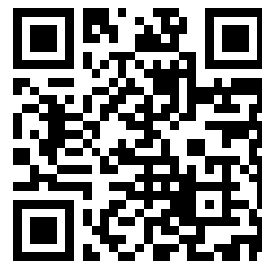

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VOL. V.

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NUMBER I

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THE men who provoked the war with Japan unquestionably counted on plucking from success in that enterprise increased security for the Russian Autocracy against internal discontent, as well as ample gains for themselves. But the engineers have been hoist with their own petard, and the failure on which they did not reckon has so quickened the forces of revolution as to place the Autocracy and the system which it sustains in imminent peril. The events of the past month have demonstrated that the most dangerous foes of Russia are those of her own household. In another sense, that was true before the war began, because the arrogance and corruption of the grand ducal clique which really directs the affairs of Russia over the head of a weak and vacillating Emperor, were responsible for the naval and military incompetency which has cost Russia so dear. But now that the Government has met the attempt to exercise the right of petition with slaughter so brutal and indiscriminating as to have aroused the indignation of the world, there are a thousand irreconcilable malcontents in Russia for one that was to be found before. That Russia cannot maintain an army large enough to keep in check a victorious foe four thousand miles away, and another sufficient to restrain the angry discontent which pervades the entire nation at home from assuming the character of organized revolt, appears sufficiently plain. It must be equally plain that there is as little heart for their business among the majority of the soldiers at the front as there is for the butchery of their brethren on the part of those who are kept on guard in the disturbed districts in European Russia. That under such circumstances the Czar and his Ministers should not make haste to settle on the best terms they may with a victorious enemy and an exasperated people suggests the form of madness which leads to destruction. With the fall of Port Arthur was extinguished the last gleam of hope of regaining, by the aid of the Baltic fleet, control of the sea, and the aimless cruise of that fleet in the Pacific merely postpones the final catastrophe. The dilemma which presents itself to Admiral Rojestvensky is a sufficiently distressing one. But there is no visible alternative for him except to submit to making a substantial contribution to the naval strength of Japan or to return home. The utter failure of Gripenberg's attempt to outflank Oyama is merely another illustration of the hopelessness of the expectation that Russia can possibly regain her lost position in Manchuria. Under the circumstances, persistence in the war can only involve fresh sacrifice of human lives, as purposeless as it is criminal.

SECRETARY HAY sent out a circular note last month, which we reproduce on another page, whose bearing on the ultimate settlement to be reached in the Far East is sufficiently obvious. The note was designed to enlist, once more, the efforts of the great powers in preserving the integrity of

China, after the present war shall have run its course. It was prompted by an apprehension conveyed to this Government through entirely trustworthy channels, that the conclusion of peace between Russia and Japan might be made the occasion, by one or other of the great powers, of largely extending their spheres of interest or of sovereignty in China. The note elicited the most emphatic disclaimers of any such intention from all the powers to which it was addressed, and, fortunately enough, the disclaimer appears to have been most emphatic in cases where the policy of aggression might have been assumed to be most in favor. While neither of the belligerent powers was appealed to for the purpose of committing it to respect the integrity of the Chinese Empire in any post-bellum settlement, it is safe to assume that Japan will do nothing to bring about the dismemberment of China which she went to war to prevent. Such hold as she may elect to retain over the leased territory of the peninsula, and such initiative as she may insist on claiming in regard to the administration of Manchuria, would simply be precautions to enable China to resist any further attacks on her territorial integrity. The nations whose policy in North China is exclusively commercial, have nothing to fear from Japan, and can regard with entire equanimity the effect on the future of China of any terms of peace which she is likely to dictate.

SECRETARY HAY's note to China in regard to the Russian protest as to her observance of neutrality, was later in point of time than the circular note to the powers in regard to the integrity of China, though in point of publication it came earlier. It is eminently characteristic of Russian methods that the Government at Pekin was not fully aware of the terms of the indictment which had been brought against it till the text of Russia's note was telegraphed from Washington. The reply of China left her accuser with no ground to stand on, but Russia, not having yet accustomed herself to the new conditions established in the Far East, professes the same scorn of any assertion of Chinese individuality as she has always done. The Russian Ambassador in Washington having met the rejoinder of China by a simple reiteration of the original charge, Mr. Hay suggested that a conference of the powers be held to pass upon the whole subject. It was obviously intolerable that an unproved accusation should be used by Russia as a basis for assuming a hostile attitude toward China, and there was therefore obvious force and justice in Mr. Hay's contention: "The interests of so many powers being deeply affected by the continuance and observance of the neutrality of China, and their keen solicitude for the maintenance of that neutrality and its observance by both the belligerents having been so conspicuously manifested on many occasions, the Government of the United States does not at this moment feel that it is called upon to express an isolated judgment or to consider the adoption of an individual course of action looking to the conservation of that neutral status which we all desire." Of course, Russia desiring neither the preservation of the neutral status nor the investigation of the accusations she had brought against the Chinese observance of neutrality, did not take kindly to Mr. Hay's suggestion.

We publish elsewhere the full text of the new commercial treaty between Portugal and the Chinese Empire. We have accompanied it by copious annotations showing which of its clauses are identical with those of the preceding treaties concluded with Great Britain, the United

States and Japan. As all of these nations will have the benefit of the most favored nation clause in any treaty concluded with China, the only interest of the Portuguese treaty consists in whether it contains any concessions of value which were not included in preceding treaties. We think that a careful inspection of it by our readers will convince them that it does not. The missionary clauses are unusually full and explicit, but they do not appear to guarantee any rights or privileges not already enjoyed by other nations. The convention with Portugal in regard to the construction of the Canton-Macao Railway which we also reproduce in full, is perhaps the least advantageous to the concessionnaires of all the agreements of a similar character which have yet been made with the Chinese Government. If all the new bargains about railroad construction are to be drawn under similar conditions, it may be questioned whether there will be in the immediate future any notable addition to their number.

FROM the American point of view, nothing could be more satisfactory than the elimination of the controlling Belgo-Franco-Russian interests from the American China Development Co., and the consequent certainty that the work of constructing the Hankow-Canton Railway will be prosecuted under purely American auspices. The history of this enterprise, which we reproduce from the Washington correspondence of the *Journal of Commerce*, has been a decidedly checkered one, but the Company is now in hands sufficiently strong and trustworthy to warrant the belief that there will be no future deviation from its original character and purpose. American enterprise in China would have been seriously hampered by the permanent denationalizing of the American China Development Co., and its prospects will be correspondingly improved by the demonstration that the capitalists of the United States are not at all indifferent to the opportunities presented to them for taking a part in the development of a regenerated China.

A CONVENTION of Southern cotton growers was held at New Orleans the other day to devise means for arresting the shrinkage of value which has taken place in that staple and for considering means of providing enlarged markets for American cotton textiles. The convention agreed to memorialize Congress to appropriate \$2,000,000 for the purpose of equipping a commission to study and report on the opportunities presented by the markets of the Orient and South Africa for the consumption of our cotton cloth. That a commission composed of practical manufacturers and merchants might do as good work at least, as the Blackburn or the Lyons Commission did in China is not open to question. In fact, the opportunity for such an investigation being much more inviting than it ever was, and the chances of making a thorough study of the great interior markets of China so much more numerous, no better time could be selected than the present for the appointment of an American commission. But it is probably visionary to expect Congress to appropriate any such sum for the work as has been asked, though it should not be at all visionary to procure such a concert of action between the Government and the cotton growing and cotton manufacturing interests of the country as would result in the formation of a commission partly composed of representatives of the Government and partly of representatives of these interests, to whose expenses a contribution should be made by both.

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, 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
October.....	9,070,600	399,826	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

Months. 1904.	Cotton Cloths. Yards.		Mineral Oils. Gallons.		Wheat Flour. Barrels.	
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
November.....	36,956,424	2,012,842	4,507,001	421,799	5,182	18,137
December....	40,598,280	2,241,047	4,778,330	402,000	9,830	39,967
Total.....	248,671,197	\$13,911,566	70,781,565	\$7,302,467	61,754	\$228,748

EXPORTS TO HONGKONG.

