hundred years before the arrival of the Spaniards, to the Spanish *encomenderos** and to the religious orders of the Roman Catholic Church, which have played a very prominent part in the Philippines, and have contributed largely toward the civilization of the people and their education in the arts and sciences.

The first to arrive were the Augustinians, who came in 1565. They were followed by the Franciscans in 1577, by the Dominicans in 1587, the Recoletos in 1606, the Paulists in 1862, the Capuchins in 1886 and the Benedic-

tines in 1895. The Jesuits arrived in 1581; they were expelled from all the Spanish colonies in 1768 by order of the king, Carlos III, but returned to the Philippines again in 1859. They have exercised great influence over the higher education of the Filipinos, and have labored long and faithfully among the people of Sámar, Leyte, Bohol, Cebú, and the wild tribes of Mindanao, Basilan and Sulu.

The archipelago was divided into five dioceses, and these into 746 regular parishes, 105 mission parishes and 116 missions, which were administered by the Augustinians, Franciscans, Dominicans and Recoletos.

Notwithstanding the inestimable services rendered by the friars, they succeeded in exciting the bitter antagonism of the Filipinos, and this feeling of hostility was beyond question a powerful incentive to the revolution of 1896. From this feeling the Jesuits were excepted, probably because they are not friars and took no part in the political government of the islands, and because of their great services in the cause of education.

It is not practicable or necessary to explain in this brief sketch what is known as the "friar question," because it has been fully stated by the Civil Commission of the Philippine Islands in their several reports to the Government. It is sufficient to say that the sale of the friar lands to the Government has been effected through the efforts of Governor Taft, the Civil Commission and Monsignore Guidi, the apostolic delegate to the Philippines, and it is now probable that Roman Catholic clergy will substitute a large number of the friars, and that all cause of agitation on their account will be removed.

The Philippine Islands offer many inducements to the immigrant, and for the investment of capital in either large or small amounts. Although within the tropics, the climate is not detrimental to those who are in good health when they arrive, and who take reasonable care of themselves afterward.

The report of the census, now in course of preparation, will give full statistics of Philippine industries, and more especially of agriculture. Of manufactures on a large scale, except cigars, there are none, although sugar and hemp in considerable quantities have been exported in past years. The various industrial occupations of the people, their homes, domestic life and the product of their labor will be found in the Philippine exhibit.

Although one reads and hears many opinions about the native, his dishonesty and incapacity for work, such views are highly colored in some instances, ignorantly expressed in others and most unjust in others. The Filipinos are not without their faults, but it is only fair to say that they have many qualities which, under proper and permanent influences, will insure their steady progress. * * *

Physically the Filipinos are of medium size, although large men are found among them, especially in the mountainous parts of the islands. Generally speaking, they are of a brownish color, with black eyes, prominent cheek bones, the nose flat rather than arched or straight, nostrils wide and full, mouth inclined to be large, lips full, good teeth and round chin. The hair is black and straight, that of the women falling in heavy masses to the knees. The color of the wild tribes is darker than the average civilized Filipino, while the color of the upper class, more especially the mestizos, is much lighter. The children are very attractive and precocious, and learn with surprising readiness.

In regard to other traits, the opinions of Filipinos of themselves are not without interest. To quote one of the race of great intelligence and close observation:

"They (the Tagalogs) are of a cheerful and lively temperament, lovers of company, diversion and pleasures. They profess a deep love of home, and preserve in its

* An *encomendero* was one who had received an *encomienda*, or royal grant of land, as well as the labor of the people living on it.

purity the faith and religion of their ancestors. They are temperate in eating, modest in dress and simple in manner. They are pacific, mild, respectful, hospitable and grateful to those who treat them well; very sensitive, silent and patient under mistreatment, but quarrelsome and vengeful when a good opportunity offers. They are suspicious of strangers, due to the fact that foreigners, with but few and honored exceptions, have exploited the above mentioned idiosyncrasies of the people of this region."

Another of the race with equal, if not greater claims to be heard, has said of the Visayans of Negros Oriental:

"The population is divided into three social classes. The first is composed of families who, on account of their wealth and culture, enjoy a position of leisure and independence. The second class is composed for the most part of honest and industrious families, possessed of small properties, who are very economical, having but little ambition, lovers of order and hospitable; they are happy on account of having but few necessities, and enjoy a position relatively comfortable. The third class is formed of the poor, who are the farm laborers, day laborers, servants, fishermen, etc. They are, as a rule, ignorant, and therefore fanatical and superstitious. Their lack of education has created but few necessities, and they are therefore indolent. They are generally sober and strong; most of them eat but twice a day, and their food consists of corn meal cooked with water and small salted fish, so that the average daily expense of a family in the country is about 25 cents Mexican, and those in the town from 40 to 50 cents Mexican per day."

In speaking of the Pangasináns a prominent member of that tribe says:

"The inhabitants of this province are, as a rule, industrious, peaceable, patient, law abiding and anxious for peace and progress. Almost all of them are Catholics; religious, but not free from superstition. There are no large fortunes here, but neither is pauperism known, because property is very much distributed."

In writing of the Bicolos the governor of the province of Ambos Camarines says:

"The masses of the people have in former times had no educational opportunities, and are extremely ignorant and superstitious. They are easily led and controlled by strong leaders, are credulous as children when dealing with persons in whom they have confidence, but shy and suspicious as to strangers. They are a mild tempered, law abiding, pacifically disposed and good humored people, and possess a mental capacity such that I believe universal education and improved opportunities will raise them to a plane of civilization higher than that occupied by any other Asiatic people."

"A very noticeable characteristic of the people here is the aggressiveness displayed by the females and their evident superiority to the males in business capacity. Whenever a family rises from the lower ranks of society to a position of comparative affluence and social importance it is usually found to be due to the tact, energy and close attention to business of the female member of the matrimonial partnership. The women are, when so inclined, heavier gamblers and users of intoxicants, and more prone to resort to personal violence in settling their differences than are the men. The people generally are socially inclined, extremely fond of music and dancing, in both of which they show great proficiency, and are hospitable to a fault. Their besetting vice is gambling. The passion for play has a strong hold upon all classes, and is productive of many evil results. There appears, however, some ground for the hope that in time, with the spread of education and increase of general knowledge, and with the introduction of athletics and other forms of rational and legitimate sport and amusements, the influence of the 'monte' table and the cockpit may be broken;

and while it is scarcely to be expected that the gambling evil can be entirely stamped out, it certainly can, by the means above mentioned, be materially decreased."

In speaking of the Ilocanos one of their number says:

"The customs of the natives in their manner of dressing, eating and bearing are very simple, and in general they are very docile and obedient to the constituted authorities, and so timid that, although they suffer vexations from the persons who exercise some authority in their towns, they seldom complain."

"Like all nations in the world, they also have many and varied superstitions; among them may be mentioned the fact that they do not take a bath, marry or start on a voyage on Thursdays. The raven is a bird of ill omen, and when the raven croaks it is a sign of some misfortune. A gambler, when he meets on his way to the gambling house a woman, returns, because he believes it is a sign of bad luck, etc."

These superstitions, and others of a more injurious nature, prevail generally among the ignorant masses, and are not unlike those which afflict many people in the United States and other countries. It is needless to say that they interfere with the daily affairs of life and are the cause of much unnecessary anxiety and suffering, and sometimes of serious crimes. Fortunately, they will disappear as the people become more intelligent and rational, and therefore less inclined to believe in bogies of any kind.

A great deal more might be written about the Filipinos, but their traits can be better understood by personal contact with them, and by an examination of the many ethnological and historical works on the Philippine Islands.

The islands have been under American control since August, 1898.

The dominant American idea in their government, as expressed by Governor Taft, is that "the Philippines are for the Filipinos," and that whatever is conducive to their advancement, within certain limits, should be adopted, and whatever militates against them should be rejected. They now have quite a large share in the government of the islands, all the municipalities having Filipinos as presidents, and all the provinces, except nine, having Filipino governors. Under the law for taking the census, enacted July 1, 1902, a legislative assembly is to be established two years after the publication of the census report, provided the islands are at that time in a state of tranquillity; of this there is now no reasonable doubt.

It may be said in conclusion that the Filipinos are generally subordinate to lawful authority, that under competent officers they make excellent soldiers, and in the course of time will make good citizens. In fact it is not too much to expect that under the guidance of a free, just and generous government, with the establishment of more rapid and frequent means of communication, and with the general spread of education, the ephemeral tribal distinctions which now exist will gradually disappear, and the Filipinos will become a numerous and homogeneous race, exceeding in intelligence and capacity any other people of the tropics.

In the foregoing short sketch it is not the purpose to go into details concerning the social, educational and industrial life of the Filipinos, or to give more than the briefest description of the islands and their vast wealth. It is the intention merely to give such an account of the different tribes as will add interest to the Philippine exhibit, and to introduce the statistics of population compiled in the United States Census Bureau from the census schedules, by hand count. These figures may be changed by the more accurate machine count hereafter to be made, and should not be accepted therefore as final results.

J. P. SANGER, Director of the Census.

THE WAR VIEWED FROM THREE CAPITALS.

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I.

BERLIN.

The events of the past month have shown conclusively that "friendship with Russia at any price"—Bismarck's legacy to his country—is still the pith and root of German policy. Political friendships are usually one sided, but not since 1863, when Bismarck assisted Russia to suppress the Polish rebellion, have Germans been more forcibly reminded of that fact, or more uncomfortably conscious of their obligations to their Eastern neighbor. For, at the very moment when Germany was prostituting the law, in deference to the wishes of the Russian police, Russia was requiting her by seizing her ships. The provocation was certainly great. It was the greater because nobody in Germany had anticipated that Russia would be so ungracious or ungrateful as to molest German shipping. Germans had witnessed the expulsions of Russian students from Germany; they had learned that at Wiesbaden their Emperor had given the Czar the most binding assurances as to Germany's friendship—thereby enabling Russia to denude her Western frontier of troops; they had read in the newspapers the Emperor's telegram on the death of Admiral Makaroff, that "Russia's mourning was Germany's mourning," as also his Majesty's telegram to his Wyborg regiment; they had heard that Krupp's establishment was working overtime, manufacturing arms and ammunition for the Russian army, and they knew that five great liners had been sold to the Russian Government. They had every right to expect that their own attitude of "benevolent neutrality" would receive, at any rate, polite acknowledgment. Neither the German Government, nor the German people, profess the slightest interest in the maintenance of the Black Sea treaties; and, when the irregular activity of the Russian Volunteer Fleet in the Red Sea began, it was the conviction of the country that German shipping would go unmolested. It was, therefore, but natural that the seizure of the Prinz Heinrich should throw Germans into consternation. At the time, undoubtedly, profound indignation did prevail among the general public, who felt that the cup of humiliation was flowing over. For the first time for many years a number of German newspapers published some very nasty things about Russian honor, rule and behavior, and it was evident that all the ingredients that go to produce an outburst of popular passion were present. That was on July 17. The following day, Sunday, Count von Bülow took action, and with a few passes of his magic wand the situation changed. Earnest injunctions were issued to the press to exercise great restraint, and from that moment until the final settlement of the affair the public heard comparatively little about the matter.

Looking back at the incident today, we can see it as a whole. It forms an interesting episode in the relations of the two Powers, viewed psychologically or politically. Not only has no diminution of cordiality in Russo-German relations ensued from the incident, but there is evidence that, diplomatically, it has rather improved Germany's position with Russia than otherwise. The "towering friendship"—to use a Bismarckian phrase—of Germany for Russia is now more than ever a fact, and Von Bülow has demonstrated that he, too, knows that politics is an "art."

It detracts nothing from Count von Bülow's success if it be pointed out that no more ill timed moment for gratuitously affronting Germany could possibly have been chosen. On the very day the mail bags of the Prinz Heinrich were seized, M. de Witte was closeted with the Chancellor at Norderney endeavoring to come to an understanding (since effected) about the new commercial treaty. And when, a week later, the Scandia was brought into Port Said by a Russian prize crew, Germans were awaiting with suppressed emotion the verdict from Königsberg. It is no exaggeration to say that the Russian cruiser's escapade affected both issues in a way highly satisfactory to Germany.

A few days after the seizure of the Prinz Heinrich the German Ambassador at St. Petersburg was instructed to make a complaint to the Russian Government, and to point out courteously that, while Germany conditionally recognized the right of search, the confiscation of the mail bags would have to be regarded as an unfriendly act. This complaint was in no sense whatever a protest, and the question of the status of the Russian ships was carefully avoided. Russia, as usual, immediately promised redress, and pending developments the German semi-official press was instructed to refer to the matter as an "isolated" case. The indignation in England at the seizure of the Malacca opportunely diverted public attention, and the affair was being rapidly forgotten when the second seizure was announced. For a moment the Government was on the horns of a dilemma. It looked as if a principle might become involved, whereas Germany's main endeavor was to avoid all question of principle. The point at issue was: Are the Russian captains acting in accordance with orders received from the Government? Very properly, no time was lost. Count von Bülow, the day of the announcement of the seizure of the Scandia, telegraphed fresh instructions to the German Ambassador at St. Petersburg, who on the day following (Sunday) was able to announce that the Russian Government had already issued orders for the release of the vessel. The order took effect at Port Said that evening. The chancellor's success was undeniable. On the Monday the German "well informed" press dwelt with self complacency upon the achievements of German

diplomacy, the aggressions of the cruisers were ascribed to errors of judgment on the part of the captains, and the world was assured that the relations between the two countries were unimpaired. A few days later Russia proved her contrition by issuing passes to German ships.

The question arises: How did the chancellor accomplish this? It was certainly not by means of protests such as once astonished Lord Salisbury on the occasion of the seizures of the "Bundesrath" and other vessels by British warships, though there never was a doubt as to the status of the British vessels. And yet Russia's prompt settlement of the affair would seem to suggest that some pressure was exercised. The truth is, pressure was not necessary. Russia had made a mistake, and the moment the situation was understood at St. Petersburg Germany was promised, and granted, full reparation. Nothing as yet has transpired as to the question of indemnities. But this much is certain: Germany found herself in the rare position of being able to dictate terms to Russia. She was able to point out that the status of the Black Sea Volunteer Fleet was of no concern to her, but that if German shipping was molested by that fleet she would be compelled to remember that she had been signatory to the Berlin Treaty. She was able to read Russia a lesson on the subject of gratitude, and to remind her that France was not going to plunge into war with England for the sake of those bottoms, whereas the tacit support of Germany would greatly strengthen Russia's position toward England if it should really be thought desirable at St. Petersburg to make the whole question of the Dardanelles a fighting issue. Lastly, she was able to toy with the threat of co-operation with England, and to hold out indefinite promises of aid in settling the Eastern question at the conclusion of the war. In a word Germany's arguments proved, as in the circumstances was inevitable, unanswerable, and Count von Alvensleben had the satisfaction of transmitting to Berlin the assurance that the auxiliary cruisers of the Volunteer Fleet would not again "be utilized for the visitation and seizure of neutral ships in the Red Sea." British ships have been seized since that assurance was given, but there can be no doubt that, in the case of Germany, that assurance will be binding even upon the captains of the Volunteer Fleet.*

Thus Count von Bülow, with scarcely an effort, has achieved an imposing diplomatic success. At home Germans are very much satisfied with the result, which they attribute to the firm attitude of the German Government. Nor has Russia reason to complain. The anti-Russian invective which broke out spontaneously in portions of the German press has been atoned for by the compliments meted out to the Russian Government on the settlement of the affair by the German semi-official organs.

The incident, too, invites comparison. How strangely different was Germany's attitude toward Great Britain at the beginning of 1900. In the case of Russia, what reserve, what moderation, what national modesty! There have been no Pan-German, anti-Russian crusades, no

* The sinking of the "Thea" is not a case in point. But here again the passive attitude of Germany is remarkable.

savage outbursts in the press, no interpellations in the Reichstag, and no violently worded notes. The Chancellor has not been called upon publicly to denounce Russian methods, and he has taken very good care not to do so. And the whole incident has been put before the public by the "well informed" press as an "isolated" case of irresponsible aggression.

The whole attitude of Germany toward Russia is well worth noting. It would seem to show that, in all questions of policy in which England and Russia are concerned and Germany has to make her choice between them, she will, invariably and inevitably, side with Russia in opposition to Great Britain.

More interesting to Germans even than the seizure of their ships has been notorious trial at Königsberg. There, in the old law courts, a scene has been enacted which would be almost grotesque, if it were not for the everlasting stigma it has cast upon the political honor of Germany, and of the Prussian judiciary. Nine months ago it was announced that a number of Socialists had been arrested, charged with high treason against Russia by aiding and abetting the circulation of seditious writing, lèse majesté against the Czar, and belonging to a secret organization of a revolutionary character. As time went on public curiosity in the case increased, and the Government was called upon to define its position. This it did with great solemnity. The Prussian Minister of Justice and Herr von Richthofen, Secretary of State for Foreign Affairs, both gravely announced that a seditious movement had been discovered, and that the offenders were to be brought to justice. Thus supported, judicially and politically, by the highest responsible authorities, the trial opened. The Crown prosecutors appeared with huge bundles of documents, pamphlets, leaflets and letters in the Russian language, and then had to admit that they could not read them; moreover they had not been sorted. The charge sheet filled 300 octavo pages. It was then discovered that not one of the nine accused knew one word of Russian, and the prosecution was unable to prove at whose house, or in whose possession, this or that particular document had been seized. Days passed in translating and reading the writings. Experts on civilization were called as witnesses, and Professor Reussner deposited on the chaos and anarchy of inner Russia. Thus the unique spectacle was witnessed of a learned professor deliberately called to pronounce sentence, in a German court of law, on the flagitious rule in Russia. Finally it was discovered that the legal basis for the trial was wanting. It transpired that the Russia consul had doctored documents and bamboozled the German Government. At the eleventh hour telegrams were sent to Russia and to the Wilhelmstrasse to inquire whether any treaty between Germany and Russia existed, as indicated in the Russian consular report, whereby reciprocity of treatment was guaranteed Germany in the case of a similar trial for high treason in Russia. The German Foreign Office had to reply in the negative. Russia characteristically safed no answer. On this question the whole

and fell. The trial was brought to an abrupt conclusion. The speeches of the defense were masterly pieces of forensic argument, and the son of the founder and late leader of the German Social Democracy, Dr. Liebknecht, inveighed with impassioned eloquence against the Russian police régime. All that had been proved, all that could be proved, was that a little smuggling had been carried on. Result: All the nine prisoners were acquitted on all the counts relating to Russia, six of them only receiving sentences varying from two to three months' imprisonment for being members of a secret organization.

The ignominy of the fiasco at Königsberg has been keenly felt by Germans. If it is endured so patiently it is because it is known that the trial was undertaken by the Government as a political favor to Russia, to whose will all things in Germany—even the law and national dignity—are subservient.

II.

ST. PETERSBURG.

The war against Japan is eminently unpopular in Russia. It is being waged by a mere section of the Government regardless of the will of the people. The persons who are mainly responsible for bringing it on are neither professional politicians nor even members of the administration. They are mostly outsiders, who, for the time being, enjoyed the implicit confidence of the Czar, which in spite of the disastrous results of their short sighted measures they have not yet forfeited. And it is those two cardinal facts—the irresponsible power of the governing junta and the determination of its members to suppress the inarticulate but determined opposition of the people—that shape the whole policy of the Empire. Thus Russia's relations with foreign Powers are liable to sudden fluctuations, owing to the hasty action of this exalted personage or that without previous consultation with the Foreign Office; and the intelligent as well as the uneducated classes of the nation are incessantly striving, the former by agitation, the latter chiefly by violence, to free themselves from the fetters which arrest the cultural development of the individual and impede the natural growth of the people.

The same influences are at work ripening Russia's official intercourse with Germany into a degree of friendship which differs little from an alliance. The Grand Duke Alexander Mikhailovitch has done much to forge the links which bind the two Governments. And his motive is Germany's co-operation, partly given and partly promised, with the Russian Government in its twofold struggle against Japan abroad and Russian malcontents at home. Thus in the matter of the pseudo cruisers the Kaiser's Government has undertaken to uphold Russia's claim to dispatch vessels to any part of the world as merchantmen, then to authorize them to act as warships, and, lastly, to obtain for them immunity from attack by transforming them into trading ships once more. Again, when the war is ended and peace negotiations have begun, Russia is anxious to settle her differences with Japan without reference to outsiders. For "the predominance of Russia on

the Pacific" is the aim of the war, as the Czar has defined it. Now, President Roosevelt once indicated that the policy of the United States has a similar ultimate object in view. Besides, the maritime Powers of the world are unwilling to allow the most promising markets of the future to be closed to them forever. Hence they too may desire to circumscribe the field of negotiations between the two belligerents. And as Russia, or rather the Grand Dukes who now rule that Empire, are resolved to brook no such interference with their plans, they naturally look out betimes for valuable support, and this is expected from Germany.

Against the people of Russia who are struggling for a living wage against the State, which is now the great employer of labor, for elementary instruction and the right of worshipping God as their conscience dictates, the Kaiser's Government has rendered services which, in the words of the independent German press, are calculated to expose the Fatherland to universal odium. Russian spies, organized and paid by the late Minister von Plehve, received authority to carry on operations there as in their own country. Subjects of the Tsar resident in Prussia, Würtemberg and elsewhere were watched, their houses searched and the names of subscribers to liberal Russian periodicals were ascertained and communicated to the Tsar's police, who arrested and imprisoned them. Wrong Russian translations of harmless pamphlets were made and relied upon by the German police as grounds for seizing consignments of them destined for St. Petersburg and for apprehending the senders. Russians who had broken no law but were obnoxious to their own police, whose clutches they had escaped, were seized in Germany and forced not only to quit the territory, but to cross over into Russia, whence they were deported to the island of Saghalien or immured in fortress dungeons. And, having achieved these things, the Berlin Foreign Office officially requested the Russian Minister of Foreign Affairs to confer decorations and orders upon the German police and detectives who had "shadowed," seized and delivered these harmless men.

To those two ties which link the governments of the Tsar and the Kaiser may be added a third: mistrust of the United States. Down to a relatively recent date the feeling between the great republic and the Tsardom was distinctly amicable. But the resolve of the American people not to assent to the closing of the markets and mineral wealth of the Far East to their commercial and industrial enterprise has transformed friendship into bitter enmity. This sudden change is duly reflected by the gaudy pictures of the war which are sold in myriads to the Muscovite masses. In these specimens of rudest art Russia is depicted as thrashing her enemy, while Uncle Sam almost always figures as the sneaking backer of Japan, eager to rob her of the fruit of her victories, but too niggardly to help defray the cost of winning them. To the middle classes the same conception is made plastic and audible in the summer theatres of St. Petersburg and other large cities. There the pathetic and tragic aspect of life at the front is sketched in a series of brilliant scenes, relieved by

the Britisher and the Yankee depicted as cowardly big bullies who egg on little Japan to certain ruin that they may live in luxury. The baneful work begun by pictures and theatres is completed by serious organs of the press, whose very exaggerations will soon render even calumny harmless. Yankees and Britishers are there denounced as villainous marplots, who stick at no crime and even grudge no expense to raise up difficulties to Russia. Thus, strange to say, the American dollar is found circulating among all those peoples who may become troublesome to the Government of the Tsar, and the sources of this flow of gold are the banking accounts of American missionaries and commercial agents, who devote themselves to the hatching of foreign plots and the engineering of insurrections.

If Americans and Englishmen thus strike below the belt, it is only natural that the Japanese should demean themselves as wild savages. Kuroki's soldiers, therefore, are described as spending their time after hard fought battles in torturing the wounded and mutilating the dead. They are barbarians, the Russian press declares, and should be put beyond the pale of civilization.

Those are some of the means employed to console the people of Russia for their reverses on sea and land, and to awaken enthusiasm for the war. But the masses, indifferent to the fate of Manchuria and Corea, act on the maxim that charity begins at home. Hence the people are deeply interested in the war, but mainly because they hope that a Russian defeat will end the era of autocracy, in which they decry the source of their monotonous misery. Those among them who observe and reason hold that the governing junta, having neglected the intellectual needs and material well being of the people in order to be ready for war, has failed to discharge even this one task of its own choosing, and has thus reduced its system to an absurdity. It is in those events of the war which bid fair to prove the correctness of this view that the popular interest centres, and not in the fate of the peoples of the Far East. The bulk of the nation grudges the money and the men now being sacrificed for a political white elephant, while the masses of Russians are in want of the very necessities of life.

Americans cannot grasp the issues of the fateful struggle now going on between the people and the governing few without acquiring some ideas about the way in which the pinch of the administrative shoe is felt. The Russians, it should be premised, have no taste for military glory, no greed for foreign territory. Their rulers, on the other hand, anxious to keep them from brooding over their grievances at home, compel them to furnish the funds needed for the annexation of ever more territory, while what they already possess is left practically unexploited. The Government, therefore, is extremely wealthy, while the bulk of the people are living in hunger and squalor. The treasury is in receipt of the largest revenue ever known, which it is systematically increasing by leaps and bounds unparalleled in history. Between the years 1891 and 1903, the imperial receipts were more than doubled, rising from \$462,240,243 in the first named year to \$973,137,354 in 1903. This money was spent on ships, armaments and railways which yield little or no returns. The lower classes who supplied the greater part of those enormous sums scarcely benefited by their outlay.

For during the same period the peasants ate less bread, lost a large percentage of their horses and horned cattle, and in many places had to discard even cabbage and milk as articles of food, while the rate of state expenditure upon education fell off. Thus, the Government allots only one-half per cent. of its budget for elementary schools for its own people, while expending large sums for the educational establishments of those foreign races whose political sympathies it is anxious to win, such as the Serbs, Poles, Bulgarians and Lithuanians. The total amount allowed by the State for all educational objects is about 7.7 cents per

head of the population, whereas the entire outlay of the Government runs up to \$7.98. But this is not all. Education is positively discouraged, and the obstacles thrown by the authorities in the way of opening schools are almost insuperable. Yet the Russian people hunger and thirst after knowledge. But the maxim followed by the Government is that it is easier to govern autocratically an illiterate than a literate people.

In proportion as education has been frowned down, the consumption of vodka is being actively fostered by the State, which now monopolizes the sale of alcohol and relies upon it as the most important source of the imperial revenue. The consumption of alcohol was on the wane when Minister de Witte introduced the state monopoly. For the ten years previous it had diminished by 25 per cent., but it then received a powerful fillip from the state, and has ever since gone on augmenting.

Another of the grievances of the people consists in the fact that they are taxed congruously with a preconceived system which takes no account of their general economic condition, or even of their exceptional needs. Thus the year after the famine of 1892 the imperial receipts showed no falling off; on the contrary, they exceeded the estimates by 84,000,000 roubles. And yet the destitution of the famine stricken peasants was such that donations of money and corn, on a large scale, were dispatched by foreign philanthropists to Russia. Hand in hand with this taxation goes the forced export of corn, of which more is sold than the peasants can afford to dispense with. And here is the proof: 330 kilogs. is the amount of rye distributed by the Government in famine years to keep each individual peasant barely alive. Yet statistics seem to have established the astonishing fact that what remains of the corn after the annual quantity has been sent out of the country amounts only to 240 kilogs. per head!

The existence of the average husbandman is a series of hardships which only a fatalist could bear with resignation. An official who has lived among the people as the representative of the Government writes in this strain:

"Even at present half of the hovels are heated in the 'black manner.' That is to say, in the morning when the fire is lighted the upper part of the hut is wrapped in dense smoke, which escapes through chinks in the walls or through a special aperture, but mostly through the door, which is kept open for the purpose. Meanwhile, the inmates are sprawling or seated on the floor, in order to breathe as little of the smoke as may be. Through the open door the air from the outside comes in, bringing with it a frost of thirteen degrees below zero. The heating operation over every opening is closed, and the hovel becomes as hot as a steam bath. And toward morning the water often freezes again. The walls and the couch are coated with a layer of black by the smoke. And it is here that the family of about eight souls lives; the old man with the old woman, the married son, the daughter and the children. Here they eat, here they sleep on straw; here the women bring their children into the world, here they spin and weave; here the boys do their school tasks; here, too, are a calf, lambs, sometimes sucking pigs, poultry; here a mephitic odor prevails; a lamp burns without a glass or it is not lighted at all, if there happens to be no money to buy petroleum."

It is against such results of autocracy that the peasantry murmur and the intelligent classes protest. And it is to the suppression of all such manifestations of dissatisfaction that the whole domestic policy of the Government has been tending. A commission was appointed by the state to inquire into the causes of the misery of the peasants, and its members were exhorted to speak their minds freely. One and all, noblemen, landowners, lawyers, schoolmasters, gave it as their opinion that the system of government must be changed, the peasants allowed to quit the soil at their will, and the industrious inhabitants of the country

freed from the obligation of working for their lazy and drunken fellows. But the men who uttered these convictions were visited with swift punishment by M. von Plehve. A medical congress assembled last January from all the ends of Russia to concert measures for coping with infectious and contagious disease. They, too, having counseled education and reform as the first steps, were speedily dispersed to their homes and punished. A congress for the encouragement of technical education was convoked at the same time, and their resolution, unanimously passed, amounted to a condemnation of autocracy and a demand for representative government. Then the omnipotent Minister von Plehve forbade all further congresses.

M. von Plehve was the incarnation of the autocratic principle. His life work was to establish absolutism on a firm basis, and to develop it still further. Hence he gave power to all provincial governors to banish noblemen from their estates without trial or explanation; he persecuted the Jews, he abolished the home rule of the Finns, he approved the coercion inaugurated by Bobrikoff in Finland, he appointed as Bobrikoff's successor Prince Obolensky, who had had women flogged in the south of Russia; he deprived Armenians of their churches, schools and private endowments; he created a cabinet noir in the post office where private letters are opened and copied; he flooded German, Swiss, French and English cities with spies; he gagged the newspaper press; he banished outspoken journalists to Siberia at a moment's notice, without allowing them to put on warm clothing or borrow a little money; he had a girl of seventeen arrested in the dead of night, sent with detectives to Odessa to be confronted with political prisoners, and, when she was shown to be innocent she was set free at 11 o'clock at night, a thousand miles from her home, without a cent in her pocket or an acquaintance in the town; he made it known throughout the length and breadth of Russia that no opposition to the Government is or can be legal and that all dissatisfaction, however expressed, is criminal.

The upshot of this policy is the total divorce of the Government from the moderate, patriotic and honest elements of the country. Good advice and trustworthy knowledge of the popular frame of mind are no longer within its reach. Its instruments and agents are selected from a category whose members are chiefly concerned to obtain personal success. And as there is no legal opposition, the ranks of the illegal agitators are recruited by fresh forces who are bent on attaining their end by whatever means may commend themselves as efficacious.

It was to a plot hatched by these desperate men that the ill fated Minister fell a victim. He was aware that his life was in danger, but he had organized the detective system so thoroughly that he felt easy in his mind.

Five days before his death he received information that a fresh plot against his life would soon be carried out, and he gave orders that every suspected person in the capital should be searched. A highly respectable single lady was thus visited at half past 3 o'clock at night by a superintendent of the police, five assistants, ten policemen and one female detective. The chief officer insisted on entering the room, on the ground that in political matter there is no sex, but she finally obliged him to allow the female detective to be present while she was dressing. Every nook and corner of the three little rooms was scrutinized, the boards of the floor were raised and the fruitless search was continued from half past 3 until 11 next morning. But the real conspirators were left in peace, and added another bloodstained page to the gory annals of contemporary Russia.

At present the condition of the Tsardom borders upon anarchy. There is no Government, but only an inaccessible camarilla, with unlimited power untempered by responsibility. There is no opposition, but only a nation of inarticulate malcontents and a party of desperate conspir-

ators, followers, as they themselves declare, of Brutus and of Charlotte Corday. The war which was begun by the ruling junta in blindness will be carried on by them in self defence, for a Russian defeat would connote the end of absolutism. Meanwhile the bulk of the people look forward to the victory of Japan as the term of their own sufferings and the inauguration of an era of education, freedom of conscience, peace and material prosperity.

III.

WASHINGTON.

The economical solidarity of civilized peoples in the twentieth century is strikingly exemplified by the effect of the war in the Far East on American interests. It was, of course, foreseen from the outbreak of hostilities that the fate of our commerce with Manchuria would depend on the outcome of the contest. Our exports to the three Chinese provinces which lie northeast of the Great Wall, and to which collectively the name of Manchuria is given, had signally increased during the decade preceding the Boxer troubles. There was no reason to doubt that the development would continue if the administration of those provinces should revert from Russian to Chinese hands, and the enjoyment of the rights of intercourse conceded to us by treaty should thus be secured. The promise to make of Dalny a free port might be broken, like the promise to evacuate Chinese territory at a specified time, and few Americans were so credulous as to believe that, if Manchuria became Russian, their products would long be suffered to compete with Russian commodities on equal terms in the Manchurian market. It was not to be expected, therefore, that American manufacturers and merchants would be glad to witness a definite triumph of Russia over Japan. They had good reason to desire the contrary result. The Tokio Government has repeatedly announced that, if successful, it would look to Russia exclusively for the fruits of victory. Besides a formal recognition of her right to control Korea, Japan might properly exact a large pecuniary indemnity for the cost of the war, together with territorial compensation in the shape of the island of Saghalien, the strip of Manchurian seacoast on the southern tip of which stands Vladivostok, and that section of the Liao-tung peninsula which includes Dalny and Port Arthur, and which was leased for twenty-five years to Russia. It may also be taken for granted that Japan would require the surrender of the railway lines which Russia has been allowed to construct from the Siberian frontier to Vladivostok and Port Arthur, but which, after the loss of those ports, she would have no excuse for retaining. Confining himself to these demands, the Mikado, it is understood, would cheerfully acquiesce in the reinstatement of Chinese authority throughout Manchuria, from the right bank of the Amur River to the Bay of Korea. Thenceforth, the privileges granted to us by our treaty of commerce with China would become operative throughout the region which has been the theatre of conflict, with the exception of the small tract on the Liao-tung peninsula which was leased, as we have said, to Russia, but which will have become Japan's by right of conquest.

It was mainly from this point of view that, at the outset, the Far Eastern contest was regarded in the United States. We wanted to keep and expand our market in Manchuria, and the conviction that this desire was attainable only through Japan's success had more influence on the popular mind than racial antipathy—of which, indeed, there was hardly a trace—or than the traditional friendliness which has long marked the relations of the United States and Russia. As the war has progressed, however, it has become evident that our interests might be materially affected in more points than one. Not only are American citizens

as exporters and as the owners of a valuable railway concession, directly concerned in the maintenance of China's authority and territorial integrity, but it is for them a matter of moment that the rights of neutrals shall suffer no impairment at the hands of either belligerent. Of course international law has only been partially codified by the St. Petersburg and Geneva conventions, and by the treaties of Paris and Washington. So far as they go the rules propounded in those instruments are, no doubt, binding on the parties to the compacts. There remains, however, a wide field wherein it is not always easy to say where international law begins and international morality ends. By the former term is meant the rules of conduct that the nations of the civilized world admit, nay, insist upon. Every addition to them represents a forward step in the path of enlightenment and humanity, or else an adjustment to new conditions and instruments of warfare. Among the questions which the present war has forced into the foreground, and in which the United States are manifestly interested, is whether, owing to the greatly increased range of modern artillery, the 3 mile limit—the traditional boundary of territorial waters—is not much too short, and to what extent, under what conditions and at what distance from the actual theatre of military or naval operations wireless telegraphy may be used by neutrals. Should, for instance, a war correspondent, himself the subject or citizen of a neutral state, have the right to secure by means of a balloon sent up from a neutral vessel far outside the 3 mile limit, information regarding the internal condition of a beleaguered fort, and communicate it by wireless telegraphy to his newspaper, which would publish it to the world, and, inferentially, to the blockaders? Then, again, what are the rights and correlative duties of neutrals as regards the hospitality that may be offered to the war vessels of a belligerent? That was a question of great moment to us during our Civil War, and it has been again brought home to us by the seizure of the "Retshitelny" in the harbor of Chefoo.

The Russians assert that, by capturing the destroyer in neutral waters, Japan committed a breach of international law, and that China, through its representative at Chefoo, connived at the act, China, on her part, denies connivance, and has demanded from Japan reparation for the alleged violation of her neutrality, while the Japanese have thus far persisted in retaining the vessel, asserting that provocation for the seizure was given by the Russians. Evidently a case is presented for The Hague Tribunal, or for an arbitrator to be agreed upon by the parties in interest. At the hour when we write Secretary Hay, with his usual discretion, has forbore to assume the truth of the Russian, the Japanese or the Chinese version of the facts, and consequently has refrained from addressing any protest on the subject to any of the chief Powers implicated in the transaction. Count Cassini, the Russian Ambassador at Washington, would have had our Government take for granted the correctness of the Russian account, and apply a species of moral coercion to Japan and China for the purpose of procuring the return of the captured vessel and the payment of an indemnity. Even if Count Cassini's report of the facts were known to be well founded, it would not follow that the United States, merely because they had suggested the desirability of respecting China's neutrality, had bound themselves to enforce the performance by China of a neutral's duty, and to assure to her the enjoyment of a neutral's rights. At the time when the subject of China's neutrality was first brought by Secretary Hay to the attention of the Powers concerned he was asked what course he would pursue in the event of China's neutrality being violated by herself or by one of the belligerents. Mr. Hay replied, in effect, that he would cross that bridge when he came to it. He has come to the bridge now, and apparently his method of crossing it is to declare that, while he views the Chefoo incident with re-

gret, he denies that any obligation to require reparation rests upon our State Department. But we must recognize the importance to ourselves of a reference of the affair to an international tribunal in view of the likelihood, not to say certainty, that in some future contest the war vessels of a belligerent may seek refuge in our Atlantic, Pacific or insular ports, or propose to traverse our Panama Canal. What Americans hope is that their State Department will by friendly representations prevail upon the governments of Tokio, St. Petersburg and Peking to submit the conflicting testimony and the questions raised thereby to The Hague international court. The three new rules which the Treaty of Washington (1871) directed the Geneva Board of Arbitration to apply to the "Alabama" case, rules to which England reluctantly assented, were that a neutral government is bound, first, to use "due diligence" to prevent the fitting out, arming or equipping within its jurisdiction of any vessel which it has reasonable ground to believe is intended to cruise or to carry on war against a Power with which it (the neutral government) is at peace, and also to use like diligence to prevent the departure from its jurisdiction of any vessel intended to cruise or carry on war as above, such vessel having been adapted, in whole or in part, within such jurisdiction to warlike use; secondly, not to permit either belligerent to make use of its ports or waters as the base of naval operations against the other, or for the purpose of renewal or augmentation of military supplies or arms or the recruitment of men, and thirdly, to exercise due diligence in its own ports or waters, as to all persons within its jurisdiction, to prevent any violation of the foregoing obligations and duties. If China, as Russia asserts, has violated these principles, we ought, no doubt, to urge compliance with them by diplomatic representations at Peking. The phrase "due diligence" was undoubtedly vague, but it was defined at Geneva to mean that the diligence ought to be proportioned to the belligerent's risk of suffering from any failure of the neutral to fulfill its obligations. It is plain enough that Japanese commerce might be seriously imperiled if the Russian cruiser at Shanghai were permitted to leave that port with a full supply of coal. Admitting that she could not be expected to return to Port Arthur, which, if it were not already in Japanese hands, would be closely invested, we must recognize that the supply of the combustible conceded to her should be strictly limited to the amount needed to carry her to Vladivostok. It is also pertinent to recall another important principle which the United States established beyond dispute in the "Alabama" controversy. Whatever the obligations of a neutral in any given case may be, failure to fulfill them is not excused either by defects of the municipal law or by successful evasions of that law. A neutral state ought to make its laws conformable to its international duties, and to compel its subjects, or those of a belligerent, to obey them. If it fails in either respect, and injury to a belligerent is the consequence, a neutral state is answerable to the injured party under the law of nations.

Of incomparably more importance to the United States than any other question raised incidentally during the Far Eastern war is Russia's assertion of a right to transfer food from the category of articles conditionally contraband to the list of those absolutely contraband. If the St. Petersburg Government had wished to demonstrate the existence of a vital community of interest between the United States and Great Britain, it could not have hit upon a more effective expedient to that end. By confiscating American flour consigned, not to the Japanese Government, nor to a blockaded Japanese port, nor to a Japanese military or naval force, but to private persons in Japan, Russia violated a principle the maintenance of which in international law has come to be indispensable to Great Britain as the largest importer, and to the United States as the largest exporter, of food products. The position of England with regard to

such commodities has changed within a century. In 1783 she made large seizures of provisions destined for the French Republic on the plea that there was a chance of reducing France by famine. The United States at that time protested against the notion that provisions not consigned to a blockaded port could in any circumstances be contraband—a position more advanced than that taken in the modern American doctrine that an actual military destination, even of luxuries, will impress upon the cargo a contraband character.

Among modern jurists, Ortolan excused provisions under all circumstances from the class of contraband goods. Now, apparently, our State Department means to hold in the "Arabia" case that there must be *prima facie* proof of the military destination in order to justify the treatment of provisions as contraband. We are informed that the British Foreign Office has made an identical declaration. It is certain that, if England were engaged in war with a Continental coalition, her opponents would desire to treat food as contraband, and they would be certain to recall the

plea, which, as we have said, was put forward by a British ministry, that it was lawful to employ the weapon of famine against a hostile people. If England had permitted Russia's seizure of the American flour consigned to Japanese merchants on the steamship "Arabia" to pass without remonstrance, she would have acquiesced in the establishment of a precedent which might have spelled for her catastrophe. Our State Department would have shown itself equally short sighted had it failed to protest with promptness and firmness against the doctrine propounded at St. Petersburg; for, otherwise, in the event of England's becoming involved in a contest with two or more Continental Powers, and losing temporarily command of the sea, we might have been cut off from the largest consumer of our food products. The discussion of the "Arabia" affair has revealed to Americans and Englishmen the identity of their national interests in a vital particular. There is no doubt that the two peoples have been brought closer together by this incident of the Far Eastern war.

DR. LAUFER'S WORK FOR THE EAST ASIATIC COMMITTEE.

I beg to report on the general results of the work carried on in China during the years 1901 to 1904 under the auspices of the East Asiatic Committee. The funds for this work were provided by the generosity of Mr. Jacob H. Schiff and the field work was entrusted to Dr. Berthold Laufer, who had previously been engaged in work for the American Museum of Natural History in connection with the Jesup North Pacific Expedition.

Dr. Laufer left New York in July, 1901, and reached Shanghai on August 20. He stayed at Shanghai and in the neighboring country until November 28, reaching Peking on December 9, and made a prolonged stay in that city, which extended until November 23, 1902. In August, 1902, Dr. Laufer made a journey to Jehol in Eastern Chihli. On November 23, 1902, he returned to Shanghai and proceeded at once to Nanking, where he stayed until March 22, 1903. The next stay, until June 28, was made in Hankow. On that date Dr. Laufer started on a journey to Hsi-an, the capital of the Province of Shensi, which he reached on July 22, 1903. On September 7, 1903, he left Hsi-an and went to Tientsin, where the collections made on the inland journey were shipped. He reached Tientsin on October 11 and spent the remainder of the year, until December 17, in Peking. On that day he started on a journey through the Province of Shantung, which lasted until February 3, 1904. He remained at Shanghai until the close of his field work in April of this year.

The collection made by Dr. Laufer arrived in 305 cases and embraces 10,000 specimens. These may be classed in two groups—industries and social life.

I.—INDUSTRIES.

1. Textile Fabrics: Cotton, grass cloth, silk, gauze, crape, satin, velvet, etc.
2. Carpets and weavings.
3. Agriculture and food.
4. Chemical Products: Dyes, soap, incense, perfume, powder, rouge, glue.
5. Bamboo and rattan ware, wood carving, inlaid work.
6. Palm fibre, straw, hemp, rope and cordage.
7. Basketry.
8. Paper.
9. Matting.
10. Lacquer ware, plain and carved.
11. Bone, horn ivory, soapstone and jade carving.
12. Glass.
13. Enamel.
14. Metal Work: Bronze, brass, copper, silver, pewter, tin, iron, incrustated work.
15. Pottery and porcelain.
16. Bricks and mode of building, sawing, carpentry.
17. Tobacco, opium, pipes, smoking utensils, etc.

II.—SOCIAL LIFE.

1. Clothing, including tailoring and shoemaking; dolls, showing the clothing worn and mode of dressing.
2. Personal ornaments of silver, copper, tin, hair dressing.
3. Hygienic appliances.
4. Kitchen utensils.
5. Tables and household utensils, furniture.

6. Stoves, hearths and other means of heating.
7. Illumination.
8. Objects in Use in Daily Business Life: Copper coins, weights, measures, abacus, writing materials, seals, etc.
9. Means of Transportation: Horse and cart outfits, wheelbarrows, carrying poles, buckets, trunks, chests, etc.
10. Popular religious festivals and holidays; objects of the cult, amulets, charms; Buddhistic and Lamaistic statues, prints and woodcuts.
11. Theatre: Clay figures, groups of theatrical representations.
12. Children's toys, puzzles, games, kites; child life represented in a series of colored engravings.
13. Sports and Pastimes: Group of stilt dancers, shadow play, Punch and Judy, marionettes, masks, fencing implements, chess, cards and other games.
14. Arms, archery, military training and examination.
15. Medicine: Drugs, medicines, surgical instruments; implements and drugs of the veterinary art.
16. Arts:
 - (a) Architecture.
 - (b) Stone sculpture.
 - (c) Embroidery.
 - (d) Drawing and painting, old and modern.
 - (e) Art of printing and specimens of book making.
 - (f) Wood engraving and colored prints.
 - (g) Glass painting.
 - (h) Musical instruments; music illustrated by a large number of phonographic records.
 - (i) Bronze work.

Dr. Laufer makes the following remarks on his collection:

Besides the ethnographical specimens, the beginnings of a Chinese library were made for the museum, and an extensive collection of rubbings, taken from ancient inscriptions, stone engravings and sculptures. The library comprises more than 600 different works, which were brought together with the special point of view of furnishing explanatory material to elucidate the museum's collections. Nearly all illustrated books relating to archæology, numismatics, epigraphy, religious rites, etc., were procured, and a large number of historical topographies of the cities, sacred places, prefectures and provinces of

China, Turkestan, Tibet and Mongolia, which abound in material important for anthropological research. Many old, rare and even unique books are included in this collection.

From the large mass of rubbings numbering several thousands stand out conspicuously the groups relating to the following subjects:

1. The Lamaistic inscriptions of Peking and Jehol, most of them in four languages. These afford the means of tracing accurately the last and most splendid phase in the development of Lamaism in China from the sixteenth to the end of the eighteenth century.
2. Mohammedan inscriptions. An effort was made to collect as much material as possible bearing on the history of Islam in China. Thus far I have succeeded in obtaining rubbings from the mosques in the following places: Hsi-an in Shensi, with the oldest Mohammedan inscriptions extant (dating from A. D. 742); Honan fu, K'ai fong fu, Peking (all complete); Tai an fu in Shantung, Hangchow and Canton. The texts are in Chinese as well as in Arabic.
3. The Jewish inscriptions referring to the history of the Chinese Jews of K'ai fong fu.
4. Confucian Monuments: All portraits of Confucius and his disciples still extant on authentic stone engravings.
5. Sculptures of the Han dynasty in Shantung.
6. All historical inscriptions of the Han and Six dynasties in Shantung and Shensi; a Han inscription from Ili, Turkestan.
7. The inscriptions of the T'ang dynasty in Hsi-an and those of the tombs of the T'ang and Ming dynasties.
8. The Mongol inscriptions in the ancient square characters of Shantung; a complete set of the famous inscriptions in six languages in the gateway of Kü yung Kuan.
9. Buddhistic Monuments: Images of the eighteen and five hundred Lohan; complete set of the Buddhist canon (tripitaka), incised on stone tablets in the Temple Hsi yü sze; all Buddhistic temples in and around Peking, P'u te shan, Hangchow and many others.
10. Christian Monuments: Jesuit tombs and Catholic churches of Peking; unique two volumes of rubbings of stone engravings, with representations of Jesuits, in the palace of Yüan ming yüan, now destroyed; Syro-Nestorian inscriptions.

FRANZ BOAS, Secretary.

✓ LIST OF MEMBERS.

Corrected to September 1, 1904.

Allen, George Marshall, Morristown, N. J.
 Allmon, George S. (Union Spring and Manufacturing Company),
 Wilmington, Del.
 American Biscuit Company, The, San Francisco, Cal.
 American Cotton Company, New York.
 American Lithographic Company, New York.
 American Locomotive Works, New York.
 American Trading Company, The (exporters and importers), New
 York.
 Amory, Browne & Co. (dry goods comm.), New York.
 Ansonia Clock Company, New York.
 Appleton, Herbert (insurance), New York.
 Arnhold Karberg & Co. (exporters and importers), New York.

Atchison, Topeka and Santa Fé Railway Company (James F. Bartle,
 General Eastern Freight Agent), New York.
 Ault & Wiborg Company (printing ink), Cincinnati, Ohio.
 Avis & Co., William A. (commission merchants), New York.
 Batcheller, George Clinton (corsets), New York.
 Baily & Co., Joshua L. (dry goods comm.), New York.
 Baldwin, William D. (elevators), New York.
 Barber & Co. (steamship agents), New York.
 Barlow, Peter T. (lawyer), New York.
 Bausher, C. L., & Co. (dry goods comm.), New York.
 Belton Mills, Belton, S. C.
 Bennett, Sloan & Co. (teas, coffees, cigars), New York.

- Bernheimer & Walter (dry goods comm.), New York.
 Bigelow, W. S. (Asiatic Department, Strong & Trowbridge Company), New York.
 Bliss, Fabyan & Co. (dry goods comm.), New York.
 Boyd, William (steamship agent), New York.
 Brandenstein & Co., M. J. (merchants), San Francisco, Cal.
 Brauss, R. & Co. (commission merchants), New York.
 Brewster, John H., Jr. (lawyer), New York.
 Brice, W. K., New York.
 Briesen, R. von (silk merchant), New York.
 Browne & Co. (export sales agents), New York.
 Brush, Edward (secretary American Smelting and Refining Company), New York.
 Burnham, Williams & Co. (Baldwin Locomotive Works), Philadelphia, Pa.
 Bush, Henry A. (commission agent), Newchwang, China.
 Busk & Jevons (commission merchants), New York.
 Butler, A. H. (president), New York.
 Buttfeld, W. J. (tea importer), New York.
 California Fruit Canners' Association, San Francisco, Cal.
 Camera, L., care Jardine, Matheson & Co., Shanghai, China.
 Capelle, Herman, Company, The (Egyptian cotton), New York.
 Carl, Francis A. (Chinese Commissioner St. Louis Exposition), St. Louis, Mo.
 Carleton, I. Osgood (commission merchant), New York.
 Carnegie Steel Company, The, New York.
 Carter, Macy & Co. (tea importers), New York.
 Cary, Clarence (lawyer), New York.
 Cary, John C. (cotton mill), Lockhart, S. C.
 Castle Brothers (importers, exporters and comm.), San Francisco, Cal.
 Catlin & Co. (dry goods comm.), New York.
 Central Trust Company of New York, New York.
 Champion & Staudinger (East India importers), New York.
 Chartered Bank of India, Australia and China (H. E. Moore), New York.
 Chase & Sanborn (teas and coffees), Boston, Mass.
 Cheshire, Fleming D. (United States Consul), Mukden, China.
 China and Japan Trading Company (exporters and importers), New York.
 Chicago and Northwestern Railway, New York.
 Cholwell & Co., George C. (tea brokers), New York.
 Chubb & Son (marine insurance), New York.
 Claflin Company, The H. B. (dry goods), New York.
 Clough, W. P. (Great Northern Railroad Company), New York.
 Conant, Charles A. (Morton Trust Company), New York.
 Cordes & Co., E. D. (dry goods brokers), New York.
 Cordova, Charles de (tea broker), New York.
 Corn Exchange Bank, New York.
 Cragin, E. F. (president), New York.
 Danielson, John W. (cotton manufacturer), Providence, R. I.
 Deering, Milliken & Co. (dry goods commission), New York.
 Deeves, J. Henry (contractor), New York.
 Delacamp & Co. (commission merchants), New York.
 Diamond State Car Spring Company, Wilmington, Del.
 Dodge, Francis E. (drug importer), New York.
 Dollar, Robert S. (shipping and lumber), San Francisco, Cal.
 Eddy, Thomas A. (American Trading Company), New York.
 Eldredge, Lewis & Co. (commission merchants), New York.
 Equitable Life Assurance Society, The (George T. Wilson, vice president), New York.
 Everett, Heaney & Co. (dry goods export), New York.
 Farrell, J. D. (steamship), Seattle, Wash.
 Fay & Egan Company, J. A. (woodworking machinery), Cincinnati, Ohio.
 Fearon, Daniel & Co. (exporters and importers), New York.
 Fenollosa, E. F. (lecturer on Oriental art), New York.
 Fireman's Fund Insurance Company, Bernard Faymonville, vice president, San Francisco.
 Fischer, Emil S. (Austro-Hungarian Commission St. Louis Exposition), St. Louis, Mo.
 Flint, W. K. (importer of teas, coffees and spices), Milwaukee, Wis.
 Folger & Co., J. A. (importers), San Francisco, Cal.
 Foord, John, New York.
 Forbes, Francis Blackwell, Boston, Mass.
 Fraser, Alfred (merchant), New York.
 Frazar & Co. (exporters and importers), New York.
 Fuller & Co., W. P. (paints, etc.), San Francisco, Cal.
 Funch, Edye & Co. (steamship agents), New York.
 Gard'ner, Wade (Hong Kong and Shanghai Bank), New York.
 General Electric Company, Schenectady, N. Y.
 Gossett, J. P. (president Williamston Mills), Williamston, S. C.
 Grant, W. Henry (secretary Canton Christian College), New York.
 Guggenheim, Daniel (American Smelting and Refining Company), New York.
 Guggenheim, Isaac (American Smelting and Refining Company), New York.
 Guaranty Trust Company of New York, New York.
 Gurley, W. & L. E. (instrument makers), Troy, N. Y.
 Haines & Bishop (dry goods comm.), New York.
 Hamilton, John W. (civil engineer), New York.
 Hanna, John W. (cotton goods comm.), New York.
 Hanna, Hugh H. (International Exchange Commission), Indianapolis, Ind.
 Hardley, J. Wheeler (Michigan Copper Mining Company), New York.
 Hartley Company, The M. (arms, ammunition, etc.), New York.
 Haslett Warehouse Company, San Francisco, Cal.
 Heinz Company, The H. J. (canned goods and pickles), Pittsburgh, Pa.
 Hellyer, F. (tea importer), Chicago, Ill.
 Henderson, Chas. A. (International Mercantile Agency), New York.
 Hess, R. P. (city fire department), New York.
 Hewlett & Lee (tea importers), New York.
 Hicks, Charles F. (paper dealer), New York.
 Hill, Samuel (gas and electric lighting), Seattle, Wash.
 Hinck, A. J., & Brother (dry goods brokers), New York.
 Hirth, Friedrich (Professor of Chinese at Columbia University), New York.
 Hopkins & Hopkins (lawyers), Washington, D. C.
 Hubbard, John (International Banking Corporation), New York.
 Hubbard, Thomas H. (banker), New York.
 Huber, Jacques (silk manufacturer), New York.
 Hunt & Co., Robert W. (consulting engineers), Chicago, Ill.
 Jacobs, M. R. (cotton goods broker), New York.
 Japanese Fan Company, New York.
 Jennings, O. G. (lawyer), New York.
 Johnson & Higgins (average adjusters), New York.
 Kanzow, O. C. (commission merchant), New York.
 Kimball, David P., Boston, Mass.
 Kiscock & Co., John (commission merchants), New York.
 Kutzleb, Walter (Russo-Chinese Bank), New York.
 Ladenburg, Thalmann & Co. (bankers), New York.
 Lane & Co., George W. (tea importers), New York.
 Leeson, Joseph Robert (Universal Winding Company), Boston, Mass.
 Leftwich, A. T. (tobacco), Baltimore, Md.
 Lewinson & Co. (consulting engineers), New York.
 Lewis, Eugene H. (lawyer), New York.
 Lillibridge, H. P. (mining), New York.
 Livermore, John R. (freight broker), New York.
 Loomis, Laurus (dry goods comm.), New York.
 Low, Seth, New York.
 Lodge & Shipley Machine Tool Company, Cincinnati, Ohio.
 Mack, J. W. (treasurer Nathan Manufacturing Company), New York.
 Male, W. H. (president), New York.
 Mali & Co., H. W. T. (woolens), New York.
 Martin, Newell (lawyer), New York.
 Maryland Steel Company, New York.
 McBride, J. W. (tea importer), New York.
 McConway & Torley Company, The (iron and steel), Pittsburgh, Pa.
 McIntyre, William H. (banker), New York.
 McKinley, William, Jr. (dry goods comm.), New York.
 Mercantile Trust Company, The, New York.
 Meyer, Wilson & Co. (shipping and commission), San Francisco, Cal.

- Miller, D. (first vice president Chicago, Burlington and Quincy Railway), Chicago, Ill.
- Mills, A. G. (vice president Otis Elevator Company), New York.
- Minot, Hooper & Co. (dry goods commission), New York.
- Moffat, George B. (banker), New York.
- Montgomery, George L. (Jardine, Mathieson & Co.), New York.
- Montgomery & Co., James & John R. (tea brokers), New York.
- Morewood & Co. (commission merchants), New York.
- Mosle Brothers (importers), New York.
- Motley, Thornton N., Company (railroad supplies), New York.
- Moyer, William L. (banker), New York.
- Mutual Life Insurance Company, New York.
- New York Leather Belting Company, New York.
- New England Watch Company, Waterbury, Conn.
- New York Central and Hudson River Railroad Company (George H. Daniels, General Passenger Agent), New York.
- Nichols, J. Howard (treasurer Dwight Manufacturing Company), Boston, Mass.
- Nicholson, A. E. (Balmer, Lawrie & Co.), New York.
- Norden, A., & Co. (exporters and importers), New York.
- Occidental and Oriental Steamship Company (D. D. Stubbs, secretary and general manager), San Francisco, Cal.
- O'Donohue & Co. (raw silk), New York.
- Oelrichs & Co. (steamship agents), New York.
- Okonite Company, The, New York.
- Olivier & Co. (China produce), New York.
- Opelika Cotton Mills (M. M. McCall, treasurer), Opelika, Ala.
- Orcutt, C. B. (president), New York.
- Otis, McAllister & Co. (commission merchants), San Francisco, Cal.
- Pacific Mail Steamship Company, New York.
- Pacific Lumber Company, San Francisco, Cal.
- Pacolet Manufacturing Company, Pacolet, S. C.
- Paine, F. B. H. (Westinghouse Manufacturing Company), New York.
- Pantasote Leather Company, The, New York.
- Parker, Wilder & Co. (dry goods comm.), New York.
- Parsons, William Barclay (consulting engineer), New York.
- Parsons, William H. (president), New York.
- Pavenstedt, Adolph (banker), New York.
- Peabody, Henry W., & Co. (exporters and importers), New York.
- Pepperell Manufacturing Company (George Dexter, treasurer), Boston, Mass.
- Percebois, D. (Imperial Chinese Commissioner), St. Louis, Mo.
- Phelps, Dodge & Co. (importers of metals), New York.
- Philadelphia Museums, Philadelphia, Pa.
- Phoenix Silk Manufacturing Company, New York.
- Plummer, J. S., & Co. (straw goods), New York.
- Post, Alfred H. (freight broker), New York.
- Potter, E. C. (president), Chicago, Ill.
- Probst, A. O. (export cotton goods), New York.
- Putnam-Hooker Company, The (dry goods comm.), Cincinnati, Ohio.
- Rand Drill Company, New York.
- Reed, Mrs. Sylvanus, Redemont, Locust, N. J.
- Reedy River Manufacturing Company (W. E. Beattie, president and treasurer), Greenville, S. C.
- Reid, John (Jordan L. Mott Iron Works), New York.
- Ripley, Daniel (cotton broker), Galveston, Tex.
- Robbins & Appleton (watch manufacturers), New York.
- Rockhill, W. W. (Bureau of American Republics), Washington, D. C.
- Roe, Livingston (export oils), New York.
- Rogers, Brown & Co. (pig iron), New York.
- Rogers Locomotive Works, Paterson, N. J.
- Rosenberg Brothers & Co. (importers, exporters and commission merchants), San Francisco, Cal.
- Rump & Cattus (commission merchants), New York.
- Russell & Co. (tea importers), New York.
- Sampson, Charles E. (merchant), New York.
- Schieren & Co., Charles A. (leather belting), New York.
- Schmitz, C., & Co. (importers), New York.
- Seager, John C. (steamship agent), New York.
- Seaman, Major L. L., M. D., New York.
- Selby Smelting and Lead Company, San Francisco, Cal.
- Seligman, J. & W., & Co. (bankers), New York.
- Sellers & Co., William (engineers), Philadelphia, Pa.
- Sewall, Harold M. (shipbuilder), Bath, Me.
- Shepard, Augustus D. (American Bank Note Company), New York.
- Sherman, C. W. (Central Car Wheel Company), Pittsburg, Pa.
- Sherman, Charles E., Lawrence, Nassau County, N. Y.
- Shewan, Tones & Co. (commission merchants), New York.
- Shaw, M. A., Vice President the Shaw Company (ships' stores), New York.
- Skinner, E. V. (Assistant Traffic Manager Canadian Pacific Railway Company), New York.
- Sloane, W. & J. (carpets and upholstery), New York.
- Smith, Hogg & Co. (dry goods commission), New York.
- Smith & Schipper (commission merchants), New York.
- Smyth, E. A. (cotton manufacturing), Pelzer, S. C.
- Spartan Mills (cotton manufacturing), Spartanburg, S. C.
- Springs, Leroy (cotton manufacturing), Lancaster, S. C.
- Stevens, W. H. (American Trading Company), New York.
- Stevenson, W. F. (Eastern Freight Agent Canadian Pacific Railway Company), New York.
- Stillman, James (National City Bank), New York.
- Straus, Isidor (R. H. Macy & Co.), New York.
- Straus & Co., Levi (dry goods), San Francisco, Cal.
- Suffern & Co. (exporters), New York.
- Sussman, Wormser & Co. (wholesale grocers), San Francisco, Cal.
- Tata & Co. (commission merchants), New York.
- Taylor, Ira (Philippine Transportation Company), New York.
- Thompson, Henry B., Wilmington, Del.
- Thomson, John, Press Company (printing presses), New York.
- Tompkins, D. A. (engineer and contractor), Charlotte, N. C.
- Turner, J. Spencer, Company (dry goods commission), New York.
- Twohey, James A. (lawyer), Washington, D. C.
- Union Lumber Company, San Francisco, Cal.
- United States Export Association, New York.
- United States Steel Products Export Company.
- Vacuum Oil Company, Rochester, N. Y.
- Vietor, George F., New York.
- Vinstchger, Gustave (exporter and importer), New York.
- Walker & Hughes (insurance brokers), New York.
- Walbank, K. S. (tea importer), Chicago, Ill.
- Ward, George Gray (Commercial Pacific Cable Company), New York.
- Washburn, W. D. (president), Minneapolis, Minn.
- Webster, William R. (consulting engineer), Philadelphia, Pa.
- Weld & Neville (cotton brokers), New York.
- Wells, Fargo & Co.'s Bank, San Francisco, Cal.
- Western Electric Company, New York.
- Westervelt, J. I. (Brandon Mills), Greenville, S. C.
- Wetmore, W. S. K. (American China Development Company), New York.
- Wheelock, Thomas R., Boston, Mass.
- Whittall & Co., of Ceylon, New York.
- Whitney Manufacturing Company (cotton mills), Whitney, S. C.
- Willard, E. A. (domestic and foreign coal), New York.
- Willetts, Joseph C. (New Howe Sewing Machine Company), New York.
- Wilson & Bradbury (dry goods commission), New York.
- Wilcox & Co., Albert (insurance), New York.
- Wilcox, Franklin A. (lawyer), New York.
- Wilcox, Theodore B. (flour mills), Portland, Ore.
- Winter & Smillie (bankers), New York.
- Winslow & Co., C. R. (rubber boots and shoes and oiled clothing), San Francisco, Cal.
- Wisner & Co., William H. (commission merchants), New York.
- Wolsey, George M. (Robins Converging Belt Company), New York.
- Woodruff, Henry G. (dry goods commission), New York.
- Wood, James (president), Mt. Kisco, N. Y.
- Woodward, Baldwin & Co. (dry goods commission), New York.
- Yale & Towne Manufacturing Company (builders' hardware), New York.
- Young, Edward L. (commission merchant), New York.
- Zalinski, Capt. E. L. (consulting engineer), New York.

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OR

How to Read, Write, and Speak Chinese

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BY
WALTER BROOKS BROUNER, A.B., M.D.,
Of Columbia University in the City of New York
AND
FUNG YUET MOW,
Chinese Missionary in the City of New York.

WITH AN INTRODUCTION BY
HERBERT A. GILES, M.D., LL.D. (ABERD.), Professor of Chinese in the University of Cambridge, England, and late H. B. M. Consul at Ningpo, China. Author of Chinese-English Dictionary, China and the Chinese, etc.

PROFESSOR GILES, in his "CHINA AND THE CHINESE" (Macmillan, 1902), says: "I have often been asked if Chinese is, or is not, a difficult language to learn. To this question it is quite impossible to give a categorical answer, for the simple reason that Chinese consists of two languages, one colloquial and the other written, which for all practical purposes are about as distinct as they could well be. Colloquial Chinese is a comparatively easy matter. It is, in fact, more easily acquired in the early stages than colloquial French or German. *A student will begin to speak from the very first, for the simple reason that there is no other way. There are no Declensions or Conjugations to be learned, and consequently no Paradigms or Irregular Verbs. In a day or two the student should be able to say a few simple things, after three months he should be able to deal with his ordinary requirements, and after six months he should be able to chatter away more or less accurately on a variety of interesting subjects. A great deal depends on the method by which he is taught.*"

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N. B.—The Chinese language has no alphabet, each character is a word. The characters herewith presented read from top to bottom. *Nay vwoo-e kawng tawng whar may* (phonetically spelled). Literally, You can speak Chinese language? [*May* being the spoken equivalent of our written question mark, (?).]

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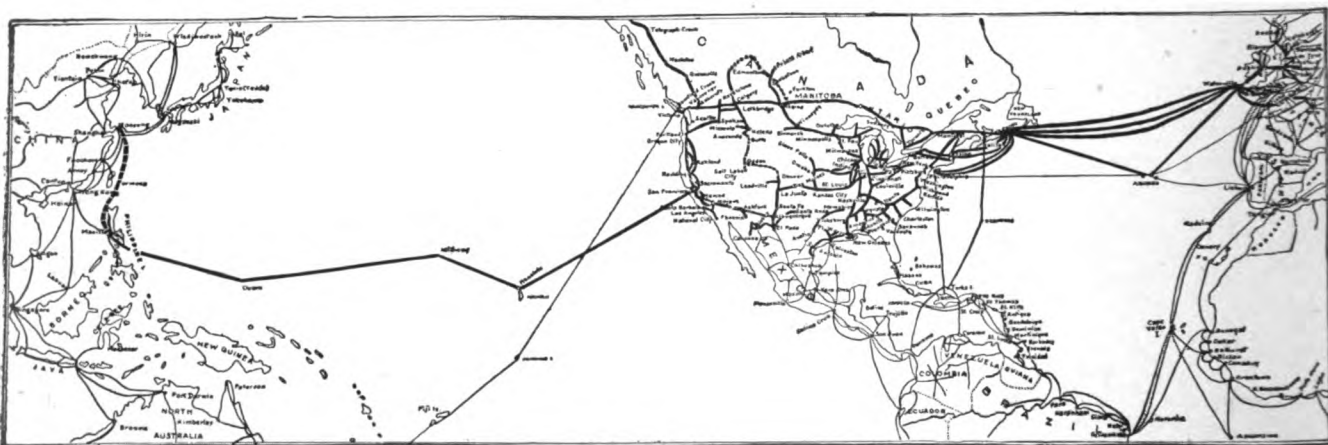
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Journal of The American Asiatic Association

VOL. IV.

October, 1904
PUBLISHED MONTHLY.

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All communications relating either to the reading matter of the JOURNAL or to its advertisements should be addressed to

JOHN FOORD, PUBLISHER,
78 Beekman Street,
New York City.

WHEN our last number was going through the press, the issue of the battle of Liaoyang still hung in the balance, though we felt justified in believing that the result was not doubtful. As we go to press with the number for October, there comes news of a struggle being waged around Mukden whose result will, with probably greater certainty, be another victory for the arms of Japan and one triumph the more for the cause of civilization and progress. It is difficult to regard the stand which Kuropatkin is reported to be making at Mukden, or Tiehling, as a serious one, just as it was impossible to regard that which he made at Liaoyang as anything else but a deliberate and carefully prepared effort to turn the tide of Japanese success and to assume the offensive. The criticisms that have been made, even in friendly quarters, of the failure of the Japanese to make the Russian defeat at Liaoyang a more crushing one, proceed on a forgetfulness of the solid reasons which the Russian Commander had to believe that defeat was impossible, on ground of his own choosing, and under conditions which gave him what, for all military purposes, was a decided superiority over his assailants. The undeniably fine generalship which Kuropatkin displayed in saving his great army from utter rout and demoralization, and avoiding, for any important part of it, the risk of capture, merely brings out more strongly the fact that the Japanese victory was one of the most brilliant feats of military skill and prowess which has been witnessed in our time. The more highly we rate the military capacity of the Russian Generalissimo, the greater must be the credit accorded to the Japanese Commanders who have been able to circumvent every move he has made, and to confine his conspicuous achievements to the conduct of well ordered and timely retreats.

THE appointment of Mr. Durham White Stevens, Counselor of the Japanese Legation at Washington, as diplomatic adviser of the Korean Government, is a convincing proof of the sincerity with which the Japanese Government is addressing itself to the reorganization of the affairs of Korea. We have observed in the columns of some of our Far Eastern contemporaries apparently just criticisms of recent methods of Japanese Administration at Seoul, and every friend of Japan must have regretted that there should be any likelihood of a repetition of the costly blunders of 1894-96. There is certainly no man whose presence at the Korean Capital could be a safer guarantee against a

repetition of the policy of ten years ago than that of Mr. Stevens. As most of our readers know, Mr. Stevens began his diplomatic career in the East as Second Secretary of the American Legation at Tokio over twenty-five years ago, and entered the Japanese service a few years later. The esteem and confidence which Mr. Stevens has commanded from successive Japanese Ministers during his long stay in Washington are sufficient proof of his diplomatic tact and ability. In every respect, Mr. Stevens brings to the discharge of his duties as diplomatic adviser to the Korean Department of Foreign Affairs qualifications which it is given to very few men to acquire or possess. No one at all familiar with the facts will be disposed to minimize the difficulties of his new position, and no greater tribute could be paid to Mr. Stevens than is involved in the assumption that he will be found able to discharge its responsibilities with satisfaction to both Governments. It offers a great opportunity for the conduct of what is essentially a work of national regeneration, and while replete with possibilities of incessant worry and profound discouragement, one is tempted to believe that in the rare combination of qualities which Mr. Stevens will bring to its discharge, there is the potentiality and the promise of a brilliant success.