Months. 1903.	Cotton Cloths. Yards.		Mineral Oils. Gallons.		Wheat Flour. Barrels.	
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
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

Months. 1904.	Cotton Cloths. Yards.		Mineral Oils. Gallons.		Wheat Flour. Barrels.	
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
November.....	70,363	7,862	2,159,280	192,958	84,248	313,776
December.....	49,322	7,243	940,753	100,987	117,366	467,939
Total.....	346,235	\$52,832	24,203,660	\$2,448,356	1,247,813	\$4,835,448

DEPARTMENT OF COMMERCE AND LABOR.

Bureau of Statistics.

WASHINGTON, D. C., January 28, 1905.

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**Imports of Tea and Silk into the United States for the twelve months ending
December 31, 1902, 1903 and 1904.**

TEA.							
Imported from	1902.		1903.		1904.		
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	
United Kingdom.....	5,264,757	883,437	6,190,806	1,263,513	7,225,986	1,527,874	
British North America....	1,824,295	333,787	2,341,793	524,529	2,197,299	494,308	
Chinese Empire.....	60,837,270	7,187,320	43,952,049	6,221,545	46,076,303	6,161,530	
East Indies.....	5,761,676	712,460	6,540,698	970,402	7,886,033	1,157,133	
Japan.....	34,578,325	5,391,871	43,491,073	8,001,006	42,762,357	7,402,554	
Other Asia and Oceania ..	475,194	58,558	542,876	64,571	366,081	46,801	
Other countries	8,947	2,852	23,903	4,888	276,978	67,079	
Total.....	108,750,464	14,570,285	103,083,198	17,050,454	106,791,037	16,857,279	
SILK.							
Imported from	1902.		1903.		1904.		
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	
France.....	627,204	2,244,631	354,774	1,401,123	664,609	1,912,120	
Italy.....	2,836,745	11,365,057	2,358,511	10,316,844	3,550,134	13,261,725	
Chinese Empire.....	3,415,110	9,461,356	2,649,761	7,671,465	3,527,377	9,972,386	
Japan.....	6,592,430	22,738,264	6,206,347	23,449,845	7,924,977	27,141,103	
Other countries	290,765	926,896	85,940	295,920	910,908	2,591,942	
Total.....	13,762,254	46,736,204	11,655,333	43,135,197	16,578,005	54,879,276	
Waste .....lbs. .free..	1,891,349	1,113,104	2,835,512	1,238,964	4,208,979	1,574,672	
Total unmanufactured	.....	47,849,546	.....	44,384,916	.....	56,453,975	

THE INTEGRITY OF THE CHINESE EMPIRE.

WASHINGTON, January 26.—An important contribution to international history was made today when the State Department removed the seal of secrecy from Secretary Hay's note to the Powers with reference to a suspected compact on the part of some unnamed nations to demand Chinese territory when peace came between Russia and Japan, and furnished the announcement that the responses received so far had been favorable. All the neutral Powers have answered, but nothing came from Belgium or Portugal, the two smaller nations addressed. Russia and Japan were not made parties to the correspondence.

Mr. Hay's communication was in the form of a circular telegram sent on January 13 to the American ambassadors to Germany, Austria, France, Great Britain and Italy, and the American ministers to Belgium and Portugal. In it Mr. Hay frankly intimated the suspicion that a compact to disturb Chinese integrity had been formed, and directed that the views of the United States in opposition to any such arrangement be brought to the attention of the Governments to which they are accredited. The text of the responses was not made public, but their substance was given by the Department in this brief note appended to Mr. Hay's telegram:

"Replies to this circular telegram have so far been received from the Governments of Germany, Austria-Hungary, France, Great Britain and Italy, entirely agreeing with the position taken by the Government of the United States and declaring their constant adhesion to the policy

of the integrity of China and the 'open door' in the Orient."

The text of Mr. Hay's circular telegram follows:

"DEPARTMENT OF STATE,
"WASHINGTON, January 13, 1905.

"It has come to our knowledge that apprehension exists on the part of some of the Powers that in the eventual negotiations for peace between Russia and Japan claim may be made for the concession of Chinese territory to neutral Powers. The President would be loath to share this apprehension, believing that the introduction of extraneous interests would seriously embarrass and postpone the settlement of the issues involved in the present contest in the Far East, thus making more remote the attainment of that peace which is so earnestly to be desired.

"For its part the United States has repeatedly made its position well known, and has been gratified at the cordial welcome accorded to its efforts to strengthen and perpetuate the broad policy of maintaining the integrity of China and the 'open door' in the Orient, whereby equality of commercial opportunity and access shall be enjoyed by all nations.

"Holding these views the United States disclaims any thought of reserved territorial rights or control in the Chinese Empire, and it is deemed fitting to make this purpose frankly known and to remove all apprehension on this score so far as concerns the policy of this nation, which maintains so considerable a share of the Pacific commerce of China, and which holds such important possessions in the western Pacific, almost at the gateway of China.

"You will bring this matter to the notice of the Government to which you are accredited, and you will invite the expression of its views thereon."
JOHN HAY."

NEW COMMERCIAL TREATY BETWEEN CHINA AND PORTUGAL.

(Signed November 14, 1904.)

ARTICLE I.

The Treaty of Amity and Commerce between China and Portugal, dated the 1st December, 1887 (17th day, 10th moon, 13th year of Kuang-Hsü), together with the Special Opium Convention attached thereto, continues in force, except in so far as modified by the present Treaty.

ARTICLE II.

Portugal accepts the increase in the import duties stipulated for in Article VI of the Peking Protocol of 7th September, 1901. Portugal will enjoy the privileges of the most favored nation, and in no case shall Portuguese subjects pay higher or lower duties than those paid by the subjects of any other foreign nation.

Article XII of the Treaty of December 1, 1887, is therefore rendered null and void.

ARTICLE III.

The Government of His Most Faithful Majesty agrees to continue as heretofore to co-operate with the Government of His Imperial Chinese Majesty in the collection of the duty and likin on opium exported from Macao to China, and also to co-operate in the repression of smuggling in accordance with the Treaty and Special Opium Convention of 1st December, 1887.

In order to render this co-operation effective, it is clearly stipulated that all opium imported into Macao shall on arrival be registered at the special Portuguese Government Bureau provided for this purpose, and the Portuguese Government will take the necessary steps in order to have all this opium stored under its exclusive control in one depot, from which it will be removed as required by the demands of trade.

The quantity of opium required for consumption in the territory of Macao will be fixed annually by the Government of Macao in agreement with the Commissioner of the Imperial Maritime Customs referred to in Article II of the above mentioned Convention, and under no pretext will removal from the Portuguese Government depot be permitted of any quantity of opium for local consumption in excess of that fixed by the said Agreement.

Necessary measures will be taken to prevent opium removed from the depot for re-export to any port other than a port in China being sent fraudulently into Chinese territory.

The rules for the carrying out of this Article shall be arranged by the two High Contracting Parties.

The Portuguese Government will enact without delay a law providing penalties for infraction of the regulations agreed upon between the two High Contracting Parties.

ARTICLE IV.

Such steps as are necessary for the repression of smuggling in the territory and waters of Macao shall be taken by the local Portuguese Government in concert with the Commissioner of the Kung Pei Kuan Customs, and similar steps in the Chinese territory and waters near Macao shall be taken by the said Commissioner of Customs in concert with the Government of Macao. This co-operation is intended to render such steps effective on all points in respect of which co-operation is needed and to avoid at the same time any injury to the sovereign rights of either of the High Contracting Parties.

Special delegates from the local Government of Macao and the Imperial Maritime Customs shall proceed to fix the respective spheres of preventive measures, and shall devise practical means for the repression of smuggling.

ARTICLE V.

With a view to the development of steam traffic between Macao and neighboring ports in the Kwangtung Province, the High Contracting Parties have agreed as follows:

1. Portuguese steamers desirous of conveying goods or passengers from Macao to any of the Ports of Call and Passenger Stages on the West River enumerated in the Special Article of the Burmah Convention of 1897, and in Article X of the British Treaty of Commerce of 1902, shall be permitted to do so, provided they comply with the special regulations to be framed for this purpose by the two High Contracting Parties.
2. Steamers specially registered for traffic under the Inland Waters Steam Navigation Rules shall be permitted to ply between Macao and ports in the department of Kwang-chow-fu, other than those mentioned in Section 1, provided they report to the Kung Pei Kuan Customs for examination of cargo and payment of duties in accordance with the special regulations to be framed for this purpose by the two High Contracting Parties.
3. Such vessels may engage in all lawful trade, including the towing of junks and the conveyance of passengers and cargo, subject to the regulations for the time being in force.
4. The privileges hereby granted are granted on the express understanding that special regulations shall be framed defining in detail the conditions under which such traffic may be carried on. Until the said regulations have been agreed upon and published this article shall not become operative, and, subsequently, shall remain so only so long as the said regulations are complied with.
5. The Portuguese Government will enact without delay a law providing penalties for infraction of the regulations agreed upon between the two High Contracting Parties.

ARTICLE VI.

Portugal having the right of most favored nation treatment, it is clearly stipulated that any advantages China may think fit to grant to the products of any other nation shall be extended to similar goods of Portuguese origin on exactly the same conditions.

It is also clearly understood that Portuguese wines of all kinds, proved by means of Portuguese certificates of origin, visés by Portuguese Consuls, to have been imported directly or indirectly from Portugal, shall when their alcoholic strength exceeds 14° pay the duty leviable according to the annexed Tariff on wines exceeding 14° of alcoholic strength. Wines passed through the Chinese Customs under the designation "Port Wines" shall not be entitled to the benefit of this Article unless accompanied by a certificate of origin as above.¹

Conversely, Chinese subjects shall enjoy in respect of their imports into and exports from Portugal all privileges and immunities granted to the subjects of the most favored nation.

ARTICLE VII.²

Portuguese subjects may frequent, reside at, and carry on trade, industries and manufactures, and pursue any

¹See tariff annexed to U. S. Treaty, 1903, p. 166.

²See U. S. Treaty, 1903, Art. III.

other lawful avocation in all the ports and localities in China which have already been or may hereafter be opened to foreign residence and trade; and wherever in any such ports or localities a special area has been or may hereafter be set apart for the use and occupation of foreigners Portuguese subjects may therein lease land, erect buildings, and in all respects enjoy the same privileges and immunities as are granted to subjects of the most favored nation.

ARTICLE VIII.

Whereas, the Chinese Government has expressed a desire that the provisions of the Portuguese Civil Law, which grants Portuguese nationality to sons of aliens born in Portuguese territory, should be modified in the case of Chinese born in the territory of Macao, Portugal agrees to take this matter into careful consideration as soon as possible, and to regulate, by a special law if necessary, the conditions under which Portuguese nationality shall be granted in future to Chinese born in Portuguese territory.

The conditions in question shall be so framed as to prevent Chinese to whom Portuguese nationality has been granted—

1. From improperly arrogating to themselves privileges which are reserved for Chinese subjects, such as the right of residence for purposes of trade in the interior or at ports not opened to foreign trade; and
2. From entering, while residing in a treaty port, into agreements with Chinese while themselves posing as Chinese subjects, and afterward repudiating these responsibilities by claiming Portuguese nationality and taking advantage of such Portuguese laws as are contrary to the obligations involved in the said agreements.³

ARTICLE IX.⁴

Whereas China, with the object of reforming its fiscal system, proposes to levy a surtax in addition to the tariff duties on all goods passing through the custom houses, whether maritime or inland and frontier, in order to make good the loss incurred by the complete abolition of *likin*, the Portuguese Government agrees that foreign goods imported into China by Portuguese subjects shall on entry pay an import surtax equivalent to one and a half times the duty fixed by the Import Tariff as now revised, and that Chinese produce exported abroad by Portuguese subjects shall pay export duties, inclusive of the Tariff export duty, not exceeding seven and a half per cent. *ad valorem*, provided always that such import surtax and export duties have been accepted by all the Powers having treaties with China. With regard to the production tax, consumption tax, and excise, as well as the duties on native opium and salt, leviable by China, Portugal further agrees to accept the same arrangements as shall be agreed upon between all the Treaty Powers and China. It is, however, understood that the commerce, rights, and privileges of Portugal shall not, in consequence of this undertaking, be placed in any way at a disadvantage as compared with the commerce, rights and privileges of any other Power.

ARTICLE X.⁵

Drawback certificates for the return of duties shall be issued by the Imperial Maritime Customs to Portuguese subjects within twenty-one days from the date of presentation to the Customs of the papers entitling the applicant to receive such drawback certificates.

These certificates will be accepted at their face value by the Customs authorities at the port of issue in pay-

ment of duties of all kinds, tonnage dues excepted; or shall, in the case of drawbacks for duty paid on foreign goods re-exported abroad within three years from the date of importation, be redeemable in full in ready money by the Imperial Maritime Customs at the port of issue, at the option of the holders thereof.

But if, in connection with any application for a drawback certificate, the Customs authorities discover an attempt on the part of a Portuguese subject to defraud the revenue, he shall be liable to a fine not exceeding five times the amount of the duty whereof he attempted to defraud the Customs or to a confiscation of the goods. In case the goods have been removed from Chinese territory, then the Consul shall inflict on the guilty party a suitable fine to be paid to the Chinese Government.

ARTICLE XI.⁶

China agrees to herself establish 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 Portuguese 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 XII.⁷

The Government of His Most Faithful Majesty agrees to the prohibition by the Chinese Government of the importation into China of morphia and of instruments for its injection, on condition, however, that the Chinese Government will allow the importation of morphia and of instruments for its injection for medical purposes by Portuguese doctors, chemists, and druggists, on payment of the prescribed duty and under special permit, which will only be granted to an intending importer upon his signing at the Portuguese Consulate a suitable bond undertaking not to sell morphia except in small quantities and on receipt of a requisition signed by a duly qualified foreign medical practitioner.

If fraud in connection with such importation be discovered by the Customs authorities, the morphia and instruments for its injection will be seized and confiscated, and the importer will be denied the right to import these articles thereafter.

ARTICLE XIII.⁸

The Chinese Government, recognizing that it is advantageous for the country to develop its mineral resources and that it is desirable to attract foreign as well as Chinese capital to embark in mining enterprise, agrees to revise its existing mining regulations in such manner, by the selection of those rules in force in other nations which seem applicable to conditions in China, that the revision, while promoting the interests of Chinese subjects and in no way prejudicing the sovereign rights of China, will offer no impediment to the employment of foreign capital nor place foreign capitalists at a greater disadvantage than they would be under generally accepted foreign regulations, and will permit Portuguese subjects to carry on in Chinese territory mining operations and other necessary business relating thereto, provided they comply with the new regulations and conditions which will be imposed by China on its subjects and foreigners alike, relating to the opening of mines, the renting of mineral land, and the payment of royalty, and provided they apply for permits, the provisions of which in regard to necessary business relating to such operations shall be observed. The residence of Portuguese subjects in connection with such mining operations shall be subject to such regulations as shall be agreed upon between Portugal and China.

³U. S. Treaty, 1903, Art. XIII.

⁴Conf. British Treaty, 1902, Art. IV.

⁵Japanese Treaty, 1903, Art. I. Conf. U. S. Treaty, 1903, Art. IV.

⁶U. S. Treaty, 1903, Art. VIII.

⁷British Treaty, 1902, Art. XI.

⁸Conf. U. S. Treaty, 1903, Art. VII.

Any mining concession granted after the publication of such new rules shall be subject to their provisions.

ARTICLE XIV.⁹

It being only right that the shareholders of any joint stock company, or the partners in any commercial undertaking, shall be on a footing of equality as regards division of profits and payment of obligations, according to the partnership agreement or memorandum and articles of association, the Chinese Government agrees that Chinese subjects joining with Portuguese subjects in the organization of a Portuguese joint stock company or commercial undertaking, legally constituted, shall be liable to the fulfillment of the obligations imposed by the said agreement or memorandum and articles of association, and that Chinese courts will enforce fulfillment of such obligations in accordance with Chinese commercial law, if a suit to that effect be entered, provided always that their liability shall not be other or greater than that of Portuguese shareholders or partners in the same company or partnership.

Similarly, Portuguese subjects who invest their capital in Chinese enterprises shall be bound to fulfill the obligations imposed by the partnership agreement or memorandum and articles of association, and the Portuguese courts will enforce fulfillment of such obligations in accordance with Portuguese commercial law, if a suit to that effect be entered, provided always that the liability of such Portuguese subjects shall be the same as that of the Chinese subjects engaged in the same undertaking.

But as existing Treaty stipulations do not permit foreign merchants to reside in the interior of China for purposes of trade, such joint stock companies and commercial undertakings may not be established in the interior by Portuguese and Chinese subjects conjointly.