THE following letter has been received here :

NORTH CHINA INSURANCE COMPANY, LIMITED,
SHANGHAI, 17th August, 1904.

*The President,
American Asiatic Association,
New York.*

Dear Sir:—It has been brought to our notice that this Company appears as signatory of a Petition to the President of the United States, dated Shanghai, 17th May, 1904, appearing in the July number of the JOURNAL of your Association.

As this Company has no knowledge of the Petition, except as appearing in your JOURNAL, and it has not been signed by us or by any one authorized to sign on our behalf, we shall be obliged if you will cause the information given herein to be inserted in the next number of your JOURNAL.

I am, dear sir,

Yours faithfully,

B. W. GRAY,

Acting Secretary.

THE explanation of this blunder, which we sincerely regret, is given in a letter from Mr. John P. Roberts to the *North China Daily News*, in which he says that he appended to his signature of the Petition in question his official stamp as Marine Surveyor for various associations, among which was the North China Company, and the name of this Company having been printed on a separate line and in conspicuous type, it was made to appear as one of the signatories of the Petition.

MR. ROBERTS makes the further point that, before signing the Petition, he was positively assured by a promoter and signer of it, and by a gentleman whom he was told represented Mr. Peirce (the Third Assistant Secretary of State) in the matter, that the Petition was not to be published. Of this understanding we know nothing. The Petition came to us without any reservation as to its use—in fact, with the request that it should be published in the JOURNAL

of the Association. As to the propriety of this publication, we regret to find ourselves at variance with our esteemed contemporary the *North China Daily News* whose editorial good opinion we prize very highly and should be very sorry ever to forfeit. But with all deference to the judgment of our Shanghai friends, we submit that the protest against the retention in office of Mr. John Goodnow was a document of whose contents the public which this Association represents had a right to be informed. The protest was studiously moderate in tone and the character of its signatories was the best possible testimony that it was inspired by thoroughly disinterested and patriotic motives. The conviction is quite general here, as we believe it to be in Shanghai, that there is urgent need for a better officer and a man of higher character than Mr. Goodnow at the head of the most important of our Chinese Consulates. Why there should be any hesitation about making a frank public declaration of this fact and of the reasons that may be cited to support it, passes our comprehension. As Mr. Peirce has discovered, there is room for reform in consular administration at other ports in the Far East than Shanghai, and one vacancy has already been made on his representations. The business community that suffers without complaint from the incapacity, or worse, of American Consuls in China or elsewhere, lays itself open to the charge of cowardice, and becomes the chief contributory cause of evils which injuriously affect both our commerce and our good name as a nation. That Mr. Goodnow should have been permitted so long to occupy a place for which he is demonstrably unfit, is very largely due to a disinclination on the part of those doing business within his jurisdiction to risk the consequences of incurring his official displeasure. Bishop Graves and his fellow signatories have earned the public gratitude in breaking with this tradition of wholly un-American caution and timidity.

WE reproduce in another portion of this issue the essential parts of the statement of the Captain of the "Hipsang" which was torpedoed and sunk by a Russian destroyer under circumstances of peculiar atrocity last July. Every detail of this incident has been thoroughly studied by our Far Eastern readers, and their judgment on the merits of the case has long since been rendered, but it has not received in this country the attention which it deserves, nor has the record been spread out in the public press here with any degree of fulness. It is, therefore, as an aid to a proper understanding by the American public of how Russia makes war on the high seas, that we reprint this very remarkable narrative of which, it may be added, there has been offered neither contradiction nor qualification. It is certainly not putting the case too strongly to say that such an act as that of which the Commander of the Russian torpedo-boat-destroyer No. 7 has been shown to be guilty serves to make piracy appear respectable and constitutes a peculiarly infamous type of murder. From the character of some recent comments by the Russian Press on President Roosevelt's proposal to summon an international conference in the interests of peace, it may be conjectured that the narrative of the sinking of the "Hipsang" has not been permitted to pass the censor.

THE subscriptions to the Perry Memorial Relief Fund to date have been as follows :

Previously acknowledged,	\$7,065.00
James J. Hooker,	25.00
Total,	\$7,090.00

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the eight months ending August 31, 1903 and 1904.

EXPORTS TO CHINA.

Months. 1903.	Cotton Cloths. Yards.		Mineral Oils. Gallons.		Wheat Flour. Barrels.	
January.....	18,440,398	\$924,882	1,944,706	\$197,967	8,637	\$26,288
February . . .	34,642,500	1,713,994	878,660	92,265	1,524	4,805
March.....	37,929,363	1,850,571	1,712,040	179,780	9,457	31,372
April	34,640,141	1,608,487	1,163,320	126,709	6,536	22,132
May.....	14,737,775	717,564	849,368	93,756	3,675	12,348
June.....	10,351,623	486,470	874,691	96,069	2,750	8,970
July.....	9,751,868	443,228	1,384,881	147,423	166	587
August.....	4,096,161	189,133	1,644,834	142,882	1,653	6,650
Total.....	164,589,829	\$7,934,329	10,452,500	\$1,076,851	34,398	\$113,152

1904.						
January.....	8,906,813	\$476,609	3,772,243	\$447,712	6,303	\$24,019
February.....	13,806,444	785,473	7,305,887	862,625	2,489	9,264
March.....	8,652,392	435,780	5,808,064	695,371	11,515	39,999
April.....	1,041,000	62,311	2,232,150	249,538	3,944	14,567
May.....	4,455,937	306,731	1,944,134	210,131	4,494	15,508
June.....	9,024,100	524,052	4,617,100	508,186	5,539	20,132
July.....	17,244,010	1,077,012	6,675,122	707,008	2,103	8,274
August.....	44,247,094	2,457,639	11,062,250	1,045,981	5,162	18,722
Total.....	107,377,760	\$6,125,607	43,416,950	\$4,726,552	41,549	\$150,485

EXPORTS TO HONGKONG.

1903.						
January.....	22,099	\$3,841	.....	\$.....	142,918	\$460,238
February.....	161,346	9,798	1,001,830	105,190	126,693	427,199
March.....	36,858	3,267	.....	.....	106,520	395,479
April.....	32,210	4,544	1,222,283	128,955	74,107	245,989
May.....	35,658	4,864	1,300,540	137,880	48,670	183,531
June.....	57,269	6,577	793,477	85,301	65,961	227,003
July.....	117,991	13,468	822,392	86,725	39,890	143,890
August.....	60,502	9,083	124,179	16,514	83,724	330,075
Total.....	523,933	\$55,442	5,264,701	\$560,565	688,483	\$2,413,404

1904.						
January.....	5,877	\$994	955,320	\$112,700	155,130	\$574,431
February.....	26,000	2,027	34,234	5,223	189,308	694,139
March.....	37,919	7,538	54,365	5,801	58,718	232,217
April.....	8,846	1,374	3,265,323	368,210	9,521	35,609
May.....	.....	.....	752,000	81,600	9,730	34,273
June.....	27,891	6,135	6,133,940	645,063	62,820	250,404
July.....	.....	.....	689,620	72,410	117,469	463,196
August.....	30,251	6,369	2,143,934	191,352	160,573	633,489
Total.....	136,784	\$24,437	14,028,746	\$1,482,359	763,269	\$2,917,811

DEPARTMENT OF COMMERCE AND LABOR,

Bureau of Statistics.

WASHINGTON, D. C., September 29, 1904.

Imports of Tea and Silk into the United States for the eight months ending August 31, 1902, 1903 and 1904.

TEA.							
Imported from	1902.		1903.		1904.		
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	
United Kingdom.....	3,031,580	526,822	3,704,825	791,239	4,392,048	972,662	
British North America....	1,308,358	233,398	1,660,850	366,023	1,587,332	355,365	
Chinese Empire.....	23,843,843	2,520,241	17,399,054	2,395,018	25,420,653	3,189,751	
East Indies.....	2,646,549	357,349	3,704,642	534,412	5,092,496	767,072	
Japan.....	16,097,861	2,638,308	23,553,568	4,575,557	22,070,055	4,063,042	
Other Asia and Oceania ..	237,211	30,137	318,899	35,400	210,001	25,940	
Other countries	7,472	2,224	14,123	3,545	118,298	31,008	
Total.....	47,172,874	6,308,479	50,355,961	8,701,194	58,890,883	9,404,840	
SILK.							
Imported from	1902.		1903.		1904.		
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	
France.....	370,355	1,227,424	246,130	979,384	340,655	954,208	
Italy.....	1,652,594	6,505,032	1,815,859	7,821,060	1,896,369	7,348,898	
Chinese Empire.....	2,045,635	5,549,414	1,590,328	4,624,737	2,363,812	6,775,176	
Japan.....	3,278,219	11,044,704	3,624,765	13,668,144	4,401,819	15,181,915	
Other countries	264,165	834,721	42,353	147,394	36,919	112,139	
Total.....	7,610,968	25,161,295	7,319,435	27,240,719	9,039,574	30,372,336	
Waste .....lbs...free..	1,019,556	593,744	1,419,962	644,826	2,933,900	1,162,943	
Total unmanufactured .....	.....	25,755,179	.....	27,885,605	.....	31,535,306	

AMERICAN CAPITAL AND CHINESE RAILWAYS.

There seems to be a singular difficulty experienced in Washington in giving out accurate details of the progress of railroad development in China. This is, perhaps, the more excusable that it is apparently shared by our legation at Peking. A cable message has been received from Mr. Conger referring to the Hankow-Canton Railway, in which it is stated that "if foreign capital is necessary in extending the railway to Ching-king, American and British will have the preference, the Chinese Government having definitely promised this." The place referred to is obviously Chung-king, some fifty miles higher up the Yangtze than Hankow, and on no possible theory of development could it mark the line of further extension of the railroad from Canton. The promise of the Chinese Government has probably been given as a corrective of the announced intention of the provincial authorities of Hunan to find capital among their own people for the construction of their own railroads. The Hankow-Canton Railway passes through the province, and its northern terminus at Hankow, or, more properly speaking, at Wuchang, is in the neighboring province of Hupeh. It is quite conceivable that the Hunanese cherish designs of building a railroad to bring them into connection with the rich and populous province of Szchuen, for which Chung-king would be the natural and inevitable objective point, and that they have been made to see that the native capital which they can command would be quite inadequate for such an enterprise. But it is not at all conceivable that this has any relation to an extension of the Hankow-Canton Railway, which, having made a beginning with some thirty

miles of track, continues to be without the capital required to make any further approach to Wuchang.

But Mr. Conger's cablegram is not more befogging than the announcement from Washington that there is an approaching transfer to American control from the Belgian managers of the Hankow-Canton Railway. According to General Whittier, the President of the American China Development Company, whose first and only enterprise has been the construction of this railway, there never has been any surrender of American control of the company. He and his associates were even able to furnish sufficient grounds for recognition by the State Department of the unimpaired American status of the company. It is true, nevertheless, that the management of the company has been very effectually Belgianized, and it is not true that there is the slightest intention on the part of the Brussels Syndicate, of which His Majesty the King of the Belgians is the head, to part with this control. If there is to be any change it will be in the direction sought by His Excellency Sheng Tayen, Director-General of the Imperial Chinese Railway Administration, who happens to control the situation by the ability to hold up with one hand the bonds issued by his government to pay for the construction of the railway, and with the other to proceed to the annulment of a concession granted to American capitalists with the distinct understanding that it should not be transferred to capitalists of any other nationality. It may be inferred that, under existing circumstances, Mr. Conger's call for American capital to embark in the enterprise of constructing a railroad from some point in Hunan to Chung-king is not likely to meet with a ready response.—*N. Y. Journal of Commerce and Commercial Bulletin.*

CHINA'S EXHIBIT AT THE ST. LOUIS WORLD'S FAIR.

BY EMIL S. FISCHER.

The fact has been recognized by the management of the Louisiana Purchase Exposition Company, as well as by the leading foreign representatives, that China has made a very fine display in St. Louis, and that the Celestial Empire is far better represented here than it ever has been at any universal exposition. No other foreign country has right from the beginning of the Fair contributed so much to the splendor and interest of the great show as has the Middle Kingdom.

When Prince Pu Lun arrived in April the Chinese Government Pavilion was already completed. This result was due to Mr. Wong Kai-Kah, who, with a corps of Chinese assistants, had done wonders in directing the Chinese and American laborers in the work of constructing a most exquisite, lofty little yamen such as we find in the occupancy of princes of blood and rich Chinese dignitaries. It is stated that the Chinese Pavilion is a replica of Prince Pu Lun's residence at Peking. Its immediate right hand neighbor is Great Britain, representing the Kensington Orangery, which serves as the official headquarters of Colonel Chas. M. Watson, R. E., the Commissioner General and Secretary of the Royal Commission. The left hand neighbor of China is the pretty monster pavilion of Belgium, under the direction of Monsieur Jules Carlier, administrator of the Peking-Hankow Railroad.

No sooner had Prince Pu Lun arrived in St. Louis than a series of receptions and dinners was given in his honor. It seemed all social St. Louis tried to get hold of him, and when the opening day of the Fair came Prince Pu Lun and his suite were the most attractive personages at the elaborate ceremonies witnessed by 180,000 people. Among the Chinese officials present at this function were: Sir Chen-tung Liang Cheng, Chinese Minister at Washington; Mr. Wong Kai-Kah, representing the Chinese side of the Commission; Commissioner Francis A. Carl, representing the foreign side of the Commission and the Imperial Maritime Customs of China. In company with Mr. Carl was also Mr. D. Percebois, of the Imperial Maritime Customs and Secretary of the Chinese Imperial Commission in St. Louis.

Afterward came the opening of the Chinese Pavilion, which includes three typical buildings surrounded by a wall, the roof of which shows the usual kind of temple architecture. Entering the centre door of the main wall, which on its wooden partitions shows Chinese fighters keeping bad influences away from coming in, we find, filling up the rear centre of the court, the main reception hall building, finished in plaster and carved wooden divisions. Inside the reception hall are great golden tablets, very fine hangings, beautiful scrolls, paintings, old and new porcelains in very beautiful styles, Cantonese black teakwood furniture, all with inlaid mother-of-pearl. Besides this there is a complete wedding outfit of red tea tables and others with beautiful paintings; also an outfit of most gorgeous Foochow lacquer ware furniture and handsome lanterns in all styles hanging from the high ceiling and

illuminating the hall with electric light. On the right and on the left of the court there are two other buildings representing ladies' and gentlemen's quarters, and those for the children and servants of a Chinese mandarin home. The equipment of these two buildings corresponds with the beautiful installation of the centre reception hall, and crowds are always to be found gazing at the heavy, silk covered, carved wooden Chinese bed.

The celebration of the dedication of the Chinese Pavilion by Prince Pu Lun was not the only social function which he carried out in the name of his Government. There followed a great reception to which several thousand invitations were sent out and which was held at the residence of Prince Pu Lun at the Washington Hotel. This reception was one of the greatest social events at the Fair.

The Middle Kingdom is represented in art, in liberal arts, in manufactures, in machinery, in transportation, in agriculture, in mines, in fish and game, and in forestry. These exhibits have for the most part been installed in the Liberal Arts Building. Here China has been allotted a vast space, and here, under the special care of Mr. Francis A. Carl and Mr. D. Percebois, will be found a complete as well as unique exposition of the industry and resources of the great Chinese Empire.

It is an interesting collection of all kinds of models, demonstrating the life of the people in their homes on the water and on the land, in rural districts and among the mountains. There are attractive assemblages of carved figures showing wedding and funeral processions, life in temple yards, in yamens and other public places; copies of business houses, drug shops, houses of societies and places of amusement.

The greatest attraction of this large section, however, is a complete reproduction, in large and small wooden carved models, of more than 100 different boat types, such as are found all over the country of the Four Seas. There are small sampans, post dispatch boats, fishing smacks, cargo boats, flower boats, mandarin boats, house boats and similar craft, duck boats, cormoran fishing rafts, small sized coasters, river junks, seagoing junks, war junks, with antiquated cannon and blunderbusses, stately and ponderous merchant boats and other agencies of water transport, of which China has such a variety. The anthropological exhibit gives an excellent idea of the style of dress of men, women and children, rich and poor, of mandarins high and low, of merchants, of clerks and other employees, as well as of laborers, artisans, boys, coolies, etc. The exhibits have been brought not only from Shanghai and other coast ports but also from the south and north and the far western hinterland. They have been prepared by the provincial governments, and under the direction of the great viceroys. Hangchow, Soochow, Woosich and Nanking have forwarded the most exquisite kinds of silks, such as brocades, Tussahs, crêpes de

chine and other fabrics. They also demonstrate the culture of silkworms, the manipulation of cocoons, etc. There are pictures and albums, jewelry, aniseed products and wearing apparel from various districts of Kwangshih. Mengtze, on the Yunnan frontier, exhibits jewelry such as is worn by Lo-lo women; works of art in bronze, jewels with a peculiar kind of inlaid silver coating, also the costumes of the Maotze tribes; all kinds of weapons, side arms with two skull openers, swords, Yunnan carts and equipments for pack animals. Here are also the minerals and precious stones of those regions, including the well known marble slabs from Ta-li-fu. Yunnan has also sent fine furniture, costumes of the Lung Miao aboriginal tribes, and tin products are well represented.

Szema, of the Shan states of Western Yunnan, sends copper ores and rock salt, and as products of Ibang and Ewo the well known Pu-er-cha, renowned all over China as the best tea; also from the district south of Szema, from Menghai and Mengwang and from the other side of the Mekong River there are samples of tea exhibited, of which only about 40,000 to 50,000 piculs are annually brought on the market. The ethnographical exhibit includes Puwang women; also Shui-hai and Han-pai-i men and women of the Shan Ta-lo-hei and Han-lo-hei of the Mekong district, Wo-ni and Ma-he girls of the Ta-lang district, the latter carrying water. In addition to these costumed models are exhibited: Ma-he, She-te, Pu-tu, Ping A'on, A'ka, Hua Yao Pa-i women, a Lo-lo girl and wild Kwa women. A Shan manuscript shows what is known as the Shan's own written language, which is allied to Siamese and Burmese. It took fifty-six days to bring this important collection to the coast. Mr. A. Granzella, the Commissioner of the Imperial Customs of China at Szema, personally looked after its transportation. He is a scientist, and took great pains and interest to make up the Szema exhibit as complete as possible.

Canton has contributed collections from the south of China, especially from Pakhoi, Kungchow, Swatow, Amoy, Foochow and other places. The greatest attraction of all among the many exhibits from these regions is a pair of great elephant tusks, most beautifully carved by Chum Kwankee, who has spent on the work many years of artistic devotion. These tusks, one of which was specially made for the Fair, are exhibited by the amateur collector L. Albert, silk inspector of Siemens & Co., Canton. It is not only the ivory parts that are works of art; the black teakwood carved stands on which the tusks rest are, in their way, unsurpassed at the Exposition.

Canton shows numerous other ivory and silver hand made works, also silk and grass cloth embroideries, ebony furniture, screens, etc. Wing Cheong, of Canton, has an exhibition of fine silver and ivory ware, as well as silk piece goods and general curios. Both Reuter, Broeckelmann & Co. and Spandau, of Canton, have forwarded collections of old bronzes, among which deserve special mention: Miaotze drums, which are supposed to be from 2,000 to 3,000 years old, and which are of great archaeological interest, having been only brought to light a little over a year ago. O. Spandau's old bronze incense lamps from the time of the Han, 206 B. C. to 25 A. D., are also of great interest. Deacon & Co., of Canton, have sent antique vases in red and blue arabesques 25 inches high, of the time of the Ming dynasty, 1368 A. D. to 1628 A. D. F. W. Carry, of the I. M. C., has sent a collection of photos illustrating the costumes of the natives in Southwestern Yunnan and the Shan states. Shewan Tomes & Co., of Canton, exhibit a very fine collection of Chinese mats and mattings, accompanied by photos showing the various processes of mat manufacture. Swatow exhibits pewterware articles, also grass cloth, fish nets, sugar, tobacco, etc. Amoy sends wooden idols, artificial flowers and other commercial goods.

Foochow, including the Fookien Provincial Government exhibit, shows its well known lacquerware furniture, soapstone articles, a collection of stuffed birds, samples of lumber, etc.

From Northern China and from Wenchow come silk goods and furniture—a new industry in that part of China. Ningpo exhibits its fine carved, inlaid, wooden furniture, such as tables, chairs and bedsteads, among which the exhibits from Sung Sing Kun deserve mention. From the treaty port of Hangchow has been sent a collection of 4,000 fans of all styles that are used in China. This famous industry of Hangchow, which received a gold medal at the Paris Exposition in 1900, and also one at Hanoi in 1902, seems to be getting quite a reputation abroad.

Shanghai sent a part of the official collection of exhibits, also a great number of private exhibits. The Tea and Porcelain Company, of Shanghai, have a large space, in which they show very fine potteries and porcelains, among which the old colors, as given to their products by the King-t'e Chen factory near Kiukiang, deserve special mention. The great number of superior qualities of green and black tea chops exhibited here give the public an idea of China's variety of production and cultivation of tea. Vivian Dent and A. E. Blanco, both of the I. M. C. of Shanghai, forwarded exhibits, the former a collection of unique curios, and the latter of bronze and gilt idols. The great show of fine silk piece goods is much admired. In this regard attention must be drawn to the exhibit of the Kiangnan provincial authorities, which comprises brocaded satins and velvets of remarkable make, as also embroideries, silver, lacquerware, ivory and pottery ware. The life size figures of Chu Jen, Hsue Tsai and other great literati, which have been sent by the Chinese Government, are of especial interest. There are also many samples of merchandise fitted for export, such as cottons, nankins, musical instruments, etc. The Yangtze River ports of Chinkiang, Nanking, Kiukiang, Hangkow and others have exhibited many articles, such as fine bronzes, porcelains, jades, agates, silverware ornaments and jewels, as well as silks, grass cloth, etc. Here we find the product of the imperial loom at Nanking, such as brocaded satins, velvets and ribbons, which are attracting much attention. The silverware of Kiukiang is much admired and deserves mention. The interest which His Excellency Viceroy Tuan Fang has taken in the success of the St. Louis Exposition has resulted in his sending here a most complete collection of curios, which are always carefully examined by connoisseurs. They comprise old porcelain, bronzes, precious jades, agates and other costly ornaments, among which is a vase valued at \$10,000 gold.

Mr. A. F. Schepens, of the I. M. Customs service at Hankow, a collector of coins, who has ransacked all China, exhibits a very large collection, comprising twenty-seven trays of Chinese, Annamese, Korean and other Oriental coins, charms and medals, many of which are very old and valuable. Mr. Schepens, whose collaborator is Rev. Joseph M. Kuo, a native clergyman of the Roman Catholic Church, a well known authority on numismatics, recently got hold of a unique set of iron cash, coined from the time of the Nan Sung dynasty.

Ph. Dr. Stuhlmann, commissioner of customs at Shasi, contributes a very interesting model of a vegetable tallow and oil factory, showing the process of manufacture. The Chinese catalogue describes at length the Chinese factories on the Upper Yangtze, especially in Hunan and Szechuan provinces. Another most interesting exhibit consists of various kinds of albumin processes, which are illustrated by S. Rosenbaum, Hankow, whose products are much looked at. The Trading Company of Hankow, successors to Alexis Goobkin, A. Koosenetsoff & Co., have an exhibit of all kinds of tea, especially for

the Siberian trade, such as tablets and brick teas in green and black, as prepared for the Russian markets. Little & Co., of Chungking, forwarded a very fine exhibit consisting of coal and other valuable minerals from Szechuan; also wool, feathers, bristles, wax and tallow. P. L. Raeburn, of the I. M. C. service, exhibits a complete set of old and new customs postal stamps, from the first issue to the present. Jardine, Matheson & Co., of Shanghai and Canton, also A. R. Burkill & Sons, of Shanghai, forward samples of raw and spun silks, China grass and other products. The Hwa Sheng Chong Cotton Mills, of Shanghai, exhibit their yarns and sheetings. The Peking Syndicate, Ltd., of China and London, send samples from the richest of the undeveloped coal fields in the world, situated in Shansi and Hunan.

Wm. Forbes & Co., Tientsin, have a large showcase in which they exhibit fine white and black Manchurian and other Chinese furs, as well as skins and horsehair. Vrand & Co., Tientsin, forwarded carpets and a set of cloisonné chandeliers, which are very attractive. Especially worthy of notice is the exhibit of the Peking Industrial Institute, consisting of old jades, crystals, bronzes, porcelain and carpets of their own manufacture, as well as a great number of selected and valuable curios, such as cloisonnés, old porcelains, bronzes, jades, Peking lacquer, etc. The Chinese Engineering and Mining Company, of Tientsin, exhibit coal from their Kaiping mines, as well as Portland cement and other products which are manufactured at their Tung Shan works. In addition to the exhibitors noted, there are many others, especially Chinese, who have contributed their share to the display of China. Lieut. L. Collos, of the French navy, has sent photographic views illustrating the Upper Yangtze to Chungking and beyond.

In addition to the exhibits shown in the Pavilion and the Liberal Arts Building, there are a few Chinese exhibits elsewhere. Thus we find in the Educational Building the exhibits of the Nan Yang College, which has sent models of its school buildings and plans of the grounds. The mission schools of China have also contributed books, maps, charts, photographs, pictures and models. In the Fine Arts Palace there is a showcase containing a selection of original objects of art of China. But what attracts the greatest crowds in the Fine Arts Building is the oil painting of Her Imperial Majesty the Empress Dowager of China, which was executed at the Imperial Palace by the artist Miss Carl, sister of Commissioner Francis A. Carl. There is hardly one of the tens of thousands of the daily visitors to this building who does not ask for the room in which this picture is to be found.

There remains to be said something of the catalogue of the Chinese exhibit, which was compiled by the secretary of the commission, Mr. D. Percebois. This book not only comprises the enumeration of exhibitors and articles exhibited but is a compendium of Chinese customs and usages, and an instructive guide to the resources of the empire. Mention should also be made of Mr. I. A. Berthet, whose ability to speak half a dozen or more dialects with the Chinese workmen, was of signal service in the preparation of exhibits. Most active also in the details of management has been Mr. Kee Ow. Yang, a Cantonese by birth, who has lived for many years in this country, and became a United States citizen, by his being a resident of Hawaii, and who has recently graduated from the Law School of the New York University.

EMIL S. FISCHER,

(Formerly of Shanghai),

Commercial Secretary of the Imperial
Royal Government Commission for
Austria,

Vice Chairman of the International Jury
of Awards at the Louisiana Purchase
Exposition.

THE REGISTRATION OF TRADEMARKS.

The following regulations for the registration of trademarks to be operated experimentally have been proposed by the Chinese Government. The British Government is willing that they be put in temporary operation after making a few unimportant changes; the Japanese Government raises no objection to them, and the American Government has so far expressed no decision:

1. Anyone, no matter whether Chinese or foreigner, who desires to use a trademark must first register the same according to these regulations.

A special design, inscription and emblem, either all three employed in combination, or any one or two of them, constitute the essential characteristics of a trademark.

2. The Board of Commerce will establish a bureau of registration to attend especially to matters of registration, and the customs at Tientsin and Shanghai will serve temporarily as branch offices for receiving applications to the greater convenience of those who apply who may present their petitions at the place nearest to them.

3. Applicants for registration may send their applications either to the bureau of registration or to a branch office, to be forwarded to the bureau.

4. Every application must be accompanied by a statement, which must contain a description of the trademark in three particulars: (a) it must give a general description of the trademark; (b) tell to what class it belongs, and (c) state on what particular kind of goods it is to be used. If the application be forwarded through a branch office duplicates must be made both of the application and the statement.

5. The bureau of registration, having received an application and having found nothing in it contrary to the requirements, shall file the same for three months, and if within that time no person shall have petitioned against the registration the said trademark shall be registered.

6. If applications be made for the registration of two trademarks which are similar to one another and which are to be used upon the same sort of goods, registration must be granted to the one first making application. If both applications be presented at the same time on the same day permission to register must be given to both.

7. In case of a trademark already registered in a foreign country, if application for its registration in China be made within four months from the date of its registration abroad, the date of such registration abroad may be recognized.

8. Trademarks of the character specified below shall be refused registration:

(i) Those which destroy respect for rank, do injury to the customs of the country and deceive the people.*

(ii) Those which imitate the impressions of seals especially reserved for the use of the Government (such as the Imperial seal and the oblong lead seals of the various yaméns), or which imitate the designs of the Imperial flag, the military banners or decorations for merit.

(iii) A trademark identical with or similar to one already registered belonging to another person, or which shall have been already in public use in China more than two years before the present application shall have been made, and to be used upon the same sort of goods.

(iv) Those which do not show something distinctive to be recognized.

9. The term during which any merchant, Chinese or foreigner, may be allowed exclusive use of a trademark shall be twenty years, beginning with the date of registration by the bureau. But trademarks already regis-

* For instance, such as use official emblems, or employ pictures which the Chinese may regard as improper.

tered in another country and for whose registration here application shall have been made according to the regulations shall be allowed a term of exclusive use corresponding to that provided for in the registration abroad. (But in no case shall such term extend beyond twenty years.)

10. If after the expiration of the term of exclusive use it should be desired to extend such term, and application for a renewal of registration be made within six months before the expiration of the term of exclusive use, such application for renewal may be allowed.

11. Should the owner of a trademark already registered desire to sell to someone else the right to its exclusive use, or should he find it necessary to share its use with others, he must at once make application at the bureau of registration for registration of the change.

12. If any trademark already registered shall be found to violate the provisions of (i), (ii) and (iv) of regulation 8, the bureau of registration may cancel the registration of such trademark.

13. If a trademark already registered shall be found to violate the provisions of regulation 6, or those of (iii) of regulation 8, the injured party may make application to have the registration of such trademark annulled. But this provision shall not apply to any trademark already registered for three years.

14. If, upon application having been made for the registration of a trademark, the bureau of registration shall find that such trademark does not comply with the requirements, the bureau shall indorse clearly upon the rejected application the reasons for refusing registration.

15. Any person unwilling to submit to the refusal mentioned in the preceding regulation may, within three months after the date of the said refusal, present a statement of facts and request the bureau of registration to reconsider the application.

16. If in any application for the registration of a trademark the owner of the trademark shall not be in China, or if he should reside at a considerable distance from the bureau of registration, he must select a reliable friend and report him as his agent or representative.

17. Should anyone desire to make a copy of any records in the trademark registration files, or examine the same, he may make application for such privilege, either at the bureau of registration or at one of the branch offices. If he shall reside at a considerable distance his agent or representative may make such application.

18. The bureau of registration shall publish trademark reports from time to time, announcing therein for the information of the public what trademarks have been registered and the circumstances connected with the cancellation of any registration.

19. Should anyone infringe the right to the exclusive use of a trademark the owner thereof may bring suit against the offender, who shall be required to pay damages if investigation sustain the charges made.

20. In case of a suit for the infringement of a trademark, if the defendant be a foreigner, the local magistrate shall send a dispatch informing the consul of defendant's nationality and shall sit with him in a trial of the case. If the defendant be a Chinese, the consul concerned shall send a dispatch informing the local magistrate and shall sit with him in a trial of the suit. If both parties to the suit should be foreigners, or if both parties should be Chinese, immediately upon information being given of the infringement, the court or officer having jurisdiction will take action as required, so that due protection may be given.

21. Anyone guilty of any of the following offenses may be punished with not more than one year's imprisonment and not more than 300 taels fine, but no action shall be taken against any such offender except after suit duly brought by the injured party:

(i) Imitation of another's trademark with the purpose of using such imitation upon the same sort of goods as that on which the original is used, or selling such imitation.

(ii) Making an imitation of another's trademark and using the same upon the same sort of goods as those upon which the original is used, or with a knowledge of the circumstances selling such goods or storing them with the intention to sell.

(iii) Using the imitation of another's trademark as a shop sign in advertisement or placard.

(iv) While knowing that the receptacle used by another (such as large or small box, bottle, jar, etc.) or the wrapper bears a registered trademark, yet using the same for goods of the same sort as the originals; or, while knowing the circumstances, selling such goods.

(v) Purposely importing such goods into any port, knowing well that such action may injure another whose goods bear a registered trademark.

22. When, on account of the circumstances set forth above, such counterfeit trademarks, or the instruments used in making them, are seized and confiscated, the goods, receptacles and signs which cannot be distinguished from those bearing the genuine trademark shall all be destroyed.

23. Application for the registration of a trademark having been made and a certificate issued, the merchant, whether Chinese or foreigner, shall pay the prescribed fees as follows:

	Kuamp'ing Taela. Each.
(i) Application fee.....	5.00
(ii) Registration fee.....	20.00
(iii) Certificate	10.00
(iv) Registration of transfer of rights.....	20.00
(v) Application for extension of expired term and renewal of registration.....	25.00
(vi) Copy of record of registration of trade- mark	2.00
(vii) Examination of records for each hour....	1.00
(viii) Duplicate lost certificate.....	10.00
(ix) Filing complaint of infringement.....	5.00
(x) Application for reconsideration of rejected trademark	5.00
(xi) Application for the cancellation of trade- mark	20.00
(xii) Transfer of certificate to heirs.....	5.00

24. These regulations shall be of force from and after Kuang Hsü.....year.....moon.....day.

25. Inasmuch as mutual protection is required by the treaties, if, before the bureau of registration shall have entered upon its duties, request for the registration of any trademark shall have been presented at any yamen having jurisdiction the bureau shall regard the application as having been already properly made.

26. If after six months after the bureau shall have commenced operations application shall be made for the registration of trademarks which were already registered in another country before the bureau began its work, the bureau shall recognize such trademark as entitled to precedence.

27. Although before the bureau shall have been established various officials may have issued proclamations giving protection to various trademarks, such marks shall not receive the benefit of protection unless within six months after the opening of the bureau application shall have been made for their registration.

28. The provisions of the last three regulations are independent of the requirements of regulation 5.

All of the above regulations are to be put into operation experimentally. Matters not provided for in them may be taken into consideration, and rules referring to them be added after these shall have gone into effect.

FOREIGN TRADE OF JAPAN.

(From *Export*, a leading German Commercial Journal, of August 18, 1904.)

The Japanese Government is going to increase its taxes and tariff in order to meet the expenses of the war now being waged. A bill to this effect has gone through the Japanese Parliament and has met the approval of the Mikado. In this connection a few facts and figures connected with Japan's commerce for the last fifty years will prove interesting and instructive reading.

Up to fifty years ago Japan carried on a policy of practical exclusion, limiting its foreign trade to China, Korea, the Netherlands, and Portugal. Treaties entered into with Great Britain, the United States, France, Russia and the Netherlands, in 1858, brought Japan within the circle of the world's trade. In accordance with these treaties Japan opened to foreign trade, in 1859, the ports of Yokohama, Nagasaki and Hakodate, erecting custom houses for the regulation of traffic and the collection of duties. Eight years later, in 1867, Kobe was opened to foreign trade, and a year later Osaka and Niigata.

The treaties entered into by Japan in the early days of its modern development were far from favorable. This was doubtless due to inexperience in drawing up treaties. According to the treaties entered into between Great Britain, the United States and the Netherlands on the one side and Japan on the other, signed in 1866, Japan could collect only 5 per cent. ad valorem duties. Under these unfavorable conditions Japan was forced to suffer until 1897, when she succeeded in securing an autonomous tariff system. Under this system the imports were scheduled in three classes, viz.: (1) dutiable, (2) non-dutiable, and (3) forbidden or inadmissible goods. Goods of first class were admitted upon payment of from 5 to 40 per cent. ad valorem duties, and were divided into sixteen classes.

Twenty per cent. ad valorem was the standard duty which was laid upon ordinary products. The departures from this standard were in favor of (a) natural products and raw materials, (b) scientific instruments and apparatus, (c) machines, (d) half manufactured articles, and (e) articles of ordinary use, while luxuries, liquors and tobacco were to pay more than the 20 per cent. average. These schedules went into effect in 1899. Later they were changed, for financial causes or for the purpose of aiding home industries. Thus, in 1899 the duties on tobacco were increased to 100 per cent., on alcohol to 250 per cent., and on Chinese and other liquors to from 80 to 100 per cent. In that year the raw materials needed in state controlled industries were admitted free; also woods for matches, and artificial and natural fertilizers. In 1901 the duty on tobacco was advanced to 150 per cent. ad valorem, and that on alcohol was increased. In the next year an ad valorem duty of from 15 to 25 per cent. was placed on fresh eggs, as a protection against the Chinese product.

The duties were still further changed in 1902. To cover the costs of war and other expenses the duty on silk manufactures was increased 20 per cent. ad valorem; on raw silk, 5 per cent.; on silk clothing, 20 per cent.; on kerosene and petroleum, 20 per cent.; on sugar, 25 per cent.; on molasses and syrups, 20 per cent.; on alcohols and methyl alcohol, about 1½ cents a litre; on Chinese spirits, 20 per cent. ad valorem.

The development of Japan's trade is shown by the following table:

Imports and exports of Japan, 1868 and 1903.

Year.	Exports.	Imports.
1868	\$7,776,500	\$5,346,500
1903	144,751,000	158,587,500

In other words, Japan's foreign trade in the country's new era has increased twenty-six times in thirty-six years. It is interesting to note that, year by year, the imports of manufactured articles have fallen off more and more, while the imports of raw or half manufactured articles, to be finished in Japan, have increased.

The period before the Chinese-Japanese war, though marked by steady gains, was far inferior in the commercial progress made to the years after that event. In 1895 the imports and exports were expressed by the figures \$64,630,000 and \$68,056,000, respectively. Much of what the years since 1895 have to show is due to the wisdom with which all parties interested have worked to forward and favor Japanese trade and industries.

The exports consist largely of raw silk, Habutai cotton yarns, matches, mats, camphor, products of the sea, copper and coal. Raw silk and Habutai yarns lead. The United States and France are the largest buyers. The imports consist largely of machinery, iron wares, petroleum, sugar, raw cotton, cotton goods and woolen goods.

Up to 1881 Europe led in the trade with Japan, followed by America and Asia. By 1900 this was changed. Asia led, followed by America and Europe in the order named. If one looks a little closer he finds that Japan's exports to Asia increased twenty-fold in the twenty years from 1881 to 1901, and its imports from Asiatic countries fourteen-fold. The future of Japan is in Asia. This is evident. Commercial relations with other parts of the world have helped Japan a great deal, but their progress has been in no way comparable with the progress of her strictly Asiatic trade. In those twenty years the exports of Japan to Europe increased 463 per cent., to America 680 per cent., and to Australia 325 per cent. In the same period her imports from Europe increased 450 per cent., from America 2,360 per cent., and from Australia 5,690 per cent.

JAPANESE COMMERCE.

(Prepared in the Bureau of Statistics from official returns.)

Total imports and exports of commodities and specie during 1902 and 1903.

Year.	Value of commodities.		
	Imports.	Exports.	Total.
1902.....	\$134,992,973	\$128,821,420	\$263,814,402
1903.....	157,549,288	143,821,495	301,370,783
Increase in 1903	22,556,315	15,000,066	38,056,381

	Value of specie.	
	1902	1903
Imports.....	\$15,977,392	\$13,814,431
Exports.....	1,007,974	9,439,599
Balance inflow of specie	14,969,418	4,374,832

NOTE.—In this table and throughout the report the values of exports are the original prices paid, whereas the value of imports are c. i. f.

Gold reserve and note issue of the banks of Japan 1899-1903.

Year.	Gold reserve.	Note issue.
1899.....	\$55,029,000	\$112,050,000
1900.....	32,868,000	107,070,000
1901.....	34,113,000	92,628,000
1902.....	53,800,434	114,542,882
1903.....	56,465,232	105,524,208

Distribution of Japan's foreign trade, 1902.

Country.	1902		
	Imports.	Exports.	Total.
Asia.....	\$59,790,000	\$50,308,664	\$110,098,664
Europe.....	46,656,635	33,292,598	79,949,233
America.....	24,428,682	41,642,125	66,070,807
British Empire:			
United Kingdom.....	25,020,268	8,617,369	33,637,637
Hongkong.....	1,219,555	12,854,928	14,074,483
India.....	24,493,090	2,517,357	27,010,447
Australia.....	830,736	1,575,860	2,406,596
Canada.....	256,976	1,781,725	1,988,701
Straits Settlements.....	827,305	4,102,460	4,929,765
Total.....	52,647,930	81,399,699	84,047,629
China.....	20,163,501	23,268,849	43,432,350
France.....	2,357,644	13,554,107	15,911,751
Germany.....	12,823,693	2,353,298	15,176,991
United States.....	14,170,168	39,856,635	54,026,803
Dutch Indies.....	1,781,139	282,357	2,063,396
Belgium.....	3,464,948	296,856	3,761,804
Korea.....	3,951,598	5,236,354	9,187,952
Asiatic Russia.....	2,968,832	1,065,764	4,034,596

Distribution of Japan's foreign trade, 1903.

Country.	1903		
	Imports.	Exports.	Total.
Asia.....	\$63,765,721	\$63,223,826	\$146,989,547
Europe.....	47,743,434	34,925,046	82,672,480
America.....	23,245,027	42,590,552	65,835,579
British Empire:			
United Kingdom.....	24,211,860	8,200,187	32,421,046
Hongkong.....	864,271	14,755,550	15,619,820
India.....	34,722,478	4,017,428	38,739,905
Australia.....	596,502	1,655,325	2,251,827
Canada.....	247,914	1,455,084	1,702,997
Straits Settlements.....	657,176	3,536,592	4,193,768
Total.....	61,300,201	33,629,175	94,929,375
China.....	22,583,037	32,288,361	54,871,398
France.....	2,537,549	17,029,455	19,567,004
Germany.....	13,397,475	2,576,170	15,973,645
United States.....	22,987,331	41,096,264	64,083,595
Dutch Indies.....	5,406,682	452,585	5,859,267
Belgium.....	3,761,805	243,825	4,005,630
Korea.....	4,428,515	5,839,800	10,268,315
Asiatic Russia.....	4,092,727	1,114,428	5,207,155

Imports and exports of cotton yarns, 1894-1903.

Year.	Imports.	Exports.	Year.	Imports.	Exports.
1894.....	\$4,245,987	\$ 489,243	1899.....	\$2,475,457	\$14,169,122
1895.....	3,590,552	545,379	1900.....	3,498,902	10,228,507
1896.....	6,053,012	2,124,234	1901.....	2,421,215	10,624,324
1897.....	4,879,300	6,667,577	1902.....	868,325	9,886,630
1898.....	4,246,847	9,993,689	1903.....	380,681	15,598,266

Imports of steel rails, 1900-1903.

Year.	Source.			
	United Kingdom.	United States.	Belgium.	Germany.
1900.....	\$447,718	\$1,571,880	\$63,265	\$277,391
1901.....	175,194	496,383	29,199	102,197
1902.....	681,310	.....	107,063	29,199
1903.....	559,648	.....	145,995	656,978

Imports of wire nails, 1901-1903.

Year.	Source.	
	Germany.	United States.
1901.....	\$330,922	\$330,922
1902.....	481,784	309,260
1903.....	840,655	884,454

Imports of machinery, 1900-1903.

Year.	Source.		
	United Kingdom.	United States.	Germany.
1900.....	\$2,034,197	\$1,313,955	\$764,041
1901.....	2,720,374	1,401,552	910,036
1902.....	1,630,278	1,386,953	545,048
1903.....	2,019,598	1,430,751	399,053

Imports of locomotives, 1900-1903.

Year.	Source.		
	United Kingdom.	United States.	Germany.
1900.....	\$905,169	\$238,459	\$48,665
1901.....	846,771	423,886	48,670
1902.....	846,750	355,255	58,532
1903.....	768,907	559,648	43,798

Trade with important countries, 1893 and 1903.

Country.	1893.		1903.	
	Imports.	Exports.	Imports.	Exports.
United Kingdom.....	\$18,336,972	\$ 3,114,560	\$24,210,838	\$ 8,204,919
United States.....	3,995,397	17,295,541	22,989,346	41,092,726
Germany.....	4,803,235	4,808,102	13,397,475	32,284,361
China.....	10,657,635	856,504	22,585,427	2,574,379
India.....	5,411,548	1,537,814	34,722,478	4,014,863
Hongkong.....	5,153,624	9,781,665	866,237	14,755,228
All other countries.....	8,346,047	18,074,181	38,777,487	40,895,019
Total.....	\$56,704,458	\$55,468,387	\$157,549,288	\$143,821,495

	1893	1903
Japanese mercantile marine, gross tonnage (excluding junk).....	225,218	979,423
Percentage of—		
British shipping to total foreign shipping entered at open ports..... per cent..	65	56
German shipping to total foreign shipping entered at open ports..... per cent..	14	15
United States shipping to total foreign shipping entered at open ports..... per cent..	6	11

Imports and exports of British India.

Articles.	Imports.		Exports.	
	1903	1904	1902	1903
Animals.....	\$1,441,476	\$1,737,612	\$667,764	\$721,872
Food stuffs.....	34,040,412	37,920,636	116,312,112	145,508,076
Metal.....	46,693,908	53,004,456	974,592	1,117,152
Chemicals.....	7,927,308	8,911,944	34,714,980	42,143,328
Oil.....	12,035,952	11,481,500	2,778,948	3,340,440
Raw material.....	11,248,632	12,601,980	168,755,076	203,058,900
Mf'd and partly mf'd goods.	141,885,108	149,140,764	83,647,080	89,565,264
Total.....	255,272,796	274,778,892	407,850,552	485,455,032
Government supplies.....	22,781,412	130,018,608	9,511,344	1,806,624
Gold and silver.....	82,217,312	25,171,560	31,290,624	52,722,252
Reexported.....			1,883,088	10,774,620
Grand total.....	360,271,520	429,969,060	450,535,608	550,758,528

Among the leading articles of import were horses, ale, wine, dates, salt, betel nuts, sugar, agricultural implements, enameled ironware, sewing machines, copper and copper ware, plate iron, bar iron, piping, iron plates, bar steel, steel plates, railroad cars, locomotives and tenders, iron rails, tobacco, aniline dyes, petroleum, coal, pearls, precious stones, raw silk, wood, cotton, silk goods, woolen goods, millinery, glassware, paper.

Among the exports were coffee, rice, wheat, flour, pepper, tea, saltpeter, opium, indigo, coal and coke, cotton, oil cake, hemp, raw hides, silk, flaxseed, teakwood, jute bags, cocoanuts, shellac, sesame, cottonseed, animal bones, castor oil seed, peanuts, etc.

PARCEL POST TREATY BETWEEN JAPAN AND THE UNITED STATES.

The new parcel post treaty, concluded between Japan and the United States on June 30, came in force on August 1, the first parcel post for the United States leaving by the Nippon Yusen Kaisha's Seattle liner, which left Yokohama on August 2. Before the treaty was concluded the direct exchange of parcel post between the United States and Japan was impossible, the former being unconnected with the International Parcel Post Convention. Those who wished to send a package by parcel post between these two countries were compelled to forward it via Italy or England, and the parcel did not reach its destination until two or three months had elapsed. Even this course was impossible with Hawaii, between which place and Japan there was absolutely no means of exchanging parcel posts. The new treaty brings Hawaii and Porto Rico within the reach of the parcel posts from Japan. According to the regulations the size of a parcel should not be larger than 3½ shaku in length, as well as in breadth, and not exceeding 6 shaku altogether, and the weight not more than 525 momme. The fee is 24 sen for every 120 momme or a fraction, and an additional fee of 10 sen is charged for registration.

What is important in the regulations is that the value of a parcel should not exceed U. S. \$50 or about 100 yen. In the event of the value exceeding the limit, the receiver will be fined the total of the value and customs duty. Again the parcel should be so prepared that it can easily be opened and examined by the customs authorities. So far only the Nippon Yusen Kaisha and Tōyō Kisen Kaisha's American services have been engaged for the transportation of the parcel post, but the Government is making efforts to engage in addition other steamers for the purpose.—*Yokohama Chamber of Commerce.*

FOREIGN TRADE OF BRITISH INDIA IN 1903-1904.

(From Nachrichten für Handel und Industrie, June 2, 1904.)

The following table shows imports of British India for the fiscal years ending March 31, 1903 and 1904, and exports for the fiscal years ending March 31, 1902 and 1903:

TRADE OF JAPAN DURING THE FIRST SIX MONTHS OF 1904.

(From United States Consul-General Bellows, Yokohama, Japan.)

TOTALS.

Complaints of dullness in trade, owing to uncertainty regarding war prospects, were very general last fall and during the early winter, but the actual beginning of hostilities in February was the signal for renewed activity along many lines, and the total commerce for the first six months of 1904 amounted to \$159,410,086.44, a gain of \$14,010,229.52, or 9½ per cent., over that of the corresponding period in 1903. While it is true that the importation of war material has contributed considerably to this result, and to that extent the showing does not represent a natural permanent growth of the commerce of the country, still there was a marked increase independent of war purchases. In exports, which the existence of war could not affect unless adversely, the gain over last year was 9 per cent.

IMPORTS.

It is noticeable that the imported articles in which the gain is greatest are mostly such as are used in the production of other articles, indicating the development of domestic industries rather than increased use of foreign luxuries. Thus the importation of cotton, raw in the seeds, almost doubled, while that of cotton cloth and cotton yarn decreased; the importation of wool nearly trebled, but that of most kinds of woollen cloth fell off; more pulp for making paper was imported than during the corresponding period of 1903, but less printing paper and less other paper; the importation of hides and skins nearly doubled and that of sole and other leather increased 55 per cent., but manufactured leather goods were not imported in sufficient quantities to be named in the statistics of trade; there was an increase in the importation of most kinds of iron goods except rails and fittings of rail, but the greatest gain in iron, both absolutely and relatively, was in pig and ingot iron; the imports of phosphatic manure, for the purpose of promoting a larger yield of agricultural products, increased from 11,833 tons during the first half of 1903 to 28,793 tons during the first half of 1904.

The principal articles of which the importation has been directly affected by the war are coal and wheat flour. Purchases of the former increased from 48,665 tons in the first six months of 1903 to 382,755 tons during the same period in 1904; those of wheat flour from 42,815 to 67,772 tons. This great advance in the amount of coal imported was not due to an insufficient home supply, since, during the same months in which Japan imported 382,755 tons, she exported more than 1,500,000 tons of a different grade from that purchased.

The United States, which has had almost a monopoly of the trade in wheat flour, profited most by the increased use of this commodity, though both British America and Australia multiplied their former quota many times. A native

newspaper is authority for the statement that Japanese millers find it profitable to mix American flour with the product of their mills, thus securing a better grade. Although the United States has benefited greatly by the war purchases, the percentage of increase in value of the importations from the United States is not so great as the percentage of gain in all the imports into Japan, being only a small fraction more than 7 per cent.

EXPORTS.

A study of the exports from Japan during the first half of 1904 and 1903, respectively, discloses further evidence of advance in manufacturing industry. With the exception of a few articles the gains are noticeably in manufactured goods, as distinguished from raw material and agricultural products. The increase in the exports of cotton tissues is especially remarkable, and a local newspaper reports that three cotton mill companies have ordered an aggregate of 1,585 weaving looms in anticipation of further growth in the Chinese demand for these goods.

JAPANESE COMMERCIAL MUSEUMS IN CHINA.

An association is being organized by the chambers of commerce of several Japanese cities for the promotion of trade with China by means of commercial museums. An effort will be made to induce the Japanese Government to erect suitable buildings in China and rent them to the association for the display of Japanese goods. The idea did not originate with them, for similar exhibitions of mercantile goods have been made here by European countries, but the plan which they have outlined for acquainting the Chinese with the merits of Japanese wares is more complete and systematic than anything which has been done by other nations in Japan.

The advisability of American merchants establishing showrooms of this kind in Oriental cities has before been urged in these reports.

SPECIE AND BULLION.

Since July, 1903, the exports of specie and bullion have exceeded the imports each month except October. During the fiscal year ending June 30, 1904, the net amount withdrawn from the country was \$38,268,252.85. This sum will more than counterbalance the excess of imports of specie and bullion which had occurred during some time previous, and in the absence of any important native production will leave the volume of specie currency in the country at a lower ebb than it had reached for several years. However, there is no evidence of loss of confidence in the financial system, and bankers report that the situation shows no symptoms of danger.

E. C. BELLOWES,
Consul General.

YOKOHAMA, Japan, August 11, 1904.

JAPANESE EMIGRATION.

(From United States Consul-General Bellows, Yokohama, Japan.)

The number of emigrants appears to be on the increase. Some falling off is noticeable in the movement toward Hawaii—where the largest number of laborers have gone—in consequence of a stricter enforcement of immigration and sanitary inspection laws. Nearly all of these emigrants are Japanese, a few stray Russians bound to Puget Sound ports, and, during the past year, a number of Koreans for Hawaii have passed through Japan.

From a report prepared in June, 1903, by Mr. Yamawaki, private secretary of the Minister of Agriculture and Commerce, I take the following figures, which evidently refer to the number of Japanese now reported absent abroad:

Year.	Males.	Females.	Total.
1889.....	13,815	4,873	18,688
1890.....	17,519	6,081	23,600
1891.....	23,681	8,465	32,146
1892.....	29,615	9,388	39,003
1893.....	31,147	10,055	41,202
1894.....	31,632	9,958	41,590
1895.....	34,332	11,945	46,277
1896.....	40,348	13,994	54,342
1897.....	43,707	15,078	58,785
1898.....	53,114	17,687	70,801
1899.....	76,633	22,406	99,039
1900.....	98,985	24,986	123,971

During the year 1900 the destinations and classifications of such emigrants were:

Destination.	On official duty.	Students.	Merchants.	Laborers and others.	Total.
U. S. and colonies....	52	554	2,851	86,689	90,146
England and colonies..	183	40	512	7,530	8,215
Russia and colonies....	15	65	286	3,587	3,953
Holland.....	4	2	.....	.....	6
France and colonies....	44	36	18	799	897
Portugal and colonies..	.....	1	.....	9	10
Germany.....	33	162	5	14	214
Belgium.....	10	5	5	1	21
Italy.....	7	.....	.....	6	13
Spain.....	2	.....	.....	.....	2
Austria.....	8	13	10	5	36

Destination.	On official duty.	Students.	Merchants.	Laborers and others.	Total.
Peru.....	1	.....	.....	693	694
Brazil.....	7	.....	.....	2	9
Mexico.....	6	3	4	32	45
Siam.....	7	3	29	39	78
Korea.....	538	16	9,699	5,606	15,829
China.....	202	40	1,391	1,630	3,863
Total.....	1,069	940	15,320	106,642	123,971

The following figures are taken from the records of the sanitary inspector of the Marine Hospital Service at Yokohama, and show the number of Japanese passengers examined:

Destination.	1901.	1902.	1903.
For Pacific coast ports.....	1,750	4,860	5,476
For Hawaii.....	3,340	14,182	8,173

The figures for 1903 are made up to December 18, 1903.

CHARACTER OF EMIGRANTS.

Nearly all of these emigrants come from the districts in the south of Japan near Kumamoto and Hiroshima and are able bodied agricultural laborers. They are fairly intelligent and their education compares favorably with that of their class in other countries. In religion they are devout Buddhists and Shintoists, and their morals are, relatively speaking, good. Socialistic and anarchistic notions have never infected their minds. None of them, as far as I can learn, have formerly made their living by begging.

Very few are accompanied by wives or children. Some of the better class who make long stays in the United States subsequently send for relatives, but not with the purpose of permanently residing there. They nearly all intend to, and do, return to Japan after a few years' absence.

Judging from the continuance of the demand for Japanese laborers in Hawaii, the natural inference is that they give satisfaction to their employers. The Japanese farm laborer is accustomed to a life of economy, frugality, industry and sobriety.

From a Japanese standpoint these laborers are strong, well developed, of good physique, and healthful in appearance. Their average height is 5 feet 2 inches. Some of them have served as soldiers. Like all Japanese, they are remarkable for their love of daily hot baths.

CAUSES OF EMIGRATION.

I believe that the sole cause of Japanese emigration is the desire to better themselves financially, with the hope of subsequent return to their homes.

Asiatic steerage passage fares are now about as follows: From Kobe or Yokohama to Honolulu, 59 yen (\$29.38); to San Francisco and Puget Sound ports, 66 yen (\$32.87). Lower rates than these are in operation by private arrangements between the steamship and emigration companies.

The natural increase in the population of Japan is about 500,000 per annum and there is no doubt as to the necessity of finding an outlet to relieve the pressure upon the food producing capacity of the country.

ATTITUDE OF GOVERNMENT TOWARD EMIGRATION.

The Japanese Government appears disposed to encourage emigration wherever suitable provision is made for the protection of its people. All Japanese men between the ages of twenty and fifty-nine years are liable to military service, and passports to go abroad may be withheld until the requirements of the conscription law have been fulfilled. Quite a large number of Japanese leave the country without passports, but in the case of emigrants sent out under the auspices of emigration companies such documents are always obtained.

Public sentiment is favorable to emigration.

INSPECTION OF EMIGRANTS.

The emigration companies, by their agents in the interior, make examination of intending emigrants with a view to secure such only as can pass the requirements of our laws. A second examination is made by the agents of the steamship companies at the ports of embarkation. A final examination at Yokohama is made by the surgeon of the United States Marine Hospital Service. In view of the strict examination that subsequently occurs at the port of landing in the United States, I am of opinion that the work in this connection is being done as well as can be expected. One exception, however, has been brought to my attention, and that is the frequent practice of booking for Canada passengers who have been previously booked for the United States ports and rejected by the surgeon of the Marine Hospital Service. It is intimated that such passengers subsequently cross the boundary line from Victoria, Vancouver, or farther east.

INTENTIONS OF EMIGRANTS.

Nearly all Japanese emigrants expect to return to their native land, and large sums from their savings are sent and brought back by them. Very few emigrants leave Japan as first and second class passengers.

IMMIGRANTS INTO THE UNITED STATES FROM JAPAN.

*Number of immigrants, classified by sex, arrived in the United States from Japan during the year ended June 30, 1889-1903, inclusive.**

Year.	Males.	Females.	Total.
1889.....	53	10	63
1870.....	46	2	48
1871.....	77	1	78
1872.....	17	.....	17
1873.....	9	.....	9
1874.....	18	8	21
1875.....	3	.....	3
1876.....	4	.....	4
1877.....	4	2	7
1878.....	2	.....	2
1879.....	3	1	4
1880.....	4	.....	4
1881.....	11	.....	11
1882.....	5	.....	5
1883.....	19	8	27
1884.....	19	1	20
1885.....	42	7	49
1886.....	160	34	194
1887.....	218	11	229
1888.....	366	38	404
1889.....	558	82	640
1890.....	601	90	691
1891.....	1,023	113	1,136
1892.....	1,457	41	1,498
1893.....	1,573	75	1,648
1894.....	1,638	101	1,739
1895.....	451	38	489
1896.....	1,007	103	1,110
1897.....	1,420	106	1,526
1898.....	2,115	115	2,230
1899.....	.....	.....	2,344
1900.....	12,265	370	12,635
1901.....	4,902	387	5,289
1902.....	10,414	3,856	14,270
1903.....	15,909	4,059	19,968

* The figures for 1900, 1901, 1902, and 1903 include those that entered the Hawaiian Islands and Porto Rico.

ASSISTED EMIGRATION.

I do not know of assistance to emigrate being given by labor organizations to their members, but it is understood

that mutual assistance for this purpose is quite common among village and farming communities.

Inducements to Japanese emigration have been and are held out by the governments of South America, but without great success.

It is impossible to estimate what proportion of those going to the United States receive aid from foreigners there or in what form.

The demand for agricultural and unskilled labor in Hawaii and on the Pacific Coast is the main factor in controlling the volume of this emigration.

About twenty-eight companies are licensed by the Japanese Government for the purpose of conducting the emigration of laborers, and these companies have combined their efforts under a central association at Tokyo, under the presidency of Mr. Terutake Hinata (otherwise Huga), a member of the Imperial Parliament.

E. C. BELLWS, Consul-General.

NAGASAKI.

(From United States Consul Harris, Nagasaki, Japan.)

EXTENT OF EMIGRATION FROM NAGASAKI.

There has been no embarkation of Japanese laborers from this port to the United States; there have been, however, very few, in the aggregate and at long intervals, from the student or merchant classes. There has been, I am informed, a large number of emigrants from this consular district who have embarked at the ports of Kobe and Yokohama for Hawaii, and probably some of them for the United States, they having been forwarded by emigration societies. I know nothing as to their numbers or condition, except that they were said to be from the laboring or agricultural class.

ASSISTED EMIGRATION.

Several hundred Japanese emigrants of the agricultural class from the interior of my district have lately embarked at Nagasaki for Manila, having the necessary passport from their Government and having been advised or solicited by emigration companies to emigrate that they may better their condition, the emigration company furnishing the transportation, which is \$7, including the immigration head tax. I am informed that a large and steady emigration from that class to the Philippine Islands may be expected, such emigration being, no doubt, stimulated by the demand said to exist for Asiatic laborers in the islands.

CHARACTER OF THE EMIGRANTS.

These emigrants are men about twenty-four years of age, well developed, of good physique, healthy in appearance, and accustomed to habits of cleanliness, industry and sobriety. They are used to wearing little clothing, are economical from necessity, and have proved themselves thrifty by their desire to accumulate should opportunity offer. It is likely that most of them have had more or less military training and some education. Their religion is that of the Shinto or Buddhist faiths; they are trained to

observe law and order, and have no socialistic or anarchistic beliefs. Many, if not all, are married, but they leave their families in Japan to emigrate to the Philippines with the expectation of receiving much higher wages and remitting their savings to Japan for deposit in its banks, fully expecting to return and resume their residence as soon as they gain a competence or accumulate a sum sufficient to enter into business.

INSPECTION OF EMIGRANTS.

A thorough examination is now made by the sanitary inspector of the United States Public Health and Marine Hospital Service, located at Nagasaki, of each intending emigrant as to his physical condition, that official having rejected 166 out of 505 to date, mostly on account of trachoma.

SENTIMENT REGARDING EMIGRATION.

Public sentiment, including the press, is now very favorable to such emigration. I have learned of no instance where encouragement or solicitation was given such emigration by steamship companies.

KOREAN EMIGRATION TO HAWAII.

In this connection, and for the reason that a thorough medical examination by the Public Health and Marine Hospital Service and the steamship immigration manifests are made at Nagasaki, I have to report the embarkation at this port to date of about 700 Korean coolies for Hawaii, their transportation having been arranged for at Chemulpo, Korea, to destination. Many of them are accompanied by their families, and I am informed that all intend to become permanent residents of the islands. Nearly 900 have arrived here en route. Of that number 126 have been rejected, mostly by reason of trachoma. I am also informed that it is expected that the migration of such coolies will continue for an indefinite period.

CHARLES B. HARRIS, Consul.

NAGASAKI, Japan, November 10, 1903.

KOREA AND ITS FUTURE.

(From British Trade Journal, August 1, 1904.)

A most important market in the Far East, which will become of even greater importance when the Russo-Japanese war is concluded, is that of Korea. English interests there have always been considerable since the country was thrown open to foreigners; and the appearance a few days ago of a Foreign Office report by Vice Consul Lay on the trade of Korea during 1903 is most opportune. Mr. Lay points out that the expansion of business in Korea, especially since the Chino-Japanese conflict in 1894, has been remarkable, though not greater than the capacity of the peninsula might have led one to expect, and since the improvement in transportation facilities and means of intercommunication during the last four or five years progress has been still more accentuated. The total imports last year amounted to £1,859,900 (\$9,051,203), against £1,382,400 (\$6,727,450) in 1892 and £437,600 (\$2,129,580) a decade ago.

This is a notable rise, and the growth of exports, though less rapid, has been no less pronounced. In 1903 the figures were £967,500 (\$4,708,339), against £846,000 (\$4,117,059) in the previous year; but in 1894 they were only £316,000 (\$1,537,814). All this business was done through the treaty ports; but in addition a considerable trade was done in other ports and across the frontier with China and Russia. The bulk of the trade is in Japanese hands. The geographical relation of the two countries renders that inevitable, and the practical monopoly enjoyed by the Japanese of the shipping service makes it difficult to encroach on their holding. A British line between Chinese, Japanese and Korean ports would be of great assistance in extending our commercial interests in Korea, and the prospects of founding such a line appear more favorable than ever just now. Five years ago not a single vessel flying the British flag entered a Korean port, and the number in 1903 was only seven, but the present year promises to see a very great improvement on this record.

Korea affords an excellent market for rail and tramway material, and it is to be hoped that English capitalists will not be lacking in any enterprise connected with such undertakings. Even now we are supplying a considerable share of the plants required by railways and electric works, and a large percentage of the cotton manufactures imported are of English origin. These textile commodities have always been the leading feature of our dealings with Korea, and though our position was somewhat imperiled seven or eight years ago by Japanese rivalry and the negligence of our merchants to accommodate themselves to the wishes of customers, Mr. Lay is able to write today: "It is gratifying to note that Manchester goods more than maintained their ground in competition with the cheaper Japanese shirtings of inferior quality." We are still unable to compete in yarns, which are practically all supplied by Japan, chiefly, it appears, because we persist in twisting from right to left, whereas yarn twisted in the opposite direction is what is required.

Many of the imports classed as from Japan and China may be of British origin; and it is therefore difficult to state the precise proportion of goods supplied to Korea from this country. In 1890 the consul estimated it at 57 per cent, the Japanese share being 19 per cent. At present the proportions may be reversed. The outlook for increasing business for British merchants, however, appears fairly good, and on the conclusion of the war the opportunities of foreign traders will be greatly improved, for the internal conditions of Korea will be more favorable to the absorption and distribution of commodities, and Japan will not be able to meet that larger demand single handed. Direct steamship communication and access to the Yalu would vastly enhance England's commercial chances, and the reformation of the currency would remove one of the greatest obstacles to the smooth working of trade. "Nothing is further from the truth than that Korea is a poor country," says Mr. Lay, and a stable and intelligent government should soon turn the resources of the peninsula to account.

MANCHURIA AND KOREA.

BY JAMES W. DAVIDSON, F. R. G. S., UNITED STATES CONSUL AT ANTUNG, MANCHURIA.

(From *Journal of the American Association of China*.)

The newly opened ports of Manchuria and Korea which will be available for settlement at the close of the present Russo-Japanese war are Moukden, Antung and Tatungkao in Manchuria and Wiju and Yongampo in Korea.

Of the five cities mentioned Moukden occupies first place in importance, though as a centre for foreign trade I may perhaps be excused for expressing the opinion that Antung has a great future. Moukden is not only the capital of Shengking (Fengt'ien), the richest province of Manchuria, but the Tartar general who resides there has authority in many matters over the officials who control the remaining two provinces of Kirin and Heilungchiang. This city is, furthermore, the centre of the most densely populated portion. Owing to the unique position it occupies historically, as the ancient capital of the Manchus, and on account of the many imperial relics which are there, it is, to Manchu officialdom, the most famous and most sacred city of the empire.

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Moukden, with no opportunities save those possessed by neighboring towns, has been losing of late as a commercial centre. With its 250,000 inhabitants and its numerous wealthy officials it possesses a local market of no little magnitude, but the more energetic and less heavily taxed cities of Kuanchengtzu and Tiehling have taken away much of its transient trade. Moukden furs are still rated high and a considerable population is engaged in the fur business, though this trade has of late lost much of its importance. There are manufactures of bean cake and oil, a foreign flour mill, distilleries for the native kaoliang spirit, and considerable quantities of Chinese shoes and embroideries are produced here. Foreign imports consist of kerosene oil, cotton goods, opium, matches, cigarettes, watches, clocks, flour, foreign stores, etc.

Moukden is well located. A few li from the city wall flows the Hun River, which is navigable for small Chinese craft. This is a branch of the Liao and through it has access to the sea at Niuchwang, some 145 miles distant. Great highways, on which exists an enormous cart traffic, run northward to Tiehling, Kaiyuen and Kuanchengtzu and southward to Liaoyang, Haicheng and Niuchwang. There is an important road running from the eastern borders of the province due west through Moukden to Hsinmingtun and thence to Mongolia.

The city is also an important point on the Manchurian Railway. It is 275 miles northeast of Port Arthur and 333 miles to the southwest of Harbin. Moukden is the principal city between these two important points. A territory of some 40,000 square miles is tributary to it, an area nearly the size of the State of Ohio. This includes the northern half of the rich Liao Valley, which is not excelled

in fertility by our own Red River Valley of Dakota and Minnesota. No part of the Chinese Empire has a greater future than this district. It is a splendid wheat country. Millet, beans, corn, barley and oats all do well, and the neighboring grass lands near the Mongolian border offer splendid opportunities for the rearing of cattle, horses, sheep and hogs. With Moukden thrown open to the trade of the world, and with the open door in Manchuria, where all can trade on equal terms, the city should become the most important point in all Manchuria, not only as a distributing centre, but as an industrial metropolis as well. Flour mills, modern bean mills, tanneries, distilleries, etc., should pay. The United States Government and, it is reported, the British Government have both provided for consul generals at this point, and doubtless other nations will likewise be represented.

The new treaty ports of Antung, Tatungkao, Wiju and Yongampo are all on the Yalu River. This picturesque stream, the sources of which are in the southern slopes of the Chang-pai-shan range, which lies several hundred miles distant from its mouth, forms the boundary between Manchuria and Korea. The two cities first mentioned are on the west, or Manchurian side, and the two latter are on the Korean shore.

Prior to the existence of the Manchu kingdom the northern frontier of Korea reached far into the heart of the present day Manchuria; Liaoyang was at a former time the capital of one of the Korean tribes. When the great Manchu chieftain Nurhachu came into power the Koreans had already withdrawn to the southeast. After the five Manchu districts had been welded into one Nurhachu attacked the Yalu River territory and annexed it to his kingdom. The Chinese, who waged constant warfare with the Manchus, appreciated its strategical importance and a Chinese military officer, Wunloong by name, occupied a position near the present city of Antung on the west bank of the Yalu.

Here is a narrow strip of land closed in by mountains and inaccessible to an army save from the sea or by a few narrow passes near Antung itself. From this point the Chinese warrior conducted frequent raids against the Manchus to the northward, and although sometimes defeated when away from his base, he appears to have held his position near the site of the present Antung until 1627, when the Manchus sent a force of 5,000 men against him and his allies, the Koreans. Wunloong was forced to retire and Wiju, which at that early day was a city of perhaps greater importance than now, was captured, as well as other Korean cities to the south. From then on the Yalu district remained in the hands of the Manchus. The latter day history of the four cities requires only little space. An-

tung, or Shaho, as it was then known, became a popular haunt of pirates, rebels and robbers. The sea on one side and the mountain wilderness on the other made defense and escape equally easy for turbulent characters. Whole armies of rebels here defied the imperial forces for long periods. Repeated attempts to clear the district failed, until in comparatively late years a force of foreign drilled troops from Tientsin took up the gauntlet with success.