ARTICLE XV.¹⁰

As Portugal affords protection to trade marks used by subjects of any other nationality provided a like protection is reciprocated for trade marks used by Portuguese subjects, China, in order to obtain this protection for its subjects in Portuguese territory, agrees to grant protection to Portuguese trade marks against unlawful use, falsification, or imitation by Chinese subjects. To this end the Chinese Government will enact the necessary laws and regulations, and will establish registration offices at which foreign trade marks may be registered on payment of reasonable fees.

Further, the Chinese Government agrees that, as soon as a Patent Office has been established and special laws with regard to inventions have been adopted, it will, after payment of the prescribed fees, issue certificates, valid for a fixed term of years, to Portuguese inventors extending to their inventions the same protection as shall be given to Chinese patents in Portugal, provided that such inventions do not infringe on previous inventions by subjects of China.

ARTICLE XVI.¹¹

The Government of China having expressed a strong desire to reform its judicial system and to bring it into accord with that of Western nations, Portugal agrees to give every assistance to such reform, and will also be prepared to relinquish 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 XVII.

The missionary question in China demands in the opinion of the Chinese Government careful consideration,

so as to avert in the future the troubles which have occurred in the past. Portugal, as a nation specially interested in the protection of its Catholic missions in Chinese territory, agrees to join in a commission to investigate this question, and, if possible, to devise means for securing permanent peace between converts and non-converts, should such a commission be formed by China and the Treaty Powers interested. (British Treaty, 1902, Article XIII.)

No person, whether Portuguese subject or Chinese convert, who, according to the tenets of Christianity, peaceably teaches or practices the principles of that religion, which aims at teaching men to do good, shall be persecuted or harassed on account of his faith. But converts and non-converts, being alike subjects of China, shall conform to her laws, and shall pay due respect to those in authority, living together in peace and amity; and the fact of his being a convert shall protect no one from the consequences of any offense he may have committed before or may commit after his admission into the church or exempt him from paying legal taxes levied on Chinese subjects generally except taxes and contributions levied for the support of religious customs and practices contrary to his faith. Missionaries shall not interfere with the exercise by the native authorities of their jurisdiction over Chinese subjects, nor shall the native authorities make any distinction between converts and non-converts, but shall administer the laws without partiality, so that both classes may live together in peace. (U. S. Treaty, 1903, Art. XIV.)

Portuguese missions shall be permitted to rent and lease in perpetuity, as the property of the mission, buildings or lands in all parts of the Empire for mission purposes, and, after the title deeds have been found in order and duly stamped by the local authorities, to erect such suitable buildings as may be required for carrying on their good work. (Ibid.)

ARTICLE XVIII.

The present Treaty shall remain in force for a period of ten years, beginning with the date of the exchange of ratifications and until a revision is effected as hereinafter provided.

It is further agreed that either of the High Contracting Parties may demand revision of the tariff and the articles of this Treaty six months before the end of ten years from the date of the exchange of ratifications thereof. If no revision is demanded before the end of the first term of ten years, then these articles in their present form shall remain in full force for a further term of ten years reckoned from the end of the first term, and so on for successive periods of ten years.

ARTICLE XIX.

In order to prevent in the future any discussion this Treaty is written in Portuguese, Chinese and English, and signed in six copies, two in each language.

All these versions have the same sense and meaning, but if there should happen to be any divergence in the interpretation of the Portuguese and Chinese versions, the English text will be made use of to resolve the doubts that may have arisen.

ARTICLE XX.

The present Treaty shall be ratified by His Most Faithful Majesty the King of Portugal and Algarves and His Imperial Majesty the Emperor of China.

The exchange of the ratifications shall be made at Peking within the shortest possible time, and the Treaty will be printed and published in order that the functionaries and subjects of the respective countries may have full knowledge of its stipulations and may fulfill them.

In faith whereof the respective Plenipotentiaries have signed the present Treaty and have affixed their seals thereto.

⁹British Treaty, 1902, Art. IV.

¹⁰U. S. Treaty, 1903, Art. X.

¹¹U. S. Treaty, 1903, Art. XV.

MACAO-CANTON RAILWAY CONVENTION.

Whereas the Board of Foreign Affairs in China (Wai-pu-wu) addressed to the Minister Plenipotentiary of Portugal in China a dispatch under the date of October 15, 1902, corresponding to the fourteenth day of the ninth moon of twenty-eighth year of Kwangsu, stating that the Chinese Government agreed to grant to a Portuguese-Chinese Company organized in Macao the right to construct a railway from Macao to Canton, as may be seen from the copy of the said dispatch appended to this convention; His Excellency the Minister Plenipotentiary of Portugal in China, José d'Azevedo Castello Branco, and His Excellency the Imperial Commissioner Sheng, Director General of Railways, junior guardian of the Heir-Apparent and ex-Vice President of the Board of Public Works, having met together in Shanghai, and, after discussing thoroughly the conditions of the concession made to the said Portuguese-Chinese Company for the construction of the railway, as well as the basis of the constitution of the said Portuguese-Chinese Company, which must be formed by shares divided in equal proportion among the subjects of the two nationalities, and by shareholders having equal rights, have come to an understanding, and directed by the Portuguese subject, Pedro Nolasco da Silva, and the Chinese subject, Lam Taelum, to jointly formulate the articles of association of the said company, after the signing of this convention by the two high functionaries above mentioned; a copy of the said articles of association to be sent to the Director General of Chinese Railways for his consideration and examination.

The conditions of the concession that the Chinese Government agrees to make to the Chinese and Portuguese Canton-Macao Railway Company are as follows:

ARTICLE I.

The right to construct and operate the railway between Macao and Canton is granted to a Portuguese-Chinese Company, constituted by shares and composed of Portuguese and Chinese subjects. The shares of this company must be divided in equal proportion between the subjects of these two nationalities, and the shareholders will have equal rights.

The company will have its head office in Macao, and an office in the territory of Kwang-tung for the management of the construction and operation of this railway.

The name of the company will be Chun-lu-Kuang-Ao-Tie-Lu-Cum-Sz (Portuguese-Chinese Company of the Canton-Macao Railway).

As this railway is constructed by Portuguese and Chinese merchants, the Portuguese Government can, under no pretext, interfere with the affairs in connection with this company.

ARTICLE II.

The administration of the company will be always conducted jointly by Portuguese and Chinese subjects only.

Infraction of this clause may render this agreement liable to be cancelled by the Chinese Government.

ARTICLE III.

The capital necessary for the construction of this railway will be subscribed in equal proportion by Portuguese and Chinese subjects.

The Chinese subjects will have one-half of the shares and the Portuguese will have the other half; in the latter half will be included Chinese merchants residing in Macao and Chinese merchants naturalized as foreign subjects.

The company will be administered according to the articles of association, in which Chinese and Portuguese shareholders will have equal rights.

But as most of the shareholders are Chinese, and the railway is located, for the most part, in the territory of Kwang-tung, it is agreed that the regulations concerning shares, shareholders' rights, directors, auditors, and general meetings of the shareholders, will be framed in accordance with the Chinese law concerning commercial companies sanctioned by the Imperial Decree of 5th day of 12th moon of 29th year of Kwangsu (21st January, 1904), when such law does not conflict with the stipulations of the articles of association by which the said company will be ruled.

ARTICLE IV.

The route of this railway is not yet fixed. Engineers are to be engaged to make the necessary survey between Canton and Macao, and then the route will be fixed.

ARTICLE V.

As soon as the survey is concluded, a plan of the route, stations, sheds, workshops and other necessary buildings will be drawn up and submitted for approval to the Imperial Commissioner, Director General of Railways.

After his approval, the work of construction may begin. Four copies of the plan will be delivered to the Imperial Commissioner, Director of the Railways, one to be kept by him in his bureau, and the other three to be sent by him to the Board of Foreign Affairs (Wai-wu-pu), to the Board of Commerce (Shangpu), and to the Viceroy of the Two Kwangs.

ARTICLE VI.

The expenses of the survey as well as of the construction of this railway will be defrayed by the company.

ARTICLE VII.

The Chinese Government will not grant to any other person or persons, syndicate or company, the right to construct another railway, parallel to that operated by this company, within a distance of 10 (ten) English miles to the left, and 10 (ten) English miles to the right of that railway.

ARTICLE VIII.

The Director General of the Railways and Consul General of Portugal in Canton will acquaint the Viceroy of the Two Kwangs of the date on which the survey will commence, and subsequently the same Director General and Consul will acquaint the said Viceroy of the date on which the work of construction will commence. In both cases the said Director General and Consul will ask for the necessary passports for the engineers and others who may be employed in the survey and in the construction of the said railway.

The persons provided with these passports will have, wherever they may go, protection from the Chinese local authorities.

ARTICLE IX.

All questions that may be raised concerning this railway, during its construction, or after its construction, will be at first discussed between the Viceroy of Two Kwangs and the Consul General of Portugal at Canton, and only when these functionaries cannot come to an agreement on the subject, will reference be made to the Chinese High Authorities and the Minister of Portugal in Peking.

ARTICLE X.

All the land necessary for the construction of the railway, for stations, storehouses for plant, machinery and implements, in a word, for necessary buildings, will be acquired by the company in the following manner:

1. If the land should be Government ground the company will request the local authorities to measure and register the said land in the name of the company, which

will utilize the same land up to the termination of the concession, paying annually to the Chinese Government a ground rent.

2. If the land belongs to private persons or to municipal councils (Com-Koe) the company will enter into agreement with the proprietors in order that the sale shall be made by mutual consent. If any rent or taxes are to be paid the company will pay them in accordance with custom.

3. If the sale cannot be carried out by mutual consent the company will apply to the nearest local authorities for assistance in effecting the sale, taking as basis, for deciding the question, the current prices at which land in that locality is sold; and the company will pay accordingly.

4. If the land should be occupied by houses, trees, ponds, wells or anything which has cost money and toil, the company will pay, besides the price of land, the value of the said properties, which will be determined in the same manner as has been established for fixing the value of land.

5. If the land should be occupied by cemeteries a detour must be made, but in the case of isolated graves, and if no detour is possible, the company will liberally pay the expenses of the removal of the graves in addition to the price of the land.

6. The company will be reasonable and equitable in all transactions with the inhabitants of the localities through which the railway will pass, and will employ every means tending to avoid what may bring damage to the land or offense to the feelings of the inhabitants of these localities, but the inhabitants of the same must in no way, and under no pretext, obstruct the construction of the railway, nor spread rumors in order to disturb the minds of the people.

The local authorities will issue, whenever requested to do so by the company, proclamations explaining to the people that the railway is intended to increase trade, and to develop the prosperity of the inhabitants of the country, and therefore everyone must keep order, abstain from creating disturbances, and do his own duty, under the penalty of a severe punishment.

ARTICLE XI.

For the manual labor of excavating and removing earth, of filling in grounds and carrying materials, the inhabitants of the place in which the works are carried on will be employed in preference. To obtain these laborers the company will apply to the municipal councils (Com-Koe) or to the elders, and with their advice and assistance the wages will be fixed.

ARTICLE XII.

The company will employ police and watchmen to guard the railway and its buildings. These police and watchmen will be Chinese, and the foremen will be chosen and appointed by the Chinese authorities.

ARTICLE XIII.

The railway company agrees to construct, at its expense, a building beside the central railway station, where all goods coming by that railway to Macao from China, or going from Macao to China, may be examined by the Chinese Imperial Maritime Customs employees, and where all duties leviable on these goods may be collected.

ARTICLE XIV.

As soon as the construction of the railway is completed, in whole or in part, the company, through the Director General of Railways and the Consul General of Portugal in Canton, will communicate to the Viceroy of the Two Kwangs when the whole railway or such part of it as is completed will commence to work.

ARTICLE XV.

As soon as the railway is constructed, in whole or in part, the Governor of Macao and the Viceroy of the Two

Kwangs may come to an understanding about the places and the method of collecting the duties on goods imported and exported through this railway and the railway may then commence to work.

ARTICLE XVI.

The tariff of passage and freights will be fixed by the company.

ARTICLE XVII.

The gauge of the railway will be the same as that adopted for the Canton-Fatshan railway.

ARTICLE XVIII.

The company will be at liberty to make use of the public roadways for the conveyance of materials for the railway without any hindrance or obstacle, but will pay indemnity for any damages caused to houses and properties of the public. The company may, if no objections be found, also build gratuitously, on the ground of the Government, matsheds for the works, lodgings for workmen and stores for materials; but if the ground should belong to private persons the company will pay rent in agreement with the owners.

All these grounds will be returned when the work of the construction of the railway is finished.

ARTICLE XIX.

The Chinese Government will allow gratuitously the extraction of such stone and sand as may be necessary for the construction of the railway, if the stone and sand are found in grounds of the Government and if no objections are found; but if the grounds belong to private persons, the company will enter into agreement with the owners, and the Chinese local officials will, if necessary, take steps to protect the company against extortion and prevent injustice to any of the parties.

ARTICLE XX.

The Chinese Government will not give gratuitously land for the construction of the railway nor guarantee the interest on the capital invested in its construction, but grants hereby to the Portuguese-Chinese Company, which is to construct and operate this railway, the following three concessions:

1. Grants to this company the right to construct, in places near to the railway, reservoirs for the storage of water whence it may be carried by pipes for the use of the railway.

2. Grants to this company the right to establish in the Heung-shan district one sanatorium and one summer resort.

3. Grants to this company the right to establish schools in places previously chosen in accord with the local authorities, where Chinese boys may be instructed in the Portuguese language, to act afterward as interpreters, and also in technical knowledge for employment by the railway.

The land that may be necessary for all these works will be acquired by the company by agreement with the owners if the land belongs to private persons or to municipal councils, but if the land belongs to the Government the company will petition the Government to measure and register the said land in the name of the company, which will pay the taxes due to the Chinese Government.

ARTICLE XXI.

When out of the annual revenue of the railway, after deducting the amounts necessary to pay all the expenses, the annual interest of 6 per cent. on the capital, and an annual instalment for the sinking fund not exceeding 3 per cent. of the capital, there remains a surplus, the surplus will be considered net profit, and the Chinese Government will receive 30 per cent. of this profit, the remainder reverting to the shareholders.

The annual instalment for the sinking fund will cease as soon as the whole capital invested is redeemed.

To determine the capital invested the basis will be the account books of the company and the annual accounts rendered by it to the shareholders.

ARTICLE XXII.

At the end of fifty years, to be reckoned from the date the railway began to work, the said railway and its appurtenances will revert to the Chinese Government without any indemnity to the company, if the capital invested in the said railway and its appurtenances is fully redeemed by the sinking fund stipulated for by Article XXI, otherwise the Chinese Government will pay to the company as indemnity previously agreed upon by mutual accord to complete the full reimbursement of the capital before taking possession of the railway and its appurtenances.

To determine the capital invested the basis will be the account books of the company and the annual accounts rendered by it to the shareholders.

ARTICLE XXIII.

If the company becomes bankrupt, in case of financial difficulties, the two Governments, Portuguese and Chinese, will be under no responsibility, and will pay no indemnity.

ARTICLE XXIV.

Notwithstanding the watchmen employed by the company to watch the railway, the Chinese Government will protect the railway and its dependencies, as well as whatever other duly authorized buildings the company may possess, against the attacks of outlaws attempting to destroy the railway or to commit depredations and robbery.

ARTICLE XXV.

The company may, whenever it is found to be necessary, construct telegraph and telephone lines, which must follow the railway. These telegraph and telephone lines will be employed only for the services of the railway, and will not receive nor send messages for the public.

ARTICLE XXVI.

In the event of war, rebellion or famine, the Chinese Government, desiring to send troops, arms, ammunition or provisions, and other articles to afford relief in the case of famine, will have the right of preference in the use of the railway for the transport of men and articles necessary for these purposes, at half the usual rates for passage or freight.

This reduction of rates cannot be claimed in a normal state of affairs.

In the event of war the company will not render help to the enemies of China.

ARTICLE XXVII.

Official correspondence and the Imperial Post Office letter bags will be carried gratuitously by the railway according to postal regulations, of which are transcribed eight articles as follows:

1. The railway will carry only Chinese Imperial Post Office mails, and it will not be allowed to carry mails from private post offices or from post offices of other nations.

The mail matter of foreign armies, which, by the contract ought to be carried, will be sent to the railway through the Imperial Chinese Post Office on the day the said post office sends its mails.

2. The post office does not wish to interfere with the luggage of the passengers of the railway, but if it comes to be known, or if it is verified, that there exists the practice of carrying letters clandestinely, thereby violating the regulations, then preventive measures will be adopted as they should be found necessary.