As the new ports are all on the Yalu River we will begin with Tatungkao, the first village encountered on entering from the sea.

This point is 185 miles from Chefoo, with which city all trade carried on by steamers was formerly conducted. The Yalu is of great width here and very shallow. Junks can reach the village at high water and some of the cargo inward and outward is transhipped here. The river is closed from about the last of November to the middle of March. The place as a settlement is of trifling importance. Its only value as a treaty port is found in its position as respects Antung, which might be inconvenienced should the control of Tatungkao fall into the hands of any one foreign power. We willingly dismiss it by quoting Mr. Turley, of the British and Foreign Bible Society: "Tatungkao is a wretchedly dirty, low-lying town, with more sickness, owing to bad water, than can be described."

Some 18 sea miles up river to the north, on the Korean side, lies the village of Yongampo, which has lately come into prominence as a Russian lumber station. In 1896 a concession was granted by the Korean Government to a Russian merchant, by the terms of which he could fell timber on the Korean side of the Yalu, but the Russian was unable to finance the undertaking. A short time prior to the date when the concession, if undeveloped, would revert to the Government, the Russian Minister at Seoul obtained an extension. A new Russian company then took up the enterprise and with much success. The political features the situation possessed cannot be discussed here, but in justice to the Russians it should be noted that this lumber company actually existed as a commercial undertaking. In fact, so strenuously did the company operate that they were soon supplying the total Russian demand for lumber in Manchuria, and the United States, which had formerly cared for a large share of the requirements, was entirely driven from the field. There are no forests near the lower Yalu. For trees of suitable size the Russian company was obliged to go into the mountains far up stream.

The work was conducted as follows: Cutting was carried on from the middle of September to the middle of November. The felled trees, consisting principally of pine, ash, oak and cedar, were dragged down during the year to the river banks. During the spring months these were made up into rafts. The high water which exists during the rainy season, June, July and August, carried the rafts down to Yongampo. There such of the logs as were not shipped in the rough were converted into lumber.

If the war had not interfered it was the intention of the Russians to erect a very large sawmill. Plans had been made for a log tramway, for the installation of electric

lights and for the establishment of a line of steamers to communicate with Chinese ports. The Russians had obtained from the Korean provincial authorities a water frontage at Yongampo of some 3 miles, and doubtless an important city would in time have sprung up here. Up to the commencement of the war, however, only little had been done. The river bank had been bunded for some 1,200 yards; several brick houses had been built in foreign style and there were temporary barracks for the guards, two large godowns and a street of Korean huts. Yongampo was primarily a Russian settlement. Foreigners and even natives, unless connected with the company, were not encouraged to locate there.

The river narrows somewhat at this point and bends to a right angle from each approach. For strategical purposes this situation was of great importance, as Yongampo practically had command of the mouth of the river, though it is some 20 miles from the four islands which may be considered as marking the entrance proper. The rise and fall of the tide at this point is some 18 to 20 feet. The Chinese coast along the west bank is low but fairly fertile. Beans, millet, wheat and barley are produced.

From Yongampo the river flows for some 5 miles to the north and then bears off to the northeast for about 10 miles. Here on the Manchurian bank we find the settlement of Antung.* This port is some 30 miles from the mouth of the Yalu and offers the best facilities for steam shipping of any point on the river. Seagoing steamers of the coasting type have no difficulty in reaching this point and can lie close to the shore. Cargo is handled by lighters with ease and perfect safety. The river at Antung exceeds a mile in width and is quite clear of islands. There is some 15 feet rise and fall of the tide.

Foreigners who have visited the city report it to be a prosperous, rapidly growing place of some 25,000 people, in addition to a large boating population, which at some periods during the year numbers about 12,000. There is a bund nearly 2 miles in length which is crowded with junks, rafts and native craft of all dimensions. A foreign official in the employ of the Korean customs declares that on one occasion he counted over 500 junks, beside several hundred rafts at anchor. Coasting steamers communicate with Chefoo, and the seagoing junks touch at all the important North China ports.

The exports from Antung are silk cocoons, beans, millet, corn, furs, hides and lumber. The imports are cotton goods, kerosene, sugar, flour, old iron, paper, salt, candles, dyes and Chinese sundries. For upper river points—and the river is navigable for small Chinese junks some 300 miles—the cargo is transhipped at Antung.

With the exception of a few hundred huts forming the original village the city is of modern growth. It has been constructed on a strip of low land which is so closely hemmed in by hills that many of the houses are on the hill-side. Floods are not infrequent and the lower parts of the

* The old Chinese name of the village is Shaho or Shahotze. The Japanese know the place as Anto.

town occasionally suffer much damage. The buildings are comparatively new and more pretentious than in most Manchurian towns and the streets are broad and fairly well kept. Rents are high and from a Chinese standpoint living is expensive. Antung is a district city; therefore a Chinese district magistrate and a number of other mandarins of lesser rank are stationed here. The report that the city was destroyed by fire by the retreating Russian forces, I am informed on good authority, is incorrect. A few buildings were fired, but the flames did not spread far.

Ten miles farther up stream on the Korean side is Wiju, or Yichu, as it is often called, the fourth treaty port. The city is pleasantly situated on a hilly promontory a short distance from the river bank. It possesses a good wall, but the larger part of the population live in a suburb outside. The population, some 12,000 in number, consists almost wholly of Koreans. Except on market day, held every six days, the city shows little signs of life. The river shallows rapidly after leaving Antung and consequently Wiju is not accessible to seagoing steamers. The river is some 600 yards wide at this point. Back of the settlement there is a rich, level and well cultivated plain.

In the old days the Imperial road connecting Peking with Seoul was much traveled, often by embassies dispatched by China or Korea. Wiju, as the gateway to the "Hermit Kingdom," occupied a prominent position. Nearly all trade between Korea and the outside world then passed through the city, but with the opening of South Korean cities to foreign trade and with the establishment of Korean independence at the conclusion of the China-Japan war Wiju received a blow which reduced her to the ranks of an ordinary sleepy Korean village. As though this was not sufficient misfortune, about two-thirds of the city was later destroyed by fire and has only been partly rebuilt.

The present war comes like a good fairy to Wiju. The Japanese railway from Fusan via Seoul, now under construction, will have its terminus here, whatever may be the outcome of the conflict. This in itself will be sufficient to revive trade and to restore to the town its former glories.

Of all the Yalu cities Antung has the greatest future. It is the one port for seagoing steamers, and in addition will soon be on the railway. If communication with the Korean railway is not at once obtained by bridging, the Japanese will, I learn, have a station on the Korean bank directly across the river from Antung, which will give it all the advantages of railway connection. Owing to its large trade it will doubtless be the chief northern point on the line. In addition to this a railway from Antung to some point on the main Manchurian line, probably Liaoyang, is assured. At present the Chinese Government has before it an application for permission to build a line connecting Antung with Niuchwang, to be operated as a part of the Imperial Chinese railway system.

Antung is the distributing point for the great Yalu district, which covers an area of over 20,000 square miles. Communication with this district is maintained by the Yalu and its smaller navigable branches, such as the Aikiang, Hunkiang, etc., and by several important highways. The Imperial road, which leads in a northwesterly direction up to Liaoyang, affords communication with Fenghuan-cheng, an important city which has about 15,000 inhabitants and is some 40 miles from Antung. A road leads along the coast to the west to Takushan and Hsuyen, both prominent towns, each with a population of some 8,000.

The United States and, I believe, the British Government have made arrangements for consuls to be stationed at Antung. Doubtless at the conclusion of the present war and with the completion of the Korean Railway many foreign firms will locate here and take part in the large distributing and export trade which even now exists and is sure to expand greatly with time.

EUROPEAN INTERESTS IN THE FAR EAST.

M. Paul Walle, in the *Annales Politiques*, published in Paris, France, has the following interesting article on the French and Germans in China. This translation is made from a résumé of the article published in *Le Mercure*, a Belgian commercial paper, of August 7, 1904:

All occasions are suitable for breaking loose from the apathy caused everywhere by the ignorance of our leading merchants and manufacturers of all ranks in regard to certain parts of the world, places in which our commercial influence might be easily and profitably extended. Events in the Far East are moving with such rapidity that it is easy to see that the time is near at hand when the bloody war now being waged is to be followed by an economic or industrial war.

It ought to touch our national pride when we are told that we have allowed ourselves to be beaten in the East by competitors who appeared on the scene long after us. Without wishing to draw a parallel between France and England, whose commercial superiority is indisputable, one may be allowed to compare our commercial expansion with that of Germany, a country that has developed so remarkably in the Far East during the last five years that she begins to successfully compete with the English, who still claim 53 per cent. of general Oriental trade.

The places in which enterprising merchants settle soon become little colonies, for this word will cover coaling and supply stations, both for the fighting and merchant marine, as well as the far off places of the world in which isolated or associated individuals work for the introduction of goods made in their home lands. All can consistently be called colonies. It will pay to study English maps in connection with this matter. The Germans are imitating the English.

Up to 1860 the propaganda of the Germans in China was entirely religious. Since that time commerce, then of little or no account, has undergone a great change and is still making remarkable progress. In 1860 Germans took part for the first time in the administration of imperial maritime customs. In 1875 there were twenty-nine Germans to twenty-three Frenchmen and 215 Englishmen in this service; in 1895 the annual report of the imperial customs service showed the number of Germans to be eighty-four and of Frenchmen thirty-four. In 1879 there were sixty-four business houses in the open ports of China, whose work was carried on by 367 residents. In 1900 there were 115 houses and 1,200 residents connected with them. From that time on the increase has been still more rapid.

To get a good idea of Germany's progress in China all one has to do is to glance at the situation in 1901 in the four principal commercial centres of the Empire—Shanghai, Canton, Tientsin and Hankau. In Shanghai the Germans had seventy-five business houses in 1901, against forty-five in 1898. The German Asiatic Bank (*Deutsche Asiatische Bank*), which increased its capital in 1900 from 3,750,000 to 5,000,000 taels, has its central office in that city. The total German trade of the port, \$28,600,000, represents 22 per cent. of the port's total and an increase of 7 per cent. over the German trade of 1898. Two German companies were organized there to spin wool and silk, with a capital of \$476,000. The capital invested by Germans in the various banking institutions of the city amounts to \$1,939,700, and the real estate owned by Germans is valued at \$880,600.

At Canton the Germans have seventeen commercial houses, and do an import and export business of between \$12,000,000 and \$17,000,000. They own real estate worth \$357,000, of which \$154,700 worth belongs to missionaries. At Tientsin there are twenty-five German houses, including an agency of the German Asiatic Bank. The

German funds invested amount to \$2,856,000 plus \$357,000 invested in the mines of Kaiping and \$952,000 in real estate.

At Hankau there is a branch of the German Asiatic Bank, and twelve German business houses, importing \$952,000 worth of goods and exporting \$2,856,000 worth. The funds invested in business are estimated at \$1,666,000, and those invested in mines at \$952,000. There is \$23,800 invested in an aniline dye factory. The German houses are not so well established as are the English houses, yet they can compete fairly well.

What the Germans needed in China is a place like Hongkong as a base of support. The murder of two missionaries in 1898 gave them a good chance to get it. They took the chance and obtained Kiaochau and its magnificent bay, besides considerable land in the adjacent province of Shantung. There they have built railroads into the interior with a view to the exploitation of the rich mineral and agricultural resources.

In Germany the establishment of commercial houses in China is looked upon as a public service, so much so that important subsidies are granted annually to merchants whose business ventures are not sufficiently productive to warrant their unsupported continuance. The German factors start out with the idea that the way to do business in China is either to go there themselves or to send persons with full powers to act for them, for it is notorious that one can carry on no business very successfully, particularly in such far off regions, by means of correspondence alone.

In all this the French would do well to imitate the Germans. The French exports to China amount to hardly \$1,190,000; we ought certainly to be able to make a much better showing. The number of French firms established in China has increased from twenty in 1879 to eighty-eight in 1900, and the number of French residents has increased from 228 to 1,200 in the same time.

But the augmentation in the number of houses ought to be followed by an increase in business. What are the facts? One of the principal articles of French export trade is wine, but this is beginning to fare badly in competition with Italian and Spanish wines. Generally speaking, French goods are handicapped in the Far East by their high prices. This is due to the cost of production, which is too great, and often far above the selling price of similar German goods. French manufacturers seem to seek nothing more than the markets and profits guaranteed to them by high tariffs at home. They neglect to inform themselves about the wants, tastes and conditions of foreign countries into which it ought to be possible to introduce French manufactures.

As we have often pointed out, French producers often try to force their taste on foreigners, never trying to manufacture inferior grades of goods. Now, the good and the beautiful cost considerable and can seldom or never compete with similar though really inferior goods produced by others. Almost all articles imported for consumption into China are of inferior quality. It is absolutely necessary to put them within the reach of the Chinaman's purse. This the Germans have understood. They believe in large sales at small profits. That, in the long run, pays better than to make small sales at large profits. In China it pays well to heed this old time business maxim.

Our manufacturers should not forget nor neglect the Chinaman's taste for painting and ornament. To get a good idea of how much this means to the Celestial Empire one has only to note the extraordinary sale of chromos and colored prints in the streets of Chinese cities—goods that are given away to advertise European and American articles. Even in the matter of packing and wrapping it pays to give attention to the demands not only of the Chinese but of all people whom we want to secure as purchasers of our products.

Another weak spot in the weapons with which France is fighting for a place in the Far East is found in the absence of a successful system of transportation. The *Compagnie des Messageries Maritimes*, subsidized by the French Government, and the *Compagnie de Navigation Tonkinoise* represent the French merchant marine in the Far East. This company does not give entire satisfaction to French manufacturers. According to a number of travelers, men competent to express an opinion, it is only a matter of money to get a commercial marine for the coast and river service under the French flag, but with English speaking captains. It is superfluous to point out the disadvantages which must result to the trade of any and every country that has to depend upon foreign ships to transport its products. Our undertakings in China, confined to a small number of cities, lack in general the powerful organization of our competitors. They have local lines to aid their efforts.

The German trade has had most useful aids in the three companies that have entered the Eastern field of trade. One, the North German Lloyd, has had its subsidy increased by \$378,420, thus bringing the total up to \$1,330,000. That one company has succeeded in securing a great deal of Germany's Chinese trade, in fact, the greater part of it. It has doubled the number of its freight boats and its postal service between Shanghai and Yokohama, thus bringing the number of its vessels up to ninety-five, making its mercantile marine in the East a redoubtable competitor of French vessels.

Chinese exports to France are important. They amount to nearly \$27,020,000 a year. They consist largely of silk, both spun and on the cocoons, for the silk mills of Lyons. Although France is the principal exporter of silk goods, it is Swiss and German houses that send us the largest quantities of Chinese silk. Of the \$14,000,000 worth of silk destined for Lyons sent from China only \$1,200,000 or \$1,400,000 are furnished by French houses in the Far East. Doubtless the manufacturers of Lyons prefer to deal with the German merchants in China, who take pains to give them what they want.

France, by means of clever and intelligent diplomatic efforts, succeeded in securing a large part of the Chinese railroad concessions made to foreign companies. Associated with Belgian capitalists we obtained the right to build a line from Peking to Hankau, the first road allowed by royal edict in China. The loan was opened at Paris and Brussels in 1899. This union of the two countries was made to disarm the suspicions or susceptibilities of such countries as would be likely to take alarm at a concession of such importance if made to one of the great Powers. But even there we were beaten, for Belgium, basing its opinion on Article 14 of the treaty, seized and succeeded in securing the right to rule the enterprise. Hers is the high, directing hand.

The French syndicates fared no better in the mining concessions of Yunnan and several other provinces. Among the most enterprising companies in China are the *Syndicat d'Etudes Industrielles et de Travaux Publics en Chine* and the *Société Anonyme d'Exploitation Minière*. These companies are a striking example of successful initiative. They got important mining concessions—concessions rich beyond comparison—but they got no backing from the leading banks of France. They had the humiliation of seeing the subscription list filled with English names and were forced to form another organization under the name of the "Quicksilver and Mining Company (Limited)." As a result the organization is no longer French, even in name. The same is true of the Anglo-French Quicksilver Company, whose seat is in London, whose engineers are English, and whose representative at Shanghai is a German. The concessions in Szechuen are entirely French, but report has it that they have passed, or are to pass, into the possession of strangers.

It is our misfortune always to lose great enterprises just when they are about to become profitable. The number of open ports in China is bound to increase considerably. We must not get discouraged. Success is always the reward of intelligent initiative and perseverance. In the face of our competitors' success and the success of some of our compatriots, French merchants and manufacturers ought to rise superior to their ordinary indifference and do all in their power to increase our trade in the Far East. They should learn to imitate and emulate their rivals. What they learn will serve to encourage them to go on. They will undertake new enterprises and so carry them out that the world will see, in spite of our detractors, that Frenchmen are still capable of carrying on affairs of all kinds when once they undertake them.

PROVINCE OF THE MIDDLEMAN IN TRADE.

(From the Kobe Chronicle.)

To judge from the observations and advice which officials of the finance department have given to merchants, there seems to be an expectation that at the close of the war another determined effort is to be made by Japanese to enter into direct trade relations with foreign countries, the object being to exclude the middleman, who in this instance is the foreign merchant. Whether such a policy will be successful depends, however, not on the wishes of the department of finance or the hopes of the Japanese merchant, but on considerations of economy. Experiments in the past in direct trade have not proved so successful as to warrant others being undertaken without the greatest caution being observed. That ultimately the Japanese will control the bulk of trade between Japan and the rest of the world is practically certain, but the change will come about gradually, and it will be successful only when the Japanese have mastered all the details of the trade and are in a position to manage it with success from an economical point of view. Japanese merchants are not likely to go on losing money for the mere empty credit of carrying on business with foreign countries direct instead of through the medium of foreign merchants who have made a special study of the conditions. Meanwhile it may be well for the Japanese to consider whether the middleman does not serve a purpose in the commercial economy.

The Iron Age, of New York, recently pointed out that one of the aims of the great trusts and consolidations organized in America was to eliminate the middleman and save his profit to the consumer, and when the tidal wave of consolidation was at its height prophecies were freely made that brokers, and even jobbers, would find their occupations gone and would have to seek new fields of endeavor. But the prophecy has not been fulfilled. Our contemporary says that it finds in Chicago, for instance, fully as many jobbers and brokers and manufacturers' agents as there ever were in the palmy days of free competition, and many of them are prospering. "The fact is," says the Iron Age, "that a man or firm possessing the ability to sell goods and backed with the important asset of favorable acquaintance with buyers will always find goods to sell from some source. It is often a matter of great convenience for buyers of varied lines that enter into their product to place their business with one responsible broker or jobber who represents producers of many lines, rather than to attempt to deal with each of a large number of mills direct, holding the middleman responsible for the seasonable delivery of all their requirements."

Mutatis mutandis, that observation may be applied to the Japanese trade, though it has to be borne in mind that the endeavor in Japan is not so much to eliminate the middle-

man as to transfer the business now being done by the foreign middleman into the hands of Japanese. It would be interesting to learn from the finance department or any other advocate of direct trade in what way the country would benefit by such a change. If the foreigners were making huge profits on their handling of foreign trade, and were as a result lading ships with specie to be conveyed to their own countries, where they would ultimately lead a life of leisure, there might be something to be said for the proposal on the inference that wealth was being spent abroad after being made in this country. Everyone is aware, however, that the number of foreign merchants who, as the result of a lifetime of endeavor, make a competence and go home to enjoy it is very small indeed. We doubt if it would not be overstating the case to say that 1 per cent. of foreign merchants doing business in Japan since Meiji commenced have been in this favorable situation. And against cases where a competency has been the reward of a lifetime's work must be set the capital that foreign merchants have brought into the country, which has gone in the encouragement of Japanese products and industries and been used to discover markets for Japanese goods which the Japanese would have been slow to exploit both from want of means and lack of knowledge.

But the desire for direct trade is not entirely with the Japanese. There are manufacturers both in America and in England who believe that they will benefit by excluding the middleman who has hitherto looked after their interest in Japan and dealing direct with the Japanese consumer, or rather with the Japanese dealer, though he is himself a middleman. Salesmen have been sent to Japan with this object in view, and endeavors made to open up direct relations. There are cases where foreign merchants, after taking months and years in building up a trade and spending money to introduce a certain class of machinery or merchandise, have found themselves passed over by the very manufacturers abroad whose goods they were engaged in making known, in the hope that the commission charged for their experience and labor might be saved. Hotel guides have been used by representatives sent out by such firms as intermediaries and interpreters with Japanese merchants; serious attention has been paid to commercial letters sent from Japan by students, schoolboys, etc., and orders have even been accepted from concerns wholly without reputation or standing in the hope that a larger profit would be obtained by getting into touch with the Japanese dealer or consumer. The end of such attempts has not uncommonly been that such firms have shut down on Japanese business altogether because of heavy losses sustained, when the fault has been entirely their own in thinking that business could be done profitably where the conditions were not understood. Much time, money and worry might have been saved if the transactions had been placed in the hands of reputable foreign merchants or Japanese firms of good standing.

We have heard of cases in the shipping world where firms who have spent years in gathering information of vessels for sale and charter have been passed by and money which would have been spent in Japan has gone elsewhere, all because the knowledge of the middleman and the information acquired by long experience and study had not been utilized. Theoretically, no doubt, the existence of the middleman is an economic loss, it being true that he produces nothing while he makes his living and his profit by taking a slice off every commodity he handles. Yet in practice it is found that by the knowledge of markets and of business which he brings to the task of disposing of goods he does, after all, occupy a place in the social economy which it would be difficult otherwise to fill, just as machinery works with less friction with the application of oil, though the oil is not absolutely necessary in order to make the machinery work.

THE SINKING OF THE HIPSANG.

The methods of Russian warfare and the Russian disregard for the rights of neutrals have had no more characteristic illustration than in the sinking of the Hipsang by a torpedo boat destroyer. The statement of the captain of the Hipsang submitted to the Naval Court of Inquiry at Shanghai and the findings of the court were as follows:

THE CAPTAIN'S STATEMENT.

At about 2:35 p. m. on July 15, 1904, the steamship Hipsang, having hove her anchors up and managed to turn head down stream under steam, proceeded from the anchorage at Newchwang down river toward the Newchwang bar under the charge of Pilot Lawrence. The passage down the river and across the bar was managed without stoppages, and the pilot was disembarked outside of the Newchwang bar at about 4:45 p. m. I (the captain) then took some azimuths by the sun to check the errors on the courses that would take the ship down the coast during the night, and then the ship, going full speed ahead, at about 5.10 p. m., I set the course S. W. $\frac{3}{4}$ S. by the standard compass, which would be S. 33° W. true. At about 11:15 p. m. Reef Point was abeam, either $2\frac{1}{2}$ or $3\frac{1}{2}$ miles off (I do not remember which), and as the ship—owing to strong ebb tide—had come down the coast at a much greater rate over the ground than I had estimated that she would travel, I then rang "half speed" on the engine room telegraph and altered the course to S. by W. $\frac{3}{4}$ W., nothing S., which would be S. 17° W. true, and would be, I expected, a true course of S. 18° W. The reason why I reduced speed to "half speed" when off Reef Point was because, having received notices from the Chinese Imperial Maritime Customs that floating mines had been seen on the open sea, and that some had been seen in the neighborhood of Iron Island, I wanted to have good daylight when getting down to Iron Island so that I could see objects floating on the water, and, if mines, avoid striking them. Thought of danger from either Russian or Japanese men-of-war fire never at any time occurred to me; the only danger that I recognized round about that neighborhood was the possible danger of striking a floating mine. At about 3 a. m. on July 10 I rang "slow" on the engine room telegraph, as I fancied the ship was still getting over the ground much too fast, but at 3.30 a. m. I rang "full speed" on the engine room telegraph, as at that time I felt confident that I could see far enough round the ship to clear a floating mine. At about 3:45 or 3:50 a. m., as we were getting down to Iron Island, I altered the course S. by W. by the standard compass, and shortly afterward to south, and passed outside—or to the westward—of Iron Island on that course.

At 4:15 a. m. on July 16 Iron Island was abeam bearing east by the standard compass, and distant $1\frac{3}{4}$ miles. I then altered the course to S. by E. and went down off the bridge. The weather being beautifully clear for miles all round the ship and the land boldly distinct, only Iron Island had a small cloud resting on its summit, and a long way ahead there was an appearance as though a fog bank

was making up from the southward. At about 4:20 a. m.—I at that time being in my room and going to fill my pipe—I heard the sound of a shot fired from somewhere to the westward of the ship. I at once put my pipe down and ran out of my room to the bridge ladder, meeting the second officer half way down the ladder, and who said words to this effect: "A torpedo boat has fired a shot across the bow, sir." I answered with words to this effect: "All right, sir, hoist the ensign up," and running up on the bridge and across to the telegraph stand I rang "stop" on the engine room telegraph. I had no sooner done so than another shot was fired from a torpedo boat destroyer that was on our starboard side abaft the beam. I at once rang "full speed astern" on the engine room telegraph. Then another was fired from the torpedo boat destroyer, and then another and another, the intervals between the shots not being long, and as one shot passed close behind me on the bridge, hitting something which I believe was the chart table, I then realized that the torpedo boat destroyer was firing at the ship, so I called out to the chief officer, whose voice I heard on the lower bridge: "Mr. Smith, get the boats out," or words to that effect, and also called out to a lot of the Chinese who were crowding into the small working boat that was always carried hanging in the davits to get out of the boat so that she could be lowered down into the water. Meanwhile the torpedo boat destroyer was firing at the ship, but how many shots I cannot say, as I did not count them, and then she fired what I believe was a torpedo; anyhow the ship was struck in the stern by either a shell or a torpedo and there was a vibration felt, and she began to sink by the stern. Before the ship was struck by this shell or torpedo the English ensign was up and flying from the flagstaff aft, and I had recognized the Russian ensign on the torpedo boat destroyer. When the way was nearly off the ship I rang "stop" on the engine room telegraph; and then, recognizing that the ship was doomed, the idea of lifebelts for the Chinese came into my mind, so I ran down into the saloon to one of the cabins where they had been kept, but found that others had been before me. Still, seeing two, I snatched these up, and noticing a big carving knife as I passed the pantry door I picked it up to cut away the lashings of some of the boats. Running out of the saloon I threw the lifebelts to some of the Chinese and then clambered up on the boat skids and started in cutting adrift the starboard forward lifeboat so that she could float off when the ship sunk. I then cut through three of the gripe lashings of the next boat aft, but could not cut through the fourth lashing because of a wire-seizing. Finding that I could not cut it through I threw away the knife and jumped down on deck, and then noticing that the torpedo boat destroyer had come alongside the ship on the starboard side by the fore rigging, and that the people were getting over the rail and on board of her, I began hurrying the Chinese along the deck toward the fore part. Most of them being on board the destroyer the officers and engineers began calling out to

me to come on board the destroyer; so having hoisted a young Chinese woman over the rail who had caused me some delay, and got her caught hold of by some of the people on the torpedo boat destroyer, I got down a rope onto the bridge of the destroyer where the captain was. The Russian captain then asked me if I had got the ship's papers, to which I answered words to this effect: "By Jove! no; clean forgot all about them; but I'll jolly soon get them," and I started back to get them. The chief officer wanted to go, saying, "Captain, let me go," but I would not let him; so getting up the side again I ran along the main deck and across and up onto the lower bridge and into the chart room; collared hold of the dispatch box to get it and myself back on board the torpedo boat destroyer.

The Russian captain then gave some orders in Russian, the rope was cast off and the destroyer backed away from the Hipsang, which was raising her bow out of water. Then the Hipsang raised her bow right out of the water to near the No. 2 hold, and the funnel was engulfed; and she then slid down stern first and disappeared beneath the water, leaving some wreckage and the starboard lifeboat I think floating bottom up about to above the spot where she had disappeared. As some of us on the destroyer then noticed a Chinaman on a piece of wreckage, and what looked like another one on another piece, I asked the captain of the destroyer to steam toward them. He did so and on the way I saw one of the Hipsang's boats floating, full of Chinese. Before we got to where the Hipsang went down this boat came alongside and all the Chinese came on board. Then the second officer and some of the Russians got into the boat and pulled toward the wreckage. They rescued two Chinese, one of whom was severely wounded in the legs. Then the ship's boat, having been passed astern and the painter secured, the Russian torpedo boat steamed toward the mainland, towing the Hipsang's boat astern of her. We passed close along the north shore of Reef Island and then headed for Pigeon Bay. While on the bridge of the torpedo boat destroyer I asked the Russian captain what he meant by firing on a defenseless merchant ship flying the British flag. He answered words to this effect: "Why you not stop?" I told him I did stop the engines as quick as I could get to the telegraph, and I then tried to explain to him that a single screw steamer going at full speed ahead could not be brought to a standstill in an instant of time by her engines; that I sang "stop" on the engine room telegraph as quick as I could after he had fired the first time, and that I almost immediately after (as he fired again) sang "full speed astern," but that, of course, the propeller could not bring the ship to a standstill at once, as the ship was bound to carry good headway for a minute or two until the backing power really began to take effect, and that he should have made allowance for that sort of thing, and then found out who we were and where we were bound to. After a good deal of talk on that subject he then asked me why the ship's lights were not burning. I told him that they were burning and burning brightly, and that the ship had particularly good lights. He also asked me why I had fired on his ship. I told him that I had not fired on his ship, and that it was ridiculous of him to imagine that anyone on board the Hipsang could have fired at his ship, his ship being a man-of-war, and that anyhow it was common sense that merchant seamen caught on the hop as we were wouldn't think of firing at anybody, but with the ship sinking under their feet would only think of saving their lives. We spoke a good deal together almost constantly on the way to Pigeon Bay, and he asked me if I would have some coffee and spirits, but I did not wish any. He was kindly and courteous in his manner, and struck me as being not only a brave man but a kind hearted man. He deplored war, as being a terrible thing. His officers also were very kind, supplying spirits to those that needed

some, and clothing also, and having the wounded attended to and bandaged and given something to eat. This torpedo boat destroyer had four (4) funnels, and had a large No. 7 painted on the forward funnel. She was in an exceedingly dirty condition when we arrived in Pigeon Bay. The anchor was let go, and the wounded having been passed out into a boat that had been roughly prepared for their conveyance on shore by stretching some canvas over the thwarts and some oars laid fore and aft, we unwounded were then all landed on the beach by means of boats and a sampan. We then had to wait a little, many Russian soldiers coming to have a look at us, as also a goodly number of Chinese who congregated in a group some distance off and watched proceedings; and then the Chinese members of the crew were taken away to some place near by the landing place, and we Europeans were then marched along to a two roomed house, some little distance off. The wounded Chinese were carried into one of the rooms and laid down, and we Europeans told to go into the other room and remain there, armed soldiers being stationed to see that we didn't get away. The wounded Chinese were then attended to again by an army man, and the seriously hurt were given brandy to drink. I think it must have been about from 6:15 to 6:30 a. m. when we landed in Pigeon Bay, and I think the following is a fairly correct list of the survivors, the wounded and those that lost their lives:

Seven Europeans unwounded.

Sixty-nine Chinese unwounded.

Nine Chinese wounded.

Three Chinese killed and seen dead on board.

One Chinese missing (probably killed on board).

One Chinese drowned by the capsizing of the small boat alongside the ship.

Ninety people in all.

I think it must have been about 9:30 a. m. when we were all mustered together, Europeans and Chinese, and we then had to walk across country to Port Arthur, an escort of armed soldiers walking with us, some walking before, some along the sides of our column and some behind; a covered cart following for any that could not walk the whole distance; and the wounded being carried in the rear on ambulance stretchers. It was a long, hot and dusty walk, but we were not hurried, and were allowed to rest twice on the way, some of the Chinese being without shoes, and the road very stony in places. We arrived at the Tail in Port Arthur at about, I think, 3 p. m. There we were mustered in the yard, and the Chinese were divided into two lots and taken away to quarters in the Tail. We Europeans were then marched off to the police station, which was only a short distance away. There we were allowed to sit down on a long bench outside the police station. After waiting quite a time I was called inside the police station and shown into a large room, where a gentleman in uniform and wearing a decoration came forward to shake hands, introducing himself as the captain of the Retvisan. He spoke very good English and having asked me to be seated at a desk, produced pens, ink and paper, and asked me to write down answers to questions that he would ask me. These questions related to the sinking of the Hipsang and what had taken place. I did so; and having done so he then asked me to sign my name at the end of the paper, which I did. This gentleman was exceedingly courteous and kindly in his manner, and at once made me feel at ease. After I had left the room the officers and engineers were called into the same room, one at a time, and I was given to understand by them afterward that they had been asked by the same gentleman to write out answers to questions he had asked relative to the sinking of the Hipsang. After all had done so the captain of the Retvisan asked me if we had had any food, and when I told him that we had not had anything to eat since our arrival

at Pigeon Bay, where we were given some hard boiled eggs and a slice of bread and butter, he said he would have some food sent to us from the club. As it was by this time getting dark we were asked to sit down in a large room of the police station; and later on plenty of food and bottles of beer were brought to us. Having eaten we were then taken down the hill a bit, to an empty house that had two rooms in it, not far from the police station; and there a bed was brought for each of us, a mattress, pillow and blanket, and in that house we remained during our sojourn in Port Arthur, a gendarme being on guard over us night and day during the whole of the time. Hot meals, consisting of vegetable or meat soup, and meat or fish, and a supply of bread, were supplied to us twice a day by the guards, and for the first eight days * * * through I believe the kindness of a Russian police officer and his wife, who lived in the house next to ours, we were supplied with tea and sugar, glasses and saucers, candles and soaps, from what I believe were their private stores. But when they left their house, owing to the roof leaking very badly during heavy rain, and changed into another house some distance away, these luxuries came to a full stop; and although they generously left us their samovar to make tea with, and a supply of saucers and glasses and tea spoons, we then had to provide for ourselves. On the next day, the 17th, we were again called up to the police station, one at a time, and asked further questions by the captain of the Retvisan, writing down our answers and signing our names thereto. On the 18th or 19th (I forget now which day, but I believe it was the 18th) I was called up to the police station, and entering the room, found the captain of the Retvisan there, and another Russian officer of high rank, whom I understood to be a military law officer, but I may have been mistaken. There was also present a young Russian officer, and on the table the steamship Hipsang's dispatch box, tied up, locked and sealed. The captain of the Retvisan showed me the seals, and that they were unbroken, and having asked me to unlock the box, he then broke the Russian seals and untied the string, and I unlocked and opened the box. The young officer having seated himself at the desk, prepared to write down an inventory of the contents, but as he did not appear to understand much about writing English with such technical words as manifest, cargo certificate, etc., I suggested that perhaps I had better do the writing, to which the captain of the Retvisan expressed a glad assent. The captain of the Retvisan then took out the documents one by one, and I noted them down on a sheet of paper. When they were all noted down the documents were all put back in the dispatch box, and I was asked to sign my name at the end of the list. But I have not seen either the documents or the dispatch box since that day. After the list had been completed the captain of the Retvisan produced a British Admiralty chart of the Gulfs of Pechili and Liaotung, also a straight edge and projector, and asked me to lay down the courses I had steered after leaving the Newchwang bar. I did so, and having done so I am under the impression that he asked me some more questions about whether I had seen any lights when passing Fuchou Bay; and whether I had stopped the engines during the night; and whether during the passage up from Chefoo to Newchwang I had seen any torpedo boats; and some other questions about the official log-book and the deck logbook and the bill of health; and then asked me to sign my name underneath my written answers. But whether those questions were asked me during the second interview, or during that third interview, I cannot now remember for certain; but my impression is that they were asked me during that third interview. On July 18 at about 11 a. m. the chief of the police, accompanied by several police officers and a civilian who spoke English and acted as interpreter, came to our quarters, and I was handed 50 roubles in gold pieces,

and informed that the admiral had sent us that money to buy clothes with. Somewhere about the 24th or 25th, I think it was, as our funds were decreasing rapidly, and we needed to buy charcoal, candles, tea, sugar and other things, I wrote a letter on a piece of paper with a pencil to the captain of the Retvisan, asking him to kindly let me know when we might expect to leave Port Arthur. The letter I handed to the gendarme to deliver when he was relieved; but I was informed the next day that it had not been possible to deliver it, as the captain of the Retvisan had been away outside the harbor, somewhere with his battleship (at least that was what we understood from the man's signs to talk), and the letter was returned to me. I gave it to the man again in the evening and told him to get it along to the captain of the Retvisan somehow or other; but as the letter was never answered I came to the conclusion that it had not been handed to the captain of the Retvisan. But a Mr. Nielsen, a Norwegian, who spoke English, came to our quarters, and to him I explained that I wanted to go out and buy some things; so I was later on allowed to go into the town with a police officer, who spoke a little German, and I bought the stores we needed.

Having read over what I have already written, I find that I have not explained how it was that the torpedo destroyer No. 7 came alongside the Hipsang and rescued all the survivors. The ship's hull having been destroyed aft by the shell or torpedo, and the ship settling down by the stern, I gained the impression that the Russians meant to drown the lot of us. So having given the two lifebelts to some Chinese, and got my boots off, I got up on the boat skids and started in to cut the forward starboard boat gripe lashings adrift, as I reckoned that the boats would float if the ship went down under us, and we'd have something to swim for when we came up to the surface again; there being a bit of a scare on among the Chinese, one crowd hustling around one of the port boats getting it out, and another lot having let the working boat go down by the run end up, and all of them clinging to the forward fall, the European passenger among them. It appears that the second engineer, having taken all his clothes off, jumped overboard and swam toward the torpedo boat destroyer. Getting near her, he called out to those on board that there were Englishmen on board the ship and to go alongside and save the people. The Russians then lowered their boat and picked him up, and then the destroyer was steamed alongside the ship by the starboard forerigging, and the rest of the people were got on board of her. When I gave up the fourth gripe lashing as a bad job because of the seizing, and jumped down on deck, I saw the destroyer alongside the ship, so I hurried along the Chinese to her as before related.

On August 2 at about 7 a. m. there or thereabouts the gendarme gave us to understand that we were to pack up to go to Chefoo. We wanted to get tea ready to have some breakfast first, but couldn't get tea ready, as we had no water to boil, so we dressed and packed up what we had of stores and then started to walk to the jail. At the jail we found Mr. Rosenberg, the saloon passenger (whose real name I believe is Serebrenik, he being a Russian), and the Chinese, and somewhere about 8 a. m. the whole lot of us started to walk to Pigeon Bay. Shortly after starting I understood from Mr. Serebrenik that carriages were to be supplied to all the Europeans; and he securing a passing one that had accommodation for three people, invited me to take a seat in it, and he, I and the gendarme got into it and drove across to Pigeon Bay. But carriages were not supplied to the other Europeans, so the officers and engineers had to walk across country with the Chinese. Arrived there, no food was supplied by the authorities; but Mr. Serebrenik got some eggs from somewhere, buying them I believe from a Russian guard, and these, having been hard boiled in a pot of water got from one of the soldiers, were eaten with some bread we

had brought along with us, and which had been left over from our evening meal the day before. Some time in the afternoon Mr. Serebrenik chartered a junk for himself for 350 roubles to take him to Chefoo; and he then asked us English to come along with him on board, saying that he would also take twenty-four of the Chinese in the junk, but no more; and if the twenty-four Chinese came that they would have to pay 2 roubles each to the junk people, else the junk people would not let them come on board. He explained to us that the Russian authorities had arranged for one junk only to take the whole lot of the Hipsang's people over to Chefoo, Europeans and Chinese, but that he did not intend to go over under such circumstances, so we had better come along with him in the one junk he had chartered, and the remainder of the Chinese could go in the other junk. This being evidently the wisest arrangement, as it was quite out of the question that the whole lot of us (seventy-six) should go in the one junk, we seven Europeans went in one junk, taking the non-sailor Chinese, viz., the compradore and steward staffs and the passengers, thirty-one in all, with us, and the sailors, quartermasters and firemen and others (forty-five in all) went in the other junk. At first all the Hipsang's people came on board the chartered junk; and she not being a big junk there was no room to get about; so the Russian guards brought the other junk alongside, and having ordered the boatswain and his crew and the firemen to get on board of her, and they not wishing to go, they used rough words and began pushing them and using the butts of their rifles, so the men went on board. We were given to understand that the junk with the sailors and firemen would sail shortly after we did. We sailed first, being released first, and got under way at about 4 p. m. of August 2, and sailed out of the bay with a fair land breeze; and at about 5:30 p. m., after passing fairly close to a floating mine, we were stopped by the Japanese torpedo boat destroyer Ugiri, commanded by Lieutenant Commander S. Kagiwada. This gentleman and his officers, after asking us on board and treating us with the greatest courtesy and most lavish hospitality, supplied us with a case of ship's biscuit, seven tins of corned beef, two tins of jam, a packet of candles, a bottle of Worcester sauce, several quart bottles of beer and some bottles of Hirano water, two big blankets, handkerchiefs and socks, etc., absolutely refusing to take denial because I only wanted to accept the case of ship's biscuits; and then after expressing their sorrow that they could not tow us over to Chefoo, as their vessel was on patrol duty off the Promontory, they wished us good bye and good luck across to Chefoo. Their vessel was simply the perfection of cleanliness, the steel decks being beautifully clean, the brass work shining and the crew—men as well as the officers—in spotlessly clean uniforms; and the perfection of discipline reigning on board. The next day, the wind having headed during the night, we found ourselves to the westward of the Miaotao Islands. In the afternoon we put the anchor down, as the flood tide was setting the junk to the westward. The next day, the wind being still a head wind to Chefoo, we got under way some time during the night and stood down for Howki, so as to get in the track of ships coming from Taku. In the afternoon of that day, August 4, we were taken on board the German steamer Süllberg and brought on to Chefoo.

FINDING OF THE COURT.

The Hipsang was a steam vessel, schooner rigged, of 1,040 tons register; official number, 112,720; built at Stockton on Tees in 1899 and belonging to the port of London.

It appears from the evidence given before this court that she sailed from Newchwang on July 15, 1904, bound for Chefoo and Canton with a cargo of beans, etc., and a crew of sixty-seven hands, as well as one European passenger and twenty-two Chinese passengers.

It appears that all went well until the steamer reached latitude 38° 55' 30" N. and longitude 120° 57' 30" E., when, the captain being on deck with the second officer about 4:15 a. m. on July 16 a Russian destroyer, name unknown, but numbered 7, came up with the Hipsang and fired a shot at her; and although the engines were at once stopped and put full speed astern the destroyer continued firing and striking the ship, killing and maiming some of the passengers.

It is evident that the Hipsang had her lights alight, and after the first shot her colors were immediately hoisted, but notwithstanding this the destroyer fired a torpedo and struck the vessel, thereby causing her to sink within the space of half an hour, viz., at 4:40 a. m. It is evident that there was sufficient light to see both the class of the vessel, the nationality and whether the steamer had stopped, day having broken and there being no fog in the vicinity. Boats were then lowered and the destroyer came alongside and assisted to save life, but the crew and passengers were kept prisoners until their release on August 2.

The court, having regard to the circumstances above stated, finds as follows: That the steamship Hipsang was sunk by being shelled and torpedoed by a Russian torpedo boat destroyer, No. 7, name unknown, on July 16, 1904. Position approximately latitude 38° 55' 30" N., longitude 120° 57' 30" E.

That the master was a fully experienced officer and, having been in command during the Franco-Chinese war, the Chino-Japanese war and also during the present war, fully cognizant of the ordinary established usages of war with regard to belligerents and neutral vessels.

That there was no contraband on board the Hipsang and the only passengers one Russian merchant and twenty-two Chinese. There were no Japanese on board.

That the master appears to have navigated his vessel in a seamanlike and proper manner and to have acted in a correct manner when challenged by the Russian destroyer, inasmuch as he stopped, went full speed astern, and when the way was off the ship again stopped the engines, and further when he was challenged he at once made known his nationality. When a casualty was inevitable the master appears to have done all in his power to save life.

That the officers and crew appear to have conducted themselves properly and to have carried out their duties to the last moment and to have used their utmost exertions to save the lives of the passengers, the loss of life from drowning being reduced to one passenger.

That the vessel appears to have been sufficiently manned and seaworthy at the time of the loss.

That the court desires especially to direct the attention of the Board of Trade and the Foreign Office to the fact that the steamship Hipsang was proceeding with due caution between Newchwang and Chefoo, on a correct course, and that without any just cause or reason was sunk without any warning by being torpedoed, and that the loss of life was due to shell fire prior to the act of torpedoing the vessel, and that these acts were done by a Russian torpedo boat destroyer, name unknown, but numbered 7.

That the court, in pursuance of the powers vested in it by Section 483 of 57 and 58 Vic., Cap. 60, orders that the sum of £8 10s. od., being the costs of the proceedings before said court, be paid by Messrs. Jardine, Matheson & Co., at whose request the naval court was summoned, and they are hereby ordered to pay the said amount accordingly.

Given at Shanghai this 23d day of August, 1904.

VAUGHAN LEWES,
Commander, R. N., President of Court.
B. G. TOURS,
British Vice Consul, Member of Court.
WM. LLOYD JONES,
Master S. S. Ichang, Member of Court.

AGRICULTURE IN JAPAN.

Only 14,995,272 acres, or 15.7 per cent. of the whole area of Japan, exclusive of Formosa, consists of arable land, and 55 per cent. of the agricultural families cultivate less than 2 acres each; 30 per cent. cultivate 2 acres or more up to $1\frac{1}{2}$ cho, or a little less than $3\frac{3}{4}$ acres, leaving 15 per cent. of the farmers who cultivate farms of $3\frac{3}{4}$ acres or more. A comparison of the whole area under cultivation with the number of farm workers shows that, on an average, one man cares for a little less than an acre.

An American farmer will naturally wonder how the Japanese farmer can support his family from the produce of so small a farm, and how he employs his time on it. The Japanese standard of living is far below the American, and the income of the Japanese farmer is usually increased by his engaging in some subsidiary industry, such as rearing silkworms, reeling silk or spinning, and by working for wages in the intervals of farm work. In his work on the farm he seldom uses a horse or other draft animal, and his tools are of a very primitive character. He fertilizes and cultivates very thoroughly, and is thus enabled to secure a more abundant harvest, besides often raising two or more crops a year on the same field. In the warmer latitudes of Japan barley, indigo, beans and rape are grown successively on one plot of ground within the space of a year.

There are no reliable data respecting the proportion of independent and tenant farmers, the latest published estimates being based on returns made fifteen years ago. According to these estimates, a little more than half the cultivated land was leased to tenant farmers, the remainder being worked by the owners. The lot of the tenant farmer is far from easy, the high price of land forcing him to lease on terms which leave him a very small return for his labor after he has paid for the necessary fertilizers. These conditions tend to retard the advancement of agriculture by preventing the purchase of new tools and hindering any effort the farmer may make to adopt improved methods.

The Government has attempted to aid the progress of agriculture by laws respecting irrigation, the protection of forests so as to control the flow of rivers in the interest of the farmer, the formation of farmers' guilds, the rearrangement of farm boundaries and the improvement of drainage systems. Small as the farms are, their parts are usually separated so that a farm of 2 acres may consist of several nonadjacent lots, the average size of a lot being about one-eighth of an acre. A law which went into force in 1900 provides for the rearrangement of boundaries by farmers exchanging fields for those owned by others so as to make the farms more compact and enlarge the fields to permit the use of horses and machinery, at the same time increasing the tillable area by straightening some boundaries and removing others. About 20,000 acres have already come under the operation of this law.

For the purpose of further promoting agricultural interests the Government maintains a State experimental farm and nine branch farms. The work at these farms is largely theoretical, and is divided into eight departments, viz, seed, saplings, agricultural chemistry, entomology, vegetable physiology, tobacco, horticulture and general affairs. The results of the investigations are submitted to thirty-eight experimental farms, created and carried on by the provinces with the help of a subsidy from the General Government, and theories are here subjected to the test of practical application before general publication. Among the results already accomplished by this method are improvement in the quality and quantity of crops through more careful selection of seeds and better understanding of the varieties suited to the conditions

in different localities; more efficient modes of destroying injurious insects; ability to minimize the injury from plant diseases, such as smut, mildew, pear cluster cups, etc.; increased skill in the application of fertilizers and the discovery of indigenous grasses suitable for meadows, all meadow grasses having formerly been imported.

The General Government aids the local treasuries to maintain six local agricultural schools for the instruction of farmers' sons in the general principles of agriculture, surveying, veterinary science and related subjects. The Government also carries on an experimental tea farm, on which is a curing workshop; a laboratory for investigating the diseases of cattle and poultry; a cattle breeding pasture for improving the native breeds of cattle for meat and dairy purposes, and two horse breeding pastures for promoting the introduction of better horses.

Efforts have been made to introduce sheep raising and swine raising, but with only partial success. It is claimed that the conditions of climate and food supply present no serious obstacles to the success of sheep farming, but the statistics of 1901 showed only 2,545 sheep in the country. Swine raising has succeeded better, but cannot yet be spoken of as an established industry of much importance, the number of swine having remained in the vicinity of 200,000 for several years.

Besides the encouragement and assistance to agriculture furnished through the agricultural schools and experimental farms and laboratories, the Government aids and promotes the development of agricultural interests by means of the hypothec banks. Recognizing that many operations necessary to the prosperity of agriculture require a heavy investment which will not yield immediate returns, and that farmers are therefore not able to pay the high interest or accept the conditions of short time commercial loans, the Government has established the hypothec banks for the special accommodation of this class of borrowers. These banks are under the direct supervision of the Finance Minister, subject to strict regulations, and, in return, receive a certain degree of support from the Government. They are permitted to make loans only for the following purposes: (1) reclamation of land, irrigation, drainage and improvement of the fertility of the soil; (2) construction and improvement of farm roads; (3) settlement in newly reclaimed places; (4) purchase of seed, young plants, manure and other materials required in agriculture and industry; (5) purchase of implements and machines, boats, wagons or beasts for use in farming and manufacture; (6) construction or repair of buildings for use in farming and manufacture; (7) improvements in farming and manufacture not included in the foregoing clauses; (8) rearrangement of farm boundaries; (9) undertakings by credit guilds, purchase guilds and produce guilds of unlimited liability and organized under the industrial guilds law.

The credit guilds are organizations of the farmers for the promotion of their common interests, and in some respects resemble the co-operative home building associations of the United States. When organized in conformity with prescribed conditions they are permitted to borrow money from the hypothec banks on very favorable terms, and the members may often obtain loans which the circumstances would prevent them from securing except through the guild. These guilds also undertake works for the common benefit, especially such as concern control of the course and volume of rivers, irrigation and drainage systems, road building, reclamation of uncultivated land, measures for protection against insect pests and similar enterprises.

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Chinese Missionary in the City of New York.

WITH AN INTRODUCTION BY
HERBERT A. GILES, M.D., LL.D. (ABERD.), Professor of Chinese in the University of Cambridge, England, and late H. B. M. Consul at Ningpo, China. Author of Chinese-English Dictionary, China and the Chinese, etc.

PROFESSOR GILES, in his "CHINA AND THE CHINESE" (Macmillan, 1902), says: "I have often been asked if Chinese is, or is not, a difficult language to learn. To this question it is quite impossible to give a categorical answer, for the simple reason that Chinese consists of two languages, one colloquial and the other written, which for all practical purposes are about as distinct as they could well be. Colloquial Chinese is a comparatively easy matter. It is, in fact, more easily acquired in the early stages than colloquial French or German. *A student will begin to speak from the very first, for the simple reason that there is no other way. There are no Declensions or Conjugations to be learned, and consequently no Paradigms or Irregular Verbs. In a day or two the student should be able to say a few simple things, after three months he should be able to deal with his ordinary requirements, and after six months he should be able to chatter away more or less accurately on a variety of interesting subjects. A great deal depends on the method by which he is taught.*"

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N. B.—The Chinese language has no alphabet, each character is a word. The characters herewith presented read from top to bottom. *Nay vwoo-e kawng tawng whar may* (phonetically spelled). Literally, You can speak Chinese language? [*May* being the spoken equivalent of our written question mark, (?).]

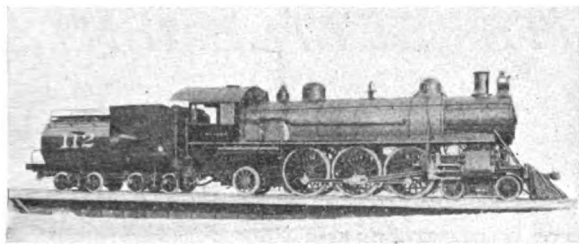
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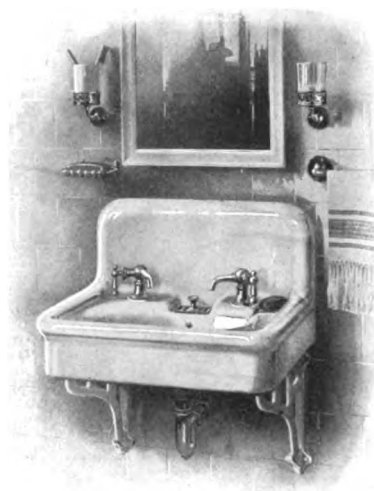
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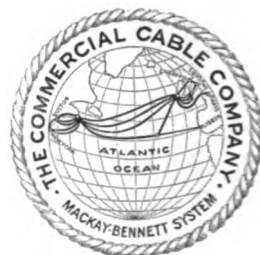


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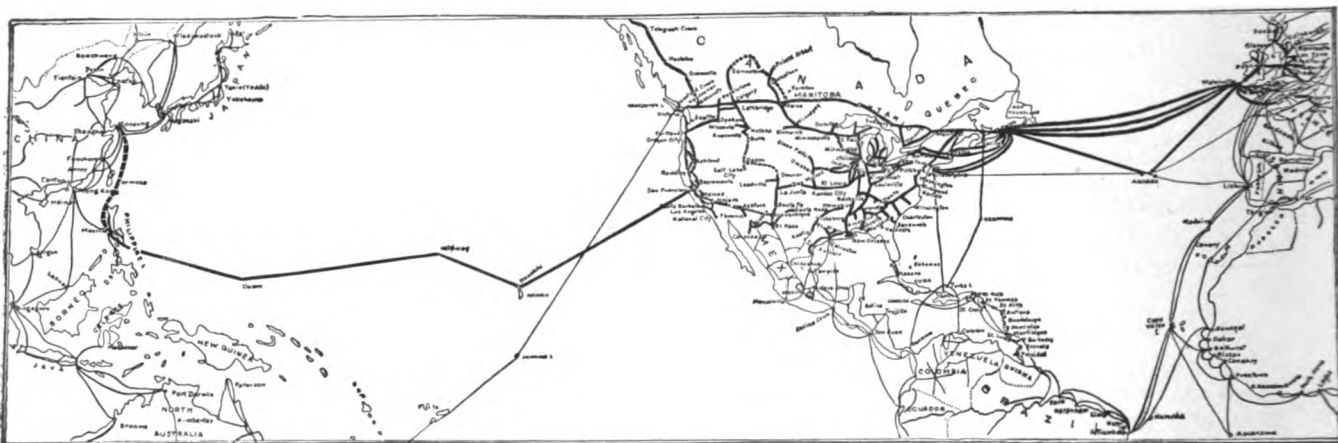
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THE extraordinary episode which marked the beginning of the voyage of the Russian Baltic fleet has been, in all its phases, characteristically Muscovite. It is impossible to conceive of the officers of any other navy in the world being capable of making so astounding a blunder as was involved in the unprovoked attack on a fleet of fishing boats, or, having made it, of offering such apologies as those which have been presented for the outrage. The cynical brutality of the official comments on the incident, and the apparent inability of the men in control of the Ministry of Marine to understand that the punishment of those responsible for it was an indispensable element in any demand for redress, are peculiarly Russian, and, therefore, essentially barbarous. As our readers are aware, the sinking of the Hipsang by a Russian Torpedo Destroyer was quite as cold-blooded and wanton an atrocity as the shelling of the Hull trawlers, but the fact that the latter exhibition of murderous caprice was the work of the admiral of the fleet gives it a prominence which the outrage of last July did not attain. But the last act is, nevertheless, merely the culminating point of a series of offenses alike against the accepted law of nations and the plain dictates of humanity, of which the Russian navy enjoys the unique infamy of having shown itself capable. That a way has been found for the peaceful settlement of the issue raised by the dastardly act of Rojestvensky and those associated with him in command of the Baltic fleet, is matter for unalloyed satisfaction. But whether the further direction of the fleet is to continue in the same hands or not, there can be no security that its course will not be marked by a blind and callous persistence in the same kind of high handed interference with neutral commerce which has already been displayed on the Red and Yellow Seas. The war itself would have been averted had Russia entertained the respect for solemn international engagements which is accorded them by civilized Powers, and every stage of the struggle has lent new point to the contention that Russia should not really be ranked among these. It hardly needed the North Sea incident to demonstrate the grotesque absurdity of the claim that Russia represents in the present struggle the cause of western civilization, but that incident may at least serve as an additional proof that the real peril of human progress, in this day and hour, is the heartless, conscienceless and incompetent system of autocracy which rules over a sixth of the habitable surface of the earth.

THE report of the annual meeting of the Association, to be found elsewhere, furnishes a reminder of the work of popular education in which, from its foundation, the Asso-

ciation has diligently engaged. When the protest out of which the Association grew was first submitted for the action of the Chamber of Commerce of the State of New York it was pointed out that the Administration at Washington appeared to be supine about the existing menace to the interests of our citizens in China, relying apparently on the fallacious theory that our treaty rights there would continue unimpaired and would automatically protect themselves throughout any political changes. It was further submitted that the then Secretary of State held the dangerous notion that our export trade needed no further safeguarding in China, and that it would make no difference to our markets whether Russia and Germany divided up China between them. In the six and a half years which have elapsed since then, much has taken place, but probably no change more remarkable than that which has supervened in the attitude of the American Government and people toward the problems and policies of the Far East. In bringing about this change, the American Asiatic Association has unquestionably borne its full share. A sympathetic newspaper commentator on its work says that it may easily claim to be the foremost among the agencies which have impelled our Government to adopt a more vigorous policy in China and have given our public men a clearer perception of the responsibilities of the position which the United States occupies there.

THE Secretary's report lays stress on the immediate results to the commerce of the United States of the removal of the fear of Russian domination in China and of the concrete evidence of Russian defeat furnished by the termination of the rule of the Russian Administrator in the Treaty Port of Newchwang. From first to last, this latter proceeding was a piece of pure usurpation, and its toleration by the other Treaty Powers was naturally accepted by the Chinese as proof that the Powers were prepared to acquiesce in the establishment of Russian sovereignty over all Manchuria and in all the portentous consequences to the Chinese Empire which that implied. The Russian evacuation of Newchwang thus meant a good deal more than was represented by the act itself, and the restoration of commercial confidence in China which followed it may fairly be interpreted as bearing the relation of effect to cause. It is at least certain that the export trade in American cotton cloths, to whose revival attention was directed in our last number, is a very firmly established fact, and that most of the mills engaged in supplying the class of fabrics exported to China have been sold for six months ahead. The falling off in the exports of September as compared with those of August, which appears in the statistics published elsewhere, was due more largely to the difficulty of obtaining transportation than to any other cause, though of course the lack of large surplus stocks to be drawn on for immediate demand was also an element in the arrest of movement represented by these figures. By the end of the year, the statistical results of the trade revival will have become more apparent, and when it comes to a comparison between the returns of the fiscal year ending with next June and those of the fiscal year 1904, the difference will be found enormous.

THE fact is recognized by the Association, through its Secretary's report, that while the Secretary of State and the Chinese Minister may be able to agree upon the terms of an immigration treaty which shall be less susceptible than

the present one of being made the basis of a system of deliberate oppression and outrage, its ratification by the Senate of the United States will largely depend on the emphasis with which the demands of the commercial interests of the country are presented to that body. It is entirely in line with the responsibility of the Association that it should undertake the duty of seeing that the Senate is not left in ignorance on this subject. The resident members of the Trades Union Lobby in Washington may be trusted to do all in their power to defeat any treaty constructed on more liberal lines than the present one, and experience has shown that they can always rely on bringing out a perfect avalanche of petitions from organized labor throughout the country, with a decided effect on the minds even of members of the Senate. The fact may as well be recognized that a very serious mistake was made when the President of the United States was induced to place at the head of the Bureau of Immigration, and in charge of its most important branches, men who are known simply as leaders of organized labor. However fair and rational these men may be in other respects, they are hopelessly irrational on this question of Chinese exclusion, and one and all of them, from Mr. Sargent down, act on the principle that it is better that a hundred visiting Chinese merchants, students, travelers or officials should be insulted and maltreated than that one Chinese coolie should be able to slip through the meshes of official supervision. Until a rule precisely the reverse of this is established and acted on, there will be very little hope for travel or sojourn in this country being made attractive to the better class of Chinamen, and since the President is supposed to be in entire sympathy with according the most liberal treatment to these visitors, it obviously devolves on him to take the earliest opportunity of placing the executive control of Chinese immigration in different hands.

THE instructions issued by Secretary Hay to the representatives of the United States accredited to the Government's signatory to the acts of the Hague Conference, 1899, are expressed with his customary deftness and caution. In accepting the charge pressed upon him by the members of the Interparliamentary Union, the President of the United States was not unmindful of the fact that a great war is now in progress. But he regarded this fact as affording no reason why the nations should relax the efforts they have so successfully made towards the adoption of rules of conduct which may make more remote the chances of future wars. Mr. Hay recognizes the necessity of maintaining a fair distinction between matters which belong to the province of international law and those which are conventional as between individual governments. He points out that the final act of the Hague Conference kept this distinction clearly in sight, and that among the broader general questions affecting the right and justice of the relation of sovereign States, which were then relegated to a future Conference, were: The rights and duties of neutrals; the inviolability of private property in naval warfare, and the bombardment of ports, towns and villages by a naval force. No observer of recent events is likely to question the urgent necessity of reaching a common agreement on these questions, however much he may be disposed to question the likelihood of some of the signatory powers of the Hague Convention approaching their discussion in a frame of mind calculated to lead to satisfactory results.

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the nine months ending September 30, 1903 and 1904.

EXPORTS TO CHINA.

Months. 1903.	Cotton Cloths. Yards.		Mineral Oils. Gallons.		Wheat Flour. Barrels.	
January.....	18,440,398	\$924,882	1,944,706	\$197,967	8,637	\$26,288
February . . .	34,642,500	1,713,994	878,660	92,265	1,524	4,805
March.....	37,929,363	1,850,571	1,712,040	179,780	9,457	31,372
April	34,640,141	1,608,487	1,163,320	126,709	6,536	22,132
May.....	14,737,775	717,564	849,368	93,756	3,675	12,348
June.....	10,351,623	486,470	874,691	96,069	2,750	8,970
July.....	9,751,868	443,228	1,384,881	147,423	166	587
August.....	4,096,161	189,133	1,644,834	142,882	1,653	6,650
September....	3,377,050	168,208	1,001,398	109,456	9,016	31,407
Total.....	167,966,879	\$8,102,537	11,453,898	\$1,186,307	43,414	\$144,559

1904.						
January.....	8,906,813	\$476,609	3,772,243	\$447,712	6,303	\$24,019
February.....	13,806,444	785,473	7,305,887	862,625	2,489	9,264
March.....	8,652,392	435,780	5,808,064	695,371	11,515	39,999
April.....	1,041,000	62,311	2,232,150	249,538	3,944	14,567
May.....	4,455,937	306,731	1,944,134	210,131	4,494	15,508
June.....	9,024,100	524,052	4,617,100	508,186	5,539	20,132
July.....	17,244,010	1,077,012	6,675,122	707,008	2,103	8,274
August.....	44,247,094	2,457,639	11,062,250	1,045,981	5,162	18,722
September....	20,395,200	1,194,381	13,736,080	1,286,515	509	2,040
Total.....	127,772,960	\$7,319,958	57,153,030	\$6,013,067	42,058	\$152,525

EXPORTS TO HONGKONG.

1903.						
January.....	22,099	\$3,841	.....	\$.....	142,918	\$460,238
February.....	161,346	9,798	1,001,830	105,190	126,693	427,199
March.....	36,858	3,267	.....	.....	106,520	395,479
April.....	32,210	4,544	1,222,283	128,955	74,107	245,989
May.....	35,658	4,864	1,300,540	137,880	48,670	183,531
June.....	57,269	6,577	793,477	85,301	65,961	227,003
July.....	117,991	13,468	822,392	86,725	39,890	143,890
August.....	60,502	9,083	124,179	16,514	83,724	330,075
September....	7,652	828	1,773,512	199,683	193,545	736,441
Total.....	531,585	\$56,270	7,038,213	\$760,248	882,028	\$3,149,845

1904.						
January.....	5,877	\$994	955,320	\$112,700	155,130	\$574,431
February.....	26,000	2,027	34,234	5,223	189,308	694,139
March.....	37,919	7,538	54,365	5,801	58,718	232,217
April.....	8,846	1,374	3,265,323	368,210	9,521	35,609
May.....	.....	.....	752,000	81,600	9,730	34,273
June.....	27,891	6,135	6,133,940	645,063	62,820	250,404
July.....	.....	.....	689,620	72,410	117,469	463,196
August.....	30,251	6,369	2,143,934	191,352	160,573	633,489
September....	37,348	4,644	4,100,754	392,047	108,849	411,157
Total.....	174,132	\$29,081	18,129,500	\$1,874,406	872,118	\$3,328,968

DEPARTMENT OF COMMERCE AND LABOR,

Bureau of Statistics.

WASHINGTON, D. C., October 28, 1904.

Imports of Tea and Silk into the United States for the nine months ending September 30, 1902, 1903 and 1904.

TEA.

Imported from	1902.		1903.		1904.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	3,593,153	611,103	4,149,431	873,534	4,867,666	1,074,572
British North America....	1,436,065	255,149	1,834,712	402,280	1,735,153	390,563
Chinese Empire.....	28,181,376	3,033,333	23,714,344	3,359,970	29,953,465	3,884,696
East Indies.....	3,223,646	423,936	4,571,219	660,028	5,579,926	838,584
Japan.....	20,075,208	3,273,172	29,595,958	5,743,648	27,805,686	5,051,872
Other Asia and Oceania ..	264,512	34,087	384,969	42,407	234,047	29,006
Other countries	7,482	2,226	14,370	3,603	155,532	42,129
Total.....	56,781,442	7,633,006	64,265,003	11,085,470	70,331,475	11,311,422

RAW, OR AS REELED FROM THE COCOON.

SILK.

Imported from	1902.		1903.		1904.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France.....	431,511	1,468,105	267,944	1,071,497	383,996	1,086,326
Italy.....	1,877,968	7,417,627	1,939,244	8,385,819	2,244,388	8,600,009
Chinese Empire.....	2,327,542	6,365,693	2,056,954	6,003,797	2,534,962	7,192,134
Japan.....	4,066,509	13,779,995	4,630,920	17,455,727	5,208,284	17,853,095
Other countries	272,029	862,597	51,601	181,858	49,272	154,726
Total.....	8,975,559	29,894,017	8,946,663	33,098,698	10,420,902	34,886,290
Waste .....lbs...free..	1,121,521	631,472	1,942,111	756,722	3,216,530	1,229,222
Total unmanufactured	.....	30,525,629	.....	33,860,829	.....	36,115,539

JAPAN'S TOBACCO MONOPOLY.

(Extract from annual report of United States Vice-Consul Sharp, Kobe, Japan, August 8, 1904.)

The law relating to the monopoly of leaf tobacco was promulgated in March, 1896. This law provided that all leaf tobacco grown was to be bought by the Government, and in turn sold to the manufacturers by the Government at a fixed rate of profit. The Government has realized a good profit from this system, but in studying the customs in respect to tobacco monopoly of other countries it was seen that the monopoly of leaf tobacco was but a step to the establishment of the monopoly of tobacco manufacture, with the result that the law of monopoly of tobacco manufacture was established in March, 1904.

According to this law, though the Government has the exclusive right of tobacco manufacture, the cultivation of leaf tobacco is left to private growers, as heretofore. Tobacco is to be made at public factories established in various parts of the country. The manufactured article is to be sold to retailers through the hands of wholesale merchants and then to the consumer, the wholesale merchants and retailers to be appointed by the Government.

In the case of cigarettes the new monopoly law went into effect in July, 1904, and the requirements regarding cut tobacco will go into effect in April, 1905.

The tariff on cigars, cigarettes, snuff and cut tobacco from the United States is 150 per cent. under the law which went into effect April 1, 1903.

GERMAN COMMERCIAL INTERESTS IN JAPAN.

(From *Export*, Berlin, September 15, 1904.)

In the year 1900 Germany had sixty-five commercial houses in Japan operating with a capital of between \$5,000,000 and \$6,000,000. There were also during that year many German industrial undertakings in Japan with

a capital of a little more than \$3,000,000. German interests in Formosa and Korea amounted to about \$1,500,000. It is hardly possible that these figures have changed much in the last four years. Germany's trade with Japan has increased somewhat since 1901. In 1903 it amounted to about \$14,000,000, of which a little more than \$5,000,000 are credited to exports to Japan, and between \$11,000,000 and \$12,000,000 to imports from Japan. During 1903 427 ships, with 1,277,278 registered tons, entered the harbors of Japan.

The following were among the more important of the articles imported by Germany from Japan, and exported by Germany to Japan:

VALUE OF IMPORTANT GERMAN IMPORTS FROM JAPAN, 1903.

Articles.	Value.
Raw camphor.....	\$999,600
Copper	1,023,400
Hides	190,400
Matting	333,200
Blubber	285,600
Wax	190,400
Silk	119,000
Silk goods.....	333,200

VALUE OF IMPORTANT GERMAN EXPORTS TO JAPAN, 1903.

Sugar	\$1,237,600
Alcohol	166,600
Aniline dyes.....	238,000
Drugs and chemicals.....	142,800
Iron bars.....	166,600
Woodenware	238,000
Wool	618,800
Woolen yarn.....	428,400
Woolen goods.....	547,400
Cotton	166,600
Paper	428,400
Nails	190,400
Ironware	95,200
Machines	238,000
Dynamite	190,400

THE ANNUAL MEETING OF THE ASSOCIATION.

The seventh annual meeting of the association was held in the rooms of the Chamber of Commerce of the State of New York on Thursday, October 20, at 3:30 p. m. Mr. Silas D. Webb, the president of the association, occupied the chair and opened the proceedings with the following remarks:

THE PRESIDENT'S ADDRESS.

MEMBERS OF THE AMERICAN-ASIATIC ASSOCIATION—We have again the pleasure of meeting together for the usual annual exercises and reports. As usual, the president has but little to add to what has been already detailed in the monthly journal of the association, or will receive due explanation in the secretary's annual comments.

The war now existing between Russia and Japan is naturally the subject uppermost in our thoughts at the present time, and when the day of settlement arrives this association will doubtless be ready to do its part in conserving, in the terms of settlement, the commercial interests of the United States. Our general sympathies are too well known to require any additional statement. In this connection one of my pleasantest duties is to mention the continued sympathetic treatment we have received from the head of the Department of State.

Commercially, there has been a decided improvement during the last three or four months, and we have had every reason to look forward to an increasing trade during the coming year. In conclusion, allow me to thank many members for active and substantial help during the past year and bespeak a continuance of the same to the association and its officials for the coming year.

The secretary's report was then read as follows:

SECRETARY'S REPORT.

The last annual report of your executive committee was chiefly devoted to questions which the epoch making events of the present year have elevated to a position of world-wide importance. A year ago the fact was noted with regret that, in spite of solemn assurances to the contrary, Russia continued in virtual possession of the three eastern provinces of China, and in control of the administration of the treaty port of Newchwang. The opinion was then hazarded that the time had come for the Government and people of the United States to accept the full measure of their responsibility for the consequences which must attend the substitution of Russian for Chinese sovereignty in Manchuria. Among these consequences were, not only the alienation of a great and growing market for American products, but the integrity of the Chinese Empire itself, with all the disastrous results to American trade, present and future, which must attend the division into a number of close commercial preserves of the greatest potential area of consumption for our manufactured products in the world. The very existence of the United States as the dominant power of the Pacific was held to be directly

menaced by the aggressive policy of Russia in Eastern Asia, no less than the usefulness of the Trans-Isthmian Canal as a gateway for the Asiatic commerce of this republic. The fact was also pointed out that Russian supremacy in Korea must necessarily be fatal to the independence of Japan, with all the added detriment to the commerce and international status of the United States which the substitution of Russian for Japanese influence implied.

After a protracted series of negotiations conducted on the side of Japan with admirable patience, moderation and forbearance, the Government of the Mikado felt compelled to declare that the indefinite occupation of Manchuria by Russia was incompatible with the peace and safety of Japan, and, at the dictates of national self preservation, war was begun. Since the principles in whose defense Japan took up arms are identical with those for which this association has steadily contended, and for the promotion of which it was originally organized, every advantage gained by Japan in the present conflict has been regarded by your committees as demonstrably in the interest of the commerce and the industry of the United States. That Japan is fighting the battle of our trade and civilization they hold to be as obvious as that the ambitions of Russia in Eastern Asia were calculated to place both in imminent peril. In the last annual report reference was made to the share which the devious policy of Russia in the Far East had in bringing about the protracted depression in our export trade with China. Speaking of the vital necessity to which the convention of New England Cotton Manufacturers had directed attention, of an export outlet to restore prosperity to their industry, the statement was hazarded that we had all the information we need about the greatest of all present or possible fields for the consumption of our surplus cotton fabrics, and that there was no mystery about the causes of its long continued unacceptiveness. The justice of these observations has been demonstrated by the revival of trade which has attended the passing away of the fear of Russian domination in China and the withdrawal of the Russians from the treaty port of Newchwang. In no corresponding period of our commercial relations with the Chinese Empire has there been any such amount of American cotton fabrics sold for export as during the last five months, and there is every indication that the demand will continue.

Your committee felt themselves bound, while the results of Russia's dishonored promise to restore Manchuria to its rightful owners were still in doubt, to urge that the vital concern of the United States in maintaining the integrity of the Chinese Empire should be urged on the attention of our Government and people. Recognizing the fact that the foreign policy of the country, whose conduct under the present Secretary of State they had found frequent occasion to applaud and support, was nevertheless bounded by the popular conception of the bearing of our relations with

foreign powers on the present and future development of our internal resources, your committee deemed it necessary to make a special appeal for funds with which to promote a campaign of public education in regard to our national responsibilities in the Far East. They have had every reason to feel satisfied with the results accomplished, and the comparative unanimity with which the press and public of the United States recognized, at the outbreak of the war, the identity of our interests with those of Japan may be cited as proof that the propaganda conducted under the direction of your secretary was both effective and opportune. Now that the successive victories of the arms of Japan have brought within reach the attainment of the objects for which the war was begun, your committee can only hope that there will be no useless and costly prolongation of what has proved to be, unhappily, one of the most sanguinary struggles of all recorded history. If, as there seems reason to hope, a way may shortly be found to bring the war to an end, it may be confidently expected that the principle for which our Government has steadily contended, of equality of commercial opportunity for all nations in China, will be placed in a position where it will be permanently unassailable. On this point the Government of Japan is fortunately at one with our own, equally with that of Great Britain, and with such support the open door for commerce in Eastern Asia should be lifted beyond reach of further question or disturbance.

The association will learn with satisfaction that considerable progress has been made during the past year in convincing prominent Chinese officials of the importance of adopting a stable monetary standard for China. Prof. Jeremiah W. Jenks, of the Commission on International Exchange of the United States, has only recently returned from a mission of nearly a year in the Orient, and while his official report has not yet been submitted to the Secretary of State, it is understood that he has brought leading members of the Chinese Government to a keen appreciation of the importance of a stable standard to the commercial future of the country and to a very favorable disposition toward taking promptly the necessary political, economic and financial steps to establish such a standard.

Exchange between China and the gold countries has been much steadier during the past year than during the three previous years, partly as the result of the movement of China, Mexico and the United States to bring about more stable conditions. While the influences exerted by these three governments, through the United States and Mexican Commissions on International Exchange, have been chiefly of a moral character, yet some direct benefit seems to have resulted from their efforts. The Government of British India, in the purchase of bullion for the large currency demands of India, has been pursuing a more uniform policy than was pursued some years ago, in accordance with the policy recommended by the two commissions, and this has tended to prevent the sudden and sharp fluctuations which formerly marked the price of silver in the London market. The result has been that the price of silver has fluctuated from January 1, 1904, to the date of this report only within limits of 3 1-16 pence, and since April within the compara-

tively narrow limit of 2½ pence. The fluctuations in 1901 extended to a range of 4 10-16 pence; in 1902, 4 4-16 pence, and in 1903, 6 13-16 pence.

As exchange with the silver using countries of the Orient tends in the long run to conform to the tendency of the London bullion market, trade with China has reflected the favorable influence of this greater stability of exchange. The menace of the possibility of violent fluctuations continues, however, to hang over commercial transaction between the gold standard countries and the Orient, and can only be removed when steps are taken of a definite and comprehensive character for the creation of a uniform national currency in China. While the efforts made have not resulted as yet in final action by the Imperial Government of China, her new president of the Board of Revenue is actively interested in the matter, and there is good reason to hope that sound and progressive action will be taken in the not distant future.

The annual dinner of the association, which was given on June 1, was rendered memorable by the presence, as guest of honor, of His Imperial Highness Prince P'u Lun, a near kinsman of the Emperor of China. During the stay of the prince in New York, extending over a week, a committee of the association was charged with attending to the arrangements for his public appearances and for inspecting objects and institutions of interest in the city. The speech of the prince, delivered in response to the address of welcome made by the president of the association, was generally recognized as eminently worthy of the occasion. The important announcement was made at the dinner, on the authority of the Chinese Minister, Sir Chentung Liang Cheng, who was also a guest, that China had become one of the signatories of the Geneva Convention.

Your committee have taken an active interest in the negotiation of the new immigration treaty with China, which is intended to take the place of the treaty expiring by limitation next December. A grossly illiberal construction of the terms of this latter convention by the officers of the Bureau of Immigration of the Department of Commerce and Labor rendered its denunciation by the Chinese Government inevitable and compelled our Government to choose between bettering the treatment accorded to Chinese merchants, students and travelers for pleasure, visiting these shores, and having no international agreement on the subject whatever. On the score of national dignity the Chinese Government could hardly do less than refuse to continue to be a consenting party to the humiliation and insult meted out to its subjects under cover of the existing treaty. It is not at all doubtful that the Secretary of State and the Chinese Minister will be able to agree upon the terms of a convention which shall be less susceptible than the present one of being made the basis of a system of deliberate oppression and outrage; but, since the ratification of such an instrument must depend on the Senate of the United States, it will be the duty of your committee to see that the demands of the commercial interests of the country in regard to this subject are fully presented to that body.

Early in the present year a systematic effort was made to increase the membership of the association, with the grati-

fyng result of securing sixty-four new members. It is submitted that whether account be taken of the importance of the interests represented by this association or the number of American merchants and manufacturers who are vitally concerned in the protection and promotion of these interests our membership of 280 is still very far short of what it ought to be. The highly successful efforts to obtain new members made by Mr. Everett N. Bee in San Francisco, by Mr. James J. Hooker in Cincinnati, by Mr. Ellison A. Smyth in South Carolina, and by some New York members of your committee are commended for general imitation.

The secretary is able to repeat the statement made last year that the JOURNAL continues to be issued monthly without aid from the treasurer of the association, the revenue from advertisements being found, so far, sufficient to pay for the cost of printing and distribution, and no other expense being incurred in its preparation.

The report of the treasurer was presented and ordered to be placed on file as follows:

TREASURER'S REPORT.

My last (sixth) annual report was dated October 15, 1903, and showed funds in hand of..... \$1,728.92
 Since that date receipts have been as follows:
 To dues collected from members..... 2,790.00
 To refund from Albert Cordes, Esq., treasurer sixth annual dinner..... 13.50
 To returned voucher from National Bank of Commerce 10.00

(The above was a voucher for \$10 from Johnson & Higgins in payment of annual dues which had been deposited without being signed by the treasurer, and which the bank charged against A. A. A. account and accepted as a new deposit on May 13, 1904).

\$4,542.42

The disbursements by the treasurer during the same period have been as follows:

1903.
 Nov. 20—By paid printing..... \$32.85
 Nov. 20—By paid expenses of secretary's visit to Washington, D. C..... 52.00
 Nov. 20—By paid postage stamps, stationery, etc. 20.00
 1904.
 Apr. 4—By paid typewriting, circulars, postage stamps 12.29
 Apr. 30—By paid typewriting, circulars, postage stamps 13.84
 Apr. 30—By paid subscription to *North China Herald* for year ending December 31, 1904 9.10
 Apr. 30—By paid postage stamps, etc..... 6.50
 Apr. 30—By paid printing..... 29.90
 June 10—By paid deficiency of sixth annual dinner 182.08
 Forward \$358.56

Brought forward \$358.56
 June 10—By paid Otis, McAllister & Co., printing, postage stamps, account A. A. A..... 12.00
 Oct. 17—By paid secretary, fifty-three regular weekly payments of \$50 each.... 2,650.00
 Oct. 20—By paid cost of collecting out of town checks 2.40
 May 12—By paid National Bank of Commerce (returned voucher of Johnson & Higgins, referred to above) 10.00
 Oct. 20—Balance in National Bank of Commerce in New York..... 1,509.46
 \$4,542.42

The arrears or unpaid dues amount to \$370.

Vouchers for disbursements herein itemized are attached as part of this report. Respectfully submitted,

J. S. FEARON,
 Treasurer.

per L. V. KENDRICK.

NEW YORK, October 20, 1904.

Audited and found correct.

EXECUTIVE COMMITTEE,
 by ALBERT CORDES, Auditor.

REPORT OF NOMINATING COMMITTEE.

The following report of the nominating committee was read, and on motion the secretary was instructed to cast on behalf of the members present a single ballot for the entire ticket, which was accordingly declared elected:

NEW YORK, October 19, 1904.

Mr. Silas D. Webb, President American Asiatic Association:

DEAR SIR—The undersigned, appointed a nominating committee to report a ticket for officers of the association to be elected during the coming year, beg to submit the following:

For President—Silas D. Webb, New York.

For Vice-Presidents—

Lowell Lincoln, New York.

John H. Converse, Philadelphia, Pa.

Everett N. Bee, San Francisco, Cal.

S. G. Hopkins, Washington, D. C.

John B. Cleveland, Spartanburg, S. C.

E. C. Potter, Chicago, Ill.

Ellison A. Smyth, Pelzer, S. C.

For Treasurer—Joseph R. Patterson, New York.

For Secretary—John Foord, New York.

For Executive Committee, Class of 1907—

Albert Cordes, New York.

James J. Hooker, Cincinnati, Ohio.

James S. Fearon, New York.

Thomas R. Wheelock, Boston, Mass.

Yours respectfully,

JAMES R. MORSE.

THOS. E. JEVONS.

GEORGE BARCLAY MOFFATT.

THE YELLOW PERIL IS THE GOLDEN OPPORTUNITY FOR JAPAN.

BY HIS EXCELLENCY BARON KENTARO KANEKO, LL. D., OF THE HOUSE OF PEERS OF JAPAN.

(From the *North American Review* for November.)

Why the special mission of Prince Iwakura to the European and American governments, in 1872, failed in its attempt to revise our extra-territorial treaty was a mystery to the Japanese people. Why our promulgation of the codes of civil, criminal and commercial laws, with the organizations of the courts and of their procedures, in accordance with Western principles of Christian nations, proved to be of no avail for the abolition of consular jurisdiction in Japan was again a perplexing mystery to Japanese jurists. And why, for twenty-five years, some of the European governments so persistently waved aside the rightful appeals made to them by Japanese diplomats for the restoration of the autonomy of the Japanese Empire was not merely a mystery, but a heartrending mystery, to the statesmen of Japan.

But this mystery was casually explained to me in the year 1892, when I attended the meeting of the Institute of International Law at Geneva, with the special purpose of discussing the report of a committee to which the institute had intrusted the task of investigating the condition of Oriental nations with a view to abolishing extra-territorial treaties in the East. On my homeward journey I met in Paris one of the most famous European publicists, who in the course of our conversations said, substantially in these words: "However closely your codes may approximate to those of Europe, the Western Powers will hesitate to consent to the abolition of extra-territorial treaties with Japan. They withhold that consent because they fear that, should they return to Japan the full exercise of national independence, she will become great and powerful in the East—a contingency which, they believe, would only arise at the expense and to the menace of their own interests in Asia. It is, therefore, their policy to subject Japan to their oppressive yoke as long as possible."

Words like these seemed to sound the death knell to all our aspirations. For a quarter of a century Japan had, at enormous cost—even at the sacrifice of her priceless traditions—been striving to assimilate her laws and institutions to those of the Western World, with no other object than that of restoring her national autonomy. Yet these utterances of the eminent publicist convinced us that the argument from justice, morality and humanity had no weight with the European diplomats to the furtherance of our rightful demands. Disappointed, but not discouraged—shocked, but without a murmur—we calmly submitted to our fate! At least this chilling admonition had given us the secret key to the long sealed casket of European diplomacy in Asia. In the region of world diplomacy, where reason fails, there is but one course left. That course Japan was compelled and determined to follow by devoting herself to the completion of her compulsory education system, to the fostering of her industry and com-

merce, and to the reorganization of her army and navy by modern scientific methods. At last came the event in consequence of which Japan was no longer compelled to beg for a revision of the extra-territorial treaty, but could force upon the Western nations a recognition of her competence to abolish that treaty. After our victory in the China-Japan War of 1894-5 the Western nations discovered in us a power which they could no longer suppress by keeping us ostracized as a semi-independent nation; they at once changed their attitude, and admitted us to membership in the family of civilized nations.

Having thus, by one victorious campaign against our mighty neighbor, China, restored our national independence; having definitely taken our place in the rank and file of the civilized Powers of the world, we continued along the peaceful path which we had marked out for our diplomacy by cultivating the most cordial relations with the nations of Europe and America—relations which remained untroubled by the slightest cloud until the outbreak of the Russo-Japanese War in February last. It was only after Japan had shown herself in the present struggle to be a match for the most formidable military power in Europe, it was only after she had drawn the bewildered attention of the whole world to her military and naval equipment, her extraordinary successes on land and sea, that we heard again the cry of "Yellow Peril."

What does this epithet mean when calmly examined? Does it indicate a danger really existing? We may throw light on this question by recalling analogous phrases aimed at other nationalities; of these, one example will suffice. Not many years ago the cry of "American Peril" was raised. For, when it was found that the United States, with her enormous resources and the wonderful energy of her people, was fast taking a rank among the world Powers. Europeans, scenting peril from America, raised a cry of alarm that echoed even in our country. They even went so far as to plan a "European Alliance," the object of which was to shut out American manufactured goods from the continents of the Old World. Just so, at the present juncture of our war with Russia, certain European politicians have thought fit, assuming a similarly uncharitable attitude toward Japan, to overwhelm her with an undeserved reproach, at the moment when she is forced into a struggle for her existence.

But of what nature is this alleged danger from the "yellow races"? Those who raise the cry tell us that if Japan wins in this conflict she will become supreme in the East, will thereupon unite all the Oriental peoples, and will proceed to drive out all Europeans and Americans from the continent of Asia. We are further assured that when Japan is thus dominant, freedom, even civilization itself, will take flight from the Orient; the dire outcome of Japanese

ascendancy will be a policy of "Asia for the Asiatics." Such a policy, we may remark, would in one respect be unnatural; it would be based on feelings which are instinctive in every people. Is not the "Monroe Doctrine" itself, which has played so important a role in the development of the United States, founded on the principle of "America for the Americans"? And what, during the past forty years, has united the Italian people and enabled Italy to take rank as a member of the family of nations, if not the policy of "Italy for the Italians," as carried out under Victor Emmanuel?

As individual right to ownership in land is recognized, so, in the realm of politics, regard is paid to the territorial rights of nations. Now Asiatics have enjoyed, from time immemorial, the possession of the soil of Asia; their right to its territory has never been disputed. Why, then, should they not assert the principle of "Asia for the Asiatics"? Without territorial rights, the sense of national independence is impossible. This possession gone, no form of casuistry can help the Oriental peoples to hold their own against the aggressive competition of the Occidental Powers; we must have, to the full, the sense of national independence which is founded on the universal recognition of territorial rights.

"Blessed are the meek," is one of the precepts of the Christian faith, "for they shall inherit the earth!" For many years the missionaries have taught this precept to the Asiatics; but it has never been practiced by the so called Christian Powers in their dealings with Oriental nations. Indeed, the direct contrary has been the fact; for, many a time during the past fifty years, it has been shown that a nation's surest step to its "disinheritance" of the earth is to be meek and to remain meek. That a cry should arise in the East demanding "Asia for the Asiatics" is thus a natural outcome of the policy which the Christian Powers have pursued in that part of the world. Most of the Oriental nations, to be sure, lack the strength which is needed for successful resistance to the process of territorial "disinheritance." Consider the encroachment of the French in Tongking; the occupation of Kiao-Chao by the Germans; the aggressive movement of Russia in Manchuria—for these are the most striking examples of the "disinheritance" by which China has been despoiled. Only Japan, of all the Eastern nations, has thus far been able to maintain her independence against continual foreign aggression. If there is a peril in the East, it is not the "Yellow Peril," but the "White Peril"; the former being a mere myth, while the latter is an actual reality.

Does it follow, however, that, should Japan be victorious in the present struggle and become supreme in the East, she will proceed to exclude Europeans and Americans from Oriental countries? The facts all point the other way. Instead of trying to shut Americans and Europeans out Japan so far has done all in her power to attract them to the East. Consider what happened after the war with China in 1894-5. Japan then had China at her mercy and was able at Shimonoseki to dictate to that Power any terms she cared to impose. But what did she actually do? In-

stead of seeking her own interests, to the neglect of the other Powers, Japan seized the opportunity to promote the policy of the "open door" by providing for the abolition of the *likin* system—the system which so long prevailed in China of levying duties on imported goods as they crossed the frontiers of the different provinces on their way to the interior. Japan made another contribution to international welfare at that time by causing China to open four ports to the commerce of the world—the ports of Chung-Kiang, Shasi, Kow-Choo and Soochoo. Last, but not least, she induced China to grant foreigners the right to establish industrial factories in China. All these concessions had been sought by Western diplomats for many years at Peking, but such efforts proved unavailing, until independent action was taken by Japan at the signing of the Shimonoseki Treaty in 1895. Is it not plain that, if the Japanese had entertained the slightest desire to drive Americans and Europeans from the continent of Asia they would have made an altogether different treaty with China from the one they made—would, in a word, have sought to secure exclusive advantages for themselves? Instead, the diplomats of Japan devoted themselves sincerely to the task of opening China to the whole world. Even after the return of Wei-hai-wei to China, we made no protest against the occupation of that strategical harbor by the English.

This broader view of Japan's responsibilities as a world Power has appeared in other connections as well. The story was circulated, for instance, during the Spanish-American War, that Japan was secretly assisting the Filipinos by sending ammunition and even soldiers to the aid of Aguinaldo. But the rumor was afterward proved to be false. Not only was Japan not assisting Aguinaldo and the Filipinos, but she was actually giving moral support to the United States in its plans for the occupation of the Philippine Islands, since she considered that the occupation of the islands by the American Republic was the only way to maintain peace among the Filipinos. One might readily multiply such examples to show to our friends that Japan never entertained the idea of closing the Asiatic continent against Europeans and Americans. From the beginning of our intercourse with the Western Powers we have earnestly tried to introduce Western civilization into the Far East, and have consistently promoted that civilization in the interests of universal peace.

When the cry of "Yellow Peril" began to be heard, we were aroused to a study of the subject and its international effects. After the opening of our first parliament in 1890 the attitude of the Western Powers toward Japan underwent a change. We felt that Europe and America were kindly patronizing us, simply patting us on the back. It seemed to us as if our Western friends were saying: "Yes, you have done wonders. You have introduced constitutional government and adopted Western civilization. In the last fifteen years, you have made simply prodigious strides. You are, indeed, a most promising nation!" But there came a further change. When our war with China in 1894-5 ensued, and we showed our superiority to China

in that struggle, the Western Powers no longer attempted to pat us on the back. They began to treat Japan with respect, for they recognized in her a naval and a military strength which they had never before suspected.

When we studied the international relations of modern Powers to each other, we found that a country like Belgium or Denmark receives from England the same consideration as Germany in all her diplomatic dealings; that Switzerland is treated by France with the same regard as the United States; and that the respect which is shown to such countries is an acknowledged international right. But a further question is: Do these smaller nations enjoy that deeper respect which is founded on fear? Can they command the esteem which is everywhere paid to their more powerful neighbors, such as Germany, France or England? The answer is obvious. In the realm of diplomacy the nations treat each other with equal deference, making no distinction on the basis of territory or strength of armament. Yet, since, in the event of international ruptures, there is no other way to settle them than the appeal to arms, a nation, in order to maintain her independent position in the midst of international rivalries, must command sources of power which will inspire other nations, not simply with respect, but with fear. This fear is an evidence of such power in the nation feared, and that power, further, may justly or unjustly be regarded as a potential peril. Therefore, the cry of "Yellow Peril" is a recognition by the Western nations that Japan has at last attained her long sought for rank among the great Powers.

But logic falters when power of such sort is supposed to engender inevitable peril. We are profoundly convinced that the possession of an ample war equipment is necessary (temporarily, at least) if nations are to reap the benefits of our complex modern civilization, provided always that their military and naval forces are not used in the pursuit of selfish ends, for the purposes of aggressive ambition. We recognize a close relation between readiness for war, which on the surface is fraught with menace, and the assured peace which powerful armaments never fail to promote and maintain. History furnishes evidence for the generalization that, the stronger a nation's army and navy, the greater is its certainty of peace—a view expressed at the Peace Conference at The Hague by an eminent English delegate who had come to take part in that movement for the abolition of war. Japan herself has a motto, dating from the earliest time in the life of her people, which runs: "Never forget the arts of war, even in the time of peace!" Nor can Japan afford to forget "the arts of war," for, while she is in a geographical sense situated very advantageously in the world of commerce, the advantage carries with it the constant menace of enforced contact with the most powerful nations on the face of the globe. Consequently, while Japan truly has at heart the interests of peace, her very position in the East compels her to guard peace, for herself and for others, with an efficient army and navy.

Some may ask: What are the national aspirations of

Japan? Our aim, as shown by the whole course of our modern history, is to introduce to the distant and long neglected East the blessings of Western civilization. For a task of this kind Japan possesses superb advantages. Planted on her island throne in the midst of the Pacific, she reaches out toward every direction from which that civilization may come, westward through the Suez Canal, under English supervision, and eastward through the Panama Canal (when that is completed), under American protection. Japan will engirdle the globe, thus reaching every quarter in the Old World as well as the New, and gathering in the richest fruits of Western culture and science, which she will proceed to disseminate among the Japanese islands. Along all these waterways the Western nations will bring their treasures and their civilization to the vast continent of Asia; and will also knock at the door of Japan in their turn. Hearty, indeed, will be the welcome which the Japanese will give to the Western bearers of the civilization from which we have ourselves benefited so much! But the door of Japan must be kept open, for we wish our welcome to be not only hearty but continuous, as will be the stream of those Western gifts from Europe and America through which we shall alone be enabled, strengthening our own power, to realize our national aspirations, and especially to maintain that peace which is the foundation of progress in the Far East.

For a thousand years or more after the introduction of Chinese culture, which became merged in her ethnic life, Japan had the good fortune to possess an Oriental civilization of her own, embodied in language, art, customs and institutions. But, after the visit of Commodore Perry, in 1853, following the example set us by our ancestors when they introduced Chinese ideas, we turned to the West for culture and science, and thus the laws, the philosophy, the religion and art of Occidental civilization were engrafted upon our institutions. The Japanese mind is earnestly engaged in molding into one the two forms of culture, the Oriental and the Occidental, its ambition being to harmonize them, even as Rome harmonized the militarism of the northern tribes with the culture of the southern races of Europe.

Such, then, is the ultimate aspiration, the crowning ambition, of the Japanese race. By reconciling and inter-assimilating the two civilizations, Japan hopes to introduce Western culture and science into the continent of Asia, and thus to open up for the benefit of the world, with equal privilege for every nation, and peace assured to all, the teeming wealth of the Chinese Empire. Nothing less than an aim thus ideal and lofty is what Japan aspires to realize; and, should fortune not forsake her, she will be content with nothing else. In the light, therefore, of what has been said, the alarm about a "Yellow Peril" takes on the character of a golden opportunity for Europe and America to become acquainted with the real strength and ambitions of Japan. The same cry, moreover, intended to work us injury and disgrace, provides Japan with a golden opportunity to show the world that selfish ambition has no part in the aspirations of her people.

ECONOMIC CONDITIONS IN JAPAN.

The forty-ninth general meeting of the shareholders of the Yokohama Specie Bank was held at the new building of the bank on Saturday afternoon, September 10, and President Soma, of the bank, in presenting to the meeting the accounts for the half yearly term ended June 30, 1904, briefly reviewed the general business condition during the period.

Early in the period under consideration the difficulty with Russia had come to a head, leading to the outbreak of hostilities. Owing to the requisition of merchantmen as transports, the utilization of railways for the conveyance of troops, and sundry other circumstances incidental to a state of war, the business of the country had unavoidably experienced more or less evil effects. But the relief which the declaration of war had given to the public mind long distracted by the weary period of diplomatic negotiations, followed by a succession of brilliant victories in our favor, soon helped to infuse a new activity into our business circles. In addition, such was the wise caution with which the men controlling the domestic money market shaped their business policy, that the two issues of the domestic war loan were successfully undertaken without any appreciable strain on our national resources. The successful floating of a foreign loan of £10,000,000 sterling gave additional sense of security to the maintenance of the gold standard. The result was a general sense of easiness and quiet confidence in the market. The deposits in the banks showed a steady tendency to increase. As for the foreign trade of the country during the half year under review, the exports amounted in value to 137,460,000 yen and the imports to 182,630,000 yen. Compared with the corresponding period of the year 1903, the above figures showed an increase of 11,540,000 yen in the exports and 16,580,000 yen in the imports. The excess of the imports over the exports was 45,160,000 yen. Generally speaking, the country's foreign trade was conducted during the period smoothly and satisfactorily. There was, it is true, more or less decrease in the importation of articles of luxury, but this was more than offset by increased importations of sugar, kerosene oil, cereals and the various articles required for war purpose. The net exodus of specie during this term amounted to 69,840,000 yen. Among the causes bringing about this exodus of specie may be cited the above mentioned excess of imports over exports, the decrease of the country's income in the form of insurance, freight, etc., as the result of the withdrawal of national ships from the field of carrying trade, the attempt of some foreigners to send home hard money, owing to their groundless fears as to the stability of our currency system, and the necessity of having funds at London to meet payments in connection with the war.

Turning to the condition of business abroad, commerce and industries were in a sound condition in England and America, where, although disturbance was occasionally feared on account of the Russo-Japanese war and other circumstances, such fears had not, however, materialized. In China business in the north had been adversely affected by the war, and even at Shanghai and other places in the south the evil effect of the war was more or less felt. In India, owing to a plentiful crop, business was generally in a prosperous condition.

Referring to the bank's operations during the past term the bank experienced considerable difficulty. There being the necessity of accumulating available funds abroad the bank had to devote particular attention to the purchase of bills on foreign countries. The export trade was very brisk, but the import business was still more prosperous. The result was that, except in the case of certain special articles, the transaction in import bills had to be left to other banks. The latter, their hands strengthened by the sale of import bills, competed for the purchase of export bills. This, combined with the chimeric fears of some for-

eigners about the stability of our currency, caused a steady fall of exchange, leading to efflux month after month of specie out of the country. And the obvious reason of self interest on the part of the specie export banks retarded the return of exchange to its normal condition. The Specie Bank was therefore compelled to buy export bills at disadvantageous rates of exchange. Under these circumstances the Specie Bank had in some cases to decline accommodation to its customers engaged in the import business, which was a cause of deep regret to the bank, but which was clearly unavoidable.

In conclusion, the president stated that the new building, which had been constructed from the design and under the direction of Dr. Yorinaka Tsumaki, together with the annex to be erected, would cost altogether 1,110,000 yen. The Newchwang branch, which had for some time been closed, was reopened for business on August 4. A branch was established at Dalny on August 22, and although its business consists for the present in dealing with the exchange of war notes, ordinary business would be transacted on the restoration of peace.

RELATIONS OF GERMANY, AMERICA AND JAPAN.

According to an article in the *Deutsche Export-Review* (*German Export-Review*) Japan is no longer the land of cheap living. Rents, for modest houses of the kind called for by Europeans, amount to at least \$24.90 per month. This for persons who paid from \$6 to \$12 per month at home puts it out of their power to rent anything better than a room in a European house or a Japanese house. The prices of foods, drinks, etc., have gone up far beyond what they were, and a long way beyond the prices that prevail in Europe. A bottle of beer costs from 18 to 25 cents. Cigars that cost 2½ cents in Germany are sold in Japan for 13 cents. French champagne is cheap because it pays but a low duty.

The war makes it possible for parties supplying the Government with its wants to make considerable money. Germans are not selling as successfully to Japan as in other years. Much that was sold was bought because those having to do the buying were trained in German workshops. England and America are now in the lead. The materials needed for shipbuilding are bought, as a rule, in England, since the Japanese have great faith in British ships. Even big ships built for Japan in Germany years ago were ordered to Armstrongs, in England, for their armament. Recently Krupp and the French firm of Schneider are preferred. The world is watching the work of the Japanese and wondering whence Japan will supply her ships with guns when the war is over, since she will need a goodly number, as it is a well known fact that large guns have to be replaced by others after being fired sixty to eighty times. The Japanese say they have a sufficient supply in reserve. Whether these will stand the great charges of powder is a question. It is well known that the marine artillery used at Port Arthur is being used up to the border line of its capacity. Besides, the "Shimose powder" wears and tears a gun much more than the European and American powders.

The fact that England and the United States are specially favored is shown by the purchase of their material for the Yokohama water works. In the official announcement calling for bids it was expressly provided that the cocks come from England and the water meters from England or the United States, the names of firms even being specified.

The locomotives for the railroads in Korea are bought exclusively in the United States, presumably because they are more quickly obtainable there. The friendship for the

United States is increasing. Little by little Japan will see that the friendship of the Americans is based on business. At present all goes well. When the Japanese, however, begin to demand specifications, regulations, etc., the friendship will receive a shock. Japan is pushing forward to get control of her entire trade. Her Minister of Marine boasted of her purpose to do this in a speech recently delivered at Osaka. Its trade will grow. It will take time, at best; and the war will serve to delay it beyond the years that would otherwise be taken. Up to that time Americans and Europeans will rule here; after that they will have to give place to the Japanese.

MINES IN KOREA.

(From *Le Mercure*, July 31, 1904.)

Korea possesses gold mines whose output has increased from \$1,158,000 in 1898 to \$2,509,000 in 1902. It has also mines of iron, silver, copper, coal, etc. The greater part of the gold is exported to Japan. Iron, although present in large quantities, can hardly be said to be exploited. As a matter of fact, iron used in Japanese foundries comes from China. Coal of medium quality is equally abundant, but it is hardly exploited. Copper is extracted in several districts. During the last two years 564,433 pounds, valued at \$51,044, were mined.

It is stated, in the *Morning Journal*, that the southern portion of Korea belongs to the crown, and that it is necessary to have a special authorization to develop it. A request for such a concession should be presented through the diplomatic representative of the country of which the petitioner is a resident. As a rule these requests are denied, owing to the Korean's dislike of foreigners, and there are many difficulties to be surmounted before work can be begun.

TRADE OF KIAO-CHAU.

(From *Shanghai Correspondent Times Financial and Commercial Supplement*, London, September 19, 1904.)

In May, 1901, when discussing in a communication to the *Times* the benefits likely to accrue to trade from the complete and unrestricted opening of the inland waters of China I pointed out that there were certain advantages which a treaty port might possess even over a free port when the latter is situated on the borders of a country which levies a duty on its imports and exports. When the lease of the territory of Kiao-chau was conceded by China Germany quickly saw the advantages to be gained by a free port on the one hand and on the other a system whereby the revenue of the country owning the hinterland should be so safeguarded that she would not be led to place obstacles in the way of the free transit of goods, either going into the country through this free port or coming thence for shipment abroad. By a combination of these two principles Germany has secured at Kiao-chau the measure of freedom necessary for all practical purposes of trade, while China has obtained the necessary safeguards for her revenue. This question once decided, no time was lost by Germany in preparing the best possible facilities for developing trade. Large harbor works were taken in hand and a railway into the heart of Shan-tung was projected and pushed rapidly forward, with the result that we have now spacious accommodation where the largest ships can lie in safety, and railway traffic open and in full working

as far as Chinan, the capital of the province, 250 miles distant from the port of Tsing-tau.

At the time of the acquisition of Kiao-chau it was a common subject of remark that German methods would not promote the development of colonial enterprise, and it was triumphantly pointed out in support of this theory that German merchants already engaged in business in China showed no anxiety to avail themselves of the advantages offered by a settlement under their own flag. This view can no longer be advanced by anyone acquainted with the actual position today. German administration may leave something to be desired, but the indisputable fact remains that at Tsing-tau trade has increased and German firms of good standing are there established. It therefore behooves British merchants interested in the trade of China to watch closely the development of this initial attempt on the part of their Teutonic neighbors to found a colony in the Far East and to spare no effort to participate in a trade which has already assumed considerable dimensions and which may reasonably be expected to increase.

It may well be that in the course of this development manufacturers and others may be called upon to quote a laying down price for articles in which they are interested, and in order to arrive at trustworthy figures a knowledge of the conditions ruling at Kiao-chau is not only of interest, but absolutely necessary. First, it should be noted that although the terms Kiao-chau and Tsing-tau are frequently used synonymously, they represent in reality two distinct places, and that while a trader for, say, machinery based on a laying down cost at Tsing-tau might show a margin of profit, it would probably result in a loss if it were ultimately found that Kiao-chau was the laying down place called for in the contract. This may at first sight appear so obvious as to render reference thereto superfluous, but practical experience of the confusion arising from the want of a clear understanding on the point justifies the belief that the explanation is not altogether uncalled for. Tsing-tau is the port and town situated in German (leased) territory, and Kiao-chau is the district city, some miles distant from it, which gives its name to the surrounding territory. The railway connects the two places. Within the German territory imports and exports are duty free. Goods crossing the border are subject to the treaty tariff, and to collect this a branch of the Imperial Chinese Customs was opened in July, 1899, at Tsing-tau.

THE REAL CHINESE PROBLEM.

(From the *North China Daily News*.)

In previous articles we have pointed out some of the strange anomalies of the great empire in which for the time our lot is cast, and have pressed the question how the governmental machine holds together. It is an easy, but an unsatisfactory, explanation that it is because the Chinese agree to ignore evils which they are unable to mend. "What can't be cured must be endured." That this is far from being the truth there is no difficulty in making quite plain, and we shall select the case of the most important official in the empire, because it is there that the evils are seen in their most conspicuous form in relation to the largest number of persons.

From a Chinese point of view "the most important official in the empire" is—not the Emperor, nor any red buttoned or blue buttoned grandee, but the humble seventh rank district magistrate, the unit upon which the whole governmental system is built up. His decision on a matter which means prosperity or ruin, and not infrequently life or

death, is practically final, so far as all but a minute fraction of the people are concerned. In a recent Imperial decree the Emperor says (or is made to say): "Our empire being great in area and extensive in production, all things necessary have been obtained from the people, and from no other source. In this case should We not bear constantly in memory their kindness towards Us? Yet the Imperial favor in return cannot, as a rule, be made known at all to you people, on account of the obstruction of the middle [i. e., the officials] between the high [the throne] and the low [the people]. That the middle have filled up their stomachs to the full and have made false reports has become so systematic that it cannot be uprooted. In all things the people have suffered much by such tricks, by the heavy expenses for these sinecure, cumbersome and useless officials. * * * Whenever We think of the pains suffered by the people, making them smart as if they suffered from a plague of boils, We are sorely troubled." Here at least is that frankness and freedom of speech which one is often surprised to find in a country where it is often supposed not to exist. Of all the "middlemen" here hinted at none is at all comparable to the district magistrate.

He has often waited for his post half a generation. He is then like a railway "operated" by a syndicate, to whom he is heavily in debt, and who work him just as a mine is worked, whether for the moment it pays or not, to save what has been invested. He has exacting and greedy superiors whom it is often difficult to satisfy. He has a large and a very expensive family. He must be on good terms with a great variety of miscellaneous persons, and he must not get into trouble; that is, he must not let complaints get to those above.

This man of classical learning (if he has not bought his place) is in his own person suddenly constituted a whole army of pluralists. He is a civil judge and he is a criminal judge of all sorts of cases. He is his own sheriff. He is his own coroner. He is tax commissioner for his county. He is his own treasurer. Sometimes he is likewise and incidentally a salt commissioner. He is also a commissioner of education, personally holding literary examinations and examining essays. He is the representative of the Emperor, and must greet and escort all kinds of officials when they pass through his domains—a most onerous and costly function, which renders some posts, like that of the leading county in the province, practically a penal position to be held by all in rotation.

He must look after riotous rivers and rebellious people. He may lose his place if anything "happens"; for example, if a prisoner of importance escapes from his jail, or if a hollow log of wood filled with shoes of silver on the way to Peking should be robbed of a part of its contents while passing through his district. Under these conditions a district magistrate must be Argus eyed and Briareus handed, but it must be observed that both his eyes and hands will be much more occupied with his own affairs than with those of the tens of thousands to whom he has been sent as a "father and mother official." It will be well if in addition to his other occupations he does not add the absorbing one of smoking the inspissated juice of the poppy plant, which is often one of the principal industries of this class of Chinese (and Manchus). In that case nothing whatever in the line of public business can be done until the opium pipe has been laid aside, perhaps in the middle of the morning, perhaps at noon, or even later. There is never any fixed time for anything whatever. Inspection of dead bodies (as coroner) must perforce be more peremptorily performed than other duties, but even here there is great delay, and to the survivors vast expenses and heavy exactions.

As a judge the magistrate may be brusque and summary, or he may be dilatory and indecisive, and it is hard to say which is worse. There is a story of a court during

the French Revolution period, when a magistrate of this mind was on the bench after hearing many cases which had all been ended by the order to have the accused guillotined. During a certain trial the judge dozed off, and was only awakened at the close to impose sentence. "Let the man be beheaded," he replied firmly. "But the case is about a meadow, your honor." "Then let it be mowed!" All the sinuosities of the sinuous Chinese intellect find their happiest employment in the inconsequential, trackless mazes of examinations during a Chinese lawsuit. It has for ages been a proverb in China that of ten reasons which a magistrate may have for deciding a case, nine are unknown to the parties to the suit. In uncertainty of issue the whole process is simply a grand bet tempered by repeated doses of sycee silver at certain critical points.

In the tax business, which touches the whole population of China as nothing else can do, the process is often most injurious to the people. The dead "uniformity" of China, of which we used to hear so much, turns out upon investigation to be a chaos of dissimilarities. The customs of no two regions seem to be the same, but in them all he alone who holds his cards up his sleeves always wins the game. The tax is paid in brass cash, but is reckoned in silver at considerably more than double market rate. The surplus is devoted to "local expenses." What these "expenses" really are no mortal knows, or ever has known. In a sub-prefecture governing several hundred villages an inquirer more curious than most ascertained that including secretaries, unnumbered clerks and writers, the principals and assistants of the "three bureaux and six boards" (of which every local yamèn in happy imitation of the general Imperial Government is composed), the runners, constables, lictors, etc., fully 3,000 persons got their subsistence from this centre of "justice"! The "secretaries," as is well known, are a close corporation, or in modern social phrase a "trust," composed of Chèkiang men (mainly from Shaohsingfu), without whom the empire could not get on for four and twenty hours. They can block the wheels of public business altogether, and whenever there is a threat of their dismissal do so. The great K'ang Hsi measured his strength against them and was defeated. For other posts, large and small, the only qualification is hereditary possession, or the ability to pay more for the privilege of holding them (without any salary) than others can afford. The perquisites—that is, the amount wrung from the unhappy litigants caught in the meshes of the yamèn net—more than justify the purchase of the place at a high price. There is no more human sentiment in the machinery of a Chinese yamèn in its general application than in the teeth of a modern threshing machine; whatever straw comes out at all it is mere chaff and dust. Yet, on the other hand, the worst men (and women) who have studied the situation and who have the requisite abilities come out best, but they must have acquaintance with the secretary, especially with the all important "receiver of accusations," euphoniously styled a "doorkeeper," who is able upon occasion to set up a small private and semi-secret subsidiary yamèn of his own, settling cases by fine, imprisonment, and even by harsher measures, receiving extensive bribes, issuing warrants, and generally encroaching on the duties of his employer as much as circumstances will allow. Without his high behest no card or document can enter the yamèn at all, without it nothing can issue. He is a complete brake on the wheels of public business, at whose mercy all alike are placed until he has been "squared," after which things go on in their usual dreary way until there is necessity for another oiling of the machinery. That this is not always the case in all yamèns we are glad to believe, but it is certainly the rule. What can the "people," for whom the Emperor feels so deeply or whoever wrote his decree, do about it? This is "the real Chinese problem," and it grows larger as it is considered longer.

EAST ASIA AND THE GERMAN EXPORT TRADE.

The *Deutsche Export Revue*, June 15, 1904, publishes the following:

Since our expedition to China that country has become of interest to many circles. Numerous essays, newspaper articles and pamphlets have treated of the subject, showing that Germany must look out for herself.

When the country was alarmed concerning East Asian politics, assurance was given by the leaders that everything was in the best of order.

Our military activities in that region are both powerful and imposing. Numerous ships under German war flags are stationed in Chinese waters, and a German brigade will be stationed in China to look after German interests.

England, America and Japan have already concluded new commercial treaties in which the most important questions of commerce and trade are treated from their respective points of interest. Why do we not hear of a German-Chinese commercial treaty which will guarantee similar protection to German interests?

One might trust that the most favored nation policy would be assured to us, and that whatever would recon- cile competition would aid us.

Such an arrangement unfortunately confounds European with Chinese relations. What Japan considers favorable to its commerce is also favorable to the commerce of Germany. The same may be said of all foreign countries regarding certain features relating to China. One of these is the abolishing of the internal tax. One might think that if America or England was interested in this matter, Germany need not take any trouble in it, but this is an error. The simple promise of China to do away with this tax is not sufficient; an institution which is so woven into the local interests of men of influence will not disappear with a word.

Each nation must secure a guaranty that the internal tax will not impede free traffic. America does not seem to be satisfied with the same kind of a guaranty as the other nations, but is dealing with the question anew and is demanding more stringent guarantees.

Of greater importance is the question of the compensation to be received by China in case she surrenders the internal tax. The difficulty of the compensation lies in the fact that it will be necessary to increase duties on imports. The powers have very different views in regard to this point. An increase of import duties may have different results. Each country is interested to the extent of not wishing heavier duties laid upon its own products, and naturally desires to place the burden upon other shoulders.

The details of this tariff must be carefully worked out, as one increase will injure the consumer and another the

importer. The need of a special German-Chinese commercial treaty has been demonstrated.

Whoever takes the pains to read the treaties already concluded can get a good deal of valuable information. We must not fall behind others, but must attend to our own interests.

We will have a new German-Chinese treaty in order that these questions may be answered, but even this assurance is not entirely satisfactory. The question must be considered by the chambers of commerce and others interested, and all must co-operate to secure the most favorable arrangement for our exporters.

German trade in China is in the hands of a comparatively few men. This is the explanation of the fact that so few chambers of commerce have participated in the preparation of a new German-Chinese commercial treaty. German interests in the Chinese market are represented in Hamburg by some export houses, and outside of Hamburg by wholesale dealers in ironware and chemicals. At any rate it appears that Hamburg export houses were the first to make German products known in China.

Japanese competition in China is at present the danger. Must Japanese wares rule the Chinese market on account of their cheapness? The Japanese laborer is content with an exceedingly low wage, 12 to 13 cents a day, and in small places women are paid as low as 7.3 cents a day of ten, eleven or more hours. Japanese wares are inferior to European. Nevertheless they are better adapted to the Chinese market, and at their cheaper prices they crowd out European goods. The German export trade to Japan will be threatened, for she also furnishes cheap articles. Germany must see to it that Japan does not drive her out of the field.

Not only a lessening in the cost of production will be necessary, but also the greatest possible decrease in costs incident to selling. The Japanese lead also in this respect, since they distribute their wares in a simpler and therefore cheaper manner. They favor direct dealings with the consumer, which enables them to sell cheaper than Europeans.

Japan has flooded China with agents and retail dealers. In Tientsin there are 130 such, in Peking 400 and in Tchili, Shantung, and the other provinces on the coast there are thousands. The Japanese agent dresses in Chinese costume and writes and speaks the Chinese language.

In view of these relations it may be questioned whether our present management is not too expensive, and whether direct relations with the consumer would not be cheaper. It is clear that such methods can only be undertaken by large firms.

MAGUEY OR SISAL PRODUCTION IN THE PHILIPPINES.

Maguey and sisal, according to H. T. Edwards, fibre expert of the Philippine Bureau of Agriculture, are terms commonly applied to two closely allied species of the genus *Agave*. There has been some confusion in the use of the name maguey, it being sometimes applied to all of the species of *Agave*. Strictly speaking, however, the maguey of Mexico and Central America is the plant of *Agave Americana*, while sisal fibre is produced by the plant known as henequen, *Agave rigida sisalana*. In the Philippine Islands both the plant and the fibre are generally known as maguey and have been classified as belonging to *Agave Americana*. It is probable, however, that the greater part of the so called maguey fibre of the Philippines is produced by the *Agave rigida sisalana*, and therefore should more properly be termed "sisal."

In an article in the *Summary of Commerce* for July, 1903, entitled "Commercial Fibres of the Philippines," a brief reference was made to the production of maguey in those islands. The active efforts of cordage manufacturers to obtain suitable material to supply the growing demand for fibre have greatly increased the interest of producers in the development of sisal production in various parts of the world. Since the receipt of the information on which the above mentioned article was based there has been published by the Philippine Bureau of Agriculture a more extensive report on an investigation of the growth and development of the industry there. In the letter transmitting the report in question it is stated that there is reason to believe that the production of maguey can be made one of the most important agricultural industries of the islands.

The plant is already widely distributed, having been reported from twenty-two different provinces of the islands, and the output has grown to such an extent that beginning with July, 1904, separate mention of the amount exported will be given in the regular monthly trade bulletin issued by the Bureau of Insular Affairs. Most of this fibre at present imported into the United States is raised in Mexico and Central America. There is a good demand for it, the current quotations in the New York markets usually being but about 2 cents less per pound for sisal than for the Manila hemp.

In the Philippine Islands there are large areas of land suitable in every way for the cultivation of this crop, and unsatisfactory for other purposes. For furthering the development of the industry it is deemed important that effort should be made to improve the conditions of plantation management, to encourage the introduction of modern fibre extracting machinery, and to disseminate as widely as possible whatever information is available relative to the production of the fibre there, and its uses.

In the recent report of the Philippine Bureau of Agriculture, referred to above, it is stated that maguey was first introduced into the Philippine Islands from Mexico or Central America by the Spaniards, but at what time or by whom cannot be determined. The plant has long been raised in a small way, but it is only in very recent years,

since there has been an increased demand for the fibre, that its cultivation has become an important industry. From the provinces of Ilocos Norte, Ilocos Sur, and Union, maguey fibre is now exported in large quantities. The plant is found in many other provinces and in numerous instances the fibre is extracted for local use. The production of abaca, or Manila hemp fibre, has been such an important industry in the islands and its cultivation has received so much attention that the good qualities and true value of maguey have been to some extent overlooked.

In reports from different provinces a variation is noted in the spelling of the word "maguey," also several distinct methods of extracting the fibre and a number of different uses for the same. Although in but few provinces the fibre is produced in commercial quantities, it is found growing to some extent throughout the islands. The cultivation and utilization of maguey has been reported to the Philippine Bureau of Agriculture from the provinces of Abra, Albay, Antique, Bataan, Batangas, Benguet, Bohol, Bulacan, Camarines, Capiz, Ilocos Norte, Ilocos Sur, Iloilo, Masbate, Nueva Ecija, Nueva Viscaya, Pampanga, Pangasinan, Romblon, Tayabas, Union and Zambales.

The maguey, or "century plant," is largely used in the United States for ornamental purposes. In many parts of the Philippine Islands it may be seen growing by the roadside, in gardens and in neglected fence corners. The plant consists of a short, heavy stem which bears an aloe-like cluster, or rosette, of from twenty to forty thick, fleshy leaves. These leaves are from 3 to 7 feet long and from 2 to 4 inches wide. They are light green in color, are covered with a whitish powdery substance, bear sharp lateral teeth and a terminal spine. The leaf is composed of pulpy material interspersed with vascular bundles which furnish the fibre. When the plant matures, which is in from seven to fifteen years, a central stalk or pole grows to the height of from 15 to 20 feet. This stalk first bears flowers and afterward a large number of small bulbs, which, when mature, fall to the ground. After flowering once the plant dies.

The fibre of the maguey, belonging to the class known as structural fibres, is produced by the leaves. It is obtained by separating the pulpy portion of the leaf from the fine filaments, or fibro-vascular bundles, which run along this pulp. The fibre, if carefully separated and dried, is quite white and brilliant. It is 4 or 5 feet long, is fine and soft, and is more wavy or fluffy than Manila hemp. Another market quality is its great elasticity, which gives it great value when used for cordage that is liable to be subjected to any sudden strain. It is said that its main faults are the stiffness, shortness and thinness of wall of the individual fibres and a liability to rot.

With reference to the relative tensile strength of the two fibres, it is claimed that Manila hemp spun into a single strand twine, 650 feet to the pound, should show a tensile strength of 85 pounds for the breaking strain of the weakest portion, while sisal running 500 feet to the pound will

show a tension of 50 pounds at breaking strain for the weakest part.

Almost any tropical or sub-tropical climate appears to be favorable for the growth of maguey. Owing to its thick, fleshy leaves, it will not suffer during a prolonged drought, while it also flourishes in the humid climate and during the rainy season of the Philippines. It is stated that in a humid climate a longer and more elastic fibre is produced. The only injury which the plant suffers in the Philippine Islands from climatic conditions is from the heavy winds which sometimes tear and lacerate the leaves.

The most important feature of soil suitable for maguey is that it should be well drained. The plant is very sensitive to water at the roots, and without good drainage will make but a poor growth or will die outright. Maguey will grow well on either a heavy or a light soil and under very adverse conditions, but the impression that it will do well in any soil is a mistaken one. Plantings are sometimes made close to the seashore in dry sand. Under these conditions, even maguey cannot be expected to thrive. Undulating land or hilly slopes are the most suitable, as in such locations there is usually excellent drainage. On the plantations in the Ilocos provinces the lowlands are used for rice and corn, the small hills, together with any sandy or stony pieces of ground, being reserved for maguey. The planters in these provinces will always say: "Only cheap land should be devoted to maguey." While this may be true with the present slow and expensive method of fibre extraction, with the introduction of fibre extracting machinery it is very probable that much of the land now used for other crops which are considered of greater value might well be planted with maguey. This plant will grow and yield a certain amount of fibre upon almost any soil, and with no care. Under more favorable conditions, however, the yield of fibre may be greatly increased.

The practical question which faces any prospective planter of maguey is, Where and under what conditions can a maguey plantation be established in the Philippine Islands? Suitable climatic and soil conditions can be found in almost any province in the islands. If the fibre is to be extracted by water retting the location must be near the mouth of some river, where the tide water can be utilized. This method cannot be recommended, as it is slow and expensive and requires the use of a great amount of labor. If fibre extracting machines are to be used the location can be made at any point where there is sufficient well drained land, heavy clays and very light sands being avoided if possible. Due consideration should also be given to the facilities of transportation, the amount of available labor, and a good water supply at some central point.

The general methods of plantation management as described in connection with the production of the fibre in Hawaii may, it is said, be advantageously followed in the Philippine Islands. Owing to the difficulty and slowness of transportation the first step to take after having secured the land for the plantation should be to order the suckers for planting. These can usually be bought in sufficient quantities from maguey planters either of Ilocos Nortes or of Ilocos Sur, and cost from \$3 to \$6, local currency, per

thousand. The plantation should then be mapped out, the land cleared, and the sites selected for buildings and a nursery.

The maguey plant produces both seeds and suckers, the former, however, only in small quantities. In starting a new plantation seed is seldom or never used. When the maguey plant reaches maturity suckers grow from the axils of the lower leaves and small bulbs are borne upon the flower stalk or "pole." Either these suckers or the bulbs may be used for the new plantation. If it is possible to secure well developed suckers these may be planted at once in the field. When bulbs or pole plants are used they should be first set in the nursery in rows 1 foot apart and 6 inches in the row. In about a year these plants will be ready for transplanting.

The system of planting followed in the Philippines differs materially from that of Mexico and Hawaii. In the latter countries the plants are set from 6 to 8 feet apart, while in the Philippine Islands they are usually given but 3 or 4 feet. The reason for this close planting is said to be that if given greater distance the plants will be torn and lacerated during the heavy "baguios," or wind storms. This matter is one to be largely determined by local conditions, the nature of the soil, the climate and the frequency of heavy winds. In a locality subject to typhoons close planting may be necessary, otherwise the number of plants should not exceed 800 to 1,000 to the acre. The time for planting is during the rainy season, from June to November.

In the nursery the plants should be kept well cultivated. In the field no cultivation is necessary except to keep down the grass and weeds. Owing to the sharp teeth and spines which are borne on the leaves the use of animals for cultivating soon becomes impossible. When the plants are fully developed even hand cultivation becomes impracticable. Great care should be taken when doing any cultivation not to injure the leaves, as such injury will lower the quality of the fibre. The hardiness of the maguey plant with regard to soil and climatic conditions seems to be equally true as regards insect enemies and fungus diseases. The sisal of the Bahamas was at one time attacked by a fungus on the leaves and a mealy bug has been reported as having done some damage. In the Philippines, however, the plant does not appear to be troubled either by insects or diseases. It is stated that the only enemy of the maguey in those islands is the typhoon.

The first crop of leaves can be cut in about three years from the time of planting. It is customary to harvest once a year during the dry season, from January to May. Each plant should bear from fifteen to twenty leaves. The fibre extraction process should commence within twenty-four hours after cutting, as otherwise the fibre will be stained at the end. There are several different methods used in the Philippine Islands for extracting the fibre:

- (1) The abaca stripping process.
- (2) The split bamboo stripping process.
- (3) The Pifa scraping process.
- (4) The maceration and retting process.

The methods of extracting by which the fibre is separated from the pulp without the use of water for retting give a product of very superior quality. These methods, however, are slow and laborious and are not in any general use.

The retting process has for its object the dissolution of the gummy, resinous substance which envelopes the filaments. This substance being very adhesive prevents the free separation of the fibres. If the leaf is not sufficiently retted the fibres will still adhere to each other, while if the process is carried too far the product is seriously injured or rendered utterly worthless.

Two distinct methods are in use. In one the leaves are cut, crushed or beaten, gathered in bundles and allowed to ferment. When fermentation has ceased the bundles are placed in water until the pulpy material has further deteriorated. If this process is properly carried out the leaves may be removed from the water after two days of retting. By this process one-third or more of the product is converted into tow.

By the other method, after the leaves are cut and the thorns removed, they are split in four or five pieces and made into bundles, these bundles being immediately placed in the water for retting. It is advisable to have the bundles small and of uniform size; also the coarser leaves should be separated from the more tender ones, as the latter ferment more quickly. Much depends upon the nature of the water used for retting. Salt water is preferable to fresh. The tide waters of rivers are most generally used. This retting process requires from seven to fourteen days, depending upon the condition of the water.

When the retting process is complete the fibre should be removed from the water and dried in the sun. This drying ordinarily requires from two to three days, care being taken that the fibre is not exposed to rain or heavy dews during the drying process, as these will injure its appearance. After being thoroughly dried a shaking and brushing is necessary to remove whatever extraneous matter may still adhere to the fibre. The finished product is now ready for baling. During whatever process is necessary care should be taken that the fibre be kept dry and that the different strands and hanks do not become tangled and dirty.

Owing to the fact that the Philippine Bureau of Agriculture has not as yet done any experimental work with maguey the only available figures as to the yield of fibre per leaf, per plant and per acre are those furnished by correspondents. Unfortunately these figures show a remarkable variation, so that only a general estimate can be made. In Ilocos Sur the yield of fibre is estimated at one picul of 137½ pounds for every 6,000 leaves. Planting made 4x4 feet would give approximately 2,700 plants to the acre. With an average yield of fifteen leaves to the plant we would have a total yearly yield of 40,500 leaves, producing 6¼ piculs or 928 pounds to the acre. The estimated yield of fibre in this province is 4 per cent. of the weight of the leaves. This is the same as the sisal of Yucatan and somewhat higher than that of Hawaii.

The current prices paid for maguey fibre by commercial houses in Manila are as follows:

- First grade, \$15 local currency per picul.
- Second grade, \$12 local currency per picul.
- Third grade, \$9 local currency per picul.

It is stated by fibre growers that the average relative amounts of different grades produced by a given quantity of fibre is, for 1,000 pounds of fibre:

- First grade, 920 pounds.
- Second grade, 50 pounds.
- Third grade, 30 pounds.

The fibre is produced both for local use and for export. In the Visayas maguey is extracted by the same method as that used for pifa. By that process a very fine and soft fibre is secured, which is suitable for use in making delicate handkerchiefs, laces and cloth. When used for these purposes the young and tender leaves are selected, as they yield a finer quality of fibre. The fibre extracted by water retting in Northern Luzon is coarser and more suitable for cordage.

Maguey or sisal fibre has a variety of uses in nearly all civilized countries of the world. In the United States it is used principally for binder twine, also for ships' ropes and cables, and for small cordage. In Mexico and South America it is employed in the manufacture of lines, nets, hammocks and saddle cloths. In European countries it is used for various classes of cordage.

The essential principle of the fibre extracting machine is that the pulpy material of the leaf is scraped from the fibre without any preliminary maceration or fermentation, thus saving all of the expense and labor of the slow retting process. The use of fibre extracting machines is a question which has received much attention, and is a matter of general interest in the Philippine Islands. In the case of abaca no machine has been introduced which has met with any considerable degree of success. With maguey, however, several different machines are in use in Mexico, the West Indies and Hawaii. There is no reason why such machinery should not be in use in the Philippines. The quantity of fibre produced is amply sufficient to justify its introduction. With suitable climatic and soil conditions it only requires machinery to make the production of maguey an important industry in these islands. Without such machinery, however, the industry can never become a very profitable one. The competition between different fibres is now such that only those possessing the most desirable qualities and which are produced at a minimum cost can be expected to hold their own in the commercial world.

The general aspects of the maguey industry as it now exists in the Philippine Islands have already been considered. The plant is widely distributed through the islands. The fibre is extracted in a small way in many provinces and in considerable quantities in Northern Luzon.

Maguey or sisal fibre has a recognized place as one of the leading commercial fibres of the world. Its production on a large scale has proved to be a profitable industry in Mexico and Central America, where conditions are in no way more favorable than conditions in the Philippines. With the same businesslike management of plantations and the use of fibre extracting machinery the industry is one which should yield reasonable profits, and which is worthy of being widely extended in the islands. The maguey plantations either in the Philippine Islands or in any other country can never be looked upon as the proverbial "gold mine." It is, however, a safe and profitable industry, and where abaca will die for want of water and cotton is destroyed by insect enemies maguey continues to flourish and yield good returns.

THE PHILIPPINE CURRENCY SITUATION.

The Secretary of Finance and Justice, Manila, according to recent papers received from there, has given out the following statement in regard to currency movements for the month of July, 1904, and for the year that has elapsed since the new Philippine currency system was first introduced into the islands:

During the month of July exchange on New York was sold to the amount of \$81,419.87. The sum of \$157,014.91, United States money, was sold for double that amount of Philippine currency, and the sum of \$753,764.70, Philippine currency, was sold for \$376,732.35, United States money.

During the month 255,364.60 pesos of old local currency (Mexican and Spanish-Filipino) was purchased or received in payment for public dues; \$122,900, United States paper money, and \$1,000, United States gold coin, were exported.

Additional silver certificates to the amount of \$750,000 were issued, the total amount of certificates in circulation on July 31, 1904, being \$8,750,000, silver pesos having been deposited for the redemption of the certificates, in accordance with law.

The amount of new Philippine currency in actual circulation increased \$1,424,828 during the month. Within the same period 837,420.51 Mexican pesos were exported through ordinary commercial channels and 1,102,000 Spanish-Filipino pesos were sent to San Francisco for recoinage, making the total amount of old currency (Mexican and Spanish-Filipino) sent out of the islands during the month 1,939,420.51 pesos, which indicates a very rapid elimination of the old currency.

The first new Philippine peso was placed in circulation July 23, 1903, so that the islands have been undergoing a change of currency for practically one year. During that time over 5,000,000 Mexican pesos have been shipped from the islands commercially and 8,788,000 pesos of Spanish-Filipino coin have been shipped to San Francisco by the Insular Treasurer for recoinage; on July 31 the Insular Treasurer had 1,695,000 pesos of old currency on hand awaiting shipment and which had been withdrawn from circulation. During the year the new Philippine currency in actual circulation has risen from nothing to nearly 10,500,000 pesos, aside from that held in the vaults of the Insular Treasurer to the credit of disbursing officers or otherwise, also one-third of the amount held by the three Manila banks which are depositories for funds of the Insular Government, and the amount held by the various provincial and municipal treasurers. The whole amount of new Philippine currency in the islands on July 31 aggregated \$19,829,520.

There is still a large amount of United States currency in circulation here. It may be stated, therefore, that the islands are now upon a gold basis and that the great work of passing from a shifting and uncertain currency to one that is fixed and certain has been very largely accomplished. All this is a remarkable result to be gained in one year's time and makes it clear that the misfortunes that have come to the islands through currency uncertainties are very soon to be no more elements operating against the prosperity of the Philippines.

Again, in this same connection, in a letter to the Chief of the Bureau of Insular Affairs, the Secretary of Finance and Justice states:

"Nearly all of the business houses have by common consent put their business on the basis of the new currency. In all the provinces it is found in free circulation and the people now object strenuously to taking any other currency. The old currency has been very largely brought into the insular treasury for recoinage, or the Mexican has been exported. What little Mexican there is in the islands is

now flowing out, because it has a pretty good market in China, and the abnormal prices that were paid for it for a time in the Philippine Islands have ceased with the special demand for it and exchange on Hong Kong is substantially at par at the present time.

"The whole of the old currency will not be eliminated until our taxing law gets fairly to work, but for all practical purposes the new currency will have eliminated the old and taken its place by January 1, 1905.

"It is no small achievement for our Government to have eliminated \$30,000,000 or \$40,000,000 of debased currency and have substituted for it a currency based upon the gold standard, all within less than a year and six months of time and without a tremendous jar."

PHILIPPINE FORESTRY.

The Bureau of Insular Affairs, War Department, has received from Manila copies of the Forestry Manual, containing the latest laws and regulations enacted for the protection and utilization of forest products of all kinds.

The timber wealth of the Philippines is apparent to all who have visited the islands, and measures were taken soon after American occupation of the archipelago to protect the forests. A Forestry Bureau was created that has performed a vast amount of labor, both in the field and in the laboratory. The conditions of the lumber industry have been studied, and the laws relating thereto have been modified in the light of experience.

The Government levies a tax on all timber taken from the public lands, and this tax varies according to the class of timber utilized, ranging from 14 cents per cubic foot for the best quality down to 1 cent per cubic foot for the inferior.

Formerly this tax was uniform throughout the archipelago, and the result was that the lumber operations were largely confined to the more accessible regions, where much lumbering had already been performed, to the neglect of others where lumber operations would really improve forest conditions. To remedy this the provinces have been divided into two classes, "A" and "B," respectively. In the provinces classified under "A" the former tax is still collected, but in those classified under "B" the tax has been reduced 50 per cent. Formerly the tax was assessed on the cubic foot, while under the new regulations it is calculated on the cubic meter, the new schedule being as follows:

TAX PER CUBIC METER.

Provinces in Class "A."	Pesos.	Provinces in Class "B."	Pesos.
First group trees.....	5.00	First group trees.....	2.50
Second group trees....	3.00	Second group trees....	1.50
Third group trees....	1.50	Third group trees....	1.00
Fourth group trees....	1.00	Fourth group trees....	.50

The amount of timber taken from the forests during the last three fiscal years and upon which the tax was paid was 7,433,678 cubic feet, or 89,444,136 feet, board measure.

Another important change has also been made in the forestry regulations. Licenses are now granted for a term of twenty years, not for one year only as formerly, and the person or corporation taking out a license assumes the obligation of cutting a fixed minimum amount of timber each year.

Employees of the Forestry Bureau are appointed to mark what trees may be cut in any given locality, and the cutting of trees that have not arrived at maturity is prohibited, the policy of the bureau being to preserve the forests and make them a perpetual source of income to the Insular Government.

REGISTRATION OF TRADEMARKS IN CHINA.

By J. W. JAMESON, COMMERCIAL ATTACHE OF THE BRITISH LEGATION AT PEKING.

(Address delivered at a special meeting of the Shanghai General Chamber of Commerce, held on September 22, 1904.)

You have been convened this afternoon for the purpose of discussing a legislative enactment of the Chinese Government drawn up as the outcome of the treaty obligations they have recently incurred toward Great Britain, the United States and Japan. You have been informed that the suddenness of its institution has caused some consternation, and to judge from the tone of the remarks of certain members of the chamber who have done me the honor to consult me the proposal would appear to have created a certain amount of undue excitement. In fact, hints have been thrown out that this is a deep laid conspiracy to upset foreign trade in China. The responsibility for perpetrating such an outrage is variously laid at the doors of the Chinese Government, the Ministers in Peking, the British Treaty Commissioners, and of your humble servant, the commercial attaché. It is therefore in the first place my duty to try and lay before you a succinct statement of how these provisional registration rules came into being. The initiators of this measure are none of the parties, exalted or otherwise, above mentioned, but purely and simply such members of this chamber as incited their governments to insert in the new treaties with China some provision for the protection of trademark rights. Believing that it was the sincere desire of those concerned to have some such protection the respective governments addressed saw to it that effect was given to this desire. It may be taken for granted that the Chinese Government is not overanxious to contract new treaty obligations, and one of the commonest taunts thrown in the teeth of those who had anything to do with the British treaty is, "When is any provision of your much bragged about treaty coming into force?" When then, gentlemen, after careful deliberation, and previous warning, the Chinese Government do make up their minds to give effect to Article VII of a treaty signed two years ago, it is somewhat surprising, to say the least of it, to be told that such action on their part is viewed with consternation. If a merchant sends home a firm order for goods to be delivered ten months hence, he can hardly complain if in due course he is drawn against for the full invoice value.

The first steps taken by the Chinese Government to carry out Article VII were to instruct the Deputy Inspector General of Customs and two commissioners to draft registration rules. These rules were, by order of the Inspector General, submitted to me in February last, and I called a representative meeting of British importers together to discuss them. They were drawn up in English, were complicated with legal and technical phraseology, and were in many respects open to objection. After they had been re-

ferred to the powers that be, nothing more was heard of the matter, until in June the Chinese Foreign Office communicated to the British, American and Japanese ministers a copy of the present regulations in Chinese. They invited observations thereof with as little delay as possible, and Sir Ernest Satow in forwarding them to me for comment, stated that, as they were provisional in character and constituted the first step toward the attainment of a very desirable object, he was not prepared to criticise them in a carping spirit; while he at the same time recognized the necessity of eliminating any provisions which seemed likely to prove burdensome or impracticable. It was in such a spirit, therefore, that I requested a second meeting of British importers, convened by me, to discuss them. Those recommendations were at once passed on and, after correspondence with the Chinese Government, in part adopted. I may say that at the same time I informed the Minister that in my opinion their elasticity was a strong point in their favor, seeing that they would necessarily have to be interpreted by Chinese courts. Now, therefore, when the Chinese Government propose, after having consulted those concerned, to put these regulations into force, it would be invidious to meet them with fresh objections. As you will have gathered from the telegram in answer to the request of your committee for a postponement of the coming into force of the regulations, Sir Ernest Satow is not disposed to put forward an application of this kind unless it can be demonstrated to him that there are cogent reasons for so doing. There is no desire not to meet the views of merchants, as far as it may be possible to do so, but it would serve no useful purpose to put forward anything but serious contentions. And, gentlemen, from what I have heard in the course of the last few days I am disposed to think that the rules have not been considered with impartiality, nor perused with a desire to dwell on the many good points they undoubtedly contain. What seems to have been immediately pounced upon is the scale of fees, and that looms so large in the minds of members that all other considerations have been left out of account. It does not appear to have occurred to those who feel aggrieved that what you have demanded, and what you have received, is protection, in capital letters, and to obtain protection registration is a necessary corollary. I am even told that members are perfectly satisfied with the protection they have hitherto enjoyed. I do not think that this view is shared by those firms who, at great expenditure of money and of time, have had to contest their rights in the Mixed Court at Shanghai. What measure of protection they would have obtained up country may well be left to the imagination.

Now, may I ask in what respect does Rule 21 leave anything to be desired? Let me read it to you:

21.—The undermentioned offenses are punishable with imprisonment up to one year, and a fine not exceeding Tls. 300, but judgment can only be given in a suit instituted by the party aggrieved.

(a) Any attempt to use a similar class of goods, or to imitate a registered trademark, belonging to another party, or to offer the same for sale.

(b) To imitate a trademark, or apply it to a similar class of goods, or knowingly to sell such goods, or have the same on the premises for purposes of sale.

(c) To use an imitation of a trademark as a "chop," or to employ it for purposes of advertisement.