3. In the wagons, during the trips from one place to another, there will be a special compartment for carriage of the ordinary mails, according to contract.

When there is a change in the time of departure of trains, the same must be communicated to the post office two days previously, in order to make it known to the public.

4. For the carriage of ordinary mails in the special compartment there will be no charge to be paid, but if a special wagon is demanded payment will have to be made in accordance with rules adopted by other nations, and the rate must be extra cheap.

This point remains yet to be settled.

5. The post office employees are at liberty to travel by the railway on business, but they must be supplied with free tickets, furnished by the railway administration at the request of the post office, and if they are not supplied with such tickets they must pay their passages as any ordinary passenger.

6. Each railway station will be allowed to rent a certain number of warehouses and houses.

In these stations will be placed letter boxes for the reception of letters, and it will be the duty of the post office to look after them.

As to the rent of warehouses and houses new agreements are necessary.

7. When the post office has anything to pay to the railway this payment will be made annually.

8. The alterations which in future may be found necessary will be made by the Board of Foreign Affairs and Board of Commerce.

ARTICLE XXVIII.

The Portuguese Macao Government Post Office's letters and letter bags must be carried gratuitously by the railway to the nearest Chinese Imperial Post Office station established in Chinese territory.

ARTICLE XXIX.

The engineers, and other persons employed by the railway company, either in any technical or special capacity, may be foreigners, but the laborers of all kind will be natives.

All the employees of the company will be appointed by the company.

ARTICLE XXX.

The machines, instruments and materials imported for the use of the railway when imported into Chinese territory will not be free from Customs duties.

ARTICLE XXXI.

The present Convention is written in Portuguese, Chinese and English, and signed in twelve copies in each language.

All these versions have the same sense and meaning, but if at any time questions should happen to arise where there are divergences in the interpretation of the Portuguese and Chinese versions, the English text will be made use of to resolve the doubts that may have arisen.

In witness whereof this Convention has been signed in Shanghai, this 11th day of November, 1904.

APPENDIX.

(Copy.)

Despatch of the Waiwupu on the Railway Concession.

Ching, Prince of First Class, president of the Board of Foreign Affairs, Envoy Extraordinary and Minister Plenipotentiary of His Imperial Majesty of Tatsing Dynasty, to His Excellency José d'Azevedo Castello Branco, Envoy Extraordinary and Minister Plenipotentiary of His Most Faithful Majesty in China.

I have the honor of acknowledging the receipt of your dispatch of the following tenor:

"As we have in our conferences agreed that, for the development of commerce, the Government of His Imperial Majesty of China would grant to a Portuguese-Chinese Company, to be constituted for this purpose in

Portuguese territory, the concession for a railway between Macao and the city of Canton, I come now to ask your Highness to confirm in answer to this my dispatch, this concession in order that I may communicate it to the Government of His Most Faithful Majesty," etc.

I have taken due note of the dispatch.

I must inform your Excellency that I assent to the request made by your Excellency, that a Portuguese-Chinese Company, to be organized in Portuguese territory, should be allowed to establish a railway between Macao and the city of Canton.

The conditions of this concession will be defined in a contract that will be settled between a Minister appointed by His Most Faithful Majesty and the Minister Sheng, the Director General of the Railways of China, residing at Shanghai.

This is what I have to answer to your Excellency.

14th day of 9th moon of 28th year of Kwangsu (15th October, 1902).

Sealed with the seal of Waiwupu.—Shanghai Mercury.

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COTTON PRODUCTION IN CHINA.

The possibilities of cotton production in China are enormous. For many years the staple has been produced in the Empire at points covering nearly half of its immense territory. Much of this land is not suitable to cotton raising, but the amount that is suitable, between hills, where the soil is constantly being rehabilitated, and in the river plains, where more intelligent cultivation would bring soil of great fertility into use, is certainly sufficient to supply the needs of China and permit of the raising of much for export. The Empire, however, at the present time, and, perhaps, for a long time in the future, can not afford to raise cotton on most of this land, which is required for food to support the immense population covering it. Imported food is more costly than imported cotton. So long as this continues to be the case China, of course, will buy a great deal of foreign cotton. If it can be had cheaply in the shape of a finished product, it will be bought in that shape. If it can not be had cheaply it will be bought in the shape of yarn, and the rough hand looms of the natives will do the rest.

As a matter of fact there is a vast amount of cotton which never leaves the district in which it is produced. It is grown, gathered, ginned, spun, dyed, woven, and worn by the people. It gets into no trade reports; it is no part of the statistics of any government. It is doubtful if even an intelligent estimate of the amount of cotton used in China can be made. Local cotton fields hereabouts are supplying local cotton-yarn factories with 70 per cent. of their raw material. Cotton from India makes up the remainder. It is probably a fair estimate to say that this proportion will hold good in nearly every part of China. In the southwestern portion of the Empire most of the cotton used comes from the Shan States. About Hankau practically all of the cotton is of local production.

Generally speaking, Chinese cotton is of low grade and probably will never be suitable for high-grade goods even under the most intelligent manipulation. The plants are stunted in appearance, seem to lack vigor, and the bolls are comparatively small with short and uneven fibers. The plants are apparently free from disease, probably due to cultivation in small fields, almost patches, and that cotton is not a regular crop with many farmers. The soil is fertilized in the manner common to Chinese fields, but to me it looks as though the land needs a good subsoil plowing and a crop or two of legumes.

In China the growing of cotton seems to follow the law of supply and demand more quickly than elsewhere. So long as the natives can secure cotton goods abroad cheaply they raise little cotton, and much of what they raise goes to fill their wadded clothing and bed clothing. But high-priced cotton abroad is followed immediately by a widespread increase in its cultivation here, and the climate of a large portion of the Empire is such that the people do not have to wait for another season to roll around before they commence to seek relief.

The increased importation of cotton yarns and fancy cotton goods probably indicates the direction to be taken by American cotton manufacture for export to China. In the way of fancy goods cheap "Turkish" towels in small sizes are demanded. Goods made in imitation of silk, even very cheap imitations, are popular, especially for outer garments. There is a growing demand for handkerchiefs, plain, dyed, and printed. The use of cotton flannel is increasing and imports thereof are increasing. In short the Chinese are buying more and more goods of the sort they can not make at home, but the common grades which can be made here or which can be substituted by homemade goods must be cheap if they are to sell in China.

GEORGE E. ANDERSON, *Consul*.

HANGCHAU, CHINA, November 29, 1904.

CONSIDERATIONS ON A NEW MONETARY SYSTEM FOR CHINA.

By JEREMIAH W. JENKS, COMMISSIONER IN CHINA.

A pamphlet under the above title has been sent to China by the Commission on International Exchange of the United States of America to be printed in Chinese by the Chinese Treaty Commissioners. The following extracts from it will be found of general interest:

INTRODUCTION.

1. Purpose of the Pamphlet.—Several months ago the Commission on International Exchange published at Shanghai a pamphlet, "Memoranda on a New Monetary System for China," prepared by Mr. Jenks. In that pamphlet were given the reasons why the United States Government had appointed the Commission on International Exchange, a very brief outline of the plan which was suggested for the consideration of the Chinese Government, together with some arguments regarding the plan, and a brief statement of the work which the Commission had done in Europe and elsewhere. It has been found that, owing to the brevity of the pamphlet, several parts of it were misunderstood, especially by Chinese officials and business men, and very many inquiries have been made for a more detailed discussion of many of the points therein raised.

As a representative of the American Commission on International Exchange, the writer of that pamphlet has spent several months in investigating the currency question in China with the aid of very many officials and business men in the different parts of the Empire and in discussing the outlines of some practicable plan for a new monetary system especially with the members of the Monetary Commission appointed by the Imperial Government. It is the purpose of this pamphlet to elucidate many of the points touched upon in the first pamphlet by printing, with here and there slight corrections and elaborations, a series of papers handed to the Chinese Monetary Commission to form the basis of discussions with them. It is thought that by so doing a much more definite view than was presented in the earlier pamphlet may be obtained of the plan which it had seemed to the Commission on International Exchange wise to submit to the Chinese Government for its consideration.* This method will, of course, involve considerable repetition and will destroy the unity of the discussion. On the other hand it will emphasize the points which have been made most prominent in the discussions.