(d) Knowingly to use packages or wrappers bearing the registered trademark of others, for the same class of goods, or knowingly to offer the same for sale.

(e) To import goods, being well aware of the fact that they infringe the trademark rights of others.

Another vital point which has been overlooked is the full protection accorded to existing rights. It was certainly never the intention of the British Government or their advisers to put their nationals in a worse position than they were in before the treaty was drafted, and for such rights they have secured full protection. I will now read you Rule 8 (c):

8.—Trademarks which infringe the following conditions cannot be registered:

(c) Marks already registered, or marks resembling, or of the same nature as, marks, which for over two years prior to the application for registration have been publicly used in China or have covered a similar class of goods.

This means that any mark in use prior to the signature of the British treaty is absolutely protected from imitation on the part of anybody.

MR. J. N. JAMESON—Without registration?

MR. JAMESON—Without registration; I think the reading of the rule in question is quite clear. I have gone carefully over the rules in Chinese, and this English is a very clear and accurate rendering of the Chinese. A third point which has been made much of by the conscientious objectors is that registration facilitates the pirating of marks. That may or may not be the case, but if it be, then the trademark legislation of all countries suffers from the same defect. I do not, however, think that registration in Hongkong, where similar conditions to those in China prevail, has led to any wholesale pirating. It has also been completely forgotten that in a country where extra-territoriality obtains, all that the government can do is to protect the stranger within their gates against an infringement of his rights on the part of their own nationals. They cannot legislate for non-Chinese, and yet even here they have done their best to secure as full a measure of protection as possible. A merchant of Timbuctoo may at any time import, as far as the Chinese Government is concerned, goods with a fraudulent mark on them and sell them in China. The only redress that the aggrieved party has against him personally is to sue him in his own courts somewhere in the remote sands of the Sahara, but any Chinese who would venture to handle such goods can be severely punished. Now, gentlemen, under existing conditions, what can China do more? She distinctly states under Rule 21 that anyone, being a Chinese, who undertakes to sell goods with a fraudulent trademark will be punished by the Chinese Government. They cannot do more than punish the Chinese importer, but they undertake to protect the rights of foreigners in that way. Complete and effectual protection against everybody (even the Chinese in China) can only be secured by such arrangements as Great Britain has with France, Germany and Italy for

mutual application in China of their domestic trademarks legislation. Such a consummation, desirable as it is, must, however, take time to achieve. I must explain here that the convention is the outcome of negotiations which the British Government has carried on with all the principal nations of the world in the last four years. Its object is to secure in China that mutual protection for their subjects which they would enjoy as residents in each other's countries. Thus a British subject infringes the mark of an Italian subject. In the terms of the agreement that Italian can proceed against that British subject in the British Consular Court, and can obtain satisfaction. He would have the same protection here as he would have against the man in Great Britain itself. But unfortunately only three nations have come to this arrangement.

To sum up, I think there has been too much hasty jumping at conclusions. There is absolutely no necessity to expend large sums of money in registering marks or chops which were in public use in China when the treaty was framed; it is the newcomer who has to do this. Holders of established marks, in fact, enjoy a greater measure of protection under these rules than they would have under the legislation of other countries. Nor need the newcomer be in a hurry. In terms of Supplementary Regulation No. 26 he has six months within which to complete registration, and there is no need therefore for him to be rushed. The rules cannot be expected to provide for every contingency; they are, after all, only provisional and can be amended as found necessary. I would therefore deprecate what Sir Ernest calls carping criticism, and would ask you to let these rules have a fair trial and to bear in mind that whatever anomalies, not of vital import, which you may find therein are due to the fact that the Chinese Government are legislating primarily for Chinese as far as registration is concerned, while at the same time doing their best for foreign interests as far as protection is concerned. I hold no brief either personally or on behalf of my superiors for the rules as they stand, but as they have been drawn up tentatively after due consideration with the representatives of the three great nations trading with China, I venture to hope that you will agree with me in holding that the case for postponement must be a strong one before one can reasonably call upon the authorities at Peking to be at the trouble of opening up the whole question again. I may add that since the rules have been published, certain minor points have been brought to my notice and that these were forwarded by me to my Minister some days ago. I thought these were worthy of consideration, and might reasonably be put before the Chinese Foreign Office and placed on record in the rules. One was an addition to Article 10 at the end, "that the grounds of renewal would be ipso facto given also by the applicant for registration." Another was in Article 23, to add "the payment of such fees entitles the applicant to have registration." Now we come to the Detailed Rule No. 1. This says, "All applications must be made in the Chinese language." It is suggested to add to this "Foreign applications may be made in the English language only." An addition was also suggested to Detailed Rule No. 13. These alterations were suggested, I believe, by the Deutsche Verein; they were handed to me by the German Vice-Consul as favored by himself and that association. He asked me to give them my support and I sent them forward with an expression of my own views on the subject, and I imagine they will be favorably considered. One other suggested has been made: that in Article 14 there should be inserted a sentence to the effect that the registrar shall be assisted by an expert assessor. I do not feel justified in recommending that suggestion, because I think the question of an assessor may well be left to the Chinese Government themselves. Experts are difficult to obtain, and if the handling of these rules is to be in the care of the Customs, we can as well leave it to them as to anyone else.

THE JAPANESE BUDGET FOR THE FISCAL YEAR 1904-5, AS EXPLAINED BY THE DEPARTMENT OF FINANCE.

I.—GENERAL FEATURES OF THE BUDGET FOR 1904-5.

The budget for the thirty-seventh fiscal year (April, 1904-March, 1905) differs in two points from that for a normal year: first, the nineteenth session of the Imperial Diet was opened in December, 1903, but on the following day the House of Representatives was dissolved, so that there was no opportunity of presenting the budget to the Diet, and consequently for the thirty-seventh fiscal year the budget for the year preceding must, in accordance with the provisions of the Constitution, be carried out; second, in consequence of the unhappy termination of our negotiations with Russia in February last, an extraordinary session of the Diet was called in the month following, and the budget relating to the war finances was presented and passed.

II.—THE BUDGET TO BE ACTUALLY CARRIED OUT IN THE YEAR 1904-5.

Thus, for the thirty-seventh fiscal year the budget for the preceding year has, according to the Constitution, to be carried out; as, however, for that preceding year also the budget for the year before had for a similar reason to be carried out, the budget for 1902-3 has had to do duty for the two ensuing years as well. But the carrying out of the budget of a preceding year does not necessarily mean that the items and their amounts in both the revenue and the expenditure remain unaltered; for the revenue will naturally be affected by changes in the objects of taxation, while, besides the items of expenditure which have terminated with the preceding year, there is, as in the case of the expenditures for public works, which are spread over a term of years, a definite amount fixed for each year of such term irrespectively of the fate of the budget for the year. The budget to be carried out for the thirty-seventh fiscal year is, therefore, of a special kind, determined after a careful consideration of the changes above referred to.

This budget, upon comparison with that actually carried out in the preceding year, will show a general decrease in both the revenue and expenditure, ordinary and extraordinary, the reasons for which are chiefly as follows:

Ordinary revenue: While, on the one hand, there is, as the nation progresses, a corresponding increase in the receipts from the income and business taxes and Government railways, the surtax on land, on the other hand, terminated with the preceding year, and with the current year the land tax is restored to its original rates, causing thereby a decrease in the receipts from that source; there is also a more or less decrease in the saké tax and sugar excise.

Extraordinary revenue: The decrease is mainly due to the fact that as the naval extension program is approaching completion, there is a decrease in the transfer of the Chinese indemnity provided to meet the expenditures therefor; a decrease is also expected in the amounts of repayments to the treasury and temporary loans.

Ordinary expenditure: While there is, on the one hand, an increase to some extent in the civil, naval and military services pensions, a great curtailment is, on the other hand, effected in the general expenditure; and there will also be a decrease in the national debt charges and various repayments.

Extraordinary expenditure: The decrease is due to the postponement of some of the public works for which appropriations had been fixed for the current year.

Thus, in consequence of the carrying out of the budget for the preceding year, no new public works will be commenced in the thirty-seventh fiscal year; and the following are the principal works, with the sums appropriated therefor for the current year, which were to be actually continued from previous years:

	Yen.
Construction of war vessels.....	6,700,000
Construction and improvement of railways.....	6,990,000
Administration of state forests and fields.....	1,990,000
Construction of Hokkaido railways.....	1,530,000
Colonization of Hokkaido.....	1,500,000
Extension of Kure Naval Arsenal.....	1,460,000
Construction of coast batteries.....	730,000
Establishment of colleges and schools.....	590,000

Total21,490,000

The above mentioned public works were, in accordance with an already selected plan, to be continued within the limits of the budget actually carried out during the current year; but as enormous funds will be needed in consequence of the unfortunate outbreak of war with Russia, it has been deemed proper to effect a very great retrenchment in the general expenditure and apply the surplus thus obtained to the payment of war expenses, and it has, therefore, been decided to postpone for the present a greater part of the above mentioned public works except those relating to naval and military preparations.

III.—WAR FINANCES.

It has already been stated that since, in addition to the budget for the preceding year, there is the budget relating to the war finances which was passed by the Diet, a budget of a special kind has come to be adopted for the thirty-seventh fiscal year; but as that relating to these war finances is naturally of a different character from the normal budget for the year, it may be well to give here a separate description thereof.

When the negotiations between Japan and Russia took a turn as almost to cut off every hope of peace being maintained, it became imperatively necessary to make at once military preparations so as to be ready for all eventualities, and to find the requisite means therefor an Urgency Imperial Ordinance was, in accordance with Article LXX of the Constitution, promulgated on December 28 last year as a special financial measure, whereby authority was given for diverting the funds kept under special accounts, issuing exchequer bonds, and making temporary loans for the purpose of meeting the expenditures required for military preparations. The total amount of disbursements which were sanctioned in accordance with the above Imperial Ordinance was up to the end of March last about 156,000,000 yen, which it is proposed to raise by issuing exchequer bonds for 100,000,000 yen, diverting 25,000,000 yen of the funds kept under special accounts, and making temporary loans for the balance. The loan of 100,000,000 yen has already been floated with great success, the total amount subscribed reaching 450,000,000 yen; and as the bonds were allotted chiefly among the lower classes, it is evident that in the event of another loan being raised at home the nation still retains ample margin for responding thereto.

The aforesaid urgency measure, however, is but an expedient for meeting an emergency; and when peace was at length broken in February last the Diet was suddenly convened in March and its approval obtained for the various measures relating to the war finances, that is

to say, the Diet gave its consent to the urgency financial measure of December last, and, moreover, passed the budget for the extraordinary war expenditures and expenses required for diplomatic and other state affairs connected with the war. These expenditures are to be met by imposing extraordinary special taxes (including the increased rates of stamp duty), replacing the leaf tobacco monopoly hitherto in force with the monopoly of tobacco manufacture which the Government has had long in contemplation, appropriating the funds under special accounts, and by means of public loans, exchequer bonds and temporary loans; and in order to prevent at the same time serious economic changes arising from inflation of the currency by expediting the return of moneys paid out for war purposes and to encourage thrift among the people, regulations were made for the issue of savings loan bonds by the Hypothec Bank.

In the above mentioned extraordinary war budget both the revenue and the expenditure amount to 380,000,000 yen. The sources of revenue are as follows:

Set apart out of the surplus of 48,000,000 yen obtained by further retrenchment in the budget to be actually carried out in the thirty-seventh fiscal year as aforesaid and also through some funds having become unnecessary in the ordinary naval and military expenditures.....	Yen. 8,000,000
Increased receipts expected from imposition of extraordinary special taxes and establishment of the tobacco manufacture monopoly	62,000,000
Loans from funds under special accounts....	30,000,000
Funds to be obtained by means of public loans, exchequer bonds and temporary loans	280,000,000

With respect to the expenditures needed for diplomatic and other matters connected with the war, since they must be defrayed from time to time according as the development of the situation may require, it is impossible to make an estimate of each item; and the total reserve fund for the purpose has therefore been put at 40,000,000 yen, to meet which it is decided to set apart the balance of the surplus of 48,000,000 yen remaining after deducting the 8,000,000 yen which are, as has already been stated, to be appropriated for war expenditures.

Though the aforesaid special war expenditures have for the purpose of adjustment been put under a special account, the receipts from the imposition of increased taxes and the tobacco manufacture monopoly which are among the sources of revenue for those expenditures it is considered advisable for the convenience of their collection to put under the general account; moreover, as the revenue surplus belongs by its nature to the general account, the supplementary budget for the thirty-seventh fiscal year has, for the adjustment of these accounts, been adopted simultaneously with the extraordinary war budget.

The supplementary budget is at follows:

REVENUE.—EXTRAORDINARY SPECIAL TAXES.

	Yen.
Land tax.....	23,936,213
Income tax.....	5,287,315
Business tax.....	5,036,199
Tax on liquors.....	178,484
Soy tax.....	1,138,952
Sugar excise.....	8,212,382

	Yen.
Mining tax.....	79,115
Tax on bourses.....	523,846
Tax on saké exported from Okinawa Prefecture	5,398
Customs duties.....	2,330,633
Consumption tax on woolen textile.....	2,138,661
Consumption tax on kerosene oil.....	1,238,599
Stamp receipts.....	3,620,797
	53,735,594
Tobacco manufacture monopoly.....	8,466,285
Total	62,201,879

EXPENDITURE.

Extraordinary war expenditures transferred to special account.....	70,000,000
Emergency reserve fund	40,000,000
Total	110,000,000

The deficit of 48,000,000 yen is to be made good with the before-mentioned revenue surplus.

In short, the war expenditures and other necessary expenses connected with the present affair with Russia aggregate about 576,000,000 yen.

RUSSIA'S FINANCIAL APOLOGY.

Several years ago, when M. de Witte was Minister of Finance, the Russian Government began the issue in English of an official serial known as the *Bulletin of Statistics*. For reasons not fully explained the publication was stopped. It is significant of the new necessities of Russia that it has been resumed, only the medium is French instead of English. The first issue of the new *Bulletin* bears the date of September, 1904, and opens with a somewhat ingenuous exposition of the advantages and disadvantages under which Russia went to war. The statement is made that while many people keep account of the enormous strategical difficulties which Russia had to surmount, hardly anybody, and least of all the foreign critic, had made allowance for the exceptionally favorable circumstances, which, from the economic and financial point of view, went to facilitate the most enormous displacement of troops which the world had ever seen. An army corps dispatched from Moscow to Harbin, or even to Mukden, had, according to the *Bulletin*, the enormous advantage of being simply a matter of state transportation. That is to say, the Government had not to occupy itself with the cost of transport, with railway charges or other similar considerations, since it was the owner of the whole permanent way and all its equipment. Throughout the whole course of the long journey food and horses were found to be twice, nay, even five times, cheaper than in Europe, and the wages of employees are in normal times of the very lowest standard, so that even in time of war they remain at an extremely moderate rate. The *Bulletin* argues that if Russia was not, in a military sense, ready in Manchuria, it was inconceivable that she should not be ready, in a financial sense, to face all the responsibilities of the situation. It is submitted that a fleet cannot be found simultaneously in the Baltic, on the Black Sea, at Cronstadt, at Sebastopol and at Port Arthur, and that experience has shown that considerable armies cannot be transported either in one month

or three from the military centre of the empire to the Far East. But the claim is made that as the most indispensable of all forces to the conduct of war is the command of money, Russia had this and continues to have it to the fullest extent.

The disingenuousness of the claim that Russia had not sufficient warning to make provision before the outbreak of war for the transportation of troops and the transfer of her navy to the scene of conflict is too obvious for comment. As a matter of fact, for four or five months preceding the outbreak of hostilities, the Siberian railway was taxed to its utmost in transferring troops and munitions of war to Manchuria, and the Russian volunteer fleet was conveying by way of Suez its full share of men and supplies. In a similar way the strength of the Russian fleet on the Asiatic station was doubled within six months, and Japan was entirely justified in concluding that the Russian preparations, if they meant anything at all, must mean the failure of all negotiations calculated to reach a peaceful settlement on any basis other than an acknowledgment of the Russian sovereignty in Manchuria. It may be that, as the Bulletin insists, the financial condition of Russia was stronger than it had ever been when the Japanese found themselves impelled to deliver the first attack, but it is also certain that the Russian military and naval situation was as strong as months of preparation could make it. Part of the Russian case, as set forth in the Bulletin, is that it is customary among all nations at the outbreak of war to resort to a foreign loan, and that Russia's necessity of restricting herself to the process of borrowing is no evidence of weakness. The confession is not made in as many words, but it is clearly implied, that the limit of taxation in Russia has been reached, and the chief purpose of the issue of the Bulletin seems to be to show that a relatively slight addition to the permanent debt of Russia will not at all affect the resources of the empire.

How very much within the truth are the official Russian estimates of the cost of the war may be inferred from the claim that the military and naval expenditures incident to the struggle will not exceed up to the end of the present year the total of 500,000,000 to 600,000,000 of roubles, say between \$257,500,000 and \$309,000,000. The further claim is made that should the war end next spring it is probable that, including the repair of the damages inflicted on the Trans-Siberian Railroad, the struggle will have cost Russia less than a milliard of roubles, or \$515,000,000. All this is in somewhat striking contrast with the frankness shown by the Japanese Government and its spokesmen in estimating the actual and probable expenses of the war. Japan had no illusions about the trend of affairs last December, and did not profess to have any. On the contrary, it has declared in a financial and economical pamphlet issued by its Government of recent date that when the negotiations between Japan and Russia took a turn as almost to cut off every hope of peace being maintained, it became imperatively necessary to make at once military preparations so as to be ready for all eventualities. An urgency Imperial Ordinance was accordingly promulgated on the 28th of December last, and this was followed up by an increase of taxation calculated to minimize to the utmost the necessity of contracting foreign or domestic loans. There is no pretense that any domestic loan to a considerable amount can be floated in Russia, any more than there is that the existing taxes can be increased without inflicting intolerable hardship on the population, or indeed with any hope of raising more money. Russia has therefore to appeal to the confidence of her foreign creditors, and is compelled to present the security which is represented by the resources of the empire for a repayment of past and future loans. Japan, with a much

smaller apparent area of potential security, has at least the advantage of being able to show a certain elasticity of national income, and is also able to present its case with an amount of frankness which Russia does not dare to imitate.—N. Y. Journal of Commerce and Commercial Bulletin.

CHINESE BOOTS AND SHOES.

I am forwarding a perfectly modeled foot of an eighteen year old woman, belonging to what is known as "the small footed class." The shoe for this model foot is not materially smaller or larger than the shoes worn by small footed women whom I have seen during my experience in China. It is an average size. The prices of these shoes run from \$1 to \$3 Mexican (44 cents to \$1.32 United States) currency, and they are all made by women, whose pay averages 15 cents Mexican (6.6 cents United States) currency per day. I am happy to be able to state that, owing to the advanced stand recently taken by the Empress Dowager, the cruel custom of binding the feet of female children has been largely abandoned by the better class of Chinese and others.

I also send photographs of the foot of a female aged twenty-three years. One photograph shows the covered mutilated foot, with its bandages, thrust into a tiny shoe, and the other photograph shows the naked mutilated foot with all of the toes, except the great toe, bent underneath the sole of the foot and the heel pressed forward toward the sole. A small space is compulsorily left between the inverted heel and the sole of the foot. These are accurate photographs taken from the living subject.

CANTON SHOE SHOPS AND OPERATIVES.

In the city of Canton, with more than 4,500,000 inhabitants, there are slightly over 700 shoemakers' shops wherein shoes are made and sold. These shops employ over 8,000 male operatives and 20,000 females. Quite a number of children are also employed, and their pay averages 5 to 10 cents Mexican (2.2 to 4.4 cents United States) currency a day, with their rice. The wages of the males range, according to skill, from \$6 to \$12 Mexican (\$2.64 to \$5.28 United States) a month, the workmen living in the shops where they are employed and receiving their "chow," or food, from their employer, in addition to their stated wages. Their food consists of rice, partaken of twice a day, with now and then a few vegetables or pieces of salt fish or pork as a relish. Tea is also furnished to them in unlimited quantities. They begin work as soon as daylight appears and continue until between 8 and 9 o'clock at night, the recent introduction of kerosene oil lengthening their hours of labor. The workman eats and sleeps in the shop where he is employed, and his garments consist solely of a jacket, or blouse, and a pair of trousers, both made to fit very loosely.

The females who do the needlework on the shoes work in their own homes and receive on an average 15 cents Mexican (6.6 cents United States) currency a day without "chow" or food.

CANTON TRADE GUILDS AND TRADE DISPUTES.

The male workers have a trades union or guild of their own, as have also the employers. To these guilds are referred all disputed questions of labor and food, which, as a rule, are amicably settled. I have never heard of a dispute over the hours of labor, the operatives seeming to take it for granted that their employers can properly claim every moment of their time from early morning until night, unless about thirty minutes set apart for each meal of rice and vegetables be excepted. When the two guilds fail to arrive at a satisfactory settlement of a

dispute the employers simply close up the working end of their shops and give their employees to understand that they must find quarters and work elsewhere. This action does not, however, invariably bring a victory to the employer, for in my own experience I have noted that the workpeople have won their "fight" in nine cases out of ten.

What is here said of the relations between employer and employed of the shoe trade applies equally and as accurately to all the other trade guilds, of which Canton boasts of over seventy. These guilds have fine halls and spacious courtyards, where their members meet daily and discuss the affairs of their respective trades and other matters.

MALE AND FEMALE GARMENTS.

The garments worn by the females are exactly similar to those worn by the males, consisting simply of blouse and trousers. The trousers are fastened with a tight ligature around the waist, and the blouse or jacket is worn loosely, and, reaching slightly below the hips, is not tightened or fastened in any way at the bottom. I also send herewith two suits of the clothes worn by males and females.

CHINESE SHOE TRADE TOOLS.

I also ship specimens of the materials and tools used in the shoe trade by males, females and children. You will note that the tools are primitive, and are far from the excellence of those used by our people at home.

ROBERT M. MCWADE, Consul General.

CANTON, China, August 27, 1904.

HON. W. CAMERON FORBES, SECRETARY OF COMMERCE AND POLICE, PHILIPPINE ISLANDS.

Hon. W. Cameron Forbes, of Boston, Mass., the new member of the United States Philippine Commission, has formally assumed the portfolio of Secretary of Commerce and Police in Governor Wright's Cabinet. While Secretary of War Taft was the Chief Executive of the Philippine Government General Wright was at the head of this important department, so that Mr. Forbes has the special distinction of succeeding to the secretaryship on the commission vacated by the Governor on account of promotion.

President Roosevelt took no step toward filling the Secretaryship of Commerce and Police until after the return of Mr. Taft to Washington. There were a large number of aspirants for the office, many of them high in the councils of the Republican party; but the President had determined that the question of politics should not enter into the selection of the new commissioner. The United States Government had long before formulated extensive plans for the commercial and industrial rejuvenation and development of the archipelago, and it was with a determination to seat on the commission a man of experience and energy along construction lines that Mr. Roosevelt began to look for a man.

Mr. Forbes never asked for the position. His business associates and personal friends recognized his ability along the precise lines upon which the Government had planned to build in the Philippines, and knew of his sterling integrity, and it was they who asked for the appointment of Mr. Forbes. Although a young man,

being not yet forty years of age, Mr. Forbes had long before made his reputation as an organizer of immense development enterprises in the United States, and also his fortune. He had organized and built numerous electric railways and other electrical enterprises, and in more than a score of ways had proved himself to be just the man President Roosevelt was looking for to take charge of future construction work in the Philippines. When the President became thoroughly convinced of this he tendered the commissionership to the Bostonian, who sacrificed private interests and a brilliant future in the industrial world of the United States to serve his Government in these far away possessions. Mr. Forbes comes to us without ostentation of any kind, yet he comes with the responsibility of a gigantic work to do. The plans he is here to develop cannot be brought into realization in a day, or a month, or a year. The construction of railroads, the building of highways, etc., and the resurrection of the inter-island merchant marine will require years to accomplish; yet Mr. Forbes is no idler, and the plans he has already entered upon in his official capacity will be pushed forward with characteristic energy.

A forecast of his policy was communicated to the business men of Manila on the occasion of a banquet in his honor. We reproduce the speech in full.

Commissioner Forbes said: Before taking up the subject of railroads, in which the islands are poor, I wish to say a few words about another and better kind of transportation which is common to all the islands and gives them almost unparalleled possibilities. I speak of transportation by sea, navigation. We have here 11,000 miles of seacoast, more than double that enjoyed by the United States in spite of her vast extent of territory, and when we think of the fact that the western coast of the United States extends for several hundred miles north and south of San Francisco without any harbors, we can readily see how fortunately placed these islands are, with their magnificent harbors and ample waterways.

England, Germany, Holland, Greece and Egypt, to say nothing of the United States, have spent millions upon millions of dollars to provide waterways which seem insignificant when compared with those which nature has given to us here in such lavish measure. These nations all see that waterways are cheaper and better than railways, and go to expenses which would build many times the same length of railroad in order to get connecting links of water transportation. We must not neglect the opportunity which is thus given us to bring our products to the markets of the world. With this end in view, accurate and scientific charts are being made which will show the location of dangerous reefs and rocks, and direct navigators to the channels where good water can be found. Lighthouses are being erected and buoys placed at the proper places, all with a view to increasing the safety of the shipping.

We cannot go as fast as we should like in this, but every year strides have been made and will be made until we have a system second to none. We have the advantage that we do not have to make costly experiments, as we are now in a position to take advantage of all the experiences of all the ages in other countries, and put the most modern and improved methods in force. Our harbors must be widened, deepened and provided with walls and docks, that ships may be enabled to practice the most economical methods in handling freight by running directly alongside of the wharves and loading from adequate warehouses, that will protect merchandise from destruction by rain and storms. Compared with the railroad, there is one feature of navigation that must not be forgotten which is very manifest; no matter how complete a railroad may be, how great its resources or how enormous its business and experienced its management, it

can only reach a limited number of cities and supply a limited number of people; it must stop when it reaches the edge of the water, but ships have the whole world from which to choose. They may go to any seaport and to any of the continents of the world, and thus provide a range for the market of produce which no railroad can possibly give. So that, however much we plead for railroads, we must not forget that our country is destined to be a great maritime nation, and the most important avenues of commerce will always be our waterways.

Do not think from what I have said that there is any lack of appreciation for railroads on my part. The development of the railroads is a branch of industry with which I am most concerned, and I believe with all of you that the development of railroads will bring with it the industrial revival and increase of prosperity for which we are all so eagerly looking. President Roosevelt and Secretary Taft are both of them keenly alive to this, and they assured me that in their judgment the construction of the railroads was the most important of the immediate needs of the archipelago.

Methods of transportation by land and water do not compete, and will develop side by side, the increase in one being for the advantage of the other.

I am very ambitious for a good railroad system, one that will give the greatest mileage and the best service. It may be necessary to take some little time to make the plans, and I should advise going very slow in granting any short lines, fearing lest it might jeopardize some greater railroad system which would prove to develop a larger portion of the island.

A good railroad is not measured only by the number of miles of trade, but also by the service which it gives. The frequency and speed of the trains and the quality of cars and equipment, the convenience of the accommodation and of the schedules, must all be taken into account.

and I am ambitious to have a system here that will equal those to which we are accustomed in the United States. As railroads through some parts of these islands might not pay at the present time, and yet are desirable for the development of the lands they would reach, it has been proposed by Congress to give the commission the right to guarantee interest on the bonds to be issued by these railroads, which will enable them to induce the construction of a very much more complete system than can be got in any other way. It has been generally believed that this proposed guaranty is in the form of a subsidy, a direct payment by the Government of the interest on the bonds, but this is not the case. No payment will be made unless the railroad fails to earn the interest in the cost of its property, and the law provides that any advance made toward the payment of this interest by the Government, after the road has had time to get well under way, shall be repaid to the Government by the railroad.

I was very much pleased to find out how much interest the capitalists in the States were taking in this proposition, and many of the representatives of the strongest houses expressed themselves as anxious to take up this enterprise. They are awaiting the action of Congress, which adjourned last winter, before making any further move.

The enthusiasm of these people makes me certain that these islands will have an ample railroad service. Finally, I assure you that I have come here to devote all of my time and energies and what poor abilities I have to this work. It shall be my first duty to see that we have adequate transportation.

I want to thank you for your attention to my words, and for the honor you have accorded me in gathering tonight.—*Far Eastern Review (Manila) for September.*

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AND
FUNG YUET MOW,
Chinese Missionary in the City of New York.

WITH AN INTRODUCTION BY

HERBERT A. GILES, M.D., LL.D. (ABERD.), Professor of Chinese in the University of Cambridge, England, and late H. B. M. Consul at Ningpo, China. Author of Chinese-English Dictionary, China and the Chinese, etc.

PROFESSOR GILES, in his "CHINA AND THE CHINESE" (Macmillan, 1902), says: "I have often been asked if Chinese is, or is not, a difficult language to learn. To this question it is quite impossible to give a categorical answer, for the simple reason that Chinese consists of two languages, one colloquial and the other written, which for all practical purposes are about as distinct as they could well be. Colloquial Chinese is a comparatively easy matter. It is, in fact, more easily acquired in the early stages than colloquial French or German. *A student will begin to speak from the very first, for the simple reason that there is no other way. There are no Declensions or Conjugations to be learned, and consequently no Paradigms or Irregular Verbs. In a day or two the student should be able to say a few simple things, after three months he should be able to deal with his ordinary requirements, and after six months he should be able to chatter away more or less accurately on a variety of interesting subjects. A great deal depends on the method by which he is taught.*"

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N. B.—The Chinese language has no alphabet, each character is a word. The characters herewith presented read from top to bottom. *Nay rwoo-e kawng tawng whar may* (phonetically spelled). Literally, You can speak Chinese language? [*May* being the spoken equivalent of our written question mark, (?).]

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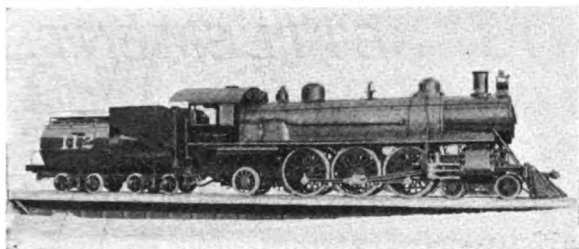
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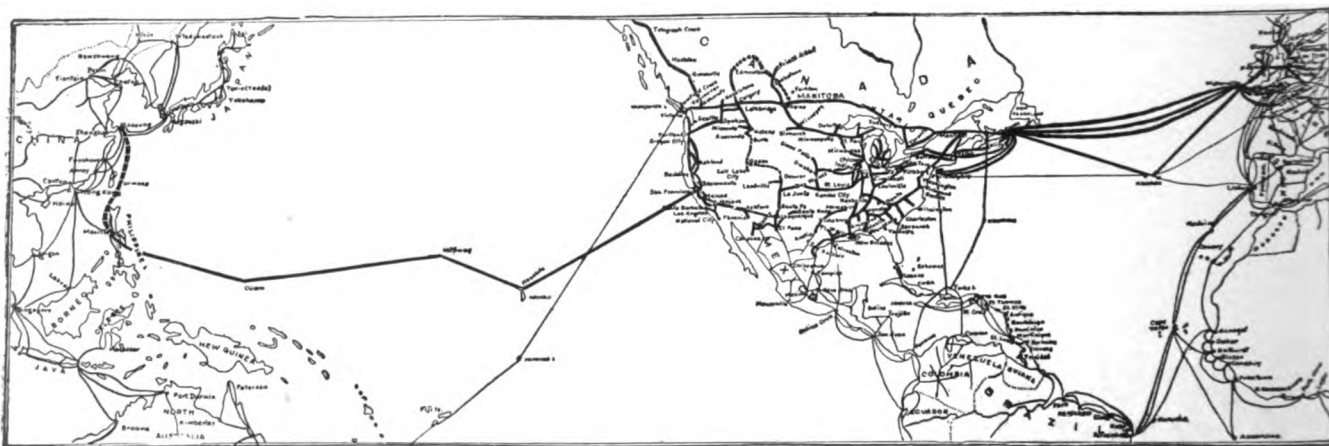
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Journal of The American Asiatic Association

VOL. IV.

December, 1904
PUBLISHED MONTHLY.

NUMBER I I

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JOHN FOORD, PUBLISHER,
78 Beekman Street,
New York City.

THE Annual Dinner of the Association, which is a movable feast, will be held on Monday, December 12. This date was selected to enable H. I. H. Prince Fushimi to accept the invitation of the Association to be its guest of honor. The Dinner can hardly fail to be an occasion of exceptional interest and its pervasive sentiment will naturally be the substantial identity in the present struggle in the Far East between the commercial and political aims and purposes of the United States and Japan. It would be an affectation, on the part of members of the American Asiatic Association, to profess indifference as to the results of that struggle, or, indeed, anything short of ardent partisanship for the Japanese cause. That happens to be very closely associated with all which the Association has worked for during the six or seven years of its public activity. It is part of the Declaration to which the Association owed its birth, and it represents a policy whose adoption the Association has persistently urged upon the United States. The members of the Association are fully prepared to extend to Prince Fushimi a cordial welcome, not only for his own sake and for the distinguished services he has rendered to his country, but because he comes as the representative of a great and friendly power which is fighting, at enormous sacrifices to itself, the battle of our trade and our civilization, equally with that of its own.

ON that point, the Association is substantially a unit, and the preponderating weight of public opinion in the United States is on the same side. When a man like Andrew Carnegie says that he believes Russia has right on her side, having been attacked before she had an opportunity to arbitrate, he speaks merely for himself, and succeeds only in exciting a feeling of mild surprise that ignorance and prejudice should enter so largely into the composition of a man capable of acts of such magnificent philanthropy. The American people do not at all share Mr. Carnegie's extraordinary delusion that a Russian rather than a Japanese victory would be beneficial to the world at large, and to this country in particular. They are perfectly well aware of the deliberate intention of the men who direct Russian policy to provoke the present war, and they regard as merely puerile the Russian plea, which Mr. Carnegie echoes, that Japan attacked Port Arthur before war was declared. With every disposition to be just to Russia, they regard her successive defeats as being not only part of the penalty which she has to pay for a governmental system which is as corrupt as it is arbitrary, but as a guarantee that the future of Eastern Asia shall be developed along the lines of Japanese progress rather than of Muscovite autocracy.

It has recently been made plain that the Russian success in the present war would be nowhere so profound a calamity as in Russia itself. The tentative liberalism of the present Minister of the Interior would be very promptly and effectually interrupted were the prospects of Russian success in the field to become brighter. The disposition which has been exhibited to allow the Presidents of the Zemstvos to have their say in St. Petersburg is a very obvious concession to a rising tide of public indignation against which even the dynasty might not feel safe. As the Russian delegate to the recent National Congress in Amsterdam maintained, the Russian people have had nothing to do with conjuring up this nefarious war, but "that the hostile conflict has been provoked by the mortal enemy of the Russian people—namely, by the despotic Czar. If the Government of St. Petersburg were to be victorious, it would not be Japan, but the Russian people, which would really be vanquished." This, it is true is the language of a socialist, and to that extent of a reformer whose aim is revolution rather than peaceful reconstruction. But there is, nevertheless a clearly prophetic note in his further utterance: "Now, the time has come at last for the end of the Czar's tyranny. Blow after blow, defeat after defeat, administered to his forces in this war, evoke in Russia no sympathy with the Government. That sorely driven Autocracy is a Colossus with feet of clay, and Japan is fortunately on the point of smashing one of these feet. The other will have to be crushed at home."

The curiously venomous attack made on the work of the Association and the personal accusations made against the conduct of that work by its Secretary are reproduced in another part of this issue, or at least so much of them as may be necessary to give the general body of our members an idea of their character. The Secretary's reply, in which of course he speaks merely in his own person and only incidentally as the representative of the Association, is also given in full. While anything tending to show increased interest in the Association's work either in its own ranks or among the community at large is always welcome, the imputations referred to are so obviously malicious and, for the most part, irresponsible, as to suggest anything but a wholesome impulse, and perhaps hardly to warrant serious treatment. The question which they obviously suggest is what possible interest any man or body of men can have in making them and what possible return even an obscure newspaper can expect to derive from devoting to them several columns of its space? It is hardly necessary to add that the work of the Association is in no way embarrassed and the usefulness of its Secretary not in the least impaired by publications of this character. If they have any effect at all it is to awaken the members to a new sense of the responsibilities which the present struggle in the Far East impose on them, and to a new conviction of the necessity of sustained vigilance and energy in maintaining the well understood and consistently applied policy of the Association. They may also suggest the conclusion that the influences which are adverse to that policy acutely realize the weight of the blows delivered by the Association and have been spurred into fresh activity by the obvious necessity of finding means to counteract them.

In another part of this issue will be found the report made by Professor Jenks in regard to his work in China, and the general conclusions drawn by the Commission on International Exchange as to its value and probable results. Our friends in China have been prompt to recognize the tact, ability and patient energy which have marked Professor Jenks's conduct of the negotiations entrusted to his charge. The nominal initiative of the Central Government of China in this movement for establishing uniformity of International Exchange was not accompanied, as Mr. Jenks discovered, by a very clear understanding of the conditions which had to be met. He has certainly succeeded in making some highly necessary and valuable additions to the knowledge of prominent Chinese officials in regard to this problem. He has not been appalled by the bewildering perplexity of a subject which many previous investigators had declared to be incapable of comprehensive treatment, and he has tenaciously held to the efficacy of a few simple principles in bringing about a radical change in the whole currency system of the vast Chinese Empire. Be these principles adequate for the purpose assigned or not, they unquestionably mark the direction in which the needed reform must be effected, if they do not embody the precise form which it must take.

THE demand for a reduction of the United States tariff on imports from the Philippines to 25 per cent. of the Dingley rates is formulated in the report of the Chief of the Bureau of Insular Affairs elsewhere printed. The demand has long been regarded as reasonable by all fair-minded men; in fact, it is difficult to find any reason why imports from the Philippines into the United States should be taxed at all. The very sufficient reason that we stand for equality of opportunity in Far Eastern markets must be accepted as entire justification for the taxation of United States imports equally with those of other countries into the Philippines. It is admitted that this principle has been violated in rebating the export tax on Philippine hemp coming to the United States, and in transferring and extending our coastwise laws to foreign trade with the Archipelago. But however inconsistent these acts may be with the principle formulated by our commissioners in Paris who negotiated the treaty of peace with Spain, there can be no possible inconsistency in facilitating by all possible means the free admission of products of the Philippine Islands to the country whose Government and people have undertaken the task of developing them.

At the meeting of the Executive Committee of the Association, held on November 20, a well-deserved compliment was paid to the Honorable William Woodville Rockhill, former Assistant Secretary of State and Commissioner of the United States to China, 1900-1901, by his election as an Honorary Member of the Association. Mr. Rockhill has long been a member of the Association, and has taken a deep interest in its work. While holding the official position of Chief of the Bureau of American Republics, his thorough acquaintance with affairs in the Far East has been constantly utilized by the President and the Secretary of State for the guidance of the policy of this and the preceding Administration. The Association honors itself in the enrolment of Mr. Rockhill among its honorary members.

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the ten months ending October 31, 1903 and 1904.

EXPORTS TO CHINA.

Months. 1903.	Cotton Cloths.		Mineral Oils.		Wheat Flour.	
	Yards.		Gallons.		Barrels.	
January.....	18,440,398	\$924,882	1,944,706	\$197,967	8,637	\$26,288
February . . .	34,642,500	1,713,994	878,660	92,265	1,524	4,805
March.....	37,929,363	1,850,571	1,712,040	179,780	9,457	31,372
April	34,640,141	1,608,487	1,163,320	126,709	6,536	22,132
May	14,737,775	717,564	849,368	93,756	3,675	12,348
June	10,351,623	486,470	874,691	96,069	2,750	8,970
July	9,751,868	443,228	1,384,881	147,423	166	587
August	4,096,161	189,133	1,644,834	142,882	1,653	6,650
September . . .	3,377,050	168,208	1,001,398	109,456	9,016	31,407
October.....	9,070,600	399,826	5,509,766	647,751	7,448	25,937
Total.....	177,037,479	\$8,502,363	16,963,664	\$1,834,058	50,862	\$170,496
1904.						
January	8,906,813	\$476,609	3,772,243	\$447,712	6,303	\$24,019
February.....	13,806,444	785,473	7,305,887	862,625	2,489	9,264
March.....	8,652,392	435,780	5,808,064	695,371	11,515	39,999
April.....	1,041,000	62,311	2,232,150	249,538	3,944	14,567
May.....	4,455,937	306,731	1,944,134	210,131	4,494	15,508
June	9,024,100	524,052	4,617,100	508,186	5,539	20,132
July	17,244,010	1,077,012	6,675,122	707,008	2,103	8,274
August	44,247,094	2,457,639	11,062,250	1,045,981	5,162	18,722
September . . .	20,395,200	1,194,381	13,736,080	1,286,515	509	2,040
October	43,343,533	2,337,749	4,343,204	465,601	4,684	18,119
Total.....	171,116,493	\$9,657,707	61,496,234	\$6,478,668	46,742	\$170,644

EXPORTS TO HONGKONG.

1903.						
January.....	22,099	\$3,841	.....	\$.....	142,918	\$460,238
February	161,346	9,798	1,001,830	105,190	126,693	427,199
March.....	36,858	3,267	.....	.....	106,520	395,479
April	32,210	4,544	1,222,283	128,955	74,107	245,989
May	35,658	4,864	1,300,540	137,880	48,670	183,531
June.....	57,269	6,577	793,477	85,301	65,961	227,003
July	117,991	13,468	822,392	86,725	39,890	143,890
August	60,502	9,083	124,179	16,514	83,724	330,075
September . . .	7,652	828	1,773,512	199,683	193,545	736,441
October.....	24,740	4,840	1,581,553	174,495	165,903	658,178
Total.....	556,325	\$61,110	8,619,766	\$934,743	1,047,931	\$3,808,023
1904.						
January	5,877	\$994	955,320	\$112,700	155,130	\$574,431
February	26,000	2,027	34,234	5,223	189,308	694,139
March.....	37,919	7,538	54,365	5,801	58,718	232,217
April.....	8,846	1,374	3,265,323	368,210	9,521	35,609
May.....	.....	.....	752,000	81,600	9,730	34,273
June	27,891	6,135	6,133,940	645,063	62,820	250,404
July . . . . .	.....	.....	689,620	72,410	117,469	463,196
August	30,251	6,369	2,143,934	191,352	160,573	633,489
September . . .	37,348	4,644	4,100,754	392,047	108,849	411,157
October.....	52,418	8,646	2,974,127	280,005	174,081	724,765
Total.....	226,550	\$37,727	21,103,627	\$2,154,411	1,046,199	\$4,053,733

DEPARTMENT OF COMMERCE AND LABOR,
Bureau of Statistics.

WASHINGTON, D. C., November 30, 1904.

**Imports of Tea and Silk into the United States for the ten months ending
October 31, 1902, 1903 and 1904.**

TEA.						
Imported from	1902.		1903.		1904.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	4,123,848	695,408	4,846,605	1,004,439	5,534,409	1,216,210
British North America....	1,623,778	292,888	2,038,723	446,211	1,952,083	437,477
Chinese Empire.....	39,266,125	4,388,558	32,657,128	4,677,775	35,905,320	4,692,641
East Indies.....	3,984,423	515,801	5,333,478	784,056	6,185,415	924,016
Japan.....	26,245,360	4,232,808	37,311,873	7,065,538	33,737,932	6,032,495
Other Asia and Oceania ..	352,498	46,673	456,450	54,816	276,362	35,110
Other countries	7,702	2,336	19,239	4,211	185,825	49,769
Total.....	75,603,734	10,174,472	82,663,496	14,037,046	83,777,346	13,387,715
SILK.						
Imported from	1902.		1903.		1904.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France.....	485,045	1,647,512	312,257	1,245,447	464,612	1,320,069
Italy.....	2,193,912	8,696,074	2,081,245	9,032,642	2,766,231	10,444,212
Chinese Empire.....	2,676,968	7,280,862	2,224,526	6,472,581	2,843,810	8,113,708
Japan.....	5,054,717	17,204,405	5,115,041	19,344,763	6,503,089	22,260,349
Other countries	282,526	899,001	60,858	207,767	49,716	155,262
Total.....	10,693,168	35,727,874	9,793,927	36,303,200	12,627,458	42,293,600
Waste.....lbs...free..	1,437,629	807,107	2,191,737	842,319	3,423,835	1,280,846
Total unmanufactured	.....	36,535,219	.....	37,156,211	.....	43,574,473

A SCURRILOUS ATTACK ON THE ASSOCIATION AND ITS SECRETARY.

The pro-Japanese sympathies of a majority of the members of the Association and the activity of the Secretary in finding methods of expressing them is the ostensible prompting of a series of abusive articles in the "New York Commercial", of whose tenor the enclosed extracts will give a fair idea. The articles have revealed the existence of a few dissatisfied members who have taken this unusual way of ventilating their complaints against the Executive Committee and the Secretary of the Association. The reply of the latter to these strictures is appended as published by the offending newspaper; as is a letter on the subject addressed to the Editor of the Commercial by Mr. F. B. Thurber but not published. A letter of reply from Mr. Arthur E. Dowler to the Secretary's letter is also reproduced, on which the obvious comment may be made that Mr. Dowler's plea of being misreported would have carried more weight had it been entered on the publication of the libel instead of after being informed that he might be sued for it. Mr. Dowler's reputation for honorable conduct might also stand a little higher had he frankly withdrawn the sneaking accusation about the profits of the JOURNAL, of whose falsity he had been duly apprised, and which he could readily ascertain to be false.

THE ACCUSATION.

(New York Commercial of November 26.)

A storm is brewing in the American Asiatic Association that may disrupt it, or lead to the tossing overboard of John Foord, its secretary, who, so a respectable minority of its members declare, has developed into a Jonah, endowed with hoodooistic properties as exceptional as they have proved exasperating. Specifically, the allegation is made that Mr. Foord has diverted the association from the primary object for which it was organized—namely, the fostering of commerce and friendly relations between the United States and all the countries of Asia.

Furthermore, it is asserted that since the war began in the Orient the secretary, acting in his official capacity, has

striven zealously, in season and out of season, by voice and pen, to convert the society, that always has been representatively American and thoroughly neutral and non-partisan, into a mere appendage, a discredited adjunct, so to speak, to the Japanese consulate. Lastly, it is declared that his efforts along these lines have so far succeeded that a large number of the society's charter members—forty, it is said—have withdrawn, or studiously absent themselves from the meetings and banquets.

Of a sudden the secretary-editor experienced a most amazing change of heart, and between issues, it is averred, the journal of the association became metamorphosed from an impartial review of trade relations in the Far East into a rabid pro-Japanese organ, replete with scurrile abuse of

Russia and everything Russian, and fulsome laudation of Japan. Coincidentally with the first premonitory symptoms of this mysterious change the association gave a banquet in honor of Prince Pu Lun, at which a Japanese lieutenant toasted "the ever victorious navy of Japan" amid resounding huzzas that were most distressing to the feelings of the Russians present and gave violent offense to a large number of charter members of the organization. After the dinner these met and protested, but to no purpose. A majority of the officers of the association supported and still support Mr. Foord.

Shortly afterward Clarence Cary, one of the most distinguished charter members of the organization, well known both as a lawyer and as the author of several books and magazine articles treating of trade and transportation conditions in Russian Siberia, resigned from the executive committee. Next, Edward F. Cragin, who possesses large and financially important interests in Asiatic Russia, and Walter Kutzleb, manager of the Russo-Japanese Bank, followed by about thirty of the oldest members, showed their disapproval by absenting themselves from the meetings, and the dissatisfied element in the organization is daily increasing. Only thirteen members, it is said, attended the annual meeting in October.

Clarence Cary was seen at his office and said: "All I care to say about the matter is that I have resigned from the executive committee, because I was entirely out of accord with the way the society was being managed. I do not care to mention any names, but it is little short of scandalous that an association such as ours should be placed in a position of violent hostility to a friendly power through the acts of a salaried official."

Walter F. Cragin said: "I have remained away from all the society's meetings of late, and shall probably not attend the dinner in honor of Prince Fushimi that has been arranged for December 12 at Delmonico's. I did not attend the annual meeting in October, and I do not consider it probable that I will attend any more meetings of the association."

From another source it was learned that practically all the lawyers in the association, as well as a large number of bankers and business men, have adopted the same course of abstention without resignation, in the hope that some means might be discovered to sidetrack the secretary-editor before the almost inevitable wreck.

On the other hand, the officers of the association, which include Silas D. Webb, president; Lowell Lincoln, vice president, and James S. Fearon, treasurer, together with a number of members of the executive committee who reside outside New York, support Mr. Foord, and are ready to stand sponsor for even his most rabid Japanophile utterances.

(New York Commercial of November 28.)

"The organization has ceased to be representatively American," said Arthur E. Dowler, a member of the firm of Arnhold Karberg & Co., which is possessed of enormous interests in China, Japan and the Orient generally.

"The association has degenerated into a mere mouthpiece for the utterances of John Foord; an organ for the dissemination of his personal opinions. I have been convinced for some time that his methods of conducting the organization, for he practically rules it and dictates its policy, have been very detrimental to its interests.

"I have no hesitation in declaring that for an association such as ours, organized with the sole object of promoting friendly relations and commerce throughout all Asia, to go on record as violently hostile to the Russians and to the development of Asiatic Russia is a disgraceful scandal that should not be tolerated for a single instant by the members who are supplying the funds misused by him to bring the organization into disrepute. In saying this I desire to add that personally I favor Japan in the present war that she is waging against Russia. It is my personal opinion that her cause is just, and as a private individual I of course claim the right of a free man to hold and express any reasonable opinion concerning foreign or domestic affairs that my inclination may dictate.

"It is a far different matter when an organization such as ours, month after month, in its official journal villifies Russia and everything Russian, and beslobbers the Japanese with sycophantic spittle. The present course of THE JOURNAL under Foord's management is simply disgusting. Foord has never visited Japan. I have. He has lots to learn about that country and its people. His Japanese affiliations have been contracted here since the war began. Speaking for myself I shall not attend the dinner which he has arranged for Prince Fushimi; not that I am not entirely friendly to the Japanese, but simply as a protest against the association being conducted on lines which I disapprove of by a clique which is controlled body and bones by John Foord.

"I shall never attend any dinner or meeting of the organization so long as Mr. Foord is retained in his present position of secretary, and so long as he is permitted a free hand in the management of the official journal, which I understand is the source of a considerable income to him. Our president, Silas D. Webb, is a most estimable gentleman, but he has many interests, and affairs have been allowed to drift along until at the present moment the officers have little or nothing to say in the management, and the association is conducted by Mr. Foord as though it were a private enterprise of his own."

An examination of the treasurer's latest report, presented and approved on October 20, 1904, furnishes conclusive evidence that Mr. Dowler was not mistaken in his final statement. From that report it appears that the total receipts for the year, exclusive of receipts for tickets for the various banquets, aggregated \$2,813.50, of which amount Mr. Foord absorbed by way of salary \$2,650, and in the form of "traveling expenses," "postage stamps," etc., \$104.63 more, making a total rake off for Foord as secretary of \$2,754.63.

As editor and publisher of THE JOURNAL Mr. Foord studiously refrained from furnishing any figures in his annual report, but contented himself with the following statement:

"The secretary is able to repeat the statement made last year that THE JOURNAL continues to be issued monthly without aid from the treasurer of the association, the revenue from advertisements being found, so far, sufficient to pay for the cost of printing and distribution, and no other expense being incurred in its preparation."

THE JOURNAL consists of thirty-one pages, each 8x10 inches, and, appropriately enough, it boasts a saffron hued pamphlet cover. The reporter submitted this little booklet on Saturday to a printer and publisher of twenty-five years' experience, who promptly declared that the composition bill for its publication, including the advertisements, would amount to about \$61, and that allowing upon a most liberal scale for paper, pasting and profit, any printer would be glad to accept a contract to publish THE JOURNAL for \$100 a month.

As the legitimate advertisements average over eight pages a month, which calculated at the very lowest scale must produce \$2,500 a year, it will be readily seen why Mr. Foord refrained from furnishing his fellow members of the association with a balance sheet. The subscription list is believed to bring in an additional \$500 a year. So it is reasonably certain that if Foord does not assimilate \$1,500 of easy money from the official organ of the association, he is less alive to his opportunities than his fellow members deem him to be.

But in the last number of THE JOURNAL there are many columns of matter devoted exclusively to the exploitation of Japan and Japanese finances. Although not so marked, much of the stuff is intrinsically suggestive of the paid reading notice. Mr. Foord, for reasons which will occur readily enough to anyone who has suffered a direful experience at the hands of the predatory press, neglects to publish anywhere in his JOURNAL his schedule of advertising rates, and hence it is impossible to say what he would or would not charge for reading matter to be published under the guise of an editorial, a review or a news article.

Equally impossible is it to ascertain whether in common with many of his brother secretaries of the smaller commercial, patriotic and benevolent organizations, he receives a commission from the restaurateur on the gross receipts for the annual dinner and the periodic banquets. Mr. Foord has been so energetic in instigating and arranging these feasts of reason and flows of soul that one of his fellow members, who was aware of the custom, expressed the opinion that possibly the secretary was financially interested in them; but of this no conclusive evidence is forthcoming.

Leaving the dinners entirely out of the question, therefore, and making no allowance for possible income from Japanese reading matter, it still is amply evident that Mr. Foord derives about \$4,250 a year from the organization, which certainly is a very handsome return for supervising the publication of a journal that contains only about six small pages a month of original matter, and the not unwelcome task of arranging the details of two or three banquets a year.

"We have never investigated these matters," said a member of the association; "but we think it high time that we should look into them. At all events, it is clear that Mr. Foord is absorbing nearly the entire revenue of the organization, besides bringing it into utter disrepute."

(New York Commercial of November 29.)

As an indication of the close connection which exists between Mr. Foord and the Japanese foreign office—a connection which it is averred is a wholly improper one for the association's secretary to maintain—a member of the organization stated yesterday that when the Perry Memorial Relief Fund was first discussed the Japanese Govern-

ment sent over a request that Foord should be appointed secretary. The general committee, of which Gen. Stewart L. Woodford is chairman, and which embraces such well known names as James R. Morse, Henry R. Mallory, Cornelius N. Bliss, Whitelaw Reid, Cleveland H. Dodge, Isaac N. Seligman, John Hone, Adolph S. Ochs, James A. Phelan, John E. Parsons, August Belmont and others, was not a little surprised at the selection, not being aware at that time of the financial arrangements that had been consummated here, nor of the intimate relations which Mr. Foord had succeeded in establishing with the local Japanese colony. However, they appointed him.

In his capacity of secretary of the relief fund Foord drafted an appeal for subscriptions which was so violently anti-Russian that the executive committee felt constrained to rewrite it. A member of the general committee who had seen the original draft of Foord's manifesto, nominally on behalf of the families of Japanese soldiers and sailors left destitute by the death or disablement of their natural protectors, said yesterday that the document was so virulently and unjustifiably brutal in its attack upon Russia that it was simply out of the question for an American organization to circulate it.

"The members of the committee," he continued, "positively declined to father this illegitimate product of John Foord's mysterious and misdirected zeal. The fund was started by Bishop McKim upon broad, humanitarian lines, and to permit hiring partisanship and subservient lackeyism to become a part or parcel of it would have been the gravest of mistakes.

"Fortunately, the committee was composed of thoroughly representative Americans, and they sat down, to use a colloquialism, so hard on John Foord that he has scarcely dared to display his rancorous enmity in the relief fund committee since, although he has made up for any deficiency there by his constant abuse of Russia in the columns of THE JOURNAL of the American Asiatic Association."

THE REPLY.

To the Editor of the New York Commercial:

Permit me to thank you for the liberal amount of space you have given to the discussion of the affairs of the American Asiatic Association, and of my connection with that organization. The fact that the references made to me are the reverse of flattering does not at all diminish my indebtedness to you, since I believe, with Dr. Johnson, that for a man in any way dependent on the appreciation of the public wholesome abuse is always of value, were it for no other reason than that it gives him and his friends the opportunity to keep the ball of discussion in motion by tossing it back again. I hold, moreover, that he must be a very poor creature who, in discharge of any public or semi-public function, does not make enemies, and your revelation of the existence of some that I have made is naturally reassuring. Finally, there is nothing that so clearly indicates the health of an organization devoted to public purposes than the existence within its ranks of a body of robust kickers, and nothing can be more suggestive of incipient decay than easy and languid acquiescence in the whole course and character of its management. The only regret which I have experienced in reading in your columns the names and views of our kickers is that they should be so feeble a band and should have so very little to say for themselves. Perhaps I may feel better when you find it expedient to reveal the personality of the other members of your "respectable minority," who credit me with being a "Jonah" and a "hoodoo," besides having diverted the Association from the primary purpose for which it was organized.

The association had its origin in a meeting of merchants and others "interested in the maintenance of the commercial rights and privileges possessed by the United States in

China," held at the office of Cary & Whitridge, on January 6, 1898. The meeting consisted of twelve more or less representative men, exclusive of the undersigned, and the late Mr. James McGee, of the Standard Oil Company, was elected chairman, while I was requested to act as secretary of the meeting. The draft of a resolution to be transmitted to the Chamber of Commerce of the State of New York was submitted by Mr. Cary, and its terms were discussed and formally approved. It cited (in view of the German occupation of Kiaochau and the Russian seizure of Port Arthur) the fact that the naval and military forces of certain of the European Powers had arbitrarily occupied and were remaining within certain of the ports and other territory of the defenseless Empire of China, against the protest of such empire, and under circumstances indicating a concerted action on the part of such Powers, and a purpose of further like aggressions of a more extended and permanent character. This was declared to be a menace to the trade and treaty rights of the United States, and regret was expressed that no formal protest or other effective action in the direction of immediately safeguarding vastly important American trade interests appeared to have been taken by our Government. The Chamber of Commerce was accordingly applied to that it might urge upon the President and Department of State at Washington the necessity of immediately formulating and taking such proper steps as might be sufficient to safeguard the interests of American citizens and their commercial rights and operations in the Empire of China against the risk and interference then threatened. That there might be no misapprehension about the meaning of the resolution the action which should be taken by the Government of the United States was thus defined:

"A notice to the respective Governments of Germany, Russia and France that further or permanent occupation of China's territory or other interference with her integrity as an independent nation, which may operate in any wise to abridge the existing treaty rights and trade privileges of American citizens, will be regarded by the United States as an unfriendly act."

This was fairly strong language—Mr. McGee and some other cautious critics thought it a little too strong—but it was Mr. Cary's way of saying that continued aggression in China by any of the military powers of Europe meant war with the United States. Mr. Cary's views had my ardent support, and up to last November, when, to the regret of all his associates, he resigned as a member of the executive committee, any similar views adopted by the Association or by that committee had his support. It would be as tedious as it is unnecessary to recapitulate the evidences of this, but I may be permitted to refer to an address to President McKinley, which Mr. Cary and I drafted in December, 1900, and which was signed by 130 of the then members of the Association. In that address occurs the following passage: "It is the earnest hope of the undersigned that the preservation of the integrity of the Chinese Empire may be a condition precedent to any settlement to which the United States are a party, and that the great province of Manchuria should continue to be regarded as inseparable from the eighteen provinces of the Middle Kingdom." Shortly after President Roosevelt's accession to office, in December, 1901, another memorial was prepared by the executive committee and signed by 133 members, Mr. Cary among the number, in which hearty approval is given to the memorandum of the Secretary of State in which our Government expressed its sense of "the impropriety, inexpediency and even extreme danger to the interests of China of considering any private territorial or financial arrangements with any particular power," and which formal protest was entered against the conclusion of an agreement only less objectionable than that whose negotiation was previously objected to, on the ground that it "would seriously impair

the equality of opportunity for all forms of commercial and other enterprise which is assured by treaty to citizens of the United States in Manchuria, as in other parts of the Chinese Empire." Mr. Cary was still chairman of the executive committee of the Association when the American Association of China sent the following telegram: "Russian control of Manchuria ensures the extinction of American trade, vigorously protest against the Russo-Chinese agreement." Mr. Cary was certainly in sympathy with the emphatic endorsement which the committee gave to this protest, as he was unquestionably in favor of making "an immediate and vigorous protest on the part of the Government of the United States against the establishment of a Russian protectorate over Manchuria." If Mr. Cary, as he said to your reporter, resigned from the executive committee because he "was entirely out of accord with the way the society was being managed," it is evidently Mr. Cary who has changed his views and not the committee, the Association or its secretary.

Mr. Walter F. Cragin, who is quoted by you as another malcontent, does not indicate the nature of his objections to the way in which the affairs of the society have been managed. As the policy and purpose of the Association were formed some years before Mr. Cragin came on from Chicago, and as his touch with Far Eastern affairs is probably not intimate, his hesitation in formulating his grievance is natural. As for Mr. Walter Kutzleb, the very capable young man who represents the Russo-Chinese Bank in this city, and who joined the Association a year ago, the wonder is not that he should find himself in uncongenial company, but that he should ever have joined at all.

Mr. Arthur E. Dowler, of Arnhold Karberg & Co., requires a little more attention. It is true that he seems quite unfamiliar with the constitution of the Association, and is deplorably ignorant about the general course and character of its work, though the signature of his firm was appended to the two memorials above quoted. Mr. Dowler also seems to labor under a difficulty in regard to the proper use of the English language, for my hostility to Russia, violent or otherwise, is surely not "a disgraceful scandal," whatever else it may be. With equal certainty the imputation that I have "misused" the funds of the Association is one that Mr. Dowler should have carefully avoided making. The statement seems to me to be libelous, and, if so, it is one which Mr. Dowler will be compelled to conquer his native modesty sufficiently to defend in a court of law. Mr. Dowler's mind must be a distorting medium of intelligence if one may judge from the covert insinuation conveyed in the statement that he "understands" the official journal of the Association is the source of a considerable income to me. If Mr. Dowler has the slightest pretension to be thought an honorable man, why should he intimate that he "understands" something to be a fact which is demonstrably untrue, and in regard to which he has not made the slightest effort to obtain accurate information? If Mr. Dowler really desired to know the truth about this or any other matter connected with the work of the Association he had only to get the signature of four other members to a request for a special meeting of the Association at which he would be entitled to demand the fullest possible investigation of this or any other phase of the Association's work.

Should your "respectable minority" be able to materialize, the mode of action I have just suggested would seem to be more businesslike, if not more manly, than the ventilation, in a somewhat scurrilous fashion, of a number of nebulous grievances in a newspaper. I may be permitted to doubt that this minority, be it large or small, contains anyone sufficiently despicable to originate the suggestion attributed by your reporter to a "fellow member" that possibly the secretary receives a commission from the restaurateur on the gross receipts for the annual dinner and

other banquets of the association. I take leave to doubt your reporter's assertion that such a practice is common among the secretaries of commercial, patriotic and benevolent organizations, but, be that as it may, whoever conceived the idea that it was possible in connection with the dinners of the American Asiatic Association must have known very little about the members of the committee who arrange for these feasts, and equally little about the conduct of the business of Delmonico's. I may be permitted to classify the author of this suggestion as belonging to the genus sneak—as one of those most contemptible of all cowards—the man who will cast abroad anonymous slanders and innuendos bred of the slime and corruption of his own nature, in the hope that some of them may stick.

May I add that your somewhat labored inferences in regard to the income of the JOURNAL of the Association are, unfortunately, as wide of the mark as the rest of the copious criticisms which you have been so strangely moved to bestow on the Association and its secretary. As to your one solid piece of information that a printer and publisher of twenty-five years' experience will be glad to accept a contract to produce the JOURNAL for \$100 a month, I can only say that he has only to make the offer in proper form and he will promptly get the contract.

The assertions contained in your issue of Tuesday morning are so preposterously and ridiculously false as to excite some curiosity in regard to their authorship. If you will be good enough to produce the member of the Association or of the Perry Memorial Committee who said that the Japanese Government sent over a request that I should be appointed secretary of that fund, I shall be able to convict him of willful and deliberate lying. If you prefer to make such statements on anonymous authority and to reinforce them by the still more ridiculous invention that I drafted an appeal for subscriptions "which was so violently anti-Russian that the executive committee felt constrained to rewrite it," I must assume that you are not unwilling to be misled by a recklessly mendacious and malicious reporter. The Perry Memorial Relief Fund had its origin in a cablegram received by me from the president of the American Asiatic Association of Japan, intimating that on the day following, being the fiftieth anniversary of the signing of the first treaty by Commodore Perry between Japan and the United States, it was proposed to hold a commemorative meeting in Tokio, and to start a fund for the relief of the families of Japanese soldiers and sailors killed or disabled in the war. It was urged that the movement should be taken up and pushed from this side, and I was requested to act as treasurer. This I promptly declined to do, and two other cablegrams followed in close succession asking that a committee should be immediately formed in the United States. The executive committee of our Association directed me to attend to the organization of the movement here, which I did to the best of my ability, and secured the co-operation of the general committee, whose names you partly give, and which constitute the one grain of fact in the extraordinary farrago of falsehood, of which a very simple incident has been made the occasion.

JOHN FOORD.

NEW YORK, November 30, 1904.

To the Editor of the New York Commercial, New York City:

DEAR SIR—In reference to the interview with me regarding the policy of the American Asiatic Association and its secretary, Mr. John Foord, published in your issue of November 28, and the letter from Mr. Foord dated the 29th inst., which you have submitted to me, in which he refers in part to the interview in question, it would appear that Mr. Foord is under the impression that I do not now indorse the views of the two memorials to which I appended my firm's signature. If so, I would state that

he is entirely in the wrong in supposing this, as, if he will refer again to the interview, he will find that I, as an individual, do consider the cause of Japan in the present controversy a just one, but what I object to is that the dignity of the society should be systematically belittled in the manner it has been by the ultra anti-Russian articles appearing regularly in its monthly JOURNAL, it being my opinion that a public organization such as ours, which is supposed to have weighty influence, and in times such as these to be a help to the Government as voicing the wishes of those most interested in the Far Eastern commerce of the United States, should, like a nation, maintain an attitude of the strictest neutrality, or at the very least refrain from roundly abusing one or other of the belligerents during the continuance of the war, as such a policy cannot but nullify the influence of the society when American interests are to be considered at the end of the war.

With regard to the remarks of Mr. Foord in reference to the statement attributed to me in the interview about the funds of the society, I would state that it is evident that Mr. Foord has chosen to put a wrong construction upon the phrase in question; at the same time I would also state that the word "misuse" was never mentioned by me during the interview in question, and is evidently a misinterpretation of your reporter. I did state that I thought that the members, who are the subscribers and supporters, should combine and see to it that their money and that earned by their monthly organ was not employed for the purpose of gratuitously and needlessly belittling the dignity of their society.

I have forwarded a copy of these lines to Mr. Foord, and trust that you will do me the favor of publishing this letter the same time as that of Mr. Foord.

Very truly yours, ARTHUR E. DOWLER.

Editor of the New York Commercial:

SIR—It is not often that I have occasion to differ with the Commercial, but its recent attacks on Mr. John Foord, secretary of the Asiatic Association, of which I have been a member from the beginning, impel me to send you the other side. Of course the cause of this is the Japanese-Russian war. Those members of the Asiatic Association who have preponderating interests in Russia naturally do not like to see the Asiatic Association ranging itself on the side of Japan, but the great majority feel that Japan stands for the "open door" and that Russia stands for the "closed door," and that Japan is fighting the world's battle against Russian aggressions in the Far East.

Mr. Foord has simply voiced the opinion of the great majority of the members of the Asiatic Association to this effect in THE JOURNAL, which was started by him as a medium of communication between widely scattered members, and so far as making any money out of THE JOURNAL, to my knowledge it has not repaid the expense and trouble of conducting it. So far as his compensation as secretary of the American Asiatic Association is concerned, I for one think it very inadequate for the able and valuable service that he renders. There are few men with the requisite experience, ability and acquaintance who could render such service, and I believe this is the opinion of the great majority of the members of the American Asiatic Association.

As one who is interested in widening the markets for American products, I feel that Mr. Foord is entitled to thanks instead of condemnation for what he has done. The articles in the Commercial reflecting unfavorably upon him are so unjust that I believe they will react in his favor. They savor of the fine Italian hand of Russian diplomacy, which sometimes overreaches itself.

Very truly yours, F. B. THURBER.

THE GOLD STANDARD IN CHINA.

(Report of the Commission on International Exchange.)

After its return from Europe in September, 1903, as explained in its previous report, the Commission designated Mr. Jenks as its representative to go to China to present to the Imperial Government a report on its work in Europe, and, in accordance with the request of that Government, to render it any further assistance that it might desire. The President approved the suggestion, and Mr. Jenks received special instructions for his work in the Orient. Inasmuch, however, as the new Philippines currency was not yet fully in operation, and certain questions regarding the currency law were under consideration by the Philippine Commission, it was thought best that, before taking up this work in China, he should visit the Philippines in order to lay before the Government there suggestions regarding their money system which had grown out of the discussion in Europe, as well as to gather the results of experience in the Philippines which were likely to prove of service to the Chinese Government in the establishment of its system.

THE MONETARY SYSTEM OF CHINA.

The best assistance which could be rendered to China in response to her request, it was thought, was to co-operate with her in every way possible to adopt the wisest plans for the establishment of a new monetary system of her own, based upon a fixed gold value.

In order to present the general ideas of the Commission on International Exchange on this subject to the Chinese Government and people as a basis for discussion, a pamphlet was prepared setting forth the main points of its plan as worked out in discussions with the European Government experts, with the reasons for making the suggestions. This pamphlet, printed in both English and Chinese, with the approval of the Imperial Government of China, and in part by its aid, was widely distributed among the officials and most important business men of China. Some of the Chinese papers reprinted the pamphlet in full, while other papers there, both native and foreign, reprinted extracts from it as well as brief articles covering special points which were especially prepared for this purpose by the Commissioner.

As soon as his credentials were presented to the Government at Peking, Mr. Jenks asked permission before taking up the detailed consideration of the subject with the Imperial Government, to spend some time in visiting the more important treaty ports as well as some of the interior provinces, in order to study business conditions. The Imperial Government not merely gave its consent, but notified officials along the route chosen regarding the intended visit and aided the Commissioner in every way possible in making his observations. The special purposes in mind in this study were:

First—To secure a general view of monetary conditions in China and of the methods of doing business under the varying conditions found in different provinces. In the interior many days were passed in localities where no money is employed excepting copper cash and chunks of silver (*sycee*), which have to be weighed out by scales which each dealer or traveler keeps for the purpose. As opportunity offered, conversations were held not merely with officials of all ranks, but also with bankers, merchants, and even with day laborers, local traveling peddlers, roadside workmen, etc. In this way a reasonably accurate idea was secured of the methods of conducting business without any generally recognized currency and of the probable ability of the people of all classes to deal with a new and uniform money.

Second—Conference with the officials from day to day, both those of high rank, such as viceroys and governors, and those of lesser rank, such as local district magistrates, gave an opportunity to estimate the qualifications of those in whose hands would need to be placed to a greater or less extent the administration of the new system when it should be adopted.