*A translation into Chinese of the first pamphlet, made by Mr. Sao-Ke Alfred Sze, one of the secretaries of the Commission on International Exchange, was published at the same time. This pamphlet will also be published in Chinese through the courtesy of their Excellencies Lu Hai-Hwan and Sheng Hsuan-Huai, Treaty Commissioners of China. The translations into Chinese have been made for the most part by Mr. Sze. Chapters X., XII., XIII., XVI. were translated by Mr. E. T. Williams, Chinese Secretary of the American Legation at Peking.

2. Two Plans Suggested.—It will be noticed in the following memoranda that a rather sharp contrast is drawn between two possible plans of procedure on the part of the Chinese Government—(a) the establishment of a new, uniform monetary system, consisting of silver and copper and possibly nickel coins, on the silver basis, the question of the establishment of these coins at a fixed value with gold being a matter left for future consideration, with the definite idea, nevertheless, that the ultimate aim of the Government is the establishment of the system on a gold basis; (b) the establishment of a monetary system consisting of silver, nickel and copper coins which would be issued by the Chinese Government at a fixed value in terms of gold and maintained at that value thereafter.

Very many of the persons who had earlier been giving advice to the Chinese Government and who had been writing on the subject of monetary reform in China had recommended the first system, believing that the establishment of a uniform silver currency was a useful, if not even a necessary, preliminary first step toward the establishment of a monetary system on the gold basis; and the example of India was cited as a case in point. It was the belief of the American Commission, after making a detailed study of the question, even before its representative went to China, that it would be much easier for China to follow the second plan and to establish its coins at a fixed value with gold from the beginning, as the United States has done so successfully within the last year in the Philippine Islands. The American representative found, on taking the matter up for discussion with the Chinese Government, that this Government, very naturally, not having had, as yet, opportunity of studying the subject thoroughly, and very properly desiring to proceed gradually on so important a matter, had practically adopted the views of those who thought it was best first to establish a uniform silver currency without reference to its gold value. In consequence, a considerable part of the energies of the commissioner were devoted to the discussion of this question. It is a pleasure to record that the views of the American Commission seem finally to have met the approval of a goodly number of the Chinese officials, as well as of several of the English writers and business men who, naturally looking first at the example of India, had advocated, some of them in print, beginning on the silver basis. Several of these men have now said that a further study of the question has convinced them that the plan suggested by the American Commission will be easier for China and the wiser plan for her to follow. There is good reason to believe that further consideration of the subject in detail in the light of the experience of the Philippines and of the changed conditions of the silver market

during the last few years would lead substantially all to this conclusion.

It is difficult to follow the course of reasoning of some who say that it is impossible to put a monetary system on a gold basis until you have a system complete. The gold value attaches to each of the coins. It is immaterial logically whether that value is given to them when they are issued or later. Practically, as will appear in the following pages, it is much simpler and more profitable to give them the gold value one at a time as they are issued, than to give it to them all at once when millions are already in circulation with a well known silver value.

3. The Process of Establishing a Monetary System.—So much has been said regarding the "gradual" establishment of a monetary system in China and of taking one step at a time, that it seems worth while in this introduction to consider briefly the nature of the process of the establishment of a monetary system, in order to show how misleading the figure of speech of "going forward step by step" has been. The subject will be made clearer, of course, in the detailed discussions which follow.

A monetary system, made up of copper, subsidiary silver, standard silver and gold coins—to omit representative money like bank notes—is a single, complete, organized whole which must be built up gradually. The building of this structure is not like going on a journey, in which one can take one step forward, then another step forward, and another until the journey's end is reached. If it were so, one should begin first by taking the step which will lead to the copper coinage, and one should completely establish the new copper coinage throughout the country until the people became used to that. The next step should then be taken leading to the subsidiary silver coinage, which is of less pure silver than the standard coins. One should then pause until the copper coins have been given a fixed value in terms of the subsidiary silver. One should then take the next step forward to the introduction of the standard silver coins, and should then wait until the subsidiary silver and copper coins have been given a fixed value in terms of the standard silver coins. Finally, one should proceed to the fourth step of introducing gold either in the form of coins or in the form of a gold reserve which can be used as a standard. The country must then wait until the standard silver, the subsidiary silver and the copper coins are given a fixed value in terms of gold. The journey would then be complete. When one analyzes this process, including the silver and copper, it is seen that the idea is absurd. Nevertheless it is equally absurd to begin with silver and afterwards to go to gold, as it would be to begin with copper alone, proceed to subsidiary silver, and then to standard silver. The process in both cases is identical.

The establishment of a complete monetary system is rather like building a house with four sides, one wall of which is represented by the copper coinage, a second wall by the subsidiary silver coins, a third wall by the standard silver coins, and the fourth by the gold. The structure must be built up gradually, but it is wise to build the four sides up together, so that the relations between them will be the same from the beginning, and that, as the building rises, there will be no disturbance in their relations one to the other. In the plan which has been proposed, twenty years is allowed for this period of building the structure. The cost has been estimated in detail for the first five years. The cost in succeeding years would be relatively less and would need no special provision. The system would pay for itself after the first five years. But the completion of the monetary system is planned to take twenty years, surely a long enough time, and the process is a gradual one.

The plan of beginning on a silver basis to change to a gold basis later is like building up three walls of the house together, omitting the fourth wall. It will take

practically as many years to build the three walls as it would to build the four. After the twenty years are completed, unless some specific provision has been made for the accumulation of a gold reserve, it may take many years longer before that is accumulated. When the government begins to establish the gold standard, that is to build the fourth wall of the building which has been left out, all of the arrangements of the house, which have been made heretofore with reference to having one side open to the air, must be altered to suit the new conditions, with the result that—to drop the figure—there will be a complete upsetting and disarrangement of the business relations of the country. In other words, the whole system of prices, which has been adjusted to the silver standard, must be upset and readjusted to the gold standard. That process of readjustment will continue several years at best. In consequence, if the government adopts the silver plan, it is simply postponing indefinitely giving to China a good monetary system, and it is increasing vastly the difficulties, as is explained in detail later.

In the plan which the American Commission has proposed, in five or six years there will be enough of the new money in circulation so that prices in all the treaty ports and in all international traffic will be adjusted to the new gold standard, so far as the people have any desire so to adjust them. The gradual extension of the system into the interior as the new coins increase in number will involve no new disturbances. The change from a standard of prices fixed on bullion silver to those fixed on a standard dollar with a gold value is not appreciably more difficult than the change from prices on the bullion standard to those on a dollar standard on the silver basis. There must be at least one disturbance of prices; it will be much less on the whole if it is taken directly from the beginning, and it will save completely the trouble and expense of a second readjustment, from the standard silver dollars to gold after the one from bullion to standard silver dollars has been made. To begin with the silver plan with a gold standard only for the indefinite future is like setting up an engine to run imperfectly for years without the governor with the idea that this can be attached later. The engine should have all its essential parts when it begins to run.

4. Outline of the American Plan.—It is perhaps wise to indicate in outline at the beginning the main points of the plan which has been advocated by the American Commission in order that the papers that follow may take their places as a more detailed explanation of a system already outlined. The following is therefore submitted:

(a) The Chinese Government to assume supervision or control of the various provincial mints so that the entire coinage system of the Empire will be managed in harmony.

(b) The establishment of one uniform system of imperial coins, consisting of silver coins, nickel coins and copper coins, which shall be uniform throughout the Empire, and in due time a legal tender for all obligations, public and private. The minting of all other coins to be stopped.

(c) These silver, nickel and copper coins to be established on a decimal system and to be maintained at proportionate values one to the other.

(d) A gold unit consisting of a fixed number of grams or decigrams of gold to be established as the basis of the currency. The silver and copper coins to be issued at fixed values proportional to this unit, and to be maintained thereafter at this fixed gold value. It is understood that gold will not be used in general circulation within the country itself, although a small amount may be coined, but that the currency shall be the silver and copper coins above mentioned, and bank notes based upon them.

(e) The establishment of a gold reserve sufficient to

maintain these coins at the fixed gold value, but not necessarily to furnish a gold circulation for the country itself.

(f) The Chinese Government to manage this system in accordance with the principles established elsewhere by successful experience; and, therefore, in order to secure the necessary confidence of Chinese and foreign business men, to employ to assist in the establishment of the system foreign expert advisers of the highest standing whose reputation and work will secure confidence.

(g) The establishment of a national bank, of subordinate treasury agencies, and of other means that may be recommended by the experts and that may prove essential for the successful carrying out of the system.