Third—The attitude of the people of various classes, officials, business men and common people, toward a change in the system and toward the new monetary system suggested, was ascertained.

Fourth—Opportunity was offered to explain in part the main points of the system proposed to the viceroys and other leading men, officials, bankers, merchants, etc., so that thus valuable criticism of the plans from the point of view of those familiar with local conditions was secured, and in many cases opportunity was offered to remove from the minds of those who did not understand the purpose of the invitation of the Chinese Government or its attitude toward the United States in this matter the natural suspicion regarding the motive of the United States in undertaking this work, and, furthermore, objections which would naturally occur to those not familiar with the administration of currency systems were overcome.

These inquiries covered the inland territory between Peking and Hankow on the Yangtze River, a typical part of the interior of China, which is removed from direct foreign trade; the Yangtze River from Hankow to Shanghai, with visits to the two most important trading posts on the river; a visit to Shanghai, Canton and Tientsin, the three most important treaty ports on the coast, as well as discussions with the governors at Soochow and Hangchow, the capitals of two very important provinces, and interviews with the customs *taotais* at Amoy and Chefoo, im-

portant ports in two other provinces. The subject was thus discussed with the governors or viceroys of ten, and with high officials of twelve, out of the eighteen provinces of China. At Shanghai, too, the subject was discussed in detail in several meetings with the treaty commissioners who have represented China in framing the important commercial treaties recently negotiated with Great Britain, the United States and Japan.

The results of these investigations and discussions were that many new ideas regarding conditions in China and what was practicable for China were secured; that in many cases misconceptions regarding the nature of the reform and of the plans under discussion were removed, and that the experience secured and the knowledge gained enabled the Commissioner to understand much more readily the attitude of the higher Chinese officials toward their old system and the proposed new system.

On his return to Peking the subject was taken up for detailed discussion with the Imperial Government. As a result of the treaties with Great Britain, the United States and Japan it has been the intention of the Chinese Government to establish a uniform monetary system, and for the purpose of working out plans for that system, as well as for meeting the United States Commissioner, a Commission had been appointed consisting of the members of the Board of Revenue and several other officials, some of high and some of lesser rank. Some of these had been especially designated to have charge of the new mint and to devote their time to the consideration of monetary affairs.

It was found that as a result of discussions in connection with the treaty with Great Britain, of various resolutions passed during the two or three preceding years by foreign chambers of commerce in China, of arguments presented in the newspapers, and of their own study of the question, the Chinese Government officials had apparently informally, although not at all officially, reached the conclusion that they wished ultimately to place their system of currency on the gold basis, but that at present they would establish a uniform silver and copper currency without definite plans for reaching the gold basis. Although the Commissioner was treated throughout with the greatest courtesy and consideration, it seemed at first as if the officials with whom he had to deal in Peking, though interested in the general subject, had, relatively speaking, slight interest in the specific plans proposed by the Commission on International Exchange. As the discussions went on, however, and as from the work of both the Chinese and American commissions the disadvantages and difficulties became more apparent of starting on a silver basis without clean cut, definite plans for the change to the gold basis, and on the other hand, the advantages of having the new coins placed on the gold basis from the beginning, both from the point of view of financial gain to the treasury and benefit to the business interests of the country, keen interest on the part of the Chinese Commissioners was clearly awakened. In fact, before the close of the discussions the Chinese Commissioners themselves said that

from this work not merely had their views to a considerable extent changed, but that their whole interest in the plans of the American Commission had greatly increased.

The decision of any question of this importance in China is finally made by the Emperor on the advice of the Grand Council. The opinion of the Grand Council, however, is determined to a great extent, of course, by the high officials in the Government who have especially to do with the subject under discussion; and in this instance the responsibility for the recommendations, which would doubtless prove conclusive, rested chiefly upon the Chinese president of the Board of Revenue, His Excellency Lu Ch'an Lin, together with their Excellencies the Manchu president, Yung Ching, and Na Tung, the distinguished official who had been designated the year before to report on the monetary system of Japan. Naturally the opinion of the senior president of the Board of Revenue would be of the greatest influence. His excellency, an official of ripe years and of extended experience in various high official positions, a man of upright and most positive character, had apparently reached the conclusion that the wisest plan for the empire was to begin on a silver basis in the hope of ultimately reaching the gold standard; but the plan for the change to the gold standard had not been fully worked out by him or by others in the Commission. As there was relatively little opportunity for direct discussion with the president of the Board of Revenue on account of his absence at the summer palace in attendance on the court, as well as from the pressure of his other duties (since, in his judgment, the matter was already settled), it seemed, until shortly before the American Commissioner was compelled to leave China on account of the life of the Commission imposed by Congress, that the plans of the Commission would probably not be adopted or even thoroughly considered by the Imperial Government in the most important matter of all—the prompt establishment of the gold basis—although in numerous minor particulars, even some of considerable importance, the opinion was freely expressed by the officials that they would accept the American suggestions.

At length, however, His Excellency the President of the Board of Revenue was transferred to the presidency of the Board of Works and a new president of the Board of Revenue was appointed. His Excellency Chao Erh Hsün, the new president of the Board of Revenue, manifested immediately a great interest in the plans under discussion and himself personally honored the American Commissioner by meeting him repeatedly day after day for the discussion of the subject. Before Mr. Jenks was compelled to leave Peking for America the opinion was expressed by several of the high Chinese officials, whose positions would place heavy responsibility upon them in connection with the money system, that the American plans were practical if the co-operation of the viceroys of the more important provinces could be secured; that the Chinese Government could, if it seemed advisable, secure the financial means necessary for the carrying out of the reform, and that there would be no infringement of the sovereignty of the empire or danger to its integrity or use-

fulness in the employment of such foreign expert aid as might be required for the establishment of a system in accordance with the American plan.

The Commissioner was assured also by different governors, viceroys and commissions that the American plans would have their support, and some of the highest officials in Peking are of the opinion that in a number of instances, at any rate, the support of the local authorities will be heartily given to the Central Government if it undertakes these plans. A favorable judgment regarding the attitude of the Chinese Government seems to be quite general also among those foreign residents most experienced in Chinese affairs. The general opinion seems to be well represented by Mr. Conger, the Minister of the United States, in his letter to the Department of State, as follows:

"I have the honor to report that Professor Jenks left Peking for home on the 27th instant.

"His task was a very difficult one, and at first the prospects were rather discouraging, but by patience, persistence and clever presentation of his unsurpassed knowledge of the subject, he has made great progress. He has practically brought the Chinese Government to believe that his plan is the correct one, and ought, if possible, to be adopted; yet they greatly fear that so radical a change in their financial system cannot at present be carried out by a government which has so little real power over its separate provinces. However, they have promised to at once consult the leading viceroys and governors and see what can be done; but whether or not Professor Jenks' plan is adopted, his instruction and advice will aid the Chinese Government greatly in its efforts to adopt a uniform currency as required by the recent treaties, and his further assistance is most likely to be solicited by them.

"Professor Jenks has been treated with the greatest respect and consideration by the Chinese officials. They feel that he has been of great service to them, and it is certain that much good will result from his mission, for all of which he deserves great credit."

Dr. Morrison, the experienced, impartial correspondent in Peking for many years of the *London Times*, on the departure of Mr. Jenks from Peking, cabled to his paper as follows:

"PROFESSOR JENKS' MISSION ENDS—CHINESE GOVERNMENT IMPRESSED BY HIS GOLD STANDARD ARGUMENTS.

"PEKING, August 29.

"Professor Jenks, of Cornell University, the commissioner delegated by the United States to confer with the Chinese authorities regarding the suggested introduction of the gold standard in China, left Peking yesterday on his return to America.

"He has been in China since January, and has been treated with exceptional honor. His mission was purely educational and not political. With untiring patience Professor Jenks has been demonstrating to the Chinese the necessity of reforming their currency and the immense gain that would follow the establishment of the gold standard.

"Undoubtedly his mission left its mark. The Chinese Government is beginning to realize the vital importance of

the question, and it is regrettable that Professor Jenks should be compelled to return to America when his work is only beginning, for experience teaches that between Chinese expressions of approval of a reform and its actual introduction the distance is often considerable."

Mr. Robert Little, the veteran editor of the *North China Daily News* and the *North China Herald*, for many years the most important foreign publication in China, writes in the *North China Daily News*, September 8, 1904, as follows:

"CURRENCY REFORM IN CHINA.

"Prof. J. W. Jenks left Shanghai yesterday for the United States in the Mongolia, and we are glad to know that he leaves these shores with the satisfactory conviction that his mission has not been altogether in vain. He has planted—it is for others to water, and the increase will come. Thoroughly conversant as he is with his subject on every side, a clear and cogent writer, a very able speaker, and a man of winning personality, he was the best choice that the United States Government could possibly have made when the Chinese asked for a Commissioner to advise them how they might best obviate the loss which the continuing depreciation of silver was causing. His plan, as is generally known, is the adoption of the gold standard without a gold currency, to put it as concisely as possible, and he has found the statesmen of Peking as well as the high provincial officials, with whom he has discussed the question in all its bearings, eager to listen to him, to understand, and to adopt in due time his suggestions. Many foreigners, too, who were first indisposed to believe that the adoption of the gold standard by China was anything but an impossible dream, have been convinced by his arguments; and there is good reason, if nothing untoward happens, to believe that something like the reform which has been so unexpectedly and promptly successful in the Philippines will be adopted by China before long. Thus China will come into line with India, the Straits, the Philippines, and Japan, to the permanent advantage of all who do business with gold standard countries. And mainly to the suave, unassuming but thoroughly earnest professor of Cornell University, with his unexcelled mastery of facts and figures, this great and beneficial reform will be due. And there will be a general hope that circumstances will enable him to return to China and give his advice and assistance to those who will be charged with putting his recommendations in action."

Of still greater import is documentary testimony from Chinese sources, besides the favorable opinions referred to above which have been expressed informally by business men and officials. The Chinese commercial union of Hongkong took formal action. The president of this association (an active Chinese of the chamber of commerce), Mr. Feng Wa Chun, wrote to the American Commissioner on the 13th of August, 1904, stating that:

"A meeting of a committee of that institution was * * * held on the 7th inst. when it was unanimously agreed that it would be to the interest of China to adopt a gold standard, and that the Chinese residents of this colony would hail such a step with gratification, inasmuch as it has

been held that Hongkong cannot go 'gold' so long as China's currency remains unchanged."

The letter concludes with the hope that the American Commissioner's mission will meet with the success it deserves.

More important still, of course, is the official statement from the Chinese Government itself. The Prince of Ch'ing, the president of the Grand Council, who represents officially the Chinese Government, in response to a request for a definite statement of his opinion to be presented to the President of the United States, wrote to Mr. Jenks on the eve of his leaving Peking, as follows:

"I have the honor to state that your excellency having been commissioned by your Government at this time to come to China, I found myself after conversation with you in hearty accord with your ideas, and having read the various papers and memoranda which you have prepared, I note that they are all exhaustive in their discussions, and set forth plans covering all details, for all of which how can I sufficiently express my gratitude. As to your suggestions regarding the adoption of a uniform monetary system, all are of great importance. China is just now considering the matter of deciding upon a new coinage system, and is deliberating as to the establishment of a national bank, and it is most necessary that she should follow your plans and that all those measures which need most urgently to be taken up just now in accordance with those plans should at once be put into execution with earnestness and promptitude. As to the rest, it will be necessary to investigate and consider the feelings of the people, and, as occasion may offer, take these matters under advisement with the expectation that the suggested measures will be developed one after the other in such a way as, I trust, will fulfill your generous wishes for us and secure a good degree of success.

"Your excellency is well known in China and abroad as a financial expert, and your efforts to formulate plans in our behalf, so sincere and friendly, demand from me profound and grateful thanks.

"I hear that your excellency has made preparations for your return home, and that the date of your departure is at hand. Should there be occasion in the future to ask the further benefit of your instruction, I shall then write a special note to inform you.

"I avail myself of the opportunity to wish you the compliments of the day."

The Commission feels, therefore, that there is every reason to believe that the mission for which it was established, to co-operate with the Chinese and Mexican Governments in establishing sound monetary systems which would fix the rate of exchange between the greatest of the silver using countries and the gold standard countries, has been in great part satisfactorily performed. It remains to be seen, of course, how promptly and by what methods the Chinese Government will carry out its intentions, as indicated in the letter of the Prince of Ch'ing, of adopting in the main the plans of the Commission. This much, at least, is clear—that the Government officials who are in the positions of chief responsibility have shown the greatest courtesy and consideration toward the United States Commission; that they have shown themselves open to the fair consideration of sound arguments on this most important and difficult question, and have manifested the open-mindedness and frankness in announcing a willingness to change their opinions which are characteristic of the greatest statesmen; that the Chinese Government has the ability, financial and otherwise, if, on further consideration, it continues to have the will, to carry out with proper expert advice a good system, and that in the opinion of the best informed

persons in China, this intention and purpose will continue unless some hostile influence intervenes.

It is the opinion also of many of the best informed foreign residents in China, as well as of some of the higher of the Chinese officials, that if, under the limitations of the act of Congress, the Commissioner could have remained a few months longer in China he would have had the opportunity of seeing the new system organized and of co-operating with the Chinese Government in whatever way might have seemed to it wise in the organization of the system. The Commission, however, has from the beginning taken the position that it was doing simply what it could to comply with China's request for assistance without in any way bringing any pressure to bear upon that Government in carrying out its plans; and it is convinced that, difficult as the task before China is (and no other country in modern times in its monetary reform has had a task so difficult), the good sense and wisdom of the Chinese officials upon whom rests the responsibility of the introduction of the new system may be trusted to secure the best expert advice and to take the wisest means of establishing the new monetary system on a sound gold basis.

STABILITY OF EXCHANGE.

The essential object for which the present Commission was appointed was referred to by the President of the United States in his message to Congress as being to procure "such measures as will tend to restore and maintain a fixed relationship between the moneys of the gold standard countries and the silver using countries." Of the several measures to secure this object which have been considered by the Commission, the one most important and most permanent in its influence has been, in their opinion, the adoption of the gold exchange standard in silver using countries. Incidentally, however, it is obvious that any measure which should tend to promote stability in the gold value of silver bullion would tend to check the fluctuations in exchange between gold and silver countries, which have been so disturbing to commerce for a generation and which proved especially demoralizing to the commerce of China and Mexico during 1901, 1902 and the spring of 1903.

As pointed out by this Commission in its report of last year, the exchange between gold and silver countries now depends fundamentally upon the fluctuations in the gold price of silver. Any step contributing toward stability in the price of silver bullion would, therefore, in itself tend to diminish the fluctuations of exchange, independently of the more important object of separating the monetary systems of the silver using countries from the silver standard and placing them on the gold standard. Some misunderstanding of the objects of the Commission in this regard seemed to arise in some quarters because of failure to distinguish between efforts previously made to raise the price of silver and the efforts made by this Commission to promote stability in the price. Stability in the price of bullion is important because it carries with it comparative stability in exchange. In order, therefore, to prevent paralysis of trade between the silver using countries and the gold countries, the Commission on International Exchange suggested to the European Powers with whose representatives they consulted an effort to reduce the violent fluctuations in the bullion market by making such purchases of silver as are actually required for coinage purposes with greater regularity. As shown in our previous report, the soundness of this principle was generally recognized by the governments with whom consultations were held.

It is gratifying to report that this policy had borne fruit in diminishing fluctuations of exchange between gold standard countries and silver using countries. The most important influence exerted in this respect has been by the

Council for India, at London, in making its purchases of silver bullion to meet the coinage demands of British India. A letter from Sir James Mackay, a member of this Council, to the chairman of this Commission, states:

"I think you will observe from the prices which the Secretary of State for India paid for the silver which he bought that regularity has, as far as possible, been observed, so as to prevent extreme fluctuations.

"Considering that the value of the silver bought by the Secretary of State since the 6th of March, 1900, up to the end of September, 1904, has amounted to twelve millions sterling, the variation in prices has, I think you will see, been extremely small."

The figures presented by Sir James Mackay give only the average price paid for different lots of silver purchased. They show that while the prices paid in 1903 and 1904 were lower than those paid in 1900, the differences between the average maximum and minimum prices were less. The lowest average price paid in 1903 was 23 23-32 pence between December 12 and December 19; the highest average price for a given purchase was 27 15-64 pence between September 15 and October 2, 1903. The average of the prices paid during the period from September 15, 1903, to February 20, 1904, representing the purchase of 35,652,935 ounces, was 26 59-64 pence. Purchases were then suspended until May 2, 1904. The average price for 18,300,644 ounces purchased between that date and August 27, 1904, or nearly four months, was 26 15-64 pence or about two-thirds of a penny less than the average for the previous series of purchases.

The figures just presented of the purchases for the coinage of British India show a steadiness in the price of silver which has been rare during the past decade. They are not absolutely conclusive, because they represent for each lot of silver purchased the average of slightly varying prices paid over a period of a week or more. More conclusive evidence of the comparative steadiness which has been attained in the price of silver bullion is afforded by the actual maximum and minimum quotations in the London market. These are presented by months in the table below:

Quotations of Silver at London.

Month	1902		1903		1904	
	Highest	Lowest	Highest	Lowest	Highest	Lowest
January.....	26 1/8	25 5/8	22 3/8	21 1/8	25 1/8	25 1/8
February.....	25 1/8	25 1/8	22 3/8	21 1/8	27 1/8	25 1/8
March.....	25 7/8	24 1/8	22 3/8	22 3/8	26 3/8	25 1/8
April.....	24 3/8	23 1/8	25 1/8	22 3/8	25 1/8	24 7/8
May.....	24 3/8	23 3/8	25 1/8	24 3/8	25 1/8	25 1/8
June.....	24 7/8	23 1/8	24 3/8	24 3/8	26 3/8	25 3/8
July.....	24 7/8	24 1/8	25 1/8	24 3/8	27 1/8	26 3/8
August.....	24 7/8	24 1/8	26 3/8	25 3/8	27 1/8	26 3/8
September.....	24 3/8	23 3/8	27 3/8	26 3/8	26 3/8	26 3/8
October.....	23 1/8	23 1/8	28 3/8	27 3/8	26 3/8	26 3/8
November.....	23 1/8	21 1/8	27 3/8	26 3/8	.....	.....
December.....	22 3/8	21 1/8	26 7/8	25 3/8	.....	.....

This table shows that the price of silver has varied from January 1, 1904, to the date of this report within the limits of 27 1/8 pence and 24 7-16 pence, and since April 26, 1904, has been uniformly above 25 pence. The fluctuations in 1901 were from a maximum of 29 9-16 pence to a minimum of 24 15-16 pence; in 1902 from 26 1-16 to 21 11-16 pence, and in 1903 from 28 1/2 to 21 11-16 pence, showing a variation this year of only about 10 per cent., as compared with variations of 20 per cent. or more in other years.

The fact that exchange with the silver using countries has been materially improved by this greater steadiness in the market for silver bullion is set forth in respect to China in the annual report of the American Asiatic Association, and credit is therein given to the recommendations of the Commission on International Exchange. The same tendency to greater steadiness has been true of exchange between London and the British and French dependencies in Asia, and between New York and Mexico. While these exchanges have a tendency to follow the bullion market, it often happens that an active demand for coined money may for a time raise the rate above the bullion value of the metal, while on the other hand an excess of such money may depress the exchange rate relatively to the price of silver bars. In spite of these modifying influences, exchange between New York and Mexico has fluctuated during the current calendar year only within the limit of 226 and 213, and for the past five months has not departed more than three points from 216. These conditions are in marked contrast with those of 1902 and 1903, when the range of fluctuations was from 277 1/2 to 214 1/2, or a variation of more than 20 per cent. The maximum and minimum quotations in each month for the past three years are shown below:

Quotations of Mexican Exchange.

Month	1902		1903		1904	
	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum
January.....	222	216 1/2	264 1/2	259 1/2	226	221
February.....	225 1/2	221 1/2	263	261 1/2	219	209
March.....	227	223 1/2	265	260	220	216
April.....	241	225 1/2	262	218	230	220
May.....	236 1/2	233	236	227	223 1/2	217
June.....	234 1/2	232 1/2	244 1/2	234	216 1/2	213
July.....	240 1/2	235 1/2	243	230 1/2	216	216
August.....	244 1/2	240 1/2	230 1/2	214 1/2	216	216
September.....	250	242	226	215	216	216
October.....	253 1/2	250	222	215 1/2	216	216
November.....	277 1/2	252 1/2	223 1/2	218	.....	.....
December.....	269 1/2	261	233	222	.....	.....

The result of this greater stability of exchange has been that in the Philippines the transition from the silver to the gold standard has been facilitated, and in silver using countries complaints have been much less acute than before regarding interruptions to trade with gold countries. In all these countries risk of loss has been diminished in making payments for imports, which threatened almost to paralyze trade at the close of 1902 and the beginning of 1903, when appeal was made by the Government of Mexico to the United States to aid in stabilizing the exchange between Mexico and China on the one hand and the gold standard countries on the other. It nevertheless remains true, as declared in the report of the American Asiatic Association, already quoted, that "the menace of the possibility of violent fluctuations continues, however, to hang over commercial transactions between the gold standard countries and the Orient," and that this menace can be permanently removed only by definite and comprehensive steps in the silver countries for the adoption of a fixed gold standard.

HUGH H. HANNA,
CHARLES A. CONANT,
JEREMIAH W. JENKS,
Commissioners.

THE PROBLEM OF CIVIL GOVERNMENT IN THE PHILIPPINES.

The report of the Chief of the Bureau of Insular Affairs for the past year contains much interesting matter relative to the administration of civil affairs in the Philippines.

The work of establishing civil government may now be said to be accomplished. Within a period of four years, dating from the arrival of the Taft Philippine Commission in Manila, the whole framework of the present government has been erected, and the work was rendered the more difficult because the ground had to be cleared of the wreck of the old Spanish Colonial System, which was so foreign to American ideas of government. The first three years may be called the period of construction, while the past year was the period of trial that witnessed the complete operation of the new machinery of government, and the results on the whole have been most satisfactory.

Attention is called to the legislation that the Commission recommends to Congress and which is embodied in a bill now pending in the Senate, it having passed the House at the last session. The most important subject is a material reduction of the present tariff rates on Philippine sugar and tobacco. The Filipinos practically lost the Spanish market by the transfer of sovereignty to the United States and naturally look to the latter country to take their surplus products. This tariff reduction can be made without injury to any American industry and it is strongly urged by the Secretary of War.

The currency system of the islands has been entirely changed. The former money in circulation, consisting of Mexican, Spanish, Spanish-Filipino, Bombay and other silver coin have been withdrawn from circulation, much of it recoined and the new Filipino coinage as provided by Congress substituted therefor. Accounts are now kept only in the new currency, and this change from a silver to a gold basis, from a constantly fluctuating to a stable and fixed rate of exchange was accomplished without any disturbance to business and has elicited the admiration of financiers everywhere. It is the opinion of Colonel Edwards that much of the business depression, of which the Philippines have complained, was due to the fluctuating rates of exchange, and this opinion is supported by the following cablegram from Governor Wright, under date of October 30, 1904:

"The gold standard is an established fact, and now meets the approval of the entire public. Business conditions much improved."

The negotiations for the purchase of the Friar Lands, which have been pending or rather anticipated ever since American occupation, has been carried to a successful issue, part of the purchase price having been paid and the remainder is in bank ready to be paid. Four per cent. bonds were issued in order to secure funds for the purchase of these lands, and were sold, after advertisement,

at a premium that makes the net rate to the islands only about 3 per cent. per annum.

The Philippine tariff, as approved by Congress March 8, 1902, having developed some irregularities, has been revised, and the proposed revision has been given to the public with request for suggestions and recommendations, and it is suggested that the Commission be granted authority to make future changes in the same as necessity therefor arises.

The report reviews the work connected with the Philippine exhibit at the Louisiana Purchase Exposition at St. Louis, and the visit of the Honorary Commission of distinguished Filipinos to this country, the object of both being to acquaint this country with the resources of the islands and the Filipinos with the institutions of this country.

Exhaustive tables are given of the commerce of the islands, both in the way of exports and imports, and immigration statistics are also given.

The subject of coastwise and international shipping laws and regulations is reviewed, and the importance of providing means whereby the islands may develop a railway system adequate to their needs is dealt with briefly but clearly.

The following are the portions of the report which relate to legislation enacted or proposed:

Attention has been called in the last year's report to the Philippine tariff act; the act to provide for the administration of civil government in the Philippine Islands; the act to establish a standard of value and to provide for a currency system, and the act to provide for the detail of regular officers to command the Philippines constabulary and the combined use of the native Philippine scouts with the constabulary. All of these were far reaching and beneficent in their operation and steps in the right direction and have already permitted the establishment of good government in the archipelago.

Something more is necessary. Secretary Root has often tersely pointed out that to create a good government and insure prosperity in the Philippine Islands under the conditions then existing, it was necessary for the United States to build this government from the very ground up. It has been done, but there are two important things left for Congress to do to complete this building up, and to make the Philippine Islands self supporting and prosperous.

The first is the reduction of the Dingley tariff rates on Philippine products coming into the United States; the second, the granting of the charter authority to the Philippine Government to insure the inauguration and maintenance of adequate transportation facilities throughout the islands.

The last report of the Philippine Commission recommended that Congress enact legislation for the benefit of the Philippine Islands in the following language:

"First—Legislation which shall reduce the tariff on sugar and tobacco imported from the Philippine Islands to not more than 25 per cent. of the present Dingley rates on tobacco and sugar imported from foreign countries.

"Second—Legislation authorizing the Philippine Commission, with the approval of the President and the Secretary of War, to issue bonds from time to time, which shall not in the aggregate sum exceed \$5,000,000, for the making of future permanent improvements.

"Third—An amendment to Section 66 of an act entitled 'An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes,' by which the consent of Congress to issue the bonds therein provided for may not be required.

"Fourth—Legislation providing that all bonds authorized to be issued by the Philippine Government or any provincial or municipal government thereof by act of Congress shall be made exempt not only from Federal and Philippine taxation, but from State, county and municipal taxation in the United States.

"Fifth—That control over the shipping in the trade between the islands shall be left wholly to the discretion of the Philippine Commission, subject to the approval of the President and the Secretary of War.

"Sixth—That the application of the United States coastwise navigation laws to the trade between the Philippine Islands and the mainland of the United States be postponed by Congressional action until July 1, 1909; or, in the alternative, that the coastwise laws of the United States be not made applicable to the trade between the islands and the mainland of the United States, except with a proviso or condition that the rates upon imports from the Philippine Islands into the United States shall not pay duty in excess of 25 per cent. of the rates on such merchandise imposed by the Dingley tariff.

"Seventh—That authority be given by Congressional act to the Philippine Commission, with the approval of the President and the Secretary of War, to encourage the investment of capital in the construction of railroads for the Philippine Islands by accompanying the grants of franchises to build railroads, in cases where it is deemed necessary, with a guaranty by the Philippine Government of income on the amount of the investment, to be fixed in advance in the act of guaranty, the amount of income guaranteed not to exceed annually 4 per cent. of the fixed principal.

"Eighth—That the amount of land which may be acquired, owned, and used for agricultural purposes in the Philippines by any individual or corporation shall be extended to 25,000 acres.

"Ninth—That the clause which forbids the filing of more than one mining claim by the same individual or association upon a lode or deposit be repealed.

"Tenth—That the provisions of the Philippine act entitled 'An act temporarily to provide for the administration of the affairs of civil government in the Philippine

Islands, and for other purposes,' which apply to mining claims, and the procedure in filing them, shall be so amended that only the metric system of distances shall be used, and shall also be so amended that mining claims shall be filed whether properly executed according to law or not, the effect of their execution and record to be left to future adjudication."

The purpose of the first of these recommendations is to gain a market for Philippine products, which are at present suffering as a result of change of sovereignty and the rise of tariff duties in the neighboring Oriental countries which used to buy largely from the Philippines. The Filipino naturally looks to the country to which he belongs for the same relief as was granted to the inhabitants of Hawaii and Porto Rico on their acquisition.

It is believed that such legislation would harm no competitive industries in the United States. However, there has been and is apprehension on the part of the sugar and tobacco interests that free trade between the islands and the United States would result to the detriment of these interests.

In the last Congress this reiterated leading recommendation of the Philippine Commission, which had twice received the earnest indorsement of the Secretary of War and two Presidents, gained favorable consideration in that it passed the House, and in the Senate was amended so as to provide for free entry of all products of the Philippine Islands into the United States, except sugar and tobacco, on which there was to be collected 50 per cent. of the original Dingley tariff duties. This bill failed to reach a vote in the Senate, due only to the peculiar legislative condition existing at the end of the last session of Congress, which prevented its consideration on account of the prior claim, under the rules, of the statehood act. This bill was called the "Lodge bill."

Twenty-five per cent. of the Dingley tariff duties in itself will furnish, it is believed, the full protection demanded by the apprehensive interests. But in addition to that protection should be considered the fact that by recent act of Congress after July 1, 1906, trade between the islands and the United States will be confined to American bottoms, with the resultant increase of freight rates to the Philippines, which will probably absorb or equal any amount conceded in tariff reduction, not to mention the cost of the long haul between the Philippines and the United States.

With the exception of the first and eighth recommendations of the Philippine Commission, these foregoing recommendations have all been provided for in the bill which has passed the House, been reported favorably by the Senate Committee on the Philippine Islands, and is on the Senate calendar as unfinished business.

The necessity for the second recommendation is self evident. The Philippines are undeveloped, and the current expenses of the Government are not sufficient to build roads, lighthouses, improve ports, and otherwise make available the rich resources of the islands. Already some \$6,000,000 have been appropriated for these purposes, the burden of which should have been divided among two, three, or four generations; yet needed improvements must

wait for years unless authority be granted to borrow money for these purposes. The increased revenues that will result from the improvements contemplated will probably pay the interest on the bonds and provide a sinking fund with which to redeem them at maturity.

As to the third recommendation, Section 66 of the act of Congress of July 1, 1902, reads as follows:

"That for the purpose of providing funds to construct sewers, to provide adequate sewer and drainage facilities, to secure a sufficient supply of water, and to provide all kinds of municipal betterments and improvements in municipalities, the Government of the Philippine Islands, under such limitations, terms and conditions as it may prescribe, with the consent and approval of the President and Congress of the United States, may permit any municipality of said islands to incur indebtedness, borrow money, and to issue and sell (at not less than par value in gold coin of the United States) registered or coupon bonds in such amount and payable at such time as may be determined by the Government of said islands, with interest thereon not to exceed 5 per centum per annum; Provided, That the entire indebtedness of any municipality under this section shall not exceed 5 per centum of the assessed valuation of the property in said municipality, and any obligation in excess of such limit shall be null and void."

It will be noticed that no municipality (none of which now in the Philippines has any bonded indebtedness such as obtains in all cities throughout the United States) could issue bonds for needed improvements without in each case gaining the consent of Congress. This would involve long delay and neglect of important matters, the detail of which will be understood by the Philippine Commission.

The experience of other nations in the development of distant possessions has shown that the best results are obtained by selecting the best possible men for the government of said possessions, bestowing upon them a large measure of authority and then holding them to a strict accountability for the manner in which they exercise the same.

The fourth recommendation, asking that all kinds of Philippine bonds be exempt from taxation, both Federal and Philippine, as well as State, county and municipal, in the United States, is for the self evident purpose of issuing Philippine bonds at the best rate of interest. It is pertinent to quote an extract from the report of the Senate committee on the Philippines accompanying the before-mentioned pending Senate bill (see Appendix):

"It is entirely competent and proper, therefore, for Congress to exempt these bonds from State, county and city taxation in the United States. This exemption will secure to the Philippine Government a much lower rate of interest than if the bonds were taxable, and the exemption will in effect deprive no State or county of any additional income from taxation, because if the bonds were purchased by private persons in whose hands they would be subject to taxation, experience shows that they would not be returned for taxation. If they were exempt, however, they may be purchased by companies who are obliged to make public their assets and who cannot hold taxable personal

property without paying tax on it. This makes a very good market for bonds among trust companies, administrators and other persons whose securities are constantly open to public and official inspection for the purpose of taxation. As such trust companies, administrators and other persons control large capital they greatly increase the demand for the bonds and necessarily reduce the interest thereon."

The fifth and sixth recommendations have been given full consideration by Congress, and have resulted in an act to regulate shipping in trade between ports of the United States and ports or places in the Philippine Archipelago, between ports or places in the Philippine Archipelago, and for other purposes; and an act to require the employment of vessels of the United States for public purposes.

The seventh recommendation has taken shape in Section 4 of the pending Senate bill as follows:

"Section 4.—That for the purpose of aiding in the construction, equipment, operation, and maintenance of railroads using steam, electricity, or other power, in the Philippine Islands, the general Government thereof is authorized to guarantee an income of not exceeding 5 per centum upon cash capital actually invested in the construction and equipment of such railroads, or any part thereof, the guaranty to be in such form and under such provisions requiring repayment of any sum paid thereunder as said Government shall deem to be to the public interest, and the act making the guaranty shall declare the proper rules for ascertaining clearly the cash capital actually invested in said railroads and the net income actually received on said capital so invested, and shall set forth the limit of invested capital to which said guaranty shall apply, and shall provide for supervision by said Government of the conduct of the finances of the road and its location, construction, and maintenance, as well as by the presence in the board of directors of two or more Government directors, the number and manner of their selection to be determined by law, as also by such further supervision, through the auditing, engineering, and railroad bureaus of said Government, as the public interest shall require. The said guaranty may be made in the form of a guaranty of interest on bonds or of income on preferred or common stock, or in such other form as may be determined by said Government, and shall be made on such other terms and conditions as said Government shall approve: Provided, however, that the total annual contingent liability of said Government under the guaranties authorized by this section shall not at any time exceed the sum of \$1,500,000, and that no such guaranty shall continue for a longer period than thirty years."

The report made by the House Committee on Insular Affairs discusses the above section as follows:

"There are two ways in which the Philippine Government might aid in the building of railroads, namely, one by the grant of lands, the other by a guaranty upon capital invested. Your committee believe, with the Secretary of War and the Commission, that for the Philippine Islands it will be much better to have the railroads constructed under a guarantee upon actual investment, and to have the lands held for the people of the archipelago.

"Your committee believe that the building of railroads is

the most important improvement possible for the Philippine Islands. The Secretary of War testified before your committee that he knew nothing else which in importance is to be compared with it. More than all other influences combined, a comprehensive railroad system will do away with the embarrassing variety of dialects and tribes in the islands and bring about an early unification of the inhabitants—a condition absolutely essential to their highest prosperity and development. Railroads would greatly enhance the value of the lands and other property in the islands, enlarge their trade, and increase the intelligence of the people.

"The history of railroads in the English and the Spanish possessions shows clearly that capital will not be invested in their construction without some special inducement in the way of a guaranteed income. One-third of the total 27,000 miles of railroads in India are guaranteed roads; the remaining two-thirds are railroads directly constructed by the Government.

"In India there was no exact limit of the amount of investment to be guaranteed, and questions arose as to the capital actually invested and as to the net income. Such questions will be avoided in the Philippines under the provisions of the present section, because of the limitation in the amount of income guaranteed and the consequent limitation of the amount of capital vested. Under this section both the Government and the investor will know exactly what the Government must pay.

* * * * *

"The Secretary gives it as his opinion, based upon his experience as Governor of the islands, that in order to secure the construction of railroads in the islands, the provisions of the present section must be enacted into law, or else the Government of the Philippine Islands itself must be authorized to undertake their construction. The Secretary does not favor the construction of railroads by the Philippine Government, and informed your committee that he suggested it only as a possible alternative.

It is gratifying to report that much interest has been shown on the part of serious American capital in the possibility of railroads in the Philippine Islands. This interest is undoubtedly predicated upon the assumption of the passage of this bill.

There is no doubt but what the Secretary of War and the Philippine Government, if this bill does pass in its present shape, will have a chance to choose the most advantageous proposition of competing American capital to finance, build and operate the railroad system that is at present essential for the practical development of the Philippines.

It has been authoritatively reported that a New York financial concern has acquired in the last two months the control from English owners of the Manila-Dagupan Railroad, which should form part of the proposed railway system in the islands.

The eighth recommendation asks for a modification of the act of July 1, 1902, which limits the amount of land which any corporation or association of persons may hold to 1,024 hectares (2,529.29 acres), so that the amount may be increased to 25,000 acres, as the former amount upon trial has been found to be insufficient to induce capital to invest and devote itself to agriculture on a large scale. This would tend to develop the large unsettled areas that exist, for instance, in Mindanao.

The small amount of land prescribed in the act is not sufficient to justify the importation and installation of modern machinery and methods, and the same reasons apply to the ninth recommendation, which would increase the area of mining claims that may be acquired.

The tenth recommendation is intended simply to unify the system of land measurements as prescribed in the act of July 1, 1902, as both acres and hectares, feet and metres are employed in the language of the act. The chief of the bureau of public lands and mining bureau earnestly recommends this change, which is only one of form and convenience.

Inasmuch as the practical application of the tariff schedules in operation since November 15, 1901, and approved by the Congress of the United States March 8, 1902, naturally developed certain inequalities, a revision thereof was deemed advisable. With this idea in view, a committee composed of customs experts and Philippine business men was appointed to take evidence of persons interested, and to make report to the Philippine Commission as to changes needed in the existing tariff law, so as to enable the latter to recommend to Congress amendments to the law in such particulars as experience has shown the said law to be defective, inconsistent with itself, or oppressive in the matter of prohibiting useful importations.

This committee sat in Manila and availed itself of every source of information. The conclusions of the committee were reached after a careful discussion, and with one or two exceptions its report represents the unanimous opinion of the committee.

This report, together with the recommendations of the Philippine Commission and the collector of customs for the Philippine Islands, was transmitted to the War Department, and the original tariff and the changes suggested have been published side by side and will be given wide publicity in the United States, and suggestions and recommendations have been invited.

The descriptive language in many paragraphs in the old tariff has been changed for the purpose of securing more exact definition and description of articles without any change in the rates of duties which have been found to be equitable, imposing no undue burden on the commerce of the islands. In some cases the rates of duties have been increased and in others the rates have been reduced, the general average appearing to be to secure for most articles, except those of luxury, a rate of approximately 20 per cent.

Perhaps the most important change has been made in the machinery schedules, which have been removed from the specific to the ad valorem basis and the rates thereon, ranging from 5 per cent. on agricultural machinery to 20 per cent. on electrical machinery, such as dynamos and motors, recommended.

Permission has been made for samples imported by commercial travelers to the value of \$2,000 to be imported under bond free of duty. The provisions for the free entry of personal effects have been made more liberal.

After the commercial bodies and others to whom the proposed tariff has been transmitted have submitted to this Bureau such suggestions and recommendations as they may care to make, all of the same will be carefully considered by the Secretary of War, and the final revision of the tariff schedules will be undertaken and transmitted to the Congress.

MARKETING GOODS IN ASIA.

BRITISH INDIA.

India is a market for nearly every manufacturing country and has a vast trade. The total imports for the year ended March 31, 1904, were valued at nearly \$379,000,000. India is also a producing country, with exports for the same year valued at nearly \$530,000,000, leaving a balance of exports in India's favor of \$151,000,000.

Most of the European business is done by personal representatives and indent orders taken on samples. These agents go into the bazaars and seek out the merchants.

The mail order system, for small articles through the post, has grown by leaps and bounds until it has become one of the main items in the postal department; but this business is mostly done in a private capacity. All native houses order their goods direct, or through their agents, or through the agents or representatives of the firm from whom they desire to buy.

The only really economical and the most successful plan is personal representation; to go right into the bazaars and not only endeavor to start the sale of new goods but to keep sales going. The merchants of India are the personification of conservatism, and we cannot expect to sell goods of American manufacture, however good they may be, when we leave the agency in the hands of an English or native firm who are selling the same kind of article of English make.

At one of the largest English houses in India, where I knew they had some American footwear of good quality, I asked for a pair of shoes. After having tried various pairs of English shoes that did not fit me, the salesman finally acknowledged, in a very shamefaced manner, that he "had a few pairs of American shoes, which perhaps might fit me," and he pulled out from under a counter dusty looking boxes which contained some really good American shoes. The price he asked was exactly double that demanded in a retail shoe store in the United States for the same article, and, though the shoes were of good quality, the price was far too high.

NOTE BY BUREAU OF STATISTICS.—On May 19, 1904, a circular was mailed to the consuls of the United States wherein they were instructed to report, for their respective districts, (1) the countries marketing goods therein, (2) how trade is conducted, (3) credits, and (4) mercantile agencies and commercial ratings. The replies to this circular will be published, as received, in the Daily Consular Reports.

This is only quoting an incident on one line of goods. Is it therefore any wonder that American manufactured goods, under such discouragements and disadvantages, do not make the headway in foreign markets which their quality and prices would naturally merit?

To give an idea of the way in which the dealers here think of American footwear, I quote from a letter received from a large native commission house:

"A day or two after we last wrote you we sent for the opinion of our clients in the American trade, and they expressed themselves thus: That it was a matter of regret that, though American boots and shoes, as regards durability and quality, are far superior to any other make, they are not approved of by the buyers and customers here, simply because of the shape and style, which, if improved and brought to the level of English style, will perhaps create a market."

For this there seems to be but one solution, which has been tried here in one instance and has proved a great success. The company referred to is a New York house, represented in Bombay by three young, well educated, Ameri-

can business men, and a look at the result of their work, which, however, is just now really beginning, is ample justification of the advantages gained by personal representation.

The outlook, however, for American trade in India is by no means bad, for every year our trade is increasing; we are getting on a better footing; are better understood and better known; and it remains with the American manufacturers and exporters themselves how much we shall sell in India, for I assert that the Hindu is ready to receive American goods, but we must push them. The Hindu desires a good thing, knows when he gets it, but seldom seeks it.

The Germans, Belgians and Austrians are accustomed to giving longer credits than other countries. Belgian glass manufacturers give as long as three months, after acceptance of drafts, but the general time allowed is thirty to sixty days.

English merchants usually give thirty day drafts, d. a. (documents against acceptance), which is a fairly safe way, if the native merchants are well known clients. The safer way, however, termed the "cash basis," is a d. p. draft (documents against payment). The United States being so far away, and the average native merchant so obscure, the fewer risks taken the better. Thirty day drafts are considered safe by most merchants in India, but I would advise American houses dealing with India to do so on a strictly cash basis in all cases where possible.

There are no agencies here that report the financial standing or ability of firms or individuals. Even a native merchant, when he desires to do business with another native dealer, first finds out the bank where the latter transacts his business and thence learns his standing. This is the only available way in which the standing of a native firm or individual may be found, and is the course to be pursued by American houses who desire the financial standing of Indian merchants with whom they wish to open up business communications.

It would certainly be a good investment were some large American commercial agency to establish a branch office in Bombay. It would lead to a large increase in American business, both export and import, because American houses would then be able to find out who and what they were dealing with.

HENRY T. DODGE, Vice and Acting Consul.
BOMBAY, INDIA, August 1, 1904.

CALCUTTA.

Almost every foreign country markets goods in Calcutta, including Japan, China and the countries of Europe, but Great Britain sends nearly two-thirds of all merchandise imported here; Germany, France and Belgium come next in their order, while the United States furnishes only about 1½ per cent. of the imports.

British, German and some other exporters have branch houses here, but other exporters conduct their business by traveling salesmen and by mail.

Some of the exporters of Great Britain, Germany and other countries sell for cash on the delivery of the shipping documents to the buyers' agents, or thirty day drafts, the documents delivered on payment of the draft, while others draw drafts three to six months, the documents delivered on acceptance. It all depends upon the arrangements made between the exporters and importers. German exporters, as a rule, give longer credits to secure the business.

There are no credit or commercial agencies doing business here. The only way to ascertain financial standing of individuals, firms and companies is to make inquiries through the banks.

R. F. PATTERSON, Consul General.

CALCUTTA, British India, July 14, 1904.

NOTE BY BUREAU OF STATISTICS—The value of the trade of the United States with British India in 1904 was as follows: Imports, \$31,785,188; exports, \$5,633,676.

CHINA.

AMOI.

The foreign countries marketing goods in Amoy are the United States, Great Britain, Germany, France and Japan. Trade is conducted through wholesale dealers and commission firms in Hongkong and Shanghai.

Credit is a matter of private agreement between the local firms and the wholesale dealers in these ports.

There are no credit agencies. The standing of companies and firms can usually be ascertained through the following banks: Hongkong and Shanghai Banking Corporation, the Bank of Taiwan, the Chartered Bank and the International Banking Corporation. These banks would probably report on the financial standing of individuals as well as of companies and firms.

JOHN H. FESLER, Consul.

AMOI, China, August 2, 1904.

SHANGHAI.

Great Britain, India, Singapore, Australia, British America, the United States, the Philippine Islands, all countries of Europe, Korea, Japan, Macao, Cochin China, Siam, Java and Turkey are credited by the imperial maritime customs with importations into this district.

Business is conducted generally through houses established here, either as branches or agencies. Traveling salesmen come here for the larger houses, but as a general rule orders are sent home by telegraph or mail. The local foreign houses work up their trade with the Chinese by salesmen and advertising, using the methods found effective at home and adapting them to the conditions of this country.

Large orders are usually cash on receipt of documents, unless special terms have been agreed upon. There are no credit agencies in this district.

JOHN GOODNOW, Consul General.

SHANGHAI, China, July 20, 1904.

DUTCH INDIA.

The foreign countries marketing goods in Dutch India are Belgium, Germany, Holland, Great Britain, the United States, Australia, Italy, China and Japan.

The business is chiefly conducted through traveling salesmen. Germany and Great Britain lead, followed by Australia. Traveling salesmen, or commercial travelers, from these countries are always to be found canvassing throughout Dutch India.

There are a great many Dutch firms in this district who will not do business direct with foreign firms, but who have their agents in Rotterdam and Amsterdam and buy through them. Many of our American commercial travelers who have visited this place have complained of this system. Very little business is conducted by mail.

Three months' credit is the usual term allowed by foreign sellers, although it is often extended to six months.

I do not know of any credit agencies doing business in this district. The banks, however, often arrange such matters for reliable firms, charging them a small commission. Banks here will generally report the financial standing of firms and individuals if requested.

B. S. RAIRDEN, Consul.

BATAVIA, Dutch India, August 10, 1904.

TRADE OF THE UNITED STATES WITH DUTCH INDIA IN 1902, 1903 AND 1904.

Year.	Imports.	Exports.
1902.....	\$14,749,241	\$2,076,291
1903.....	16,232,332	1,184,886
1904.....	10,472,729	1,619,718

HONGKONG.

Under date of Hongkong, July 24, 1904, Consul General Edward S. Bragg reports that most, if not all, commercial countries do business at Hongkong, which rates fifth in the commercial reports of the world; that the business is chiefly done by mail; that terms of purchase and sale are agreed upon by the buyer and seller, and that there are no credit agencies in Hongkong.

TRADE OF THE UNITED STATES WITH HONGKONG IN 1902, 1903 AND 1904.

Year.	Imports.	Exports.
1902.....	\$1,277,755	\$8,030,109
1903.....	1,359,905	8,772,453
1904.....	1,652,038	10,412,548

JAPAN.

FORMOSA.

The following table of imports into this district is prepared from the customs returns for the years 1901, 1902 and 1903:

IMPORTS INTO FORMOSA, BY COUNTRIES, IN THE YEARS 1901, 1902 AND 1903.

Countries.	1901.	1902.	1903.
Japan, proper...	\$4,373,564.70	\$4,599,174.53	\$5,575,004.36
China	2,816,771.68	2,568,118.68	2,862,402.01
Great Britain...	1,050,502.62	738,407.85	847,387.83
United States..	754,722.64	493,205.42	561,312.69
British India...	249,973.56	343,265.16	408,315.92
Asiatic Russia..	16,648.49	21,368.36	81,991.22
Hongkong	275,773.67	116,472.28	73,311.78
Germany	63,063.80	56,635.97	63,457.65
Australia	55,410.92	37,329.25	55,643.41
French India...	27,796.49	124,750.13	39,206.03
Siam	3,222.53	14,008.54	37,469.43
Belgium	4,880.38	4,452.45	26,896.98
Korea	8,870.65	10,933.00	26,850.52
Philippine Islands	5,088.37	10,381.60	14,657.63
France	2,451.77	3,115.72	11,542.37
Holland	813.16	6,898.12	8,520.72
Dutch India...	121,190.45	60,200.57	5,931.34
Austria	3,216.46	2,537.28	4,375.39
All other countries	918,880.22	417,924.57	235,368.11
Total	\$10,752,842.46	\$9,629,239.48	\$10,939,645.39

A considerable portion of the imports shown as arriving from Hongkong, China and Japan are transshipments from other countries, principally Great Britain, the United States

and Germany. The Chinese importers in Formosa do not generally buy foreign goods far ahead of the actual demands of the market, preferring to secure them as required in small quantities from the large stocks usually kept in Hongkong, China and Japan. When goods are imported in large quantities they are generally consignments.

The business of foreign countries is conducted partly by long established connection with native dealers and partly by mail, but chiefly by agencies and commission merchants located in Formosa.

Great Britain's chief trade is in cotton satins, shirtings and other cotton tissues, and woollen and worsted goods. In these she has an advantage over other countries (Germany excepted) in her conventional import tariff with Japan. An important factor in the marketing of these goods has been the practice of barter conducted by some of the tea exporting houses in Formosa, whereby the goods are given in payment for tea, which is then shipped to the United States.

The Formosan Government has been an extensive purchaser of materials for use in constructing and operating railways, machinery for various plants, and materials for use in constructing buildings and public works. These materials have been purchased through public tender; in order to participate it is required that parties tendering must have an authorized representative in Formosa.

Shippers generally send bills of lading with the invoices of goods to one of the banking agencies here for collection. There are no credit agencies in Formosa.

FRED D. FISHER, Consul.

TAMSUI, Formosa, August 15, 1904.

KOBE.

Foreign countries marketing goods in this consular district are China, European colonies in Asia, the Philippine Islands, Europe, the United States, Canada, Egypt and Australia.

The business is chiefly conducted by merchants and commission houses in the district.

The general terms of credit are thirty days cash, and sixty and ninety day promissory notes.

The credit agencies doing business here are Japanese commercial agencies, which report the financial standing of both individuals and firms.

HUNTER SHARP, Deputy Consul.

KOBE, Japan, August 25, 1904.

NAGASAKI.

Goods are marketed in this consular district from the following countries: United States, Great Britain, France, Germany, Russia, China, Siberia, Hongkong, Anam, Australasia, Austria-Hungary, Belgium, British America, British India, Straits Settlements, Denmark, Netherlands, Italy, Korea, Norway, the Philippine Islands, Portugal, Siam, Spain, Switzerland and Turkey.

Orders are chiefly made by mail. A few traveling salesmen, however, succeed in placing orders.

The terms of sale are generally for cash.

There are two credit agencies in Japan—Tokyo Koshinjo, Sakamotocho, Nihonbashi-ku, Tokyo, and Shogyo Koshinjo, Osaka. These agencies report the financial standing of corporations, firms and individuals.

CHARLES B. HARRIS, Consul.

NAGASAKI, Japan, August 13, 1904.

YOKOHAMA.

The countries named below in the year 1903 marketed goods in this consular district to the value given in the following statement:

IMPORTS INTO YOKOHAMA BY COUNTRIES IN THE YEAR 1903.

Country.	Value.
Great Britain.....	\$11,842,430
British India.....	9,308,946
United States.....	8,913,022
Germany.....	6,765,428
China.....	5,176,437
Asiatic Russia.....	2,615,301
French India.....	2,473,537
Belgium.....	2,134,894
Dutch India.....	1,876,972
Philippine Islands.....	1,437,454
Austria-Hungary.....	989,207
France.....	892,934
Switzerland.....	510,258
Australasia.....	410,741
Hongkong.....	382,798
Egypt.....	341,853
Straits Settlements.....	226,349
Netherlands.....	163,176
Canada.....	125,902
Italy.....	77,903
Russia in Europe.....	51,888
Korea.....	43,127
Siam.....	36,850
Spain.....	28,075
Sweden.....	18,691
Peru.....	7,972
Denmark.....	6,437
Portugal.....	5,626
Norway.....	1,749
Hawaii.....	1,495
Turkey.....	190
Mexico.....	4
All other countries.....	244,437
Unaccounted for.....	149,805

Total \$57,261,946

The business is conducted mainly through resident agents or branch firms of the foreign shippers.

Bills for import business are usually drawn at three or four months' sight, while on bills for export the standard term is four months' sight. Renewals or extensions of time of payment are matters of special arrangement between the parties concerned.

There are no foreign credit agencies doing business in Japan, and the native agencies do not report in a foreign language, or so as to be accessible to foreign inquirers.

E. C. BELLows, Consul General.

YOKOHAMA, Japan, July 27, 1904.

TRADE OF THE UNITED STATES WITH JAPAN FROM 1880 TO 1904.

Year.	Imports.	Exports.
1880.....	\$14,510,834	\$2,552,888
1881.....	14,217,600	1,468,976
1882.....	14,439,495	2,540,664
1883.....	15,008,890	3,376,434
1884.....	11,274,485	2,528,529
1885.....	11,767,956	3,057,415
1886.....	14,885,573	3,135,533
1887.....	17,114,181	3,335,592
1888.....	18,621,576	4,214,382
1889.....	16,687,992	4,619,985
1890.....	21,103,324	5,232,643
1891.....	19,309,198	4,807,693
1892.....	23,790,202	3,290,111
1893.....	27,454,220	3,195,494
1894.....	19,426,522	3,986,815
1895.....	23,695,957	4,634,717
1896.....	25,537,038	7,689,685

Year.	Imports.	Exports.
1897.....	\$24,009,756	\$13,255,478
1898.....	25,223,610	20,385,541
1899.....	26,716,814	17,264,688
1900.....	32,748,902	29,087,475
1901.....	29,229,543	19,000,040
1902.....	37,552,778	21,485,883
1903.....	44,143,728	20,933,692
1904.....	47,166,576	24,955,032

PERSIA.

(From Vice Consul General Tyler, Teheran, Persia.)

The trade of Persia is cosmopolitan, the country receiving its supplies from most nations with industrial centres which enter into foreign competition, but some countries, on account of specialties of supply or contiguity, exhibit greater activity than others. This applies to England for dry goods, such as chintzes, white cloths, muslins, etc.; to Russia for sugar, petroleum and dry goods; to Austria for cloth, lamps, glassware, etc.; to France for silks, velvets, note paper, fancy articles and wines; to Germany for cloth, but not largely, and wines; to Switzerland for watches, cheap lines; to the United States for lamps, clocks and some stores; to India for tea and sugar; to China for tea, and to Java for tea, spices, etc. There are some other lines of goods, such as biscuits, canned goods, matches, drugs and ironware, imported from most of the countries mentioned.

Most business with Persia is conducted by agents or salesmen, acting on the part of foreign merchants, who are very rarely manufacturers. A few native traders keep agents in Europe, India and China, and consequently do business with manufacturers and others.

Business generally in Persia, both foreign and domestic, is done on the credit system, the foreign business with bills ranging from three months to three years, the buyer having the option of discounting his bills at almost any date within the prescribed period; the domestic traders with promises and drafts at shorter periods of payment, but which are generally exceeded in the settlement.

MERCANTILE RATINGS.

There are only two foreign credit agencies in Persia, the Imperial Bank and the Banque d'Escompte, the former an English and the latter a Russian institution. The Russian agency is ostensibly a pawnbroking business, but it is a large importer of Russian produce and financier for native firms, on comparatively easy terms, when they deal exclusively in Russian goods. Considering that there are not half a dozen companies doing business of any kind in Persia, these agencies must occupy themselves with their capacity, standing and business extent.

This question, however, has but slight reference to Persia, as only firms of established reputation do business directly with the foreign markets.

JOHN TYLER, Vice Consul General.

TEHERAN, Persia, July 13, 1904.

CATALOGUES AND PACKING FOR CHINA.

One of the seemingly small reasons why American business is not more rapidly extended in the Orient has recently come to my notice.

Some months ago we had inquiries at this office for filing cabinets, card indexes, etc. I communicated with a commercial museum on the Pacific Coast and received catalogues from a large number of firms. In every instance these firms failed to inclose their wholesale prices or discounts, merely sending their retail catalogues, and not even these in complete sets, so that we found that even if we desired to purchase at retail prices we would not be able

to do so, because "detailed information and description of card index supplies is contained in" the "catalogue of 1903," which has not been sent.

These are mistakes which the British merchant would never make. I have no doubt that the business will go into his hands before I can send to American manufacturers to obtain the information which they have neglected to send. This means a delay of from three to four months, during which time the purchaser will probably make his arrangements with British or French firms and have his lines fully established before I can give him the particulars he desires.

It is one of the great weaknesses of American business methods that manufacturers do not quote their goods complete. If I desire to purchase a card index cabinet, it is useless to me without the necessary cards, guides, etc. I cannot find a quotation for a cabinet filled. I have absolutely no idea how many cards or guides may be necessary, and if I have I am obliged to take figures from two or even three catalogues before I can obtain any conception of the probable cost. British firms would give these particulars so that the probable cost could be seen at a glance.

This point has been again and again explained in reports from this consulate during the past fifteen years, but seems to be considered unimportant by the American merchant. We are continually endeavoring to assist merchants in extending their trade, but are unable to do much because of the shortsightedness of the merchants themselves.

I have endeavored to obtain photographic supplies from the United States, but have been obliged to give it up purely on account of the fact that I can obtain goods in better condition from England. Goods are packed in tin invariably. Each box of plates is encased in tin, as is also each package of printing paper. If I order goods from the United States I can have no certainty that they will arrive in usable condition. Owing to change of climate, dampness, heat in transit or some other small reason the entire shipment may be spoiled. British firms have been so long supplying their colonies with all kinds of goods that they know these conditions even better than I do. I send to England for my goods because I know that they will arrive in the best condition that is possible, and that they will be complete in every detail. This is, of course, only a small business, running into a few dollars per year, but what I as an individual will do on a small scale business men will do on a large one.

Certain manufacturers of breakfast foods have recently been endeavoring to introduce their goods in China, and have sent out foods packed in paper parcels as they are sold in the United States. On arrival these goods are thoroughly mouldy and useless, or, even if not mouldy, are so impregnated with dampness as to be inedible.

One firm packs its food in tin, which is a step in the right direction, but these tin packages are sealed with paper, which counteracts in large part the advantage gained by the use of the tin. British firms always send their goods in soldered tin packages, usually made with a patent key, by which they can be opened in a few seconds. This, of course, makes the goods more expensive, but guarantees their being in edible condition. The sealing of tin packages with paper pasted over the openings is entirely inadequate for this climate, and the sooner American merchants take to packing their goods properly the sooner the trade will increase.

I believe that if American merchants would take the trouble to pack their goods and make their quotations on complete outfits, as the British firms do, they could increase their trade with the Orient enormously. I know of no one thing which would assist in extending trade in China more than attention to the details of packing, unless it be care in making full quotations and leaving nothing to chance.

WILBUR T. GRACEY, Vice and Deputy Consul.

FUCHAU, China, August 23, 1904.

COMMERCIAL PROSPECTS IN CHINA.

(From the publications of the Central Union for the Preparation of Trade Treaties, Berlin, 1904.)

Caution and foresight teach us to take great care and to be prepared to cover inevitable losses by gains elsewhere. All these things lead us to turn our eyes toward the Orient—to that part of the world in which the opening up of China is to be the last act in the great division of the world's territory.

China is awakening from its sleep of thousands of years. It is building railroads, or giving concessions for the building of railroads, snapping the old chains that bound its traffic, giving up its interior tolls or duties, stretching steel rails from the coast cities to the interior, and carrying over them goods for its own and other people. The development of railroads is going on successfully. Two hundred and thirty-six miles of the great Canton, Hankau and Peking line are already built from Hankau toward the north. Another road runs from Peking toward the south for 242 miles. Thus, if nothing happens, we may hope that one part of the trans-China railroad will be finished inside of two years. Of the southern line, Hankau-Canton, the line between Canton and Fatshau was opened before the end of last year, and the part unfinished is rapidly nearing completion. Still other principal and branch lines, such as Shanghai, Sanchou, Nanking, on through Auhin, Honan and Shensi, toward Szeschuan, with its 67,000,000 inhabitants, all planned by English capitalists, while German financiers have concessions for the lines between Tetschou, Chengting-fu, Yen-tschou-fu, and the home of Confucius, Kai-feng-fu. The completion of the German Schan-tung Railroad has already been referred to.

And now has come a time that is to convert the Chinese from a people purchasing a merely nominal amount to a people demanding and buying large quantities of foreign goods. Nor is this a mere fancy. Explorations in the East, which may be said to be in their infancy, have all given evidence of the fact that the soil of China and its mountains are rich in all kinds of natural resources. Quick-silver, cinnabar, antimony, lead, zinc and copper ores are found and exported. It is also well known that gold in workable quantities is to be found. Modern mining, with all its technical machinery, has been introduced. Modern mining laws, that will give the right impulse to the work of mining in China and will result in attracting foreign capital, have not yet been passed. The opportunities offered for the better cultivation of tea and silk have been pointed out again and again.

VALUE OF EXPORTS FROM CHINA OF SILK AND TEA DURING THE YEARS 1900 AND 1901.

Articles.	1900.	1901.
Thread silk.....	\$15,456,200	\$11,824,000
White raw silk.....	12,478,400	10,665,500
Silk stuff.....	6,735,500	2,548,700
Yellow raw silk.....	2,906,900	6,143,700
Wild raw silk.....	1,085,200	1,921,400
Black tea.....	8,082,600	13,006,400
Green tea.....	3,119,600	3,473,300
Brick tea.....	1,488,900	2,069,200

All the world is talking today about the cultivation of cotton. Its scarcity has grown to be an industrial calamity of great importance. China is one of the few countries that are able to produce cotton in large quantities. That China is able at the present time to export a very considerable quantity of raw cotton is a fact that is well known, although statistical figures are not obtainable. China not only exports large quantities of silk and tea and cotton, but also a great number of other valuable articles, among which are the following:

VALUE OF MISCELLANEOUS EXPORTS FROM CHINA IN 1900 AND 1901.

Articles.	1900.	1901.
Bean cakes.....	\$3,332,300	\$1,847,500
Hides.....	3,190,500	3,029,900
Furs.....	2,836,000	1,773,600
Beans.....	2,765,100	2,217,000
Straw.....	2,552,400	3,251,600
Oil.....	1,985,200	1,809,700
Paper.....	1,614,300	1,947,500
Sugar.....	1,843,400	1,773,600
Matting.....	1,559,800	1,809,700
Tobacco.....	1,488,900	1,404,100
Fireworks.....	1,418,000	1,182,400
Wool.....	1,276,200	1,404,100
Hemp.....	921,700	739,000
Matting.....	921,700	665,100
Sesame seed.....	850,800	665,100

There are a great many factors which, if properly employed, would lead to a purchasing power on the part of the Chinese far beyond anything hitherto known. The capacity to increase the demand is there, and even the most modest and closest calculations are in no way opposed to the opinion already expressed that great hopes for a large trade in China in the future are justified. The enormous complex area to which the name of the Chinese Empire is given contains a population of from 300,000,000 to 400,000,000 souls. Vast stretches of territory in this colossal kingdom have been doomed forever to sterility, but in these great stretches of territory there is only a small part of the total population. By far the largest part of the Chinese people are to be found in the eastern and southeastern parts of the empire, or those bordering upon the sea and in the provinces adjacent to the sea provinces. In these all the requisites of cultural development are to be found, such as fruitful soil and magnificent natural means of communication. Conditions in the municipal centres with huge populations are exceedingly favorable to the development of civilized wants. The population of the so called treaty ports is estimated to be about 6,500,000. Among these there are eleven cities that have more than 100,000 inhabitants each and nine with more than 500,000 inhabitants each. Even far in the interior in certain sections the condition of the people today is immeasurably higher than those in foreign countries are in the habit of thinking.

The report of a German consul, for example, throws a great deal of interesting and surprising light on the condi-

tions that exist in the city of Tchengtu, in the province of Szechuan. Tchengtu is a city about 1,864 miles from the coast with about 400,000 inhabitants. It is the seat of a general government and of the higher provincial authorities of the province of Szechuan. The rectangular, criss-crossing, extremely regular net of broad, clean streets, the manifold splendor of the shops and of the guilds and private houses, and well clothed people, betraying more of the condition of prosperity than of employment, give to this city the appearance of a refined, cosmopolitan centre. Foreign wares and articles of luxury are to be obtained in large quantities in the stores of this city deep in the very heart of the country and separated from the outside world, in a province that is reached only by means of difficult land and water ways. The conditions thus described prove that neither distance nor rapids on the rivers nor mountain passes nor likin stations in China present difficulties for commerce that cannot be overcome. For here we find, in the thickly populated valley of Tchengtu large numbers of people ready to become consumers of European wares.

According to the consul's report the custom house authorities give the total annual imports into China by sea in 1901 as \$212,957,000, shown in round numbers by the following figures of some of the leading articles imported:

VALUE OF PRINCIPAL IMPORTS INTO CHINA IN 1901.

Articles.	Value.
Cotton goods.....	\$70,616,400
Opium	23,153,100
Petroleum	12,236,600
Sugar	9,500,600
Metals	7,373,600
Coal	5,884,700
Rice	4,063,000
Wool wares.....	2,379,300
Flour	2,379,300
Raw cotton.....	2,765,100
Matches	2,197,900
Wine and beer.....	2,127,000
Cigars	1,559,800
Aniline dyes.....	1,134,400
Machines	850,800
Silk	709,000

Very nearly one-half the total imports were cotton goods and opium, a drug that is eating into the vitals of the country. This points to a brilliant prospect for the wider development of the import trade. The demand for other articles up to the present time has been remarkably small, particularly the demand for iron, steel and machinery; and this notwithstanding the fact that in the seaports, with their mighty foreign traffic, one would expect entirely different figures. It is evident from the import tables given, particularly those covering opium imports, that there is considerable ground for believing that there is plenty of money among the Chinese to be employed in the purchase of useful articles. All this furnishes groundwork for a reform movement in China to direct the education of the people in such channels as will lead them to a useful and reasonable development that will create the demand indicated. The new period is being marked by the exports. The year 1901, to which most of the data used refer, was not as favorable as it was hoped to be. The sudden fall in the price of silver, destructive floods in the Yangtse Valley and epidemics in Manchuria weakened the purchasing power of the people, and had a dampening effect on the enterprising spirit of the Chinese merchant, while the foreign merchant was worried on account of the uncertainties in regard to tariff changes; and yet the increase in the imports for the year, compared with those of the preceding year, amounted to \$40,349,537. The imports of cotton manufactures went up from \$55,948,706 in 1900 to \$70,952,220 in 1901, and the imports of sugar went up from \$4,513,741 in 1900 to \$9,958,324 in 1901.

The vast opportunities offered for the extension of foreign trade in the great empire of China are already having their effect on the imagination of those interested. Estimates of the value of orders that China is now in a position to give put it at fabulous sums; but, as a matter of fact, one part of China, the southeast, with an area of 4,000,000 square miles, would demand a railroad network of 186,410 miles, of which Germany, England, France, Belgium and the United States would construct 37,282 miles each, and work worth \$1,428,000,000 would thus fall to each one of these countries. There would be a demand for at least 50,000,000 tons of steel and iron, an order large enough, when properly divided, to aid in keeping the world's iron and steel industries profitably employed for fifty years. It is hardly necessary to take the trouble to prove estimates of this kind; for, even if one makes allowances for overestimates, there is still enough to warrant hopes expressed. Railroads are not the only works that give promise. There are other great transportation systems, such as telegraph wires and poles to be erected, bridges to be built, rivers to be regulated, bars in rivers and harbors to be removed, and hundreds of public works that will need foreign materials, many of which can never be carried out unless by the aid of foreign machinery. There is a great opportunity. Everything must be done to meet it in order that the German workman and the German financier may reap a great reward.

GERMANY'S INTERESTS IN CHINA.

(From the publications of the Central Union for the Preparation of Trade Treaties, Berlin, 1904.)

What interests have we in China? We have a great many, and so important that they demand our attention. The argument advanced by some that the empire should let the East take care of itself, that we should withdraw our troops and ships, that we should give Kiaochow back to the Chinese, is hardly worth considering. It is also argued that efforts to obtain markets in China can only interest a very small group of Germans, and that it can never be of any great interest to the future industrial development of our people. Let us see how much truth there is in this statement.

Wherever we turn our eyes on China we find German interests, German capital, German intelligence, German thrift and German effort at work. They are all spinning threads which are bound ultimately to bring us into the closest industrial connection with the Chinese empire. Germany's part in the shipping of China during the year 1890 was 5½ per cent.; in 1900 it was 10 per cent, and in 1901 it had reached 16 per cent. The German flag has taken second place in Chinese waters. In 1903, 54 per cent. of the shipping interests were under the British flag, 16 per cent. under that of Germany, 13 per cent. under that of China, and 11 per cent. under that of Japan. A great part of China's coasting, river and lake trade is carried on under the German flag.

In Shanghai, the centre of China's sea trade, the Germans have lines running north and south as well as far into the interior on the Yangtze. There are not less than 25 German steamships in the regular coasting trade of the empire. German steamers run between Hankau and Shanghai, between Hankau and Ichang, and between Hankau and Swatow. In Hankau in 1902 there were 30 coasting vessels and 6 river steamers sailing under the German flag. How important the Chinese service is to the largest shipping concerns, the Hamburg-American and the North German Lloyd lines, is shown by the imposing fleet of vessels in the Chinese service of both these lines. In the transoceanic trade with Shanghai these two companies maintained in

1902 11 imperial mail steamers and 23 other steamships. In the coasting trade they had 8 and in the river traffic 6 steamships, to which must be added 24 steamships of other German companies, all of which are employed in the foreign and coasting trade of Shanghai. In Hankau, the great centre of the Chinese interior trade, the German flag was not represented in carrying freight in 1892; 15 per cent. of the total importations of that city were brought in German ships in 1902. The East Asiatic steamboat line, subsidized by the empire, carried 9,812 persons to the East in 1902, and on the homeward trips 10,400. The outward freight carried amounted to 181,936 tons, valued at \$55,444,000, of which 94,769 tons, worth \$21,705,600, went to the Orient. Of these, 64,049 tons, worth \$12,709,200, were German products. In other words, 67.6 per cent. of the total tonnage and 58.5 per cent. of the total value were German. The return freight amounted to 87,167 tons, worth \$33,955,000. Of this, 49,689 tons, valued at \$8,330,000, or 57 per cent. of the total freight and 24.6 per cent. of the total value, were destined for Germany.

The German-Shantung Railroad, between Tsingtau and Tsinanfu is finished. Over its tracks are running German locomotives and German cars, both passenger and freight. An exceedingly fine saloon car, formerly on exhibition at Düsseldorf, is used on this line. Up to November 1, 1902, 22 locomotives, 28 passenger cars, 10 express cars, 213 freight cars and 245 coal cars were sent out to this road. At the present time German engineers are busy with the building of a second German railroad in China. Its completion is practically secured through German capital. It is intended to unite Tientsin, the great commercial centre of the north, with the Yangtse by means of two very valuable branches, penetrating still farther into the interior. For carrying out the preliminary work of this road a combination, known as the German-Chinese Railroad Company, has been formed, with an original capital of \$2,380,000.

The German-Shantung Mining Company is working hand in hand with the Shantung Railroad. It is producing and selling coal which, according to the testimony of experts, is destined to play an important role in the East Asiatic market. It is said to be superior to Japanese coal in heating power and to make less smoke. The market for this coal, both in the interior of Shantung and along the coast, is secured through the arrangement of cheap prices for transportation over the Shantung Railroad. Thus both of these enterprises give promise of profits and look out upon a favorable future. Previous results in the matter of mining give promise to the railroad of the profitable transportation of coal.

A second mining company in Tsingtau, the German Society for Mining Industrial Effort Abroad, has begun to mine in five zones in Shantung, which have been conceded to it by the Chinese Government. They are working on various kinds of ores, among them gold.

If we look on the German spheres of interest, outside of Shantung, we find in Shanghai, for example, two German stock companies with a working capital of \$238,000. These companies are engaged in the weaving of silk and cotton goods. There are in addition \$2,380,000 of German capital engaged in cotton spinning in Shanghai, \$1,500,000 in selling silk, \$1,500,000 in flour mills, and large amounts in agricultural companies, banks, wharves, docks, gas houses, etc. In numerous other places in China large sums of German capital have been invested in all kinds of industrial enterprises, although it would be hard to obtain exact figures in regard to them.

Still another picture—the German merchant in China. The old time distinguished and well known expert merchant, a man of industry and cleverness, supported by considerable financial means, is to be found in all important places along the coast, and in recent years in places in the

interior. Shanghai alone has at least 68 large German firms, whose annual turnover amounts to \$28,560,000, or 22 per cent. of the total turnover of the city of Shanghai. After Shanghai, Tientsin is the most Germanized city in China. It has 29 large German firms working with an active capital of \$4,552,000. The Germans' part in the business of that city amounts to 60 per cent. of the total imports and 45 per cent. of the total exports. In Canton 12 German commercial houses are stationed, doing 50 per cent. of the total import and 75 per cent. of the total export business. Chifu has 4 German firms, with a capital of \$357,000; Amoy has 3 German firms, with a capital of \$71,400. Of the other treaty ports, Swatow, Fuchau and Hankau are domiciles of large German firms. Germany's share in the imports of Hankau is placed at \$2,850,000 and her share in exports at \$700,000 to \$900,000.

The trade with China has made it necessary to establish a German Asiatic Bank, with its principal quarters at Shanghai and branch houses in Tientsin, Peking, Hongkong, Tsingtau and Hankau. This bank declared dividends in 1902 of 9 per cent., and for this year there is every prospect for a favorable dividend.

Is China important for its imports of German wares? Germany's foreign trade statistics put China with Macao, and Hongkong and Kiao-chau by themselves. In the year 1902 goods worth \$9,020,200 were exported to China, including Macao, from Germany. Almost every important branch of German industry is represented in these exports.

PRINCIPAL EXPORTS FROM GERMANY TO CHINA IN 1902.

Articles.	Value.
Aniline dyes.....	\$1,547,000
Needles	1,237,600
Woolen wares.....	642,600
Pasamenterie	571,200
Fine iron wares.....	476,000
Coarse iron wares.....	285,000
Beer	261,800
Sugar	261,800
Woolen yarn.....	142,800
Cotton goods hosiery.....	142,800
Indigo	142,800
Brass wares.....	119,000
Wares made of precious metals.....	119,000
Iron bars.....	95,200
Clocks	95,200
Machinery	95,200
Mercury	95,200
Nickel	95,200
Copper	71,400
Cotton tissues.....	71,400
Cotton trimmings.....	71,400
Spun silk.....	71,400
Raw sugar.....	71,400

During the same year German exports to Hongkong amounted to \$952,000; and to the protectorate of Kiao-chau to \$1,642,200. This is by no means an exact picture of our trade in China; it deals only with our direct exports thereto to which should be added our indirect exports, but, unfortunately, these cannot be reduced to figures.

GERMAN OUTLOOK IN THE ORIENT.

In the foregoing we have given some data worth consideration. Although they do not exhaust the question, they show that German interests in the East deserve attention. But it is not by the conditions of yesterday or today, measured by figures, that we are to indicate the vast prospects which await the Germans in China and in the Chinese market. The entire situation in the world's market, the signs of the times, the great competitions of the people, rapidly assuming other forms than they have hitherto had, must be placed in the equation.

POSSIBILITIES OF TRADE WITH SOUTHWEST CHINA.

(From Commercial Intelligence, London, Sept. 7, 1904.)

The state of the Province of Wuchow, on the trade of which a very interesting report has been written by Mr. Acting Consul H. H. Fox, is still far from satisfactory, although the viceroy's visit last summer and the operations against the brigands undoubtedly restored confidence among the local officials and the people, and helped to stimulate trade.

The provincial government, in the opinion of Mr. Fox, would do well to recognize the vital importance of the West River and its numerous tributaries as the great trade route to Southwest China, both for political and commercial reasons; and direct their best efforts to encourage, by safeguarding and facilitating trade on this waterway, rather than by obstructive regulations and vexatious methods of taxation discourage the enterprise of native and foreign merchants, whereby both themselves and the people under their charge must in the long run be benefited.

In noting the continued increase in the import of foreign coal, chiefly Japanese, Mr. Fox expresses considerable surprise that the local authorities, with deposits of coal known to exist in the neighborhood of the port, do nothing to encourage its production.

The demand for foreign articles of everyday use among the Chinese in Wuchow and upriver towns becomes more noticeable each year. A visit to one of the "foreign emporiums" which have sprung up in the city during the last three years is described as very instructive.

These establishments—and in describing one Mr. Fox describes them all, not only in Wuchow but in all the towns along the river—have quite taken the place of the medicine shop as the attraction to the country visitor. The shop ceiling is hung with lamps of all shapes and sizes, principally of German and Japanese manufacture. The walls are covered with clocks and looking-glasses—of the latter no less than 163,000 were imported last year—and suspended from rods are rows of Japanese umbrellas, which the townspeople buy largely for about 2s. apiece. The countryman, however, requires something less expensive, and for him over 22,000 dozen umbrella frames were imported from Japan last year and covered locally with blue dyed cloth. In glass cases ranged along the wall and on the counters are displayed a motley collection of fancy soaps, toothbrushes, razors, scent bottles, condensed milk, canned fruits, gay colored handkerchiefs, etc. From the fact that these goods all appear to be quite new, and that the street in front of these shops is constantly obstructed by packing cases, it is inferred that these foreign sundries sell well.

Much in vogue at present are enameled basins, cups and kettles; the former may be seen in all the first class barbers' shops. These, again, are of German or Austro-Hungarian make; in fact, says Mr. Fox, the general impression one gets on a visit to one of these foreign stores is that everything is either of Japanese or German origin, and noting the excellent finish of these articles, combined with extreme cheapness, one despairs of the British manufacturer ever being able to hold his own in this market.

It may perhaps be taken as a compliment to British goods that the labels of most of these foreign made articles are written in English.

In the matter of underclothing British goods appear to be in demand. Lisle thread singlets (long sleeves preferred) find a ready sale at about 2s. each, while socks of similar material sell for 6d. a pair. Belts—apparently of British make, but badly finished—have been noticed, and it is understood that they are now very generally worn by well dressed Chinese, who, it may be remarked, wear no braces, but have hitherto tied up their trousers, around ankles and waist, with cloth or silk bands. Leather or elastic belts, with straps, or better still, snake clasp with small purse for money or cigarettes attached, would, it is thought, be popular.

A striking feature in most shops, as above described, is the display of cigarette boxes, which are, apparently, a British and American monopoly. This is said to be due to the energetic agent of a company who sent up two European agents last year. These gentlemen, in a houseboat gaily decorated with flags and other emblems, visited all the principal towns on the West River, distributing picture placards and samples of their wares, with the result that their cigarettes are now on sale in every town and village along the river. Over 2,000,000 cigarettes passed through the customs last year; perhaps double that number were introduced privately.

This is the real way to push British goods in this part of China, where the network of waterways offer special facilities for European travelers to reach all the important markets and exhibit samples of their wares.

It is recorded with pleasure that the British companies interested in the West River trade, particularly in the steam traffic, have for some months past had a traveling agent on the river, and have arranged to retain a permanent representative at Wuchow. The Chinese comprador, on whom so many British firms are content to rely for the care of their interests in the interior, does well enough when all that is required is to receive and forward cargo and transact routine business with the customs. But he has neither the energy nor the ability to push foreign trade in new markets, and he does not possess, on the one hand, the confidence of the native dealers, and on the other the respect of the local officials, in the same way as does a European agent.

In concluding his report Mr. Fox takes the opportunity once again to lay stress on the importance of the West River as the great trade route of Southwest China. It is the legitimate ambition of our neighbors in Tonkin, he says, to divert the trade of Yunnan and Kweichau into French territory, to make Hanoi and Haiphong—not Canton and Hongkong—the distributing centres for foreign goods in South China. When their projected railway system is completed the Tonkin route will prove a serious competitor to the West River route. It is, therefore, obviously to the interest of the Chinese Government to attract trade to the West River as much as possible. Once rapid, safe and cheap steam transit is firmly established on this great waterway, Hongkong's position as the emporium for the trade of Southwest China will be unassailable.

A NEAR VIEW OF JAPAN'S TEA INDUSTRY.

BY JOHN H. BLAKE.

Japan, although the second greatest producer of the tea leaf, occupies the somewhat unique position of having, practically speaking, but one foreign market for her teas. China teas, India teas, Ceylon teas and others find markets, great or small, in all of the tea drinking countries of the world; but the tea of Japan finds an outside market, of any consequence, in the United States and Canada only.

For many centuries this wonderful little island empire, like her immediate neighbor, China, raised and cultivated the tea plant for home consumption; her inherent dislike for all peoples and things foreign debarring a search for outside markets, notwithstanding the enormous possibilities which such markets could afford in trade and profit.

From the discovery of Japan by the Portuguese in 1542 until the year 1854 the foreign trade of the empire, both import and export, was subject to the whims and pleasure of the existing rulers. Periods of intercourse and trade with Christian nations were followed by periods of prohibition and even persecution, until in 1854 the United States expedition under Commodore Perry effected an awakening; and the new era thus established has improved rapidly with the years, until it now appears to be, both socially and commercially, destined to last forever.

During the intermittent periods of commercial intercourse with and exclusion of outside nations, Japan raised no tea for export, although the plant was extensively cultivated in different parts of the empire. With the opening of the treaty ports by Commodore Perry, the exportation of tea to the United States began, and the trade has been so fostered by the establishment of European and American "godowns"—as the tea preparing establishments are called—at shipping ports, and by the ever increasing demand by the Pacific Coast and Central States of this country and of Canada for the teas, that a truly wonderful trade has resulted.

Once introduced, the light body and delicate flavor of Japan teas quickly captured the fancy of Western Americans, and, from a small beginning a half century ago, the trade has grown apace, until today the consumption of the green teas of Japan in the United States amounts to about 35,000,000 pounds annually, or about 40 per cent. of the entire annual consumption of the nation.

For some years past British-Indian enterprise has attempted, by means of extensive and costly advertising, to displace the green teas of Japan and China in the American market, and gain a favor for the black product of India and Ceylon. Ten years or more of costly effort has proved to them, however, that the American consumer is not to be as easily weaned from his love for the light and flavory Mongolian cup in favor of the heavy and pungent beverage of the Englishman; and now, acting upon the principle

that if the mountain will not come to Mahomet, Mahomet must go to the mountain, these enterprising merchants are using every effort to produce a green tea from Indian and Ceylon leaf which will resemble the product of Japan in style and cup; and, with such teas, attempt to make the capture which their black teas failed to accomplish.

In the meantime the progressive merchants and growers of Japan are not asleep, and, aided by their Government, are quite likely to prove as aggressively intelligent and active in the defense of their position as the British can be in their efforts to capture it. During the earlier years of the coming trade warfare the American importer and dealer will watch the progress of events with the keenest attention, for, although uninterested, as yet, as far as production and manufacture are concerned, their financial interests and trade are likely to be affected, one way or the other, by the efforts of offense and defense.

It is somewhat surprising that Japan has so far been unable to establish a trade for her teas on the continent of Europe, for there can be no question as to the quality of her product. It may be accounted for, however, by the fact that the European demand, like that of Great Britain, is almost entirely for the highly fermented black sorts of China, India, Ceylon and Java, which Japan does not appear to be able to produce or imitate successfully, although repeated efforts have been made by her manufacturers in this direction. It is not easy to create a demand for an article that is altogether different in appearance and flavor to the one in favored use, and for this reason, notwithstanding the acknowledged merit of their product, the Japanese merchants, should they ever make the attempt, are quite likely to find it as difficult to influence European tastes and opinions as the British found it in America. In the United States, however, Japan's foothold is exceptionally strong, and, so long as her growers and manufacturers produce the meritorious qualities they are now exporting, but little fear for the future of their American trade may be anticipated.

The year 1902 showed an increase in the export of Japan teas to the United States of nearly 5,000,000 pounds over 1901, although the exports of 1901 fell below those of 1900 some 3,000,000 pounds. Altogether, for the last few years the exportation of Japan teas appears to remain close to the 33,000,000 pound mark, which is, at least, three-fourths of Japan's total export trade in teas.

As in China, the tea plantations of Japan are mostly little spots of land cultivated by the owners. In the larger tea districts of the country many of these tea gardens adjoin, and, "spreading away over the gently rolling land, frequently by the side of the yellow-green rice fields, present, in summer, an exceedingly pleasant aspect, with their

foliage of dark green, especially if the picture is still further enlivened by women and children in their gay, clean clothes, busily picking the leaves."

Great care is exercised by the Japanese growers in the cultivation of the plant, for, like the Chinese farmers, they take a particular pride in the product of their little farm, and to the finished leaf they proudly apply a fanciful or poetic name, such as "jeweled dew," etc.

Since the opening of Japan to the trade of the world in 1854, the cultivation of the tea plant has increased quite rapidly; and, as the exportation of the leaf to the United States and Canada increased, new lands were, and are being, laid out as tea gardens, where the plant was never raised before. The cultivation of the plant is carried on in Japan much as it is done in China; the ground is just as carefully worked and kept, and the plants are as well and as scientifically tended. Many centuries of the most careful husbandry have taught the Japanese farmer the art of cultivation, and in the sciences of irrigation and fertilization he is an adept, and, as a result, the arable land of the empire has been brought to a very high state of perfection. In China tea land is rarely, if ever, manured, for the Chinaman fears for the flavor of his product, and justly so, for the fish guano, oil cake, manure and other strong smelling fertilizers, which are in use in the coast districts of Japan, are responsible for the "fishy" flavor in the liquor so frequently recognized by experts of the tea table when testing the lower grades of Japan teas.

Tea is grown in nearly all of the provinces of Japan south of the Tsugaru Strait, which separates the main island, Nippon or Hondu, from the northern island Yezo or Ezo, although in widely varying quantities. The greater pro-

ducing districts are situated in the central part of the main island, between the thirty-fourth and thirty-sixth degrees of north latitude, and, in quality, as well as in the quantity produced, these great central tea districts are far in advance of the outlying districts. The old centre of tea culture in Japan is said to be situated at the southern end of Biwa Lake, and from this centre the industry has extended until it embraces most of the provinces situated between the 130th and 140th degrees of east longitude, having for distributing points for foreign markets the twin cities Hiogo-Kobe on the west and Yokohama on the east, the enormous increase in growing territory being mainly due to the ever increasing American demand for the product.

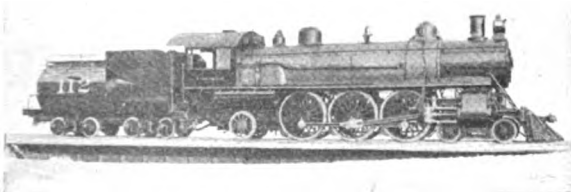
The tea shrub is cultivated also in favored spots in the provinces bordering the Japan Sea; and in the southern island of Kiushui many acres are set apart for the cultivation of the shrub, but the product of these outlying districts is raised mainly for home consumption.

Japan leaf, irrespective of district, is made into the familiar kinds as we know them; but parcels of teas made into an imitation of the Chinese black and green sorts, such as Congous, Oolongs and Gunpowders, are sometimes to be met with in American markets. The Japanese Government has endeavored to foster the production of such makes, but so far the success of the makers has been limited. With an energy worthy of its later history the Japanese Government has done much to aid the tea industry at home and the distribution of the product abroad, and today many native companies have established agencies for the sale of teas, as well as for the furtherance of the cause of Japan teas generally, in many of the larger markets of this country and of Canada.—*Tea and Coffee Trade Journal*.

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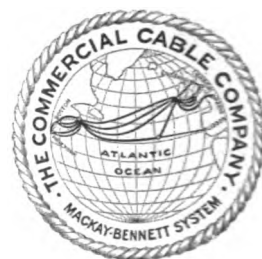
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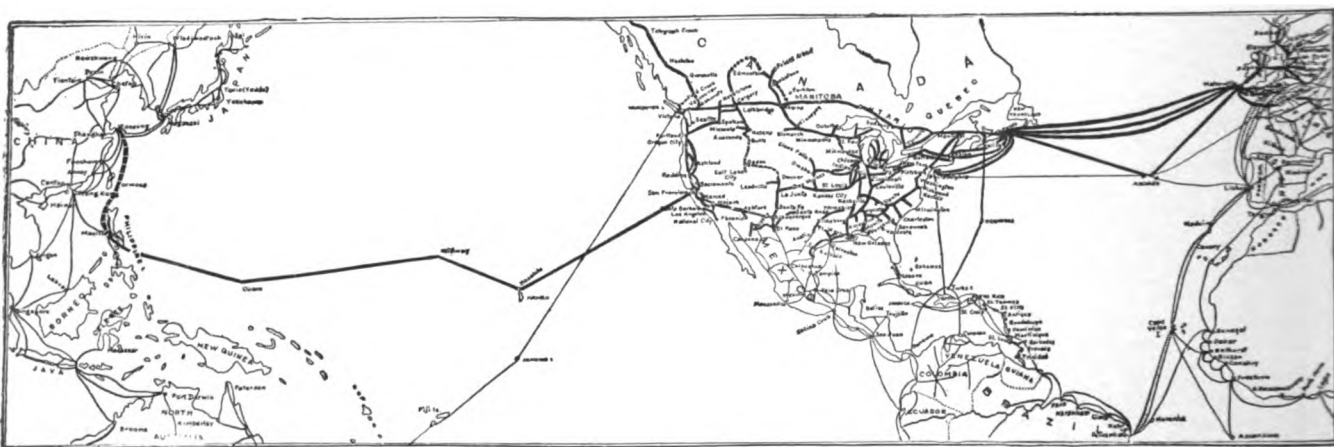
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Journal of The American Asiatic Association

VOL. IV.

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THOSE of our members who were not present at the Seventh Annual Dinner of the Association will doubtless read with interest the full report of the speech-making published in this number of the JOURNAL. The occasion was an unusually interesting one, and was in all respects a brilliant success. The congratulations exchanged with the Emperor of Japan formed a highly significant feature of the Dinner and most impressively illustrated the rapidity and comparative directness of the telegraphic intercourse which has been established between Japan and the United States. To the sentiment contained in the address of welcome to Prince Fushimi that the Association could not but recognize the fact that Japan's battle is also ours, there was no dissenting voice, and the heartiest applause attended the further statement that the increased power and influence of Japan are nowhere more sincerely welcomed than in the United States. The excellent impression left by Prince Fushimi on all with whom he came in contact during his visit to New York should be recorded here. Not a single unpleasant incident marked the whole course of his stay and it was made the occasion for a series of interchanges of public and private courtesies which will always remain a pleasant memory to those who participated in them.

No sentiment was more warmly applauded at the Association Dinner than that to which Professor Jenks gave expression in dealing with the question of the onerous restrictions imposed at our ports on the entrance of students or merchants from China. The indignation which Professor Jenks gave utterance to in dealing with this question had the unanimous sympathy of those present at the Dinner, and is unquestionably shared by a very large portion of the people of the United States. That the treaty now under negotiation will render the existing restrictions less humiliating and insulting is of course a certainty, but there is no certainty that in the hands of immigration officers who retain the obsession on this subject of those who now administer the law at our Pacific ports, any treaty, however liberal, may be defeated of its purpose. The real grievance of the visiting Chinaman, whether student, merchant or traveler for pleasure, who can claim exemption from the terms of the exclusion act, has been that the administrative orders adopted with the full approval of the Treasury Department and the new Department of Commerce and Labor have far outrun the law in their offensively inquisitorial provisions. There can be no question about the disgust

which the excessive zeal of these officers has occasioned in the Department of State, and the fact may be as well recognized that however successful that Department may be in the negotiation of a treaty under which the best class of Chinamen shall be free to visit this country without passing through any different ordeal from the cabin passengers of any other nationality, it is absolutely essential that the immigration officers charged with the execution of the immigration law should be guided by the spirit of the new treaty rather than by their own conception of what is due to the labor union intolerance of which most of them are exponents.

THE organizers of the Perry Memorial Relief Fund have been profoundly disappointed at the comparative paucity of the results which they have achieved in this country. Precisely what these results have been is shown in the following list of subscriptions:

LIST OF SUBSCRIPTIONS.

American Trading Co.....	\$1,000
China & Japan Trading Co.....	1,000
Clarence H. Mackay.....	1,000
Isaac N. Seligman.....	500
Jacob H. Schiff.....	500
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Haines & Bishop.....	25
Mrs. Edwin Parsons.....	25
Jas. J. Hooker.....	25
Geo. F. Seward.....	25
Wm. J. Matheson.....	25
Sundry Subscriptions.....	30
Total.....	\$7,420

THE Perry Memorial Fund was an appeal primarily by business men to business men for the relief of the families of soldiers and sailors in Japan left destitute or in needy circumstances by the death or disablement of their natural

protectors. Their work has been taken up by a new organization entitled "Japanese Relief Fund," which makes its appeal primarily on grounds of Christianity and humanity. The spirit of the movement may be inferred from a statement made by a former member of the Japanese Cabinet in a communication to Professor Clark, formerly of the Tokio University, in which occurs this statement: "One kindly deed in this, our time of sorrow, will be more effective than a thousand sermons preached in times of peace. There has been no such opportunity for the Church of Jesus Christ in a hundred years, and Christian help, extended under such circumstances, will capture the very hearts of the Japanese, and will, I assure you, never be forgotten."

At the head of the Japanese Relief Fund is Dr. Seth Low and on its committee are such names as those of Bishops Greer, Harris and Johnson; Dr. W. R. Huntington; Dr. Wm. Elliot Griffis; Dr. Geo. Wm. Knox; Dr. Chas. Cuthbert Hall; President Hadley of Yale; President Woodrow Wilson of Princeton; and Messrs. R. Fulton Cutting, Alexander E. Orr, John H. Converse, John Wanamaker and George H. Southard. Into the hands of this thoroughly representative body the Perry Memorial Fund Committee have surrendered their functions, and have earnestly seconded the appeal made by the Committee of the Japanese Relief Fund to the Christian public of the United States. Of the \$7,420 raised by the Perry Memorial Relief Fund, \$6,000 was some time ago remitted to Japan through the International Banking Corporation, and the remainder will at once follow, without any deduction on the score of working expenses.

THE appeal of the Japanese Relief Fund Committee states that private advices of unquestionable authority from Japan, addressed to Bishop Harris, Methodist Episcopal Bishop for Japan and Korea, and to other missionaries temporarily sojourning in the United States, represent a deplorable destitution as existing in that country among the families of deceased soldiers. In a single Japanese city, 2,000 families have been plunged into sorrow and actual need of the common necessities of life by the death of fathers and sons within the past few months. Every charitable agency in Japan is taxed to the utmost, yet the situation is daily becoming more acute. Unless outside help is rendered promptly, there must be sore distress during the coming winter. An appeal is to be sent for publication before Christmas Day to the leading religious and secular journals in this country and Canada, signed by well known Bishops, Clergy and laity of all churches asking not only pecuniary assistance for the suffering families in Japan but also for the sick and wounded of both armies so far as they may be reached by missionary distribution and by the Committee of Relief, now being organized in Japan. This appeal is most earnestly commended to those of our readers who have not yet subscribed either to the Fund started by Consul General Uchida or to that of the Perry Memorial Committee.

SEVENTH ANNUAL DINNER OF THE ASSOCIATION.

The Seventh Annual Dinner of the Association was given at Delmonico's, Fifth Avenue and 44th Street, New York, on Monday, December 12, 1904, at 7 P.M. Members and guests to the number of two hundred and five sat down to dinner.

His Imperial Highness, Prince Fushimi, of Japan was the Guest of Honor of the occasion.

The chair was occupied by the President of the Association, Mr. Silas D. Webb, and the Secretary, Mr. John Foord, officiated as Toastmaster.

At the chairman's table were seated the following:

President S. D. Webb,
H. I. H. Prince Fushimi,
Hon. Francis B. Loomis,
A. Sato,
E. Hioki,
Stewart L. Woodford,
Baron Kaneko,
Count Terashima,
Brig. Gen. F. D. Grant,
Bishop McKim,
K. Takahashi,
Rev. C. F. J. Wrigley,
Prof. J. W. Jenks,
Major Mihara,
John Foord,
S. Uchida,
Dr. K. Rokkaku,
Isidor Straus.

TABLE D.

J. S. Fearon,
Harris Fahnestock,
John B. Lee,
William Barclay Parsons,
John Hubbard,
William Pannenberg,
Thomas H. Hubbard,
J. W. Castles.

TABLE E.

R. Arai,
K. Imanishi,
R. von Briesen,
William H. Evans,
N. Sato,
Y. Murai,
T. Furuja.

The occupants of the other tables were seated as follows:

TABLE A.

J. W. T. Nichols,
O. K. Eldredge,
P. W. Slocum,
George Nichols,
James Thomson,
M. R. Jacobs,
D. W. Smith,
W. W. Coriell.

TABLE B.

Thomas A. Phelan,
J. Edward Simmons,
H. B. Montgomery,
Paul L. Phelan,
J. Louis Schaefer,
Walter E. Frew,
William A. Avis.

TABLE C.

George Clapperton,
W. Grigor Taylor,
S. J. Dickenson,
E. C. Platt,
S. G. Hopkins,
Commissioner Takeshita,
M. Hanihara.

TABLE F.

James R. Morse,
J. W. Copmann,
W. E. Bemis,
William Reynolds Brown,
George M. Woolsey,
Bronson Winthrop,
Herbert Appleton,
Douglas F. Cox,
E. R. Smith,
Francis E. Dodge,
Livingston Roe,
Thomas A. Eddy,
W. H. Stevens,
M. F. Lowenstein,
Sully Gillet,
D. A. Tompkins.

TABLE G.

Lowell Lincoln,
H. A. Haines,
Fridge Riach,
E. N. Todd,
Lowell Lincoln, Jr.,
Ernst Thalmann,
Henry L. Stoddard,
August D. Shepard.

TABLE H.

Robert Christie,
 Henry Bowers,
 Herbert M. Lloyd,
 William Skinner,
 D. R. Aldridge,
 John C. Van Cleaf,
 Frederick A. Fairchild,
 W. E. Church,
 Joseph W. Howe,
 George S. Watrous,
 Thomas N. Myrick,
 W. J. Steel,
 Howard Ayres,
 — Andrew G. Foord,
 Herbert St. John Webb,
 Edgar A. Manning.

TABLE I.

S. M. Milliken, Jr.,
 Edw. L. Young,
 John Bottomly,
 H. A. Hatch,
 P. A. Baldwin,
 Henry Maxwell,
 William N. Schill,
 A. Norden, Jr.,
 F. B. H. Paine,
 Thomas Woodward, Jr.

TABLE J.

William T. West,
 Richard Deeves,
 Charles E. Perkins,
 J. Henry Deeves,
 Howard R. Bayne,
 Henry G. Woodruff,
 John T. Pratt,
 Edwin H. Baker.

TABLE K.

A. G. Mills,
 Albert Strauss,
 Robert M. Murray,
 Newell Martin,
 Benjamin Bowden Lawrence,
 A. P. Cochrane,
 Charles H. Allen,
 Charles A. Conant.

TABLE L.

K. Iwahara,
 K. Kurasawa,
 M. G. Psiaki,
 William T. Westcote,
 Winslow Parker,
 Laurus L. Loomis,
 H. S. Quick,
 K. Iwashita.

TABLE M.

Arthur O. Probst,
 Albert Cordes,
 R. Binder,

Stephen W. Baldwin,
 Alco. G. Psiaki,
 J. H. Walbridge,
 William A. Slayback,
 Charles M. Brooks.

TABLE N.

Geo. H. Sampson,
 E. W. Moir,
 Capt. E. L. Zalinski,
 F. A. Brainerd,
 H. V. Conrad,
 R. C. Hunt,
 R. G. Collins, Jr.,
 Henry Japp.

TABLE O.

Joseph R. Patterson,
 Wm. McKinley, Jr.,
 Chas. D. Shaw,
 Otto H. Hinck,
 Wm. S. Brown,
 J. L. Spence,
 Alfred J. Hinck,
 James F. Capen.

TABLE P.

E. P. Smith,
 E. A. Smyth,
 E. S. Boteler,
 W. H. Baldwin,
 Ira B. Downs,
 Wm. G. Jenkins,
 Rev. J. H. Melish,
 James J. Hooker.

TABLE Q.

Henry R. Towne,
 A. W. Douglas,
 Kirk Brown,
 Wm. H. H. Beebe,
 Wm. H. Baker,
 H. J. Chambers,
 John W. Hamilton,
 Robert E. Moss.

TABLE R.

E. P. Cronkhite,
 Hermann Norden,
 Frank P. Holran,
 Gen. W. Gordon,
 W. G. Broadway,
 A. Brauer,
 Chas. E. Eyttinge,
 M. Bouvier.

TABLE S.

F. B. Thurber,
 F. B. Thurber, Jr.,
 C. A. Green,
 Prof. Friedrich Hirth,
 M. Stransky,
 Samuel J. Stiebel,
 I. Stiebel,
 M. Nagai.

TABLE T.

W. J. Sparks,
A. Houtman,
John D. Gluck,
David C. Reid,
Edward Tomes,
Otto Thomen,
E. H. Erlanger,
C. H. Betts.

TABLE U.

Charles F. Wreaks,
H. N. Townsend,
E. V. Skinner,
W. F. Stevenson,
Herbert Barber,
John F. Seaman,
John H. Wisner,
George L. Woolley.

TABLE W.

Lorenzo Daniel,
J. C. Seager,
Robt. A. Sewell,
J. W. Dawson Stearns,
F. Hanert,
Chas. L. Bernheimer,
S. Lewisohn,
D. S. Sandeman.

The dinner was composed as follows:

MENU

Chablis

Oysters

Pemartin Sherry

SOUP
Green Turtle with Madeira

Chablis

SIDE DISHES
Mouseline Cardinal
FISH
Fillet of Sole, baked
Cucumbers
Duchess Potatoes

Moët & Chandon, '93
Imperial Brut

REMOVE
Saddle of Mutton, Aromatic Sauce
Fonds d'Artichauts Mikado

Chateau Perganson

ENTREE
Breast of Chicken with kari
French Peas
Sherbet with Rum

ROAST
Quail with Watercresses

Aspics of Foies Gras
Celery Salad Mayonnaise

Apollinaris
White Rock
Liqueurs

SWEETS
Fancy Ice Cream
Assorted Cakes
Pyramids
Fruit Coffee

The following is the Toast List:

TOASTS

The President of the United States

Response by

HONORABLE FRANCIS B. LOOMIS
Assistant Secretary of State

The Emperor of Japan.

Address of Welcome to Prince Fushimi

Reply by

HIS IMPERIAL HIGHNESS

Translated by

MR. A. SATO

The United States and Japan

The Guardian of the Portal and the Defender of the Open Door

Response by

HONORABLE STEWART L. WOODFORD

America's Debt to Asia

Response by

PROFESSOR JEREMIAH W. JENKS OF CORNELL UNIVERSITY

The Army

Response by

BRIGADIER-GENERAL FREDERICK D. GRANT

ORDER OF SPEAKING.

PRESIDENT WEBB.

I have to ask you to drink to the toast of "The President of the United States" (loud cheers)—a great office worthily filled by a man who has just been the recipient of a manifestation of the respect and confidence of his fellow citizens, whose emphasis is without parallel in the later history of this Republic. (Applause.) May I add that in so far as the discharge of his duties has touched questions of vital interest to the members of this Association, President Roosevelt has proved himself worthy of our unqualified approbation. ("Hear, hear!") We drink to

"The President of the United States."

(The toast was drunk standing, amid tremendous and sustained applause.)

Gentlemen, I shall call upon the Hon. Francis B. Loomis, Assistant Secretary of State, to respond to this toast, as one who has had an intimate relation to the treatment of questions in which we are most interested, and who worthily represents a chief whose diplomacy has challenged the admiration of the world. (Loud cheers.)

HON. FRANCIS B. LOOMIS,
Assistant Secretary of State.

Toast—"The President of the United States."

Eight million American voters have responded to the sentiment which I am asked to consider this evening. Peaceably, cheerfully, freely, "decently and in order" this

host of American citizens expressed their confidence in the President. ("Hear, hear!" and cheers.) Anything I say may well be lost in the reverberating echoes of that prodigious acclaim which was, as we all know, more than a party victory. It was the personal triumph of the man and citizen, who is also our Chief Magistrate. It rose far above a mere party success at the polls. It reached the impressive dignity of a national manifestation of approval of certain admirable, and what may be popularly styled, typical American traits and principles which the President is sincerely thought by his fellow countrymen to possess in a high and efficient degree. (Prolonged applause.)

It is in this broad, national sense that I wish to refer to the President, and to his relations to the people, not to him in his character as the head of an important political party. It is with Theodore Roosevelt, the typical American, that you and I are concerned. (Cheers.) He holds a secure place in the hearts of the American people, and in the esteem of the intelligent people of foreign nations not only because he is President; not because he is the recognized leader of a powerful political organization; not only because he has considerable literary achievement to his credit, but because he appeals to what is best in every manly heart; because he is many sided and every side is a good side; because he is versatile and intensely human; because he touches life strongly and in a masterful way at many points; because he is stimulating, full of faith in human nature and faith in the good intentions of the great mass of his countrymen, the plain people; because he loves his fellow man; because his honesty is above question; because he believes in fair play; because he loves, with a deep, inherent, evergrowing and proudly passionate love, this country of ours; because patriotism, in its highest and best sense, is a religion with him; because he ardently tries to practice what he preaches; because he is no humbug; because he tries to lead a clean, industrious, unselfish, helpful life; because at all times he does his best and wastes no time repining over lost opportunities or unattainable ideals. If he cannot scale the uttermost heights, he will dauntlessly struggle up as far as courage, activity and intelligence will carry him. People open their hearts to him because of these manifold compelling qualities; because he is always ready, always striving for what he believes to be right; because, in short, he is every inch a man. (Immense enthusiasm and long cheers.)

Here is the potent essence of his philosophy and patriotism: "Ultimately," said he, "no nation can be great unless its greatness is laid on foundations of righteousness. * * * No man is above the law and no man is below it." (Cries of "Hear, hear!")

The President represents a great force, because he is a moral influence; he is able to arouse and stimulate lofty and uplifting sentiments in the minds and hearts of the people. I am glad we have with us in this workaday world a man who combines in himself a capacity for intense, practical industry, and intense loyalty to noble ideals of patriotism, of truth and of honor. I am glad we have a man who, by the force of his untiring determination and effort to do his best, no matter what the odds may be,

has the power to lift us above the plane of ignoble strife for the purely material prizes of life, and to cause us, soberly and truly, to inquire whether there are not things better worth having and winning than great preferment or great wealth. (Applause.)

The man who can make the homely virtues, as well as the lofty ideals, beautiful and essential to a considerable number of his fellow beings has not lived in vain. He is a true benefactor to his race, for he has touched the heart and illuminated the understanding of his fellow beings.

What princely fortune could purchase the measure of confidence and esteem which his own countrymen freely give the President today? It is something riches cannot buy.

Who living carries a message so vital and pregnant to the minds of so many young men? Who so directs their aims and inspires their ideals? Who so fills their minds with commendable ambition? Who so fires their patriotic impulses? Who so persistently preaches to eager and willing ears that a man's a man no matter what may be his race, his creed, his class or his bank account? Who so effectively expounds the doctrine of work? Who so successfully has impressed upon the minds of the youth of this nation the belief that the highest form of success comes not to him who desires mere ease and peace, but "to the man who does not shrink from danger, from hardship or from bitter toil, and who, out of these, wins the splendid, ultimate triumph." (Applause.)

Between the President and the men who are doing good and honest work over all the world there is a bond of sympathy and interest. The Soldier Prince of Japan and the President of the United States when they met did not meet as strangers. Though men of different race, different education, different points of view, each instinctively and instantly recognized in the other those splendid qualities of human nature which are peculiar to no race and to no clime. (Vociferous applause.)

I have said his sympathies were world wide, and so is his vigilance and his care for American interests and American commerce. He loves peace, but always peace with honor. He wants fair play and a fair chance for American products in all existing markets. He wants to create new markets whenever and wherever it may be properly done; therefore, he is glad to assist such organizations as this, and to smooth the path wherever he can for every earnest and worthy pioneer of American commerce. He believes that vast opportunities and vast responsibilities are coming to this nation. He said in 1900, in his speech seconding the nomination of McKinley: "Our nation, glorious in youth and strength, looks into the future with fearless and eager eyes and rejoices, as a strong man to run a race. We do not stand in a craven mood asking to be spared the task. No! We challenge the proud privilege of doing the work that Providence allots us, and we face the coming years high of heart and resolute of faith that to our people is given the right to win such honor and renown as has never yet been granted to the people of mankind."

And such is the faith and prophecy of Theodore Roose-

vult. It is a faith that conquers, and it is ever looking upward. (Hearty and long cheering.)

PRESIDENT WEBB—Our next toast is that of "His Imperial Majesty, the Emperor of Japan," a great ruler of a great people, and one whose character and ability will, as we hope and believe, prove potent in bringing about the regeneration of Asia, as they have proved in the new birth of his own country. Gentlemen,

"His Imperial Majesty the Emperor of Japan."

(The toast was drunk standing and with loud and continued cheering.)

THE SECRETARY—By direction of the committee of arrangements, I am about to file with the Commercial Cable Company the following dispatch to the Minister of the Imperial Household of His Imperial Highness the Emperor of Japan, and to ask your approval of this token of our respect:

"At the dinner of the American Asiatic Association, at which His Imperial Highness Prince Fushimi is guest of honor, the health of His Imperial Majesty the Emperor of Japan, has just been drunk amid great enthusiasm, and the sentiment was warmly applauded that the character and ability of the Emperor would prove potent in the regeneration of Asia as they had done in the new birth of his own country."

(Rousing applause and cheers, all rising.)

PRESIDENT WEBB—And now, gentlemen, I have to introduce to you our guest of honor, His Imperial Highness Prince Fushimi. (Applause.)

ADDRESS OF WELCOME BY PRESIDENT WEBB.

Prince Fushimi, I have the honor to present to your Imperial Highness a cordial greeting from the members of the American Asiatic Association.

Our country, like yours, has a vital interest in the maintenance of the open door for commerce in Eastern Asia. (Cheers.) The struggle in which your people are now engaged, and in the conduct of which their achievements have excited the admiration of the world, has for one of its objects the preservation of the principle of equality of commercial opportunity. Organized in defense of this principle, our Association cannot but follow the fortunes of Japan with a sympathetic interest; cannot but recognize the fact that her battle is also ours, and that in the benefits of her ultimate triumph American commerce will freely and liberally share. (Applause and cries of "That's so!")

The ancient and illustrious Imperial house to which your Highness belongs has acquired new dignity and honor from having at its head one of the most enlightened rulers of this or any other age. (Applause.) Our people would find less satisfaction in the results of the mission of Commodore Perry, and your people would have less reason to be grateful for the breach made by the United States in the long seclusion of Japan, had the guidance of the empire in its new career of progress fallen into less competent hands. The name of your Emperor will be transmitted to latest time beside those of the founders of nations, the fathers, protectors and benefactors of their people. It is

with no ordinary pleasure that we take this opportunity to convey to him, through you, his kinsman, the assurance of our profound respect and admiration for his Imperial Majesty. (Loud applause.)

Your Highness will already have discovered in your progress through our country that you are among a people who entertain the most friendly feelings toward your own, and who are thoroughly well informed as to the bearing of the conflict which your people are now waging on the future development of the great continent of Asia and on the well being of that half of the human family which inhabits the eastern portion of it. The distinguished part which your Highness has borne in some of the most heroic episodes of that conflict gives you a new title to the regard of our people, and will assure you a hearty and spontaneous welcome from them wherever you may go. (Cries of "That's so!")

In lending emphasis to that welcome, this Association merely discharges one of its proper functions by helping to draw closer the bonds between two countries whose physical proximity is reinforced by an essential identity of the great lines of their national policy and a substantial agreement in regard to the ideals of human progress. Between your people and ours there can only be the peaceful rivalries of commerce and industry, and of the noble struggle most effectually to apply the discoveries of science to promote the welfare of mankind. In the future, as in the past, our Association will make the utmost endeavor to remove all causes tending to impair the cordial relations existing between the Empire of Japan and this Republic, or calculated to obscure the essential identity of their interests and purposes. To these ends we hail the visit of your Imperial Highness as furnishing invaluable aid, and we trust that you will accept the feeling which animates this assemblage as the earnest of a widely diffused conviction that the increased power and influence of Japan are of good augury for the best interests of the world, and are nowhere more sincerely welcomed than in the United States. (Applause.)

Gentlemen, I call on you to rise and drink to the health of His Imperial Highness, Prince Fushimi.

(Amid deafening cheers and prolonged applause the toast was received by all standing.)

REPLY OF HIS IMPERIAL HIGHNESS PRINCE FUSHIMI.

First delivered in Japanese by His Imperial Highness, and afterward translated as follows by A. A. Sato:

MR. PRESIDENT AND GENTLEMEN OF THE ASIATIC ASSOCIATION—It affords me great pleasure to be present here this evening by your courteous invitation, and I thank you most sincerely for the cordial greeting thus expressed to me on behalf of the members of the American Asiatic Association. (Loud applause.)

As you have just remarked, in traveling through your country I have already discovered that I am among a people who entertain the most friendly feelings toward my own, and I feel confident that the aim of your Associa-

tion and the object of my mission, which are identical, will be greatly promoted by this friendly reunion, where I have just had the pleasure of listening to kindly and sympathetic sentiments toward my country. I assure you that your expression of high esteem, which I shall not fail to convey to His Imperial Majesty, will be a source of profound satisfaction to His Majesty the Emperor of Japan. (Loud cheers.)

Thanking you again for the courtesies extended to me, I raise my cup to drink to the health of the President of the United States, to the prosperity of the American people and to the success of the American Asiatic Association. (Great enthusiasm, and all rising, gave three cheers.)

PRESIDENT WEBB—I have now to request our secretary, Mr. John Foord, to act as toastmaster, and to assume the direction of the further proceedings of the evening.

TOASTMASTER FOORD—I have received letters regretting their inability to be present from the President of the United States, Hon. John Hay, Secretary of State; Mr. Kogoro Takahira, Envoy Extraordinary and Minister Plenipotentiary of Japan; Sir Chentung Liang Cheng, Envoy Extraordinary and Minister Plenipotentiary of China; Mr. Morris K. Jesup, president of the Chamber of Commerce; Mr. S. Akatsuka, Third Secretary Legation of Japan; Mr. Bunzo Kubota, attaché Legation of Japan; the Right Reverend Henry C. Potter, D. D., Bishop of New York; Senator Chauncey M. Depew, Rear Admiral Coghlan.

The following cable message has just been received by me from our honorary member, the Hon. John Barrett, American Minister at Panama. Mr. Barrett has usually been with us on these occasions, and when not bodily present he is still with us in spirit:

PANAMA, December 12, 1904.

Foord, Asiatic Dinner, Delmonico's, New York:

Regret; duties Panama prevent presence; accept felicitations for Association and distinguished guest.

BARRETT.

I shall read to you the letter which I have received from our old friend, Mr. Takahira, who, as you know, has been dangerously ill, but is fortunately on the way to recovery. (Cheers.)

NEW YORK, December 8, 1904.

John Foord, Esq., Secretary of the American Asiatic Association, New York City:

DEAR SIR—I desire to express my cordial thanks to you and through you to the gentlemen of the executive committee of the American Asiatic Association for the courteous invitation to the annual dinner of the Association, at which His Imperial Highness Prince Fushimi is to be the guest of honor. I extremely regret that I shall not be sufficiently recovered from my ailment to be able to join the representative company which will assemble to welcome our Imperial visitor.

It has curiously happened in these few years that I have been unable to accept any of the invitations to your annual dinners which you have so courteously extended to me, and I have thus been deprived for some time of the

pleasure of renewing my acquaintance with the gentlemen of the Association and of hearing what they had to say in regard to their efforts in our common interest.

As for me, I have not failed to note that the events of the world which have taken place in the interval have been of such nature and significance as to demonstrate with increased emphasis that the United States occupies a position so unique among the nations of the world that it seems to me almost as though this country, with its enormous power and wealth, had been especially created to illustrate to all mankind, and in the end to enforce among them the principles of justice and fair play. (Great applause.) History proves that the conduct of this Republic toward other nations has been based on a high sense of justice, and that there has been in its action none of that shortsightedness which a regard for self interest only creates. From this has followed the due observance of fair play and a due regard for the interests of others. Adherence to justice and fair play, however, when not supported by power and wealth is something like the attempt to enforce law without a sanction. That the United States possesses great power has been convincingly proved. That it is endowed with immense wealth every year brings forth more and more striking evidence. Such power and such wealth, when used in support of justice and fair play, cannot, I am sure, be defied by anyone, and it is an undeniable fact that the voice of the United States, which is based on the will of the people, has been sought for and listened to of late with more and more serious attention in the councils of the world's work. In having powerfully contributed to such a result, your Association can feel repaid for its indefatigable effort to maintain the territorial integrity of the Chinese Empire and to uphold the principles of the open door for all the nations. (Applause.) Should you continue to use your efforts for the same purpose as energetically as hitherto, it will not be difficult to attain in that part of the world the "peace of justice" so appropriately referred to by the President in his recent message to Congress. Wishing sincerely the continued success and prosperity of the American Asiatic Association, I remain,

Very truly yours,

K. TAKAHIRA.

THE TOASTMASTER—It is my pleasant duty to introduce you to one who hardly needs any introduction to an American audience, one whose discriminating, warm hearted and intelligent partisanship for Japan commends him to all of us. I do not intend to launch into an encomium upon your friend and my friend, General Woodford; I shall simply introduce him and let him speak for himself. General Woodford will reply to the toast:

"The United States and Japan—The Guardian of the Portal and the Defender of the Open Door."

HON. STEWART L. WOODFORD.

MR. PRESIDENT, YOUR IMPERIAL HIGHNESS AND GENTLEMEN—I am asked to respond, and very briefly, to the toast of Japan and the United States. It is historical fact that Japan is the oldest nation in the world which is now gov-

erned by the dynasty that founded the empire and ruled at the beginning. China is older, but China has passed through many vicissitudes and been governed by many dynasties. Strange it seems to us, and difficult to realize, that the same dynasty sits upon the throne of Japan today that was founded 700 years before Christ, in the person of their first Mikado, Jimmo Tenu. When he established his authority in Japan, Romulus and Remus were quarreling over digging the little ditch that made the fort of the first city of Rome. (Cries of "Hear, hear!") Measure back in your thought all that has come to Rome in these 2,600 years, all the change of Italy, all the change of Europe, all the change of the world, and you will begin to grasp the significance of the fact that the same family rules in Japan and that our illustrious guest of tonight is of the same dynasty that established the Japanese Empire 2,600 years ago. (Great applause.) Empires have risen and empires have passed, kingdoms have risen and kingdoms have passed, republics have risen and republics have passed, and the same imperial family, the same dynasty, the same government is playing its part in the history of the world today that began in those fair islands 2,600 years ago. (Great applause.)

Why, gentlemen, we are parvenus (laughter); nay, more than that, old dynasties have lived and grown weak; blood has strengthened and become water; history has risen to mountain peak and descended into the lowland, but the same masculine virility that established the island empire today confronts the greatest power of Europe and stands for its own manhood at least on equal terms. (Great and long continued applause.)

Within 200 years we have come to birth and power. As the sentiment of the toast to which I am honored in being permitted to reply, the United States stands today the guardian of the new way that is to connect the Atlantic and the Pacific oceans. (Applause.) As we stand guardian for the equal canal on the eastern side of that Pacific, so today Japan stands on the western side as the equal guardian for the open door that shall be for the commerce of the entire world. (Great applause.)

Now, gentlemen, my speech shall be very short. (Cries of "No, no; go on; go on.") The Japanese soldiers strike long and speak briefly (laughter and applause), and as one of the survivors who had the privilege of fighting under Fred Grant's father in the old Civil War I will try to speak briefly and strike strongly. (Laughter.) Think for a moment of where we stand in relation to the future. On the eastern side of the Atlantic there are many nations, each touching its eastern fringe. On the Pacific we begin at Alaska on the extreme northwest. We follow, trending southeastwardly, with only two narrow points at which England touches through Canadian right the Pacific Ocean. Going still southeastwardly, either our actual position or our inevitable dominant influence controls the eastern side of the Pacific until you touch the isthmus of Panama. Going westward then we hold the position of Hawaii; going southwestwardly we strike Guam, then the Philippine Islands, reaching along 2,000 miles of the southeastern

Asiatic coast; then northward are China and Japan; then at less than 1,000 miles—stop and think of that—at less than 1,000 miles from Northeast Japan we strike the chain of the Aleutian Islands that stretch northeastwardly till they reach our Alaskan coast again. In physical fact the Pacific is an American lake (great applause and laughter), in which we seek no dominance of power, in which we ask no control by diplomatic intrigue or physical force, but we are opening the Panama Canal. We, and not Europe, are paying the bill. (Cries of "Hear, hear!") We, and not Europe, are to police and guard that canal. Through it the German ship is to pass; through it the French ship is to pass; through it the Russian ship, if any be left (laughter), is to pass. There is no divergence from strict neutrality in that. (Great laughter.) Through it the British marine is to pass—and all upon equal terms with equal facility of tonnage and with equal tonnage dues.

Now, gentlemen, when they have gone through the canal that we build, are they to have better harbor and better market on the west side of the Pacific than we who open the way? (Cries of "No, no!") In and on that western coast of the Pacific Sea we ask only equal terms. Into the harbor of Manila of today the German, the English, the French, the Russian, the British ship enter upon payment of equal dues with those that an American ship pays on entering the same harbor. In that future which thus opens we are neutral between Russia and Japan. We shall hold that neutrality with firm and with strong hand. (Great applause.) Whatever may be our sympathy we shall recognize the absolute international right (applause), but when this war shall end, and all wars at the last must end, in the final negotiations the United States will stand for this: That all along that Asiatic coast, from Vladivostok on the northeast to the Straits on the southwest, our American ships and our American flag shall go upon equal terms into the open door and that western coast of the Pacific shall be ours equally with all the nations of the earth. (Great and long continued applause.) For more we shall not ask, with less we shall not be content. (Cries of "Hear, hear!") Frankness is the essence of the best diplomacy. (Laughter.) The world had better comprehend today that all that the United States asks is an equal canal at Panama and equal ports on the Eastern Asiatic coast. Granting us that we shall be absolutely neutral between all, but the inevitable evolution of the future will be that we shall assert, insist upon, defend and if necessary compel our American rights. (Cries of "Hear, hear; you're all right." Long and long continued applause.)

THE TOASTMASTER—For several generations we have been sending all sorts of emissaries to the Far East—ministers of the gospel, doctors of medicine, emissaries of commerce. Now we have begun to send missionaries to teach them the true doctrine of the gold standard; and one of the most tactful and most able, if not the most tactful, most able and successful of all those, has been our friend and fellow member, Professor Jenks, of Cornell (cries of "Hear, hear!"), who has just returned from his missionary

tour in China and Japan, and has given some very excellent accounts of his labors, of which I think the members of this Association know something, but it is a great privilege to have Professor Jenks here to tell his own story in his own way, and he chooses to tell it under the caption of

"America's Debt to Asia."

Gentlemen, let us give Professor Jenks a characteristic welcome, and drink to his long continued usefulness. (Received with loud cheers and toast drunk standing.)

PROFESSOR JEREMIAH W. JENKS,
OF CORNELL UNIVERSITY.

Toast—"America's Debt to Asia."

At a dinner of Japanese scholars and thinkers a year ago in Japan a toast was drunk to the memory of Commodore Perry, who was characterized by the Japanese toastmaster as the "great benefactor of modern Japan." We usually characterize by a harsher term than benefactor the man who forces our door open, and yet Perry, with the threat of a powerful fleet back of him, said, "You shall be our friend." Doubtless this unusual form of courtesy was accepted at the time by the Japanese with the idea of returning it in kind at a fitting opportunity, but the modern Japan, that has tasted the sweets of victory, the chivalrous spirit of the old Japan, that with the arms and equipment of today is now playing so important a role in the field of international politics, can now afford to recognize the fact that although Perry's methods were stern, both he and his country had nevertheless at heart the spirit of real courtesy—the seeking of benefits only with the idea of giving an equal benefit in return.

I fear sometimes that, in our dealings with the Orient, aside from trade, we too often look upon ourselves merely as benefactors and fail to recognize the fact that we are the recipients quite often of benefits even greater than those we give. To be perfectly frank, it is probably true that our motives in the first place were none too high, although, of course, being our motives, they are "reasonably" high. We sent out Perry's expedition, not primarily to bestow favors, but to gain trade; not by methods of plunder, to be sure, but by fair means for mutual profit. We secured the trade; we have secured also vastly more, all that goes with the good will of a powerful nation. In our moments of self gratulation, we say to ourselves that in the Orient some of the other great powers have tapped gently at the door with a mailed fist, too, but that in some instances, not content with waiting patiently, as we did, for the door to be opened, they have kicked it down. While by this method they have opened the door, too (certainly for their own trade), it is to be feared that this has been done in a way to secure ill will rather than good will. But at any rate the door is fairly open throughout the independent East, and the benefits of this door ajar, by whatever means it became so, have only just begun.

It is ordinarily useful discipline for us at times to see ourselves with others' eyes. It will do us good to note briefly how the Orient looks upon us. When we opened the Orient, we thought the Chinese and Japanese uncultured

heathens. They did not have our religion. They thought us barbarians, with rude strength but with no refinement, and few, if any, virtues, though, as they came to know us better, they conceded that we had a sort of rugged, possibly "foolish," honesty, and an odd, rough way of telling the truth.

In fact the prime virtue of the Anglo-Saxon is truth. The prime virtue of the Oriental is courtesy. We pride ourselves at times in telling unnecessary truths, even at the expense of our friends. I recall a good English lady at Shanghai, who, on meeting a young lady friend at a reception, greeted her with, "Oh, yes, you are one of the Thompson sisters, but you aren't the handsome one, are you?" The Oriental, on the other hand, delights in showing courtesy to his friends and in making their lives pleasant, sometimes, it is to be feared, at the expense of truth. Last year I went to a high official with a letter of introduction from a member of his family. He read the letter, and then said: "Now, I am not going to treat you, since I have received this letter, as an official, but as a member of the family; I am not going to say *pleasant* things to you, but to tell you the truth." Each nation doubtless prefers its own way; the way of each is possibly best suited to its type of civilization and to its method of doing its work. Where business and trade are shaping a nation's destiny, confidence based upon truth is absolutely essential; where the ideal of life is to cultivate literature, and art, and refinement and courtesy, the telling of harsh truths may bring disharmony into life and render life less beautiful and pleasing.

The modern apostle of the "simple life" has just left our shore. We have welcomed him gladly; we needed his message. We have much yet to learn of the benefits and duties of simplicity in living, but the Japanese have had both the principles of simple living and its practices for centuries, and ever since we have had the benefit of coming in contact with them we have been able to see its beauties, although as yet we have made only a beginning in its practice. Nevertheless, this Japanese characteristic has already had a most powerful influence upon our art. We are learning from them the ill taste of overdecoration, and, indirectly, the good effect of Japanese simplicity is felt even in our home life. We are even improving upon their example, I think, for while we are setting our lives in simple ways, we are also making them less conventional, and there is every reason to believe that this tendency is on the increase.

Nature study and outdoor life is one of the best of our late fads; the Chinese and especially the Japanese are imbued with a love for nature almost Wordsworthian; witness their spring and fall festivals of the cherry blossoms and chrysanthemums.

As business men, most of us have been advocating a more practical education, one which will have a more direct influence toward fitting young men and women for the business of life. As a university professor, I have been compelled to live through many tiresome debates over the relative benefits of the classical and scientific training, and over the beauties of learning for learning's sake, but I have never yet

heard the argument for classical learning put with the same terseness and vigor as it was put by a Chinese friend of mine: "The schoolhouse and college in America, where the rising generation ought to be taught and trained in human conduct and human manners, have now become mere Smithsonian workshops, where the pupils are taught how to make money, or, as it is called, how to get on, by learning the coarse jugglery of the hand called 'modern mechanical arts' or the fine jugglery of the head called 'law and theology.' In many American universities dentistry and chiropody, or the science of toe-nail peeling, are put on the same level with Plato and Virgil." And this represents fairly the view of a very large proportion of the influential men of China outside of the business classes. Is it any wonder that with the fine contempt of our own extreme classical theorists they despise us 'money getters' and with gentle courtesy shut us out from their home lives?

Anyone who has witnessed, even from a distance, a meeting and parting of Japanese or Chinese, recognizes at once a refinement and a finish in the forms at least of courtesy far beyond those of most Europeans or Americans. And the courtesy is not merely a matter of form. Doubtless, in many cases, there is an overelaboration which might well become artificial and tiresome; but usually, especially with foreigners, the attentions are so unobtrusive and at the same time so thoughtful that they add greatly to one's comfort and to the sweetness and enjoyment of life. The century old adaptation of self to the surroundings, whatever they may be, whether evil or good, makes smooth in many ways the rough pathway of life. All classes of society, high and low, recognize their places in the social strata, and social life in consequence moves with light friction. I don't want you to think that I am failing to recognize the gross evils in many of the customs of Oriental living—the well known corruption often found in governmental circles in China, the licentiousness in private life, the cruelty, the suffering, the superstition, and the other evils which might be dwelt upon, but I am speaking here not of those things but rather of the Oriental view of our weaknesses and of the good things which the Orient may give us.

No one who has seen the longing with which an old resident of the Orient turns back to the comforts of his Eastern experiences can fail to recognize the fact that, at any rate for the well to do, the comforts of living and the spirit of the Orient are most attractive, even to Europeans and Americans.

But why should I dwell upon the officials and the wealthy classes? Our workingmen might find something to imitate also, for the Oriental is likewise a firm believer in his trade union. The American superintendent in charge of the building of the American Legation in Peking was careless enough to praise the work of a group of workmen brought in from the outside, to whom was being paid a somewhat higher wage on account of their greater efficiency. The immediate result was a

strike of all the other groups for equal wages, saying they ought not to render an equal service unless they had equal pay. In Peking all the higher officials, native and foreign, with their families, pay official and social calls in sedan chairs. The chair bearers have a union which monopolizes the entire work, and no person outside of the union is allowed to carry any chair for any man; moreover, the rates charged are four or five times those received by other workmen engaged in work requiring the same degree of skill. The barbers' union in some places has taken the position that the art of shampooing is beneath the dignity of the barber's calling, and that no member of the barbers' guild must give a shampoo. Moreover, for ten days before the Chinese New Year, when everyone must have his head shaved, and the barbers are extremely busy, they all are forbidden in certain sections of the country to clean their customers' ears, which at other times forms a part of the regular work. Limiting work, we see, was practised in China long before it was here.

The unions are in politics, too. The barbers were formerly not admitted to the State examinations, which gives them a chance at official life. They were considered too low in the social scale. The union forced the Government to open to them the examination halls. Moreover, all classes of occupation have their unions, and business life is dominated by them probably more than is the case with us, while the results are partly evil and partly good, as with us. They could teach our unions many tricks, as they could our political reformers. Lately the merchants in one locality secured the repeal of an unpopular tax by all closing their shops and refusing to do business till the tax was repealed.

I might go on at length with other lessons which we might learn, but I must not dwell too long. Our anti-imperialist friends, with their ardent longing for peace, could learn from a Chinese street fight, with its hair pulling features and constant interference of the bystanders, that in China at any rate the art of fighting has not been cultivated. They might well become disciples of Confucius, and advocate much more vigorously than they do now the hither coming of many more of the learned of China to teach us how a State can best be built up on the principles of justice by the ruler, fair dealings by the citizen, and affection and mutual support among members of a family.

Those who advocate the principles of home rule and the dangers of centralization of government might well learn in China the benefits of such a principle, and the danger of carrying it to extremes. Nowhere else, perhaps, is local self government carried so far,—even at times to the infliction of the death penalty by village elders; and nowhere else can one see so well the evils of a system which has deprived the central government of the power of prompt and vigorous action.

On the other hand, where else can the advocates of the virtues of energy, endurance, self sacrifice for one's peo-

ple and country, get a better exemplification of their doctrine than we are witnessing today at Mukden and Port Arthur. I cannot dwell upon the numberless examples of patriotic heroism which the Orient is giving us every day. History affords nothing better or nobler. From the children and the wives and the parents of Japan, who, by their extra toiling and longer hours, have so thoroughly done the work of their brothers and husbands and sons on the battlefield, that no added demand for labor has raised wages, and from those who in the spirit of self sacrifice are doing without local improvements in order that the saving from local taxes may enable the country to bear the added war burden of national taxes, to the heroic men who are courting death on the battlefield,—all are setting us an example never surpassed in history.

After all, the main debt which we owe to the Orient is the opportunity now in these later years to come into closer touch with them, and thus to acquire benefits of all kinds, material and moral, while giving to them, let us hope, equal benefits in return. The most obvious benefits, of course, are those which come from increased trade. I have not spoken of this at length, for we all know it well, but I may perhaps dwell for a moment upon the reception given in both China and Japan to my own mission in connection with the reform of the Chinese currency. In Japan the Government appointed a commission, which in point of ability and experience and keenness of criticism and argument was not surpassed by any of the commissions appointed to meet us in Europe. In the practical knowledge of the difficulties confronting those who undertake the management of the reform, and in the way to overcome those difficulties, on account of their late experience in reforming their own currency under somewhat similar conditions, the Japanese suggestions were better than the European. (Loud applause.)

In China, the Government doubtless wants the best; they have declared their intention of establishing some form of gold standard. The possible danger lies in their not realizing fully the difficulties and in the possibilities therefore of their not securing the most competent advice and assistance, as well as from the temporizing habit sometimes found among the officials which leads them to meet 3 o'clock appointments at from 3:30 to 4:30, unless they are dealing with foreigners, whom their spirit of courtesy often compels them to meet on time.

Before we can get the full benefit of a closer intercourse, we must come closer still in our relations than is possible merely through the avenues of trade, although that is naturally first in order. We are not doing nearly so much as we ought to bring the younger Japanese and Chinese here to be educated, and thus to give them more of the spirit of our country, while enabling them later, when they come into power, to bring us in touch with their country, so as to give us the benefit of a closer intercourse. The European nations are bidding vigorously against us for this privilege. In Germany groups of Chinese students are

met by Government officials, who give them all assistance possible. The Belgian Minister has been lately securing many students among the Chinese for his country. We should reflect that owing to our dearer cost of living three Chinese can be educated in Belgium, and eight can be educated in Japan for what it costs to educate one here (cries of "Shame!"), but our greatest handicap has come through the administration of our immigration laws. I have known personally Chinese who have been educated in this country, and who believe that our education is for their people the best in the world, who nevertheless are sending their young relations to Europe because they will not submit them to the possible humiliation of unjust treatment by our immigration officers. (Cries of pity.) I have known American trained men, who, when talking of the insults to which their relatives had been subjected, have said, in view of such treatment, that they could not fail to sympathize with Boxer movements, even though they knew too much and were too conscientious to countenance them. I have heard these same men with voices full of emotion speak of the uplifting influences which they had received in American schools, and especially in American homes (loud cheers), and say that, if our country would treat their children decently, they would be glad to send them here, while they were young enough, ten or twelve years of age, to get their character built up here, so that they would imbibe more of the American spirit of attention to business, promptness in decision and love of honesty and truth, while still keeping the Chinese regard for home and family, reverence for parents and ancestors, and the kindly courtesy which comes from the refinements of the best of the Chinese civilization. (Applause.)

A great American Bishop, who is among the best teachers of our people, has well said that the only real education is that which comes from the touch of soul with soul. The only way in which we or the people of the Orient can have the best influence each upon the other is by so acting each toward the other that there will be created a mutual sympathy which will bring us much closer together than will mere love of gain. We of the United States are more fortunate than the peoples of the other nations, in that, in the main, our country in its dealings with the Orient has not sought for conquest, and while demanding justice has been equally ready to render justice. Doubtless in minor matters we have failed, as has been intimated in connection especially with the administration of our immigration laws, but I am sure we may all be confident that our wise Secretary of State, and the wise representative in Washington of his Imperial Majesty the Emperor of China, both of whom wish to do justice in this regard, will in the new treaty which they are negotiating find a way to satisfy in that regard the rational demands of both countries.

It is certainly the purpose of this Association, as well as of the American Government, to bring the people of the Orient and the Americans into harmony with one another, first for the mutual profit of the added trade, but also in order that the benefits of the older civilization may give a

needed touch of the refinements of patience and courtesy to the new, while they in turn may receive from the new something more of what we have been pleased to call "the modern spirit of enterprise," which pushes ever more rapidly forward toward the attainment of its desired goal. In this way can both the Orient and America best pay the debt which each owes to the other. America need have no fear, as America, in fact, has no fear, of a "yellow peril," and Japan and China need fear no "white peril," so long as the people on both sides are moved by no spirit of aggression, but by the spirit of fair dealing and mutual helpfulness enjoined by the principles of the religions of both peoples—principles which I think are in fact generally found in the practice and intentions of both.

TOASTMASTER FOORD—The name and fame of General Grant is part of the inheritance of the cherished tradition of the American people, and I cannot imagine an American audience which is not ready to pay homage to the name and fame of General Grant in the person of his distinguished son, Brig. Gen. Frederick D. Grant. (Applause.)

BRIG-GEN. FREDERICK D. GRANT.

Toast—"The Army."

YOUR IMPERIAL HIGHNESS AND GENTLEMEN OF THE ASIATIC ASSOCIATION—I see that my toast is "The Army." I do not know that this audience is one that understands the army or cares much about the details concerning it; I think they are satisfied for the army to go on as it is, instructing men that when the time comes that it is needed it is ready to direct the volunteers who will necessarily have to take the field.

I am particularly pleased to have this occasion to join with my fellow citizens to welcome His Imperial Highness to our country. I am ever reminded of the visit that I made with my father to Japan in 1879, and of the numerous courtesies that we received from the Emperor and the people of Japan. (Loud applause.) When we landed in Nagasaki on May 22, 1879, we were received with imperial honors—all of their ships dressed and saluted, and until we left on September 19 it was one grand ovation. I am pleased to read in the papers that in a small way the American people are returning the courtesies extended to my father as a representative of America, to His Imperial Highness, who is the representative of Japan. (Applause.)

In my home I am ever reminded of my visit to that beautiful country, in the furniture and many little ornaments that were presented to my father by His Imperial Majesty or by the representatives of the people in the various cities. I have inherited a part of them, and one of the last things that happened in my family career was the Crown Prince of Japan sending the photograph of his little baby, which had just been born, to my mother just before she died. My family are particularly linked with the history of Japan. Back in the early 70's, when a com-

mission from Japan came to this country, and landed in Washington—it was the first foreign country that they came to—they were received cordially, and we thought that the kindness shown them in Washington—my father was then President—had great effect upon their feeling toward the American people. I believe that the talks and the communications that were held at that time impressed the Japanese commission and they took back to Japan the conviction that there was a general friendliness in America for Japan. Later, when all of the countries were inclined to be arrogant, and to use the strong hand, the instruction from Washington was of a generous and open nature, and it helped to win the confidence of the Japanese people in the intentions of America.

In all subsequent intercourse they always found the representatives of America fair and helpful—disposed to be fair and to be of assistance, and not to oppress or to obstruct; and, when we had the ex-territorial treaties, it was America that first offered to give them up, and, under the influence and pressure of my father in Washington, we were the first country to show a readiness to surrender that feature of our treaty, an example followed in later years by all the other countries. (Applause.)

I was almost sorry that I did not have the toast that was not answered—"the Emperor of Japan"—as it would have been a pleasure if I had the tongue that General Woodford has, and could make word pictures as he can, to trace the romantic and beautiful history of the services of Saigo, in the establishment of the Mikado in his rights, changing the feudal government, then of the statesmanship of Okobu, and finally the rebellion of Saigo and the final firm establishment of the Government before it was changed to the Parliamentary Government; also to trace the work that was done by my father in that general change.

When we were in Japan we went to Nikki and spent some days there, and the Japanese Government had their representatives confer up in that country; there were two questions discussed, one the Loochoo question, and through that discussion was averted the war which was then threatened between Japan and China, and both countries went on in peace and settled their question. There was also discussed the question as to creating a constitutional government, and a general plan was laid out with those statesmen—Marquis Ito and others—of the general policy of how and by what steps they should gradually come around to a representative form of government. This was spoken of to my father, in whom they had great confidence, and later my father received the letter, which I still have, which speaks of their coming around and thanking him for his generous service and advice and friendship. That naturally attaches me greatly to the people of Japan and makes me feel for them on all occasions. These relations were fitly supplemented by a handsome subscription from Japan toward building the tomb in which my father now sleeps. (Applause.)

Gentlemen, it is getting late and His Imperial Highness the Prince leaves at an early hour tomorrow. I know that you will all join with me in wishing him an agreeable trip, that he will carry back with him from our country to his own land not alone our heartfelt sympathies but the heartfelt feeling that we were glad to see him, and the sincere hope that after going back to Japan he will always retain a pleasant recollection of America.

THE TOASTMASTER—I have the pleasure of announcing to you that there has just been placed in my hands the following cablegram in reply to that addressed earlier in the evening to the Minister of the Household of His Imperial Majesty the Emperor of Japan. I need hardly say that in achieving such a result the Commercial Pacific Cable Company has made a record. The result has been due to careful preparation on the part of the officers of the company and to the earnest co-operation of some of the representatives of the Government of Japan who are with us tonight. Any delay that might have been apprehended from the punctilio of the palace was happily obviated, and the spirit which prompted the despatch has been fully reciprocated by the exalted personage to whom its sentiments were addressed. (Applause.)

CABLEGRAM FROM THE EMPEROR OF JAPAN.

Tokio, December 12, 1904.

President American Asiatic Association:

I immediately submitted your message to His Majesty the Emperor, and am commanded by him to express his cordial appreciation of the kind sentiments it conveys and his earnest hope for the prosperity and success of your association, which has done so much to promote the friendly relations happily existing between America and Japan.

(Signed.)

VISCOUNT TANAKA,

Minister of the Imperial Household.

(Loud and continuous applause.)

THE TOASTMASTER—The presence in this country of the Bishop of Tokio was unfortunately unknown to this committee till a day or two ago, and I only knew of his ability to be present with us this morning. Though we were unable to place him on the list of speakers, I shall call upon Bishop McKim to say a word or two before you go. I am sure that it would be entirely inappropriate for this audience to disperse without hearing something from Bishop McKim, and I therefore ask you to wait and listen to him. (Applause and cries of "Bishop McKim!")

BISHOP MCKIM.

YOUR IMPERIAL HIGHNESS, MR. CHAIRMAN AND GENTLEMEN OF THE AMERICAN ASIATIC ASSOCIATION—I have no speech prepared for this evening, in fact I did not know that I was expected to make one. It is a unique experience with nations, as well as individuals, for a people naturally hostile and suspicious to accept and promptly reciprocate the friendship forced upon them by another; yet such are the relations existing between Japan

and America. Only fifty years ago Japan, standing in splendid isolation, was received into the comity of nations, and, while treasuring the glories of the past, reached out to grasp the grander possibilities of the future. Pressing rapidly to the front Japan has now become a recognized factor in determining future historic conditions. Oriental by lines of longitude, Japan is occidental in her ideals and aspirations, and has established a higher conception of the duty of man to his brother man than some of those who prophesy dark and terrible things of the Yellow Peril. (Great applause.) Civil and religious liberty are guaranteed to every Japanese under the constitution, and all men are equal before the law. In her dealings with other nations whom has Japan defrauded? Whom has she oppressed? What treaties has she broken? Erect and confident, she may fearlessly challenge an answer. The modesty, the patience and the dignity with which Japan conducted the negotiations with her gigantic but elusive adversary before proceeding to the ultimate ratio have profoundly impressed the world. There have been during the last fifty years a sympathy, a confidence and a friendship uniting Japan and America, forming a threefold cord which cannot easily be broken. Can we not as Americans, as friends of Japan, give some material expression to our sympathy at this juncture? The traditional policy of America has been against entangling alliances, but I see before me the picture of the widow of the Japanese soldier, bright eyed, smiling faced, sad hearted, gathering her orphan children about her knees, wondering where tomorrow's rice will come from. On March 31 last about 2,000 Japanese and 100 Americans met in Tokio to commemorate the fiftieth anniversary of the landing of Commodore Perry and the signing of the treaty at Nuraga. At that time it was proposed and unanimously resolved that no more fitting material expression could be given by the Americans and Japanese present than to commemorate that event than by forming the Commodore Perry Memorial Association for the relief of the families of Japanese soldiers and sailors, and in the proposition unanimously adopted at that time it was resolved that the fund collected should be placed in the hands of His Imperial Majesty the Emperor, to be disbursed according to his directions. In less than an hour about 70,000 yen, \$35,000, were subscribed for that purpose. Cablegrams were sent to this Association and to the newspapers of the United States asking the friends in America to join with us in commemorating that event, an event as grateful to Americans, an event for which we shall be as proud as were the people who so gratefully realized what America had done for Japan in the person of Commodore Perry.

THE TOASTMASTER—Six thousand dollars have already been cabled to Japan by the Relief Association here.

BISHOP MCKIM—I was not aware of that; but I trust it is only a good beginning of your work. I most fervently hope that it will go on and prosper, and I adjure you not to allow it to be interrupted. (Applause.)

AMERICAN ASIATIC ASSOCIATION OF JAPAN.

SECRETARY'S REPORT.

YOKOHAMA, Japan, October 24, 1904.

To the Members of the American Asiatic Association of Japan:

GENTLEMEN—The following is a summary of the work of your executive committee during the past year:

November 19, 1903—The president reported the receipt of a draft from San Francisco for 198.61 yen in reimbursement of expenditures for the relief of a destitute American citizen.

December 2, 1903—The Association entertained His Excellency Lloyd C. Griscom, American Minister to Japan, at a dinner at the Grand Hotel, Yokohama. Among other guests present were Rear Admiral Cooper and officers of the American Navy, the Governor of Kanagawa Ken, the mayor of Yokohama, the chairman of the Japanese Chamber of Commerce, the chairman of the Foreign Chamber of Commerce, the chairman and members of the committee of the British China Association in Japan.

January and February, 1904—Considerable work was done and expenditure made in connection with arrangements for a ball in celebration of Washington's Birthday, but, in view of the political crisis in Japan, and for other good reasons, the project was abandoned.

March 2, 1904—In behalf of shippers of merchandise from Japan to America a sub-committee was appointed to prepare a protest against the enforcement of a circular from the authorities in Washington which required the presentation with invoices at consulates of original bills from manufacturers and sellers. American merchants in Kobe and Nagasaki joined in this protest, and the terms of the circular were subsequently modified and grounds for complaint removed.

March 31, 1904—Your committee attended the memorial meeting held at the Young Men's Christian Association Hall, Tokio, in commemoration of the fiftieth anniversary of the signing of the first treaty between America and Japan. At this meeting a fund for the relief of the families of Japanese soldiers and sailors was started under the name of the Perry Memorial Relief Fund, to which your committee pledged 10,000 yen as subscriptions from our membership. This pledge has been redeemed, and, as a result of a special meeting of this association, held April 8, 1904, our members, and others through our efforts, have handed in to the treasurer of the fund 32,000 yen. A large amount of correspondence has passed between your committee and the secretary of the New York Association in this connection, and it is expected that further liberal donations will be received.

May 30, 1904—Your committee co-operated with the American ladies of Yokohama in suitable memorial services at the American Naval Hospital, and the graves of our sailors and soldiers were decorated with flowers and flags at the Yokohama General Cemetery and at Ikegami.

July 4, 1904—Under the excellent management of Mr. B. C. Howard, as sub-committee, Independence Day was appropriately celebrated at Yokohama. Prizes were contributed for yacht races, and expenses in connection with a baseball match and brilliant fireworks were met by liberal contributions.

July 6, 1904—A sub-committee was appointed to secure the proper care and preservation of the graves of American citizens in the General Cemetery at Yokohama.

September 7 and October 5, 1904—Your committee has discussed the subject of a provision for civil marriage of Americans in Japan and the desirability of a consular convention that will provide for the better administration of estates and other matters, and has instructed your secre-

tary to bring the matter to the notice of our home Government.

The Charity Fund in the hands of the American Consul General at Yokohama was augmented in the early part of this year by the sum of 540 yen, collected by a sub-committee composed of Mr. F. W. Horne and Dr. W. S. Worden. The credit balance of this fund now amounts to 366.39 yen.

Yours respectfully,
GEO. H. SCIDMORE, Secretary.

THE CHINESE EXCLUSION ACT.

To the Editor of the North China Daily News:

SIR—The enclosed petition has been circulated in all the important cities of China and we have secured about 200 names. No doubt there are many who have not had an opportunity to sign the petition—though our committee has done its best to give this opportunity to all American male citizens—therefore we ask you kindly to give this a place in your valuable columns and thus assist this cause in which you have at all times shown such a lively interest.

If anyone who has not signed the petition will kindly authorize me to sign for them I will do so.

We are having copies of the petition, with the signatures, printed and will be glad if those who could send such to influential men in America would either call at the Presbyterian Mission Press or write me and secure as many copies as they can use. These copies will be ready about November 1.

Thanking you in advance for assisting us in this valuable way, I am, etc.

SOOCHOW, October 25.

(Enclosure.)

Hon. John Hay, Secretary of State, Washington, D. C.,
U. S. A.:

HONORABLE SIR—Being firmly convinced of the superior advantages offered by the colleges and universities of the United States to students from China, and of the enlightening influence consequent upon a visit to our home land of men of wealth and influence, we, citizens of the United States of America resident in China, feel called upon respectfully to present this petition in behalf of the classes of Chinese mentioned above who from time to time wish to visit our land.

China as a nation feels most grateful to our Government for the kindly interest always shown toward her and the fair treatment always accorded her. And we may safely say that in any hour of distress or national calamity China looks with confidence to our Government for aid and sympathy. Thus is shown on the part of the Chinese individually and as a nation a decided tendency to turn to us for help. What are we doing to foster this good feeling?

Recently we have had our attention directed to the fact that the Chinese are very much humiliated by the treatment accorded to bona fide students and travelers who wish to visit our country. According to the present interpretation of the Exclusion Act these desirable classes of Chinese are being forced more and more to turn their faces toward countries where they are accorded a welcome and do not meet with almost insurmountable obstacles.

Are we to let other nations have the privilege of molding the young life of China, and our nation say in actions stronger than words "We do not desire your students in our institutions of learning, or your men of wealth and influence to travel in our country"?

We in China, who stand for America, with its high ideals, respectfully petition that these obstacles be removed and that students and travelers be extended such a welcome to our shores as shall foster the desire of the Chinese to avail themselves of the superior advantages offered by the institutions of our country.

CHINESE MADE EASY.*

It is doubtful if Chinese, with its soft and multiplicity of vowel sounds, can ever be made easy to the speaker of our harsh Anglo-Saxon language, but Dr. Walter Brooks Brouner, of Columbia University, assisted by Fung Yuet Mow, a Chinese missionary in New York city, have made a noteworthy effort to render it so in their new book, entitled "Chinese Made Easy," just published by the Macmillan Company.

It is difficult enough to find English equivalents for the peculiar sounds of the Chinese language, and the early dictionary makers arbitrarily adopted many peculiar renderings of the Chinese words that in no wise represented the Chinese sounds, and the fact that succeeding writers have, in the main, followed these arbitrary renderings has greatly added to the difficulty of acquiring any knowledge of the Chinese language. Dr. Brouner in his new book has begun by absolutely discarding all the old arbitrary renderings of the Chinese words, and has given them their equivalent in syllables taken from our everyday speech. If he had done nothing more than this it is enough to distinguish his volume from all others that have gone before it.

Another thing that Dr. Brouner has done in his book is to ignore that most puzzling of all things in the Chinese language known as *tones*. In Peking you are told that there are four *tones*: the rising, the falling, the circumflex and the crescendo or explosive tone. Further south the number of tones is increased to six, there being a diminishing as well as an increasing tone, and a circumflex that falls and then rises, as well as one that rises and then falls, while in other parts of the Empire Chinese scholars insist that there are eight tones, and many weighty discussions have been held among the Chinese literati over their quality and value, but the subject of tones has usually meant nothing but confusion to the student of Chinese, and much time has been wasted in an attempt to acquire imaginary tones that could much better have been expended in the acquirement of a vocabulary, a fact which Dr. Brouner has very properly emphasized. The facts of the case are that there is a far greater difference between everyday colloquial Chinese and the language of the Chinese official and scholar than there is between the language of our East Side urchin, who complains that he has been "hoight," and that of the educated physician who tries to find out how he has been "hurt." It is true that the word "tawng" with one inflection may mean *sugar*, while with another it means *soup*, and many are the amusing stories told of the troubles into which foreigners have stumbled by the use of mistaken tones, but as a matter of fact there is much less difficulty experienced by beginners in Chinese on this account than the ordinary foreigner would have in distinguishing between our words "*wood*" and "*would*," and if you have really mastered the sound of the words the ordinary Chinaman will have little difficulty in understand-

ing what you mean or what you are talking about. The inflection or tone will come to the student with practice, and Dr. Brouner has done well in his book to relieve the beginner of such a complex and troublesome element in the Chinese language.

The value of a knowledge of Chinese at this time can hardly be overestimated, for there can be no doubt that to young Americans China should be a land of promise. The Chinese empire needs railroads, and who should build them but Americans, who are the greatest race of railroad builders on the globe, and with the building of railroads through China its trade and commerce will undoubtedly multiply a hundredfold, and our commerce, already large and important, will become enormous. Situated as we are, with only the Pacific between our country and China, it will be impossible for other countries to compete with us in the Chinese market, for none can reach it so cheaply as can we, but the key to successful trading with the Chinaman is to deal with him in his own language. So the young man who today acquires a speaking knowledge of Chinese, such as can be gained by a careful study of Dr. Brouner's book, will find in the near future that it will open for him the door of opportunity.

Ignoring the question of *tone*, which Dr. Brouner very properly does, and giving each Chinese character its phonetic equivalent from our own everyday speech, he has certainly made the acquirement of Chinese as easy as it can possibly be made, and his book is strongest at the very point at which it should be, namely, in vocabulary and idiomatic phrases. In this respect the book is extremely complete, and one who has mastered it will find himself able to read with understanding almost any ordinary Chinese book or pamphlet.

It is unfortunate Dr. Brouner's book is written in Cantonese dialect, for while that is the almost universal tongue spoken by the Chinese who have come to this country, they really form a comparatively small part of the Chinese people, and the percentage of Chinese speaking the Cantonese dialect is probably the smallest of those speaking any of the leading dialects. The Cantonese occupy the southernmost province on the coast of China, and their dialect is the farthest removed from the Mandarin Chinese spoken in the North, which is the official language. It would have been well if Dr. Brouner had collaborated with some scholar of Mandarin Chinese and put the English equivalent of each Chinese word in Mandarin and Cantonese on opposite sides of the character. In this way the student would have had the two extreme pronunciations of each word, between which are to be found the other dialects.

It should be noted, however, that the written character is the same all over China, and is everywhere understood, so that a person familiar with Dr. Brouner's book would have no difficulty in making himself known by pointing out the character he wishes to use, even though communicating with a Chinaman to whom the Cantonese dialect was unintelligible.

There is one feature, however, of the Chinese language which certainly makes for ease in its acquirement, and that

*Chinese Made Easy. By Walter Brooks Brouner, A. B., M. D., and Fung Yuet Mow. With an Introduction by Herbert A. Giles, M. A., LL. D. 1904, New York. The Macmillan Company, pp. 351.

is the almost total absence of anything like inflection, conjunction or declension, though it is a mistake to say that the Chinese language is without grammar. The word and character for *run, go, come* are the same through all modes and tenses of the action expressed thereby, but the modes, tenses, etc., are expressed by other words or particles, so that a particle once learned is also always recognized wherever seen, although the verb which it accompanies may be unfamiliar.

The ideographic character of the language is also well shown in many ways, and it is interesting to see that the character for *gate* or *door* is a mere drawing of a gate, while the character meaning *to be within* is indicated by a figure drawn beneath the gate or within the gate. The character for a lid or cover is a mere drawing of a kettle lid, while the character meaning "to disappear" is a figure drawn beneath the character for lid, indicating that *to disappear* is *to be under the lid*. The character for slave is made by the characters for *woman* and *ear*, indicating that a slave had been secured by leading a woman by the ear, though this idea of the treatment of a woman should be neutralized by the fact that the character meaning *good* is made up of the characters for *child* and *female*, indicating the qualities of a little girl, while the character for *home* is made up of the character for *woman* drawn beneath the character for *roof*, though this poetic idea is dispelled by the fact that two women beneath a roof stand for *discord or strife*.

Among the other excellent things contained in "Chinese Made Easy" is the three word classic, with the memorizing of which every Chinese boy begins his education. While its natural philosophy may be faulty, no exception can be taken to the moral principles taught to the young student, and to those who are unfamiliar with it it should throw a new light on the character of the Chinese race. In it the young scholar is advised "to learn while young and when grown up apply what you have learned, advising your sovereign above and so benefiting the people. Make a name for yourself and glorify your father and mother, shed lustre on your ancestors and enrich your posterity. Diligence has its reward; play no advantages. Be on your guard and put forth your strength."

The chapter on "How to Write Chinese" is interesting, but it will not do to take too seriously Dr. Brouner's assurance that this, too, is easy to acquire, for writing Chinese is a thing which few missionaries seriously attempt, even after years of residence in that country, while the grass character commonly used by the natives is far different from the real character as used by the scholar. It will be enough for most students if they shall be able to read and speak with ordinary facility, and this they will be able to do if they carefully study "Chinese Made Easy," and though their speaking will be limited to the Cantonese dialect, that will be found to be the tongue of almost every Chinese merchant or coolie that they will meet.

There is much in favor of a careful study of the Chinese language. It is the oldest language on the globe today, for it became crystallized more than 4,000 years ago, and yet it is also the liveliest language in existence, being spoken by more than twice as many persons as use our own English, yet the Chinamen of today still enjoy a literature prized as ancient and classic by their forefathers a hundred generations before them.

"Chinese Made Easy" is well bound in red and gold, with the characteristic Chinese dragon and the title in Chinese and English upon the cover. The presswork is excellent, and the fact that it is from the press of E. J. Brill, Leiden, Holland, calls our attention to the fact that it is time that our printers prepared themselves to do such work in this country.

In plan and in the gradation of the lessons, Dr. Brouner and his associate have gotten out a thoroughly creditable

volume, and the introduction by Dr. Herbert A. Giles, Professor of Chinese at the University of Cambridge, England, should be sufficient certificate of their correct and exact rendering of the Chinese in English equivalents, for Dr. Giles was for many years in the British consular service in China, and is himself particularly familiar with the Southern Chinese dialects. GUY MORRISON WALKER.

DRIED FRUITS IN CHINA.

In response to an inquiry from a California fruiterer as to the possibilities of a market for American raisins in China, I submit the following:

So far as concerns the great mass of the Chinese people using American raisins and dried fruits generally, there is no hope for anything of the sort at present or for a long time in the future. Where the great mass of people live for less than 10 cents a day for each grown person, it is safe to say that it will be some time before they will use much in the way of raisins at from 4 to 10 cents a pound. However, there is a constantly increasing demand for American dried fruits, including raisins, among the foreign population of China and among the well to do Chinese.

American fruits, when they can be brought here at all, are generally superior to the Chinese fruit of the same sort, both because of superior horticulture and because of better means and methods of preparation. The use of dried peaches, apricots, and prunes is increasing, and it would increase in immense degree if the fruit people of the United States would put their products out in a form which would be convenient for consumers in this part of the world. There are a good many American raisins used here now, but they are shipped from California to New York, and even to Europe, and are there graded and packed in small cartons of a pound or two pounds and then sold to the trade in the Far East. This is true to a greater or less extent of dried peaches, prunes, apricots, dried cherries, and other dried fruits generally. It is also true in a marked degree of American canned fruits, which are canned without labels, sent to the East or to Europe, and there labeled with foreign marks and brands and sold as European goods. There is no reason why American goods should not be put out directly from where they are produced, and second grade California fruit, the kind which finds its way to the Far East, if put out as exactly what it is, would command as good a price as it later brings as European goods, the middle profit going to the American producer and canner.

The market for raisins and other dried fruit and for canned fruit from the United States can be widened at once and very greatly by sending one or more representatives of the fruit interests here and by careful study of what is wanted and the way it is wanted. The needs of the people must be met exactly if the American fruit grower expects to succeed in competition with business men in other countries who are willing to cater to the trade as they find it and not as they want it. There would be an immediate opening for the sale of more American evaporated apples here if the packers in the United States would put out goods in smaller packages and would push the trade a little. In all these lines, of course, there must be careful packing for the trans-Pacific voyage and for more or less storage here. Stocks are not turned over as rapidly here as in the United States, and packers must take this into account. Protection from moisture and from pests is indispensable.

GEORGE E. ANDERSON, Consul.

HANGCHOW, China, October 15, 1904.

PROPOSED REVISION OF PHILIPPINE TARIFF.

The Philippine Commission has submitted to the Secretary of War its views in regard to the proposed modification of the present customs tariff. The findings of a tariff committee, composed of customs experts and business men of Manila, together with suggestions from the Collector of Customs, form the basis for the report.

As a whole the present tariff, in effect since November, 1901, has worked satisfactorily, but experience has shown that a readjustment of the rates of duty and a further application of the ad valorem principle in many cases are desirable in the interests both of the importer and the consumer. While numerous reductions are mentioned, they are as a rule compensated for by increases, the changes suggested not being intended to decrease the total amount of revenue, but rather that, by fixing a fair basis for the assessment of duty, importation of larger quantities of certain classes of merchandise will be encouraged. In a few cases a higher rate of duty is proposed for protective purposes.

The present schedule and the proposed revision have been made public by the Bureau of Insular Affairs of the War Department, and persons interested invited to make suggestions and criticisms with a view to further amendment, should it be deemed advisable, before final action by Congress. The changes proposed by the Insular Government with reference to the present tariff are mentioned seriatim below.

MODIFICATION OF RULES.

The first few changes are of minor importance, as far as the operation of the tariff act is concerned, being alterations in the wording of the Rules 1, 4 and 5, which prescribe the manner of determining the duty on textiles.

The regulations for levying duty on packing, packages and receptacles are modified in order that importers of dutiable merchandise may be relieved of what at times has been an excessive burden. The recommendation is that exterior packing be relieved from duty in cases where the customs tax is levied on the net weight of the contents, and that immediate interior packing be assessed the duty applicable to the material of which it is composed.

KIND OF CURRENCY RECEIVABLE.

Section 8, as proposed, specifies that duty shall be paid in money of the United States, or its equivalent in Philippine currency.

STUCCO WORK.

A change is made in paragraph 4, prescribing the duty on gypsum manufactured into articles, whereby stucco work and similar articles for house decoration are included under letter (a), and assessed a duty at \$3 per hundred kilos, having been classified heretofore under all other manufactures of gypsum, at 75 cents per hundred kilos.

COAL AND COKE.

It is recommended that the duty on coal and coke be increased from 25 cents, United States currency, per thou-

sand kilos, to 50 cents. This recommendation was made on the ground that the present low rate on coal and coke would permit an increase without the effect being felt to any considerable extent by consumers. The additional charge will not affect shipping interests, as the coal consumed by them is by law subject to a refund of duty collected.

GASOLINE.

A reduction of the duty on gasoline from \$1.25 per hundred kilos to 65 cents per hundred kilos is proposed for the reason that the present duty is high, and it is believed a reduction would result in a material increase in the importation of gasoline, for use as fuel in small vessels and motor cars.

CRYSTAL AND GLASS.

Certain modifications are proposed in the reading of paragraphs 12, 13 and 14, covering common and cut glass ware and plate glass, in order that they may conform to other changes in the tariff, no change in the duty imposed by these paragraphs on such articles being involved.

The rate of duty imposed by paragraph 15 on mirrors and looking glasses has been found to be generally excessive. It is believed that this has prevented to a considerable extent the importation of these articles. It is therefore recommended that the specific duty now provided be reduced $33\frac{1}{3}$ per centum.

Paragraph 16 has been modified to eliminate incandescent electric lamps therefrom, the same having been included under another paragraph with electrical goods.

POTTERY, EARTHENWARE AND PORCELAIN.

Paragraphs 19 to 22, inclusive, which cover hollowware, faience and porcelain, have been included in the proposed changes; the specific rates now provided having in some instances been reduced, and a proviso added to paragraphs 20 and 21, to insure a rate of duty of not less than 60 per cent. ad valorem on all goods dutiable under these paragraphs. As they read in the present tariff an injustice is done to importers of some kinds of this merchandise. In many instances certain classes of faience and porcelain pay more than double the ad valorem rate paid by other similar ware. It is believed the changes will regulate this, and that the revenues now derived under these paragraphs will not be decreased.

VASES, STATUETTES, ETC.

Under paragraph 23 statuettes, flower stands, vases, high and bas reliefs, articles for toilet purposes and home decoration, of clay, faience, stoneware, porcelain or bisque, are assessed 25 cents per kilo on the gross weight. It is recommended that the paragraph be changed from the gross to the net weight basis; and also that there be included thereunder bowls for opium pipes and cloisonné vases. The present provision, it is said, prohibits a certain

class of goods of this nature on account of the high rate of duty, and it is the intention in proposing the change to provide a rate under which they may come in on a more equitable basis.

PRECIOUS STONES.

An ad valorem duty of 15 per centum is now collected on unset precious stones, doublets, pearls and imitations, under paragraphs 24, 25 and 26. It is recommended that the duty be increased from 15 to 25 per centum ad valorem. This increase is recommended because of the present low rate of duty, and of the necessity for raising the rate on some luxuries to compensate the revenues for reductions on other classes of merchandise.

GOLD AND SILVER AND MANUFACTURES.

The specific rates on gold and silver and manufactures of these metals, imposed by paragraphs 27, 28 and 29, have been changed in but two instances, reductions being recommended in the specific rates under paragraphs 28 (a) and (d). Paragraph 28 (a) covers jewelry or plate in goldsmiths' wares, including all silver and table service, the rate at present being \$3 a hectogram. This duty, amounting to from 70 to 120 per centum of the value of the articles imported, has been practically prohibitory.

The decrease recommended reduces the duty on silver jewelry, plate and toilet articles not set with pearls or stones, or imitations, from \$3 to \$1 per hectogram. It also reduces the duty on articles of silver other than jewelry, including toilet articles and plate composed in part of glass, porcelain, clay, steel or common metal, of which the material of chief value is silver; silver manufactured for dentists when not in sheets; solder and silver foil, from 80 cents to 40 cents per hectogram.

It is believed that these reductions will permit of larger importations of this class of goods and thus result in an increase in the revenues. It is also recommended that the minimum ad valorem rate assessed on this merchandise be increased from 20 to 25 per centum.

PACKING FOR JEWELRY.

By special provision the articles specified in paragraphs 27, 28 and 29, covering jewelry, are relieved from the assessment of like duty on the immediate packing in which these goods are imported. This was done because experience has demonstrated the fact that importers of jewelry, under the present requirements, import their merchandise entirely separate from the boxes in which such jewelry is retailed; this was done by them in order to avoid paying the same duty on the immediate packing as is paid on the jewelry itself. Adoption of the recommendation in this matter would permit the merchant to import such articles in the boxes or packing in which sold, by paying the duty on the net weight of the jewelry itself. The assessment of duty on the immediate box or packing would be made under the paragraph covering the material of which it is manufactured. It is not believed that the revenues will suffer from the working of this proviso, and importers of this class of goods will be relieved from considerable inconvenience and annoyance.

IRON AND STEEL.

The wording of the paragraphs covering cast iron, wrought iron, and steel, in ingots, bars, rails, plates, sheets, etc. (Nos. 34, 35, 36, 38 and 41), has been amended for the purpose of amplifying the paragraphs, and to make them more definite and certain, without changes in rates or addition to the list of articles which are at present dutiable thereunder.

WIRE GAUZE.

There is an increase in the tariff on wire gauze, dutiable under paragraph 44,—from \$1.75 per hundred kilos to \$3, for that containing up to forty threads per square inch; and from \$4 to \$5 per hundred kilos for gauze containing forty or more threads per square inch.

TOOLS AND IMPLEMENTS.

It is recommended that wrought iron or steel tools and implements coming within the provisions of paragraph 46, for use in the arts, trades and professions, be made dutiable at 20 per cent. ad valorem. Under the present specific rate the average ad valorem duty collected is 49 per cent. on fine tools, and 21 per cent. on common tools. This change to an ad valorem basis, it is believed, will encourage trade in this class of merchandise.

COPPER AND ALLOYS.

Bronze, gilt, or nicked articles of copper and alloys of that metal, except those used for sanitary construction, are charged in paragraph 69 (b) of the present tariff at the rate of 50 cents per kilo on the net weight. It is recommended that this duty be reduced to 30 cents per kilo.

NICKEL, ALUMINUM AND ALLOYS.

In paragraph 71, under (c), manufactures of nickel, aluminum and their alloys are at present provided for at the rate of 10 cents per kilo. This rate amounts in many instances, it is stated, to a duty of not more than 2 per centum—a much smaller rate it is believed than this class of goods should pay. It is recommended that the duty on aluminum be increased to \$1 per kilo, and on nickel to 50 cents per kilo, which would amount to about 20 per cent. ad valorem in the first and 10 per cent. in the second instance. While this is a decided increase in the rate, it is much less than the rate on the same class of goods under the United States tariff.

TIN AND ALLOYS.

A reduction from 50 cents to 30 cents per kilo has been recommended under (d) of paragraph 72, covering manufactures of tin and alloys. A more reasonable rate of duty than at present assessed is believed advisable for the purpose of encouraging importation of these articles.

DRUGS.

The first change in this schedule is an increase of the rate charged in paragraph 76 on oleaginous seeds, copra, and cocoanuts, from 30 cents to 60 cents per hundred kilos.

The present duty under paragraph 78 on camphor is \$5 per hundred kilos. In order that a higher rate may be charged on refined camphor, it is proposed that the paragraph be amplified by the insertion of a sub-division providing for a charge of 15 cents per kilo thereon, the crude to be taxed under the present rate.

An increase in the duty on crude and manufactured opium from the present rates of \$3 and \$3.50, per kilo, to \$4 and \$5, per kilo, respectively, is recommended.

CRUDE DRUGS.

An amplification of the language used in paragraph 81, covering such drugs as barks, beans, berries, buds, bulbs, &c., in crude state, is proposed in order that ginseng root, which is worth from \$9 to \$26 per kilo, may be charged the higher duty of \$2 per kilo, instead of being classed with other drugs on which a rate of but \$2.50 per hundred kilos is at present placed; also that animal products coming within the provisions of paragraph 82, and at present paying \$1.50 per hundred kilos, be charged \$3 per hundred kilos. It is recommended that provision also be made for the payment of duty at a rate of not less than 20 per cent. ad valorem on articles covered by paragraphs 81 and 82.

NATURAL COLORS.

It is thought that the duty provided by paragraph 83, on ochers and other natural colors, in powder or lump, of 25 cents per hundred kilos, is too low, and an increase to \$1 for each hundred kilos is recommended; also that the same kind of colors prepared in paste, oil, or water, be made dutiable, under paragraph 84, at \$5 per hundred kilos—the same rate that is imposed on similarly pre-

pared artificial colors. Under the revision, however, the 50 per cent. surtax on prepared colors is removed to encourage importation of American mixed paints.

ARTIFICIAL COLORS.

Paragraph 85, covering artificial coloring materials, in the revision has been redrafted so as to bring within its scope printing, writing, and drawing inks, provided for in the present tariff, in paragraph 87, as well as lead and colored pencils, now under paragraph 84. While this proposed change does not affect the duty on the inks, it will cause a considerable increase of the rate on pencils. The latter, under the present tariff, pay but \$3 per hundred kilos, while under the proposed change the rate of duty would be 15 cents per kilo.

A proviso is recommended that articles coming within the terms of paragraphs 84, 85, and 88, pertaining to artificial and other colors and varnishes, shall pay not less than 15 per centum ad valorem.

OTHER CHEMICALS AND PHARMACEUTICAL PRODUCTS.

A recommendation for a minimum rate of 15 per centum ad valorem is made to apply to inorganic and organic acids and salts, drugs and pharmaceutical products; and there are also a number of changes suggested in the wording of the different paragraphs under which they are classified, with a view to more clearly defining what is included under each.

COD LIVER OIL.

Crude cod liver oil and other medicinal oils, under paragraph 101 (a), in the revised draft of the tariff, are increased from a rate of \$1.50 per hundred kilos to \$2.50 per hundred kilos.

SOAPS.

Experience has demonstrated that the enforcement of the provisions of paragraph 104, covering soap of all kinds, has caused much dissatisfaction among importers, for the reason that there has always been difficulty in deciding which of the three different specific rates provided therein should be applicable. Under the present provisions common soap is dutiable at 1 cent per kilo, ordinary soaps at 10 cents and fine toilet soaps at 20 cents per net kilo. It is recommended that instead of these rates a straight 20 per centum ad valorem charge be made on all soaps and soap preparations.

TEXTILES.

The practical operation of the textile schedule has proved it to be the most complete and specific in the present tariff. It is thoroughly understood, both by importers and customs examiners, and the few changes that are recommended will, it is believed, correct certain inconsistencies that have developed during the past two years.

The first change in rate is proposed in paragraph 124 of the cotton schedule, reducing the duty upon bath robes and towels of pile warp from 47 cents per kilo to 25 cents per kilo.

COTTON TULLES.

In the present tariff plain and figured tulles pay a duty of 70 and 92 cents respectively, with a surtax in case of tulles, embroidered or figured after weaving, of 30 per centum of the other duty collected. In view of the expensive nature of this class of goods, it is recommended that this surtax be increased to 60 per centum. A 30 per centum ad valorem proviso is also recommended in connection with this and paragraph 127, covering laces and blondes of all kinds, in view of the fact that these articles are of the nature of luxuries.

COTTON TRIMMINGS.

Under paragraph 131 of the existing tariff, cotton trimmings, ribbons, and gallons, are all assessed a duty of 52 cents per kilo. In order that the duty on cotton tape may be reduced from 52 cents to 26 cents per kilo, it is

recommended that a sub-division (a) be inserted, which will provide for cotton tape at the lower rate. A 30 per cent. minimum ad valorem proviso is also added to the paragraph.

COTTON ELASTIC TEXTILES.

An additional provision under paragraph 135 for cotton elastic textiles is proposed, in order that such textiles manufactured with threads of gum elastic will be required to pay a duty of 45 cents per kilo instead of 15 cents per kilo. These textiles in the revised classification will then be separated from waterproof or caoutchouc stuffs on cotton textiles, which pay the lower rate.

OTHER VEGETABLE FIBRE TEXTILES.

In the revised tariff there is added to certain paragraphs covering textiles of hemp, linen, ramie, jute, or other vegetable fibres, minimum ad valorem provisos varying from 20 to 30 per centum.

BRISTLE BRUSHES.

Under paragraph 161 of the present tariff, bristle brushes are taxed \$6 per 100 kilos, or an average ad valorem rate of about 5 per cent. These brushes under the revised tariff are classified in paragraph 164 with other manufactures of bristles at a 35 per cent. ad valorem rate.

COMMON PAPER.

Common paper used for wrapping packages, bundles, etc., is dutiable under paragraph 178 at the rate of \$1 per 100 kilos. It is proposed to include under this paragraph straw paper, now dutiable under paragraph 185, at \$1.75 per 100 kilos. and manila paper, now subject to a duty, under paragraph 187, of 4 cents per kilo, the latter to be covered in a separate sub-division with a duty of \$2 per 100 kilos. These changes would reduce the rate on straw paper, and would give an average ad valorem on manila paper of about 22 per centum, a reduction from the present duty of about 50 per cent.

WRITING PAPER.

The rate of duty on writing, letter, note, ledger and similar paper, under the present tariff, is \$3 per 100 kilos. The paper, however, if made up into envelopes is assessed an additional tax of 30 per cent. of the original duty, and if in the form of letter heads, invoices, and other forms containing printing, a surtax charge of 50 per cent. is made. In the revision the duty of \$3 on this paper is increased to \$4.50, and in place of surtaxes sub-divisions are inserted covering envelopes and printed papers, providing for a specific rate of \$5.85 and \$6.75 cents, respectively, on each 100 kilos—an increase on envelopes of practically \$1.95 and \$2.25 on printed paper.

PRINTED MUSIC.

Paragraph 180 places the duty on books and other printed matter, not elsewhere provided for, at \$3 per 100 kilos; this includes printed music. In the revised tariff special provision is made for a rate of 10 cents per kilo on printed music.

BLANK BOOKS.

There is a recommendation that instead of the rate of \$4 per 100 kilos on all blank books there be inserted a special provision for printed blank books at \$5, and a 20 per cent. ad valorem proviso added to the paragraph.

LITHOGRAPHS.

The duty of 5 cents per kilo on lithographs, chromolithographs, etc., of one to three printings, provided under sub-division (a) of paragraph 183, is recommended increased to 15 cents per kilo.

MANUFACTURES OF PASTEBOARD.

Changes are proposed in the paragraph covering pasteboard and manufactures, for the purpose of eliminating certain inconsistencies, and to effect a proper classification of the articles specified. A 20 per cent. minimum ad valorem proviso is also added.

MANUFACTURES OF WOOD.

The operation of the tariff has shown that the rates of duty provided on furniture and other manufactures of wood are too high, practically amounting to prohibition of the importation of some of these manufactures. For this reason the duty imposed in paragraphs 195 to 198, inclusive, on furniture and other manufactures has been reduced 50 per cent. A 25 per cent. minimum ad valorem proviso has, however, been proposed in connection with paragraphs 195 to 200 inclusive. This will embrace common and fine furniture, and substitute the 20 per cent. proviso now applicable to paragraphs 197 to 200, inclusive, covering inlaid, carved and gilt furniture, bent wood, barbers' and dentists' furniture, bar fixtures and billiard tables.

CORK.

An increase in the rate on manufactured cork, paragraph 202 (b), is recommended from the present duty of \$4.50 to \$10 per 100 kilos. No change is proposed in the rate of duty on unmanufactured cork.

WICKER WORK.

Rushes, vegetable hair, cane, osiers, esparto and similar materials manufactured into wicker work or furniture under the present tariff pay a duty, with other articles of the same material, of \$10 per 100 kilos. It is recommended that paragraph 204 be so changed as to provide a rate of \$8 per 100 kilos for wicker work or furniture, the rate on other articles not specially provided for remaining at \$10 per 100 kilos.

LIVE STOCK.

In view of existing agricultural conditions in the islands, it is recommended that breeding horses, asses and bovine animals be admitted free of duty until January 1, 1909. A similar provision was embodied in the present tariff, but ceased to operate January 1, 1904. It is believed that the scarcity of domestic animals will justify this provision in the revised tariff, and that it will have a beneficial and lasting effect upon the agricultural industries.

LIVE BIRDS.

A reduction in the duty on singing birds and parrots, etc., of from 50 cents each, as provided in paragraph 212, to 15 cents each, is proposed for the reason that the present duty is too high.

GLOVES.

It has been found that the present method of assessing duty on gloves by weight, under paragraph 220, is inequitable, in that the ordinary, cheap glove pays a much higher rate of duty according to its value than the fine glove. The recommendation is therefore made that a uniform rate of 10 cents per pair be imposed, with a 20 per centum minimum ad valorem proviso.

BOOTS AND SHOES.

No change is proposed in the rates of duty on boots and shoes of cowhide and similar leather and canvas, although the wording of this and following paragraphs has been changed in the revision, in order that there may be no question as to the sub-division under which they are dutiable.

The present tariff groups shoes in the various paragraphs under three headings: Shoes for men, for women, and for children. They are classified in the proposed tariff as follows: For men, size No. 5½ or larger; for boys, smaller than size No. 5½; for women, size No. 2½ or larger; and for girls, smaller than size No. 2½; shoes for babies being grouped under one sub-division.

The sizes specified, according to a note in the revision, conform to the American standard.

On shoes or gaiters of patent and similar leathers, and imitations, an increase of from 15 to 50 per cent. is recommended.

SADDLERY AND HARNESS, AND OTHER MANUFACTURES OF LEATHER.

The present rates of duty on saddlery and harness remain the same in the revised tariff. On other manufac-

tures of leather the duty is reduced from 60 cents to 40 cents per kilo, and special provision is made for leather belting at the rate of 25 cents per kilo.

There is a minimum ad valorem proviso proposed whereby none of the articles in this paragraph shall pay less than 20 per cent. of their value.

FEATHERS.

Feathers for ornaments now pay at the rate of \$2.50 per kilo. It is recommended that a proviso be added to paragraph 230, under which this rate is made, to the effect that these feathers shall not pay a rate of duty less than 60 per centum ad valorem.

Feather dusters, now paying 50 cents per kilo, are reduced to 30 cents per kilo, while other feathers and manufactures not comprehended under the term "ornamental" are subject to an increase of duty from 50 to 60 cents per kilo.

WATCHES AND CLOCKS.

The ad valorem rate of 20 per cent. on watches and parts, and the specific duty now paid on clocks and chronometers and parts thereof, is recommended changed in the revised tariff to an ad valorem rate of 25 per cent. This is an increase in the rate on watches and parts, but the present specific rate on clocks and chronometers is such that the change to the uniform ad valorem rate would not affect the duty on the latter to any extent.

APPARATUS AND MACHINERY.

Under the proposed revision the duty on machinery and apparatus is placed on an ad valorem basis, this schedule showing more sweeping departures from specific duties than any other in the proposed revision. There has been much criticism of the present machinery schedule, on the ground that the provisions for specific rates fail to equitably distribute the taxes levied thereunder.

On weighing machines an ad valorem rate of 20 per cent. is proposed; on marine engines, 10 per cent.; stationary engines, pumps, hydraulic, steam, petroleum, gasoline and hot or compressed air motors, 15 per cent., and on steam boilers, 15 per cent.

AGRICULTURAL MACHINERY.

Paragraph 245, which includes agricultural, pile driving, dredging, hoisting, road building, refrigerating, ice making, sugar mill, and machinery for preparing rice, hemp and other vegetable products of the islands for the markets, provides a uniform rate of 5 per cent. ad valorem on these articles.

This low rate has been placed on agricultural and machinery of a similar nature in order that its importation may be encouraged.

OTHER MACHINERY.

The ad valorem rate proposed for locomotives and parts, turntables and power and hand cranes, is 15 per cent.; electrical apparatus and appliances, storage batteries, dynamos, generators, incandescent lamps, etc., 20 per cent.; sewing machines and parts, 15 per cent.; bicycles, velocipedes, typewriters and parts, 25 per cent.; phonographs, cinematographs, biographs and similar machines, 30 per cent.; cash registers and adding machines and parts, 25 per cent.; automatic slot machines and parts, 30 per cent. ad valorem.

It will be seen that the ad valorem rate on machinery in no case exceeds 25 per cent., with the exception of phonographs, slot machines, cinematographs, and other machines of this class, on which an ad valorem rate of 30 per cent. is placed.

VEHICLES.

It is recommended that paragraphs 258 to 261, inclusive, covering coaches, omnibuses, and other wheeled carriages, including automobiles, baby carriages and jinrikishas, be revised so as to place a straight 20 per cent. ad valorem rate on such articles.

No change is proposed in the present provisions of the

paragraph covering railway carriages, except that a sub-division be added to include cars for industrial railways at 15 per cent. ad valorem.

Paragraph 265 of the present tariff makes a duty of \$5 each on carts. This paragraph is amplified in the revision specifying that this rate is applicable to "carts for transporting merchandise," and making provision for all others not specially provided for with a rate of 20 per cent. ad valorem.

Paragraph 266, under which hand carts are at present assessed at the rate of \$3, has two sub-divisions added, providing for wheelbarrows of wood at 50 cents each, and of iron and steel of \$1.50 each. A provision is proposed in connection with paragraphs 258, 259, 260, 261, 264, 265 and 266, to the effect that wooden parts for vehicles shall be dutiable at 20 per cent. ad valorem.

BOATS AND WATER CRAFT.

The rate of duty provided at present under paragraph 267, on small boats and other water craft imported into the Philippines, has in the revision been increased from 15 to 30 per cent. ad valorem. A note is also made in connection with the expression "imported into the Philippines," to the effect that it shall be held to apply to vessels brought into the islands in any manner other than under their own motive power.

The increase in duty and the amplification of this paragraph is made to protect builders of boats in the Philippine Islands from the ruinous competition of Hongkong ship builders. A large majority of the small boats in use in Philippine water at the present time have been constructed abroad, to the detriment of the insular industry.

RICE.

During recent years a large part of the rice consumed in the islands has been imported, principally from Saigon and Rangoon, whereas it was formerly produced in the Philippines in export quantities. Investigation has led to the conclusion that the present duty on rice is too low to afford adequate protection to the Philippine rice grower against the competition of cheap Oriental labor in the countries from which it is imported.

With a view to a protective tariff that will tend to revive home production, it is recommended that the duty on rice be doubled, and that a rate of one-third higher than the present duty be placed on rice flour.

OLIVE OIL.

The duty on olive oil under paragraph 304 (a) is \$5 per 100 kilos. It is recommended that it be reduced to \$4, in view of the fact that it is an article used exclusively for food. It is believed that the reduction will result in its increased importation and use.

SPIRITS AND LIQUORS.

The rates of duty provided in paragraph 308 on whiskey, rum, brandies and compound spirits have been increased about 45 per cent. in the revision.

An increase in duty from 25 cents per litre to 30 cents per liter is also recommended on fine wines in casks and barrels, and an increase from 5 to 10 cents on common wines in bulk.

These increases are proposed on the ground that the articles affected are luxurious, and should therefore bear their share of the higher rates of duty.

NATURAL MINERAL WATERS.

To protect bottlers of local mineral waters a provision has been made in paragraph 312 (a) for duty on mineral waters, aerated, carbonated, or not, at the rate of \$1 per hectoliter. Under the present tariff the local industry is obliged to compete at a disadvantage with Japanese waters, which are used in the Philippines to a large extent.

VINEGAR, CANNED AND POTTED GOODS.

It is recommended that the present duty of 5 cents per liter on vinegar be reduced to 2 cents, for the reason that

the former is believed to be too high a duty on this article of necessity.

Verbal changes have been made in the paragraphs covering canned and potted foods, fruits and similar goods, a reduction being made in the rate of duty on potted soups from \$.075 to \$.05 per kilo.

FANS, CANES AND UMBRELLA STICKS.

A uniform ad valorem rate of 35 per cent. is recommended on fans of all kinds, instead of the specific duty of from 75 cents to \$5 per kilo, varying according to classification, under paragraphs of the existing tariff. This change is suggested in view of the difficulty encountered in assessing duties on these articles, due to the wide variation in prices.

It is proposed that the present rate on walking sticks, and sticks for umbrellas and parasols, under paragraph 342, be increased from \$3.75 to \$4.

BUTTONS

In the revised tariff paragraph 345, covering buttons, is amplified to permit of a rate of 20 cents per kilo on bone, porcelain, wood and similar buttons; 50 cents per kilo on rubber and copper buttons, and \$1 on mother of pearl buttons, instead of the present straight rate of \$1 per kilo.

CARTRIDGES.

It is proposed to reduce the rate on cartridges under paragraph 346, from 30 cents per kilo to 15 cents per kilo.

GAMES AND TOYS.

The recommendation is made that a 25 per cent. minimum ad valorem proviso be added to paragraph 353, covering toys and games. The present tariff provides only for a specific rate of 10 cents per kilo on such imports.

CAMERAS AND PHOTOGRAPHIC LENSES.

Paragraphs 358 to 362, inclusive, of the present tariff, provide for specific rates on cameras, photographic lenses and apparatus. It is recommended that all the articles included under these paragraphs be given a straight ad valorem rate of 20 per cent., in order to avoid the difficulty in classifying them under the present provisions. It is believed that the rate of 20 per cent. proposed is an equitable one.

FREE LIST.

The changes in the free list are: The withdrawal therefrom of natural mineral waters, which have been previously referred to; an amplification of paragraph 370 to regulate the importation in bond of commercial samples, and the addition of photographs and other pictures of members of a person's family to the paragraph providing for the admission of works of art free of duty.

Under the head of "articles free of duty subject to conditions," it is proposed to provide for the admission, duty free, of wearing apparel, books, instruments and other professional and personal property brought by citizens or inhabitants of the islands in their personal baggage.

The most important change proposed in the free list is probably that contemplating the admission of personal effects and furniture of officers of the army and navy, and of citizens of the United States arriving for duty in the islands.

A review of the tariff as a whole shows decreases of duty on many articles of necessity, and on merchandise the importation of which would be beneficial to the development of the islands, as well as in cases where present duties are so high as to be inequitable, or even prohibitory in their effect.

To protect the general revenues these decreases must necessarily be compensated by certain increases, and while some commodities have been subject to a higher rate merely for purposes of revenue, a large number of the increases have been made either in articles of luxury or on merchandise that would, under present rates, compete with insular industries.

THE WORLD'S SILK PRODUCTION.

The Silk Dealers' Association of Lyons has just published an elaborate report on the world's production of silk in 1903, from which I condense the most important items.

FRANCE.

The quantity of graines hatched in France in 1903 was 182,712 ounces. The average production for the last ten years was 207,594 ounces, the average from native cocoons being 198,447 ounces. The report says:

"We are unfortunately compelled to declare again that the French silk production, far from progressing, loses importance every year. We must not, however, draw conclusions too pessimistic from the decrease in the quantity of seeds put to hatch in 1903, a decrease due, in our opinion, to causes entirely temporary or accidental. We must not forget that the frost of April 19, in completely destroying the leaves in many places, caused a profound discouragement among the breeders of silkworms, and that many among them who had not yet put their graines to hatch preferred to throw them away in the fear of being compelled to pay too high a price for leaves. From that fact there was a sensible deficit, which will not occur another time."

The temperature had been normal during the first fortnight of April, and the graines had been placed in incubation at the usual time in the warm regions. But after the 15th the weather turned suddenly cold, and on the night of the 19th there was a disastrous frost, such as had not occurred since April 15, 1876. The leaves were totally destroyed in a number of regions. The effects were especially disastrous in the countries where warm weather was expected—in the Bouches du Rhône, le Var, les Basses Cévennes and the valley of the Rhône. Some other regions, where the summer is usually backward, largely or entirely escaped damage. Later in the summer there was exceptional heat, which was unfavorable to the proper development of the leaves, and the "educators" complained during the entire summer of unfavorable conditions.

In 1903, according to the Minister of Commerce, 5,985,481 kilograms (13,195,591 pounds) of fresh cocoons were raised, against 7,287,541 kilograms (16,066,109 pounds) in 1902. The average annual production in the ten preceding years was 8,575,738 kilograms (18,906,072 pounds). There were exported, during 1903, 25,800 kilograms (56,878 pounds) of graines of silkworms. The number of silkworm breeders engaged in the business was 120,266, which is 7,933 less than the number so engaged in 1902, and 16,811 less than the average number so engaged during the last decade, which was 137,077.

ITALY.

In Italy there was also a decline in 1903 as compared with 1902. The production of cocoons in 1903 was 44,100,000 kilograms (97,222,860 pounds), against 56,000,000 kilograms (123,457,600 pounds) in the previous year. The quantity of raw silk obtained from cocoons raised in Italy was 3,526,000 kilograms (7,773,419 pounds); the total product of the silk mills, including that derived from imported cocoons, was 4,535,000 kilograms (9,997,861 pounds). The quantity of seeds hatched in 1903 was 1,241,000 ounces, divided as follows among the different races: Pure yellow and white, native, 140,000 ounces; pure yellow and white, imported, 100,000 ounces; crossed yellow cocoons, 700,000 ounces; Japanese or Chinese cocoons, white or green, with their different cross breeds, 300,000 ounces; imported Japanese white and green cocoons, 1,000 ounces. The annual average of cocoons hatched in the peninsula during the decade was 976,400 ounces, which shows that in the last year the business increased something over 21 per cent.

The increase in the quantity of graines hatched in 1903 was exclusively in white and green crossed cocoons. The pure yellow and white race and the races crossed with yellow cocoons lost ground considerably.

The production of fresh cocoons in 1903 is estimated by the silk association of Milan at 34,167,000 kilograms (75,324,568 pounds), and the mean annual production for the decade at 41,720,900 kilograms (91,977,896 pounds). The production of 1903 was therefore 7,768,000 kilograms (17,125,333 pounds) less than that of 1902. There was nearly as great a decline from the average production for the decade. A table shows that the yield per ounce of graines has been gradually declining for a number of years.

The report estimates the quantity of raw silk produced in the peninsula in 1903 at 2,746,500 kilograms (6,054,933 pounds), which is 571,500 kilograms (1,259,929 pounds) less than that of 1902, and 505,900 kilograms (1,115,307 pounds) less than the average product of the last ten years.

SPAIN.

The production of silk in Spain in 1903 was 1,100,000 kilograms (2,425,060 pounds), as compared to 1,010,000 kilograms (2,226,646 pounds) in 1902.

AUSTRIA-HUNGARY.

The yield of cocoons in the Southern Tyrol was considerably below that of 1902, being but 1,170,000 kilograms (2,579,382 pounds). The average for five years previous was 1,525,000 kilograms (3,362,015 pounds). The Austrian Government has given a bounty to silk raisers, in imitation of France, but the result has not been at all satisfactory; the people can make more money with their land in raising grapes and other fruit. Eighty per cent. of the cocoons used were of the crossed races and only 20 per cent. of the yellow.

The production of cocoons in Hungary in 1903 was 1,707,205 kilograms (3,763,704.14 pounds), compared with 1,342,125 kilograms (2,958,848.77 pounds) in 1902, an increase of 27.2 per cent. The planting of mulberry groves increased in the same proportion, the Government distributing young plants gratuitously. There are five reeling mills in activity in Hungary, containing 666 bassines. Two others are in course of construction and will be in operation in two years. The total product of the country in 1903 was 3,263,800 kilograms (7,195,373 pounds) of cocoons, yielding 275,000 kilograms (606,265 pounds) of raw silk. This is an important increase over any previous year.

THE LEVANT.

The notes and documents concerning silk raising in the Levant were obtained from the French Chamber of Commerce of Constantinople. For Brusa and Anatolia the figures were taken from the statistics of an official document called the "Administration of Dette Publique Ottomane." The report says:

The Silk Institute of Brusa, which has contributed in so great a measure to the production of healthy seeds (graines) and to the regeneration of sericulture, not only in Brusa and in Anatolia, but in all the Levant, in Persia, and in Central Asia, exports annually a large quantity of seeds to foreign countries. However, that exportation, which reached 457,520 ounces in 1901, fell to 359,862 in 1902, and to 304,989 in 1903, a decline of 150,000 ounces in two years. This reduction was largely in purchases from Persia and Russia, which countries in all probability are producing their own seeds.

SYRIA.

The quantity of graines hatched in Syria in 1903 was about the same as in the preceding year—from 220,000 to 230,000 ounces—nearly all purchased by France. From 10

to 15 per cent. were from native seeds, but the tendency is to diminish the use of native grains yearly, as they are very unsatisfactory. The production of fresh cocoons amounted to about 4,315,000 okes (*a*) (12,195,406 pounds). The report asserts that sericulture in Syria is not likely to progress so rapidly in the future as it has in the past. In Lebanon the whole country is covered with mulberry plantations, but hands are scarce, owing to the emigration of the working classes. In the interior of the country means of transportation are lacking, and the taxes amount almost to confiscation of the harvests. The 5,532,000 kilograms (12,195,847 pounds) of cocoons produced in Syria in 1903 yielded 510,000 kilograms (1,224,646 pounds) of raw silk. The native weavers of Beirut, Aleppo and Damascus use little else than the strong silk of China for the manufacture of goods for local consumption. Thus, in 1903-4, 1,254 bales of silk, representing about 75,000 kilograms (165,345 pounds), were imported from Shanghai to Beirut and Tripoli.

Almost the total product of Syria is exported to Europe, principally to France, in the form of raw silk and dry cocoons. On account of the deficit in the yield in France and Italy in 1903 the exportation of dry cocoons was greater in 1903-4 than in the previous year.

TURKEY IN EUROPE.

The quantity of grains hatched in Salonica was almost the same as in the previous year, 47,000 ounces, of which 30,000 ounces were purchased by France. The yield was very good, being 1,860,200 kilograms (3,766,161 pounds), compared to 1,559,098 kilograms (3,436,987 pounds) in 1902.

THE BALKAN STATES.

Bulgaria and Eastern Roumelia.—The 29,585 ounces of worms hatched in the Balkan states produced 1,281,172 kilograms (2,824,472 pounds) of silk, slightly more than in the preceding year, with a marked improvement in the quality. The bulk of the product of Bulgaria is exported to France and Italy in the shape of dry cocoons. The surplus is reeled in a mill at Stanimaka, the only reeling mill in the country. The amount reeled in this mill in the two years was 190,000 kilograms (418,874 pounds) in 1902 and 220,000 kilograms (485,012 pounds) in 1903.

In Southern Bulgaria, where the climate is very favorable, the white race of cocoons is principally raised, and with more capital and good business management the yearly product of silk from this quarter would be very large.

Servia.—The Silk Raisers' Association of Servia sends to the society of Lyon a report from which I glean a few items:

"The principal business place of the association is in Belgrade. The Servian Government distributes free seeds or grains to the natives who engage in the business. The product has increased rapidly since 1895, the first year of which there is any report. In that year the quantity of cocoons raised was 1,561 kilograms (3,441 pounds), while in 1903 the yield was 153,971 kilograms (339,444 pounds). In 1903 22,000 boxes of grains were distributed to the worm raisers, each box containing 10 grams, but as the April frosts had destroyed the mulberry leaves in many places only 15,386 boxes were incubated.

Roumania.—The Government has made a persevering effort to encourage the production of raw silk and cocoons in Roumania, but without much success; it is difficult to overcome the apathy and inertia of the peasants. A French syndicate for the production of cocoons is in formation in Bukharest, and it is expected that this company will materially develop the industry in a short time. The quantity of grains hatched was 5,500 ounces, producing about 120,000 kilograms (264,552 pounds).

The production of raw silk and cocoons in the Balkan states in 1903 was:

PRODUCTION OF COCOONS AND RAW SILK IN THE BALKAN STATES IN 1903.

State.	Pounds of Cocoons.	Pounds of Raw Silk.
Bulgaria and Eastern Roumelia..	2,824,471	250,443
Servia	339,444	28,219
Roumania	253,529	21,164
Total	3,417,444	299,826

GREECE AND CRETE.

The figures for these countries are taken from a report written by the French consul at Volo. He says that during the first half of the last century silk culture reached its highest prosperity in Greece, including Thessaly, then an integral part of the Ottoman Empire. The annual production of cocoons then reached 2,000,000 kilograms (4,409,245 pounds). After the appearance of the pebrine in 1854 the annual product fell to 200,000 kilograms (440,924 pounds). After the discoveries of Pasteur the production was increased, and now reaches about 500,000 kilograms (1,102,311 pounds).

Thessaly uses annually about 7,000 or 8,000 boxes of grains. The grains from Brusa and Smyrna are the most popular. Certain varieties from Italy and France are purchased, but the tendency is to drop them and to depend entirely upon native grains. From information received from the French Chamber of Commerce in Athens the yield for 1903 in Thessaly was very satisfactory. It was over 110,000 okes of dry cocoons, or 959,010 pounds of fresh cocoons. There is only one reeling mill in Thessaly, but the report expresses the opinion that others will be soon established.

The product of Greece is nearly all exported to France, in the shape of raw silk or cocoons. The average exportation from Greece to France of raw silk during the last five years was 38,000 kilograms (83,775 pounds), to which should be added a few thousand kilograms exported to Italy and England.

In the island of Crete the product varies but little from year to year, averaging about 10,000 ounces.

The product of the island of Cyprus is comprehended in that of Syria.

In the island of Rhodes 800 ounces were hatched, most of the grains having been purchased in Corsica and the Department of the Var in France.

CAUCASUS AND TRANSCAUCASUS.

In the Caucasus and Transcaucasus the product has increased during the last few years on account of the employment of better grains, those from Brusa, selected with care, having been generally used. Owing to bad weather, the yield fell from 465,000 kilograms (1,025,139 pounds) in 1902 to about 400,000 kilograms (881,840 pounds) in 1903. Of this amount 213,000 kilograms (469,580 pounds) were consumed in Moscow. The average production during the last five years was 359,000 kilograms (791,451 pounds).

PERSIA.

During the year 1903-4 23,000 bales of dry cocoons were exported from Persia. These represented 1,500,000 kilograms (3,306,900 pounds), against 911,300 kilograms (2,009,052 pounds) in the preceding year. The exports last year were larger than for any previous year shown in the report, and were nearly all purchased by France. The cocoons were below the average in quality, and the production of silk was not so great.

TURKESTAN.

The yield in Turkestan in 1903 was about 3,000,000 kilograms (6,613,800 pounds) of fresh cocoons, which represent 1,000,000 kilograms (2,204,600 pounds) of dry cocoons, 825,000 kilograms (1,818,795 pounds) of which were from Samarkand.

CHINA.

The exports of raw silk from Shanghai during the year ended May 31, 1904, were 73,980 bales (tussah silk included), compared to 59,391 bales in the previous year.

EXPORTS OF RAW SILK FROM SHANGHAI IN THE YEARS
ENDED MAY 31, 1903 AND 1904.

Destination.	1903. Bales.	1904. Bales.
France	19,946	21,396
England	1,037	1,308
Italy and Switzerland.....	6,700	7,977
United States (New York and San Francisco)	12,375	11,573
India (Bombay and Singapore).....	2,634	4,383
Egypt (Suez, Alexandria and Port Said)	1,299	2,500
Syria (Tripoli and Beirut).....	393	1,255
China coasts (Hongkong and other ports)	2,283	2,068
Japan	50	40
Yellow and white silks.....	46,717	52,500
Tussah silk.....	12,674	21,480
Total	59,391	73,980

The total exportations from Canton were 43,437 kilograms (95,761 pounds). There remained 1,500 bales unsold on May 31, 1904.

JAPAN.

The exports of raw silk from Japan during the year ended June 30, 1904, were 74,688 bales, of a total weight of 4,608,000 kilograms, or 10,158,797 pounds, as follows: France, 18,959 bales; England, 22 bales; Italy, 5,412 bales; Russia, 424 bales; total for Europe, 24,817 bales; the United States, 49,871 bales; total exports, 74,688 bales.

The stock unsold on June 30, 1904, was as follows: Reeling (filatures), 273,066 pounds; redivided (redividees), 19,200 pounds; kadedah, 4,400 pounds; total, 296,666 pounds, against 170,400 pounds on June 30, 1903.

BRITISH INDIA.

In 1903 the exports of raw silk from Bengal amounted to 3,141 bales (245,000 kilograms, 540,127 pounds), a slight increase over the average of the preceding five years, except 1902.

JOHN C. COVERT, Consul.

LYONS, France, October 15, 1904.

IMPORTS OF SILK MANUFACTURES AND RAW SILK INTO THE
UNITED STATES (b).

Year.	Silk Manu- factures. Dollars.	Raw Silk. Quantity. Pounds.	Value. Dollars.
1830.....	7,918,534	.....	.....
1840.....	9,601,522	.....	.....
1850.....	17,639,624	.....	.....
1851.....	25,777,245	.....	.....
1852.....	21,651,752	.....	.....
1853.....	30,434,886	.....	.....
1854.....	34,606,831	.....	.....
1855.....	24,366,556	.....	.....
1856.....	30,226,532	.....	.....
1857.....	27,800,319	.....	.....
1858.....	21,105,454	.....	.....
1859.....	27,833,144	.....	.....
1860.....	32,726,134	.....	.....
1861.....	22,516,709	.....	.....
1862.....	7,584,448	.....	.....
1863.....	12,836,434	.....	.....
1864.....	20,588,974	407,935	.....
1865.....	22,573,582	288,286	.....
1866.....	30,842,393	567,904	.....
1867.....	26,164,007	491,983	.....
1868.....	16,570,083	512,449	.....
1869.....	22,333,600	720,045	.....
1870.....	23,904,048	583,589	.....
1871.....	32,341,001	1,100,281	.....
1872.....	36,448,618	1,063,809	.....
1873.....	29,890,035	1,159,420	.....
1874.....	23,996,782	794,837	.....

Year.	Silk Manu- facturers. Dollars.	Raw Silk. Quantity. Pounds.	Value. Dollars.
1875.....	24,380,923	1,101,681	.....
1876.....	23,745,967	1,354,991	.....
1877.....	21,830,159	1,186,170	.....
1878.....	19,837,972	1,182,750	.....
1879.....	24,013,398	1,889,776	.....
1880.....	32,188,690	2,502,236	.....
1881.....	38,985,567	3,221,259	.....
1882.....	32,056,701	2,790,413	.....
1883.....	36,764,276	4,209,015	.....
1884.....	36,673,646	3,839,259	.....
1885.....	27,467,565	4,085,787	.....
1886.....	27,957,939	6,366,370	.....
1887.....	31,347,923	5,487,799	.....
1888.....	33,350,999	5,916,153	.....
1889.....	35,122,766	6,551,587	.....
1890.....	38,686,374	7,347,909	.....
1891.....	37,880,143	6,184,576	.....
1892.....	31,172,894	8,642,828	.....
1893.....	38,958,928	8,310,548	29,725,949
1894.....	24,811,773	5,720,661	16,121,797
1895.....	31,206,002	8,995,839	22,487,014
1896.....	26,652,768	9,084,920	26,650,528
1897.....	25,199,067	7,993,444	18,918,283
1898.....	23,523,665	12,077,459	31,106,057
1899.....	25,109,074	11,236,846	32,477,339
1900.....	30,894,373	13,043,714	45,311,525
1901.....	26,842,138	10,405,423	30,051,226
1902.....	32,640,242	14,230,708	42,633,656
1903.....	35,963,552	15,270,600	50,010,892
1904.....	31,973,680	16,692,950	46,089,803

MANUFACTURE OF SILK IN THE UNITED STATES, 1850 TO 1900. (c)

ITEMS.	1850.	1860.	1870.
Establishments, number..	67	139	86
Capital, dollars.....	678,300	2,926,980	6,231,130
Salaried officials, clerks, etc., number.....	(d)	(d)	(d)
Salaries, dollars.....	(d)	(d)	(d)
Wage earners, average number	1,723	5,435	6,649
Total wages, dollars....	297,416	1,050,224	1,942,286
Miscellaneous expenses, dollars	(f)	(f)	(f)
Cost of materials used, dollars	1,093,860	3,901,777	7,817,559
Value of products, dol- lars	1,809,476	6,607,771	12,210,662
Raw silk used pounds..	.....	462,965	684,488
ITEMS.	1880.	1890.	1900.
Establishments, number..	382	472	483
Capital, dollars.....	19,125,300	51,007,537	81,082,201
Salaried officials, clerks, etc., number.....	(d)	(e) 1,531	2,657
Salaries, dollars.....	(d)	1,917,877	3,134,352
Wage earners, average number	31,337	49,382	65,416
Total wages, dollars....	9,146,705	17,762,441	20,982,194
Miscellaneous expenses, dollars .....	.....	4,259,623	10,264,208
Cost of materials used, dollars	22,467,701	51,004,425	62,406,665
Value of products, dol- lars	41,033,045	87,298,454	107,256,258
Raw silk used, pounds..	2,690,482	6,376,881	9,760,770

(a) The Syrian oke=1.282 kilograms.

(b) From data of the Bureau of Statistics, Department of Commerce and Labor.

(c) From data of the Bureau of Statistics, Department of Commerce and Labor.

(d) Not separately reported.

(e) Includes proprietors and firm members.

(f) Not reported.

THE CHINA ASSOCIATION.

At the annual dinner of the Association, given in London on November 16, the chairman proposed the toast of "Prosperity to the China Association," and said in part: What is to be the future of China and what the future of the Far East must be uppermost in our thoughts. The war that is now going on presents in many respects the same problem to the Japanese that was presented to us at the beginning of the nineteenth century, when we were confronted by the great power and the great genius of Napoleon. And if his dreams had been realized—a portion of those dreams was to be a magnificent empire in the East—there would have been no room for England as a first class Power. I am glad to say that history states that we were able to frustrate his designs. And why were we able to frustrate them? Through the supremacy of our sea power. The opening years of the twentieth century have produced a similar state of affairs for Japan. Our good friends in times past, in the days I am speaking about, were the Russians, and we had no more sturdy allies in the war against Napoleon than the Russians. But now, so far as this Eastern question is concerned, their ways are not our ways; and I have no hesitation in saying that in the present great struggle that is going on our sympathies and our interests are with Japan. (Cheers.) In all the pages of history I do not think there has been anything more noble than the diplomacy of Japan in dealing with the vital questions which led up to this

great struggle—their moderation, their extreme modesty, their great judgment, were worthy of all admiration. (Cheers.) They knew full well the awful task they had to tackle in going to war with Russia, and I am perfectly certain none of the Japanese statesmen approached this task with a light heart. They fully appreciated that thousands and tens of thousands of their sons were to be slain, but even at the expense of that sacrifice they were not prepared to shirk the duty laid upon them. How their naval and military forces have since acquitted themselves are pages which will adorn the history of the world for all time. So far as we, the China Association, are concerned, what we have to look forward to is what will be the results of this war. Well, the gallant Japanese state that they are prepared to hand over Manchuria to China, and that they are fighting in the first place for their own security and afterward for the good of the world in general. If their ideal is realized, if we have the great Empire of China thrown open to commerce without suffering any drawback in the way of an alienated Manchuria, if we have Korea thrown open, and if the few restrictions which remain are removed, just think of the vista that opens to us in the trade of the Far East. I often think that the great trade of China is only in its infancy. It is now measured by a small item of £68,000,000, and if only the breath of patriotism will breathe into that great empire, and if they would only emulate even in a small degree gallant little Japan their neighbor, what would we have ahead of us in China?

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N. B.—The Chinese language has no alphabet, each character is a word. The characters herewith presented read from top to bottom. *Nay vwoo-e kawng tawng whar may* (phonetically spelled). Literally, 'You can speak Chinese language? [*May* being the spoken equivalent of our written question mark, (?).]

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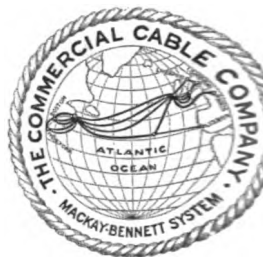
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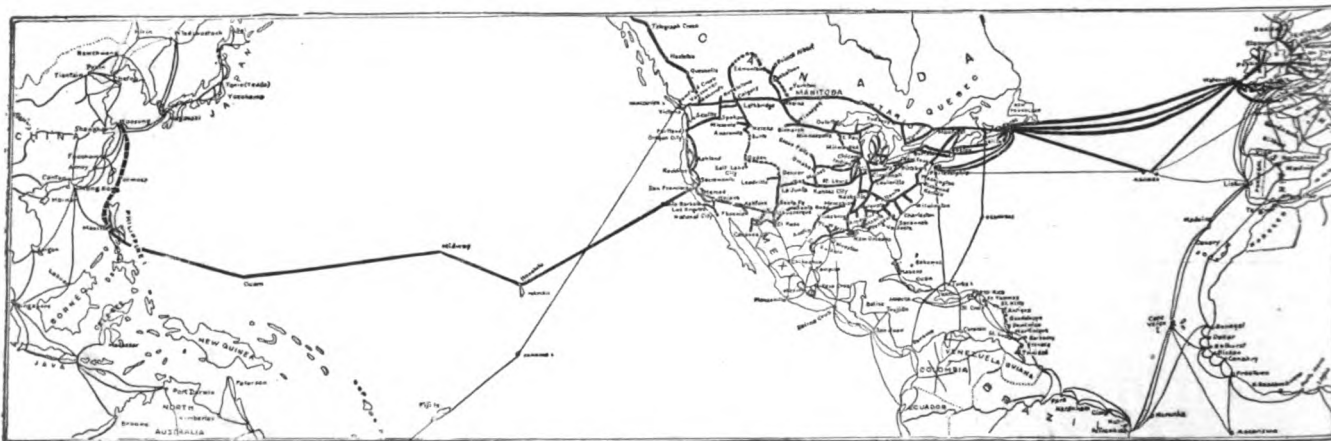
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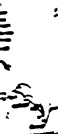
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