UNIFORMITY OF COINAGE.

Action will need to be taken by the government covering the following points:

1. Declaring that there is to be established a uniform system of coinage, arranged on the decimal plan, and that the coins will in due time be made legal tender throughout the Empire for the payment of public and private debts.

2. The central government assumes charge of all mints; this action to take effect as soon as compensation is determined.

3. The provinces, on agreement with the viceroys and governors concerned, are to receive due compensation for all the mints surrendered to the central government; this compensation presumably to be in the form of a certain amount paid each year for a fixed number of years, or a remission of taxes of a fixed amount for the same period.

4. All coinage of present coins by the different mints to be stopped immediately, unless it should be decided to adopt into the system the ten cash pieces and to continue their coinage temporarily. That would probably not be wise.

5. Expert appraisers, presumably three, two from the mints now in existence in China, and the third to be hired presumably from abroad, to be appointed to appraise the value of the mints on the basis of their normal output as a basis for agreement with the viceroys. This output to be gauged in part by what they have been doing in the past, but especially by the fair normal capacity of the mints themselves.

6. These same appraisers to make detailed recommendations as to the mints that can be used most profitably in the future, as to those which should be closed absolutely, and as to the transfers of mint machinery or the purchases of new machinery that should be made.

7. Detailed reports of all coins of all denominations heretofore issued by each one of the mints to be secured from the various viceroys and governors concerned.

8. The best estimate possible to be secured of the money now in use—(a) coins of silver, (b) silver bullion, sycee, (c) gold of whatever form, (d) cash of whatever form, cents, etc.

9. Regulations to be made regarding the denominations of the various new coins, with their exact weights in silver, nickel and copper, the amounts and quality of the alloy, etc.

HOW CAN A FORTY-EIGHT CENT DOLLAR BE MADE BY THE GOVERNMENT TO PASS FOR FIFTY-FIVE CENTS GOLD?

The following sums up in concrete form several of the points already made.

A silver dollar which weighs seventy-two hundredths of a tael is worth in China at this date in American gold about 48 cents. If that same dollar or an equal weight of silver could be given by action of the government a value of 55 cents American gold, it would be worth about eighty-two hundredths of a tael. The government cannot, by mere decree, make seventy-two hundredths of a tael worth eighty-two hundredths of a tael, but it can take other

measures so that all merchants will readily accept it at that value. Exactly that kind of result is secured by all civilized countries except China.

The following shows the way:

If the Chinese Government takes seventy-two hundredths of a tael of silver bullion, coins it, and calls the coin the "Imperial Coinage Dollar," it will be different in looks from any dollar now in circulation. Let it pay this new coin to an official for 82 tael cents; that is, if it owes him 8.20 taels, let the government pay him ten of the new dollars instead of \$11.38 of the present dollars as the equivalent of 8.20 taels. The official will readily take the new dollars at the rate of 82 tael cents under the following conditions:

1. The government agrees always to take the new dollar anywhere in the Empire—Peking, Shanghai, in Szechuan, Honan, or elsewhere, instead of 82 tael cents due in taxes or contributions or in any other debt due the government. If the official can pay it to the government for 82 tael cents and the government will surely receive it at that rate, he will not object to taking it.

2. The government should pass a decree in due time, after the people understand the plans of the government, saying that anyone who has a debt to pay to any other person may pay it in the new dollars at the rate of \$1 for 82 tael cents. If the people know that the government will always back them in paying their debts with the dollar at 82 tael cents, they will not object to taking it at that rate.

3. If the government says, further, that it will take these new dollars and give in exchange for them an order to pay in London or New York or Yokohama 82 tael cents worth of gold for each new dollar paid into its bank, all the foreign banks will receive them at that value, for they are buying orders on those places every day. If the foreign banks take them at that rate, all native banks and merchants will take them at the same rate, for they can be sure of paying them out at that. If the merchants take them at 82 tael cents, all the people will do so, for they will know that they may pay them out at the same rate.

4. The Government, too, having full control of the mints will not coin more of these coins than the needs of business demand, so that the people will always be using all that are in circulation, and this also will keep up the value.

By following these methods the Government could without cost to itself gain a profit of 10 tael cents on each new dollar coined. It would be practically as easy by the same methods to make a profit of 12 or 15 cents, and it would probably be best to make the gain about 20 per cent. It should be noted that this profit can be made on each piece only once, and that is when it is first coined and put into circulation. After that the dollar must be taken in by the Government at the same value at which it is paid out, so that there is no profit.

As 48 cents gold equals about 72 tael cents and 55 cents gold equals about 82 tael cents, it is shown above how a 48 cent dollar can be made to pass for 55 cents.

It is important to note that, if the new dollars are introduced into circulation in the way indicated above, very little gold will be required at first and the gold reserve can be built up very gradually as the new coins go into circulation. If at first there should be distrust on the part of the people, so that they would wish to bring the coins paid out to them back to the Government in large quantities to buy gold with, it would be well to have on hand for the first few months a very large proportion of the coins issued. For example, for the first million dollars issued it might be well to let the people know that the Government had \$750,000 gold in reserve; for the second million issued, say \$500,000, that is \$1,250,000 for the two millions issued. This large reserve at first is to guard against any possibility of panic. The actual demands

probably would be trifling from the first, and after two or three years the reserve could probably safely be cut to 25 per cent. or even considerably less, provided the Government had made arrangements to borrow promptly on short notice.

If the Government pays out the new coins for salaries and supplies, deposits them in the banks, gives fair rates in the new coins for silver, sycee and cash purchased, receives them everywhere for their full gold value in taxes, the people will very soon gain confidence and all persons having money to receive either for goods or for services will soon prefer to take the new dollar as the better dollar and the one steadier in value rather than the fluctuating Peiyang dollar or the inconvenient tael which has to be weighed.

THE GOLD RESERVE.

1. A Gold Reserve Necessary.—As has been stated before, in order to secure public confidence and to insure from the beginning the maintenance of the value of the silver coins in gold, by methods which we have already discussed, especially by selling bills of exchange on a gold fund held mostly abroad, it is necessary to have a sufficient gold reserve.

It should be kept in mind, however, that the quantity of the gold reserve required on the system proposed would be very much less than if the redemption of the coins in gold on demand were made in the country itself. While, beyond question, when the system is being introduced there would be a certain speculative demand for bills of exchange from the interior on the part of bankers who could forward their new silver coins to Shanghai, Tientsin and other places where the banks could use them in the purchase of gold exchange, this speculative demand would probably not last very long. It would depend upon the fact that at first a good many of the more ignorant people might be willing to sell the new coins, which would seem to them of light weight, at rates something below their face value. This danger could be largely obviated by having the Government give full information as to its means of conducting the business, and by the Government itself always receiving them promptly at their full gold value for money taxes of all kinds. This purely speculative demand on the gold reserve would, of course, stop as soon as the common people knew experimentally that the Government was maintaining the value of the silver coins.

2. Amount of Reserve.—The amount of the total reserve required is extremely difficult to determine on account of the deficiency of statistics in China. In actual practice it must be determined more or less experimentally, depending upon the demand for coins. It will be necessary, on account of the lack of accurate information, to make ample provision so as to cover all risks, and to see to it that there is enough at each stage of progress.

According to estimates made by the best experts in America and Europe, this reserve should be, for a considerable time at least, from 25 to 30 per cent. of the value of the new silver coins in circulation.

At the beginning, while the change from the old system to the new is going on, it will be necessary to have this gold reserve considerably larger than 25 or 30 per cent. of the coins at that time in circulation, inasmuch as there is likely to be a lack of confidence at first which may create a run on the reserve. Besides this fact, there will also be other coins and bullion in circulation for a considerable time. If there should be a slackening of business or a very strong demand for gold bills of exchange, the withdrawal of, say, even 50 per cent. of the new coins in circulation might not contract the entire currency so much as would later, when the system is completely established, the withdrawal of, say, 10 per cent. After the system is thoroughly established, it is probable that a reserve equal to 10 or 15 per cent. of the circulation will be sufficient

for actual use, although 25 or 30 per cent. should always be available on short notice.

In consequence of the fact that the reserve fund may be put to only special uses, i. e., to the redemption of the new silver in bills of exchange, etc., it will doubtless be possible to keep part of it in good foreign bonds on which cash could be promptly realized. Again, so far as a part is concerned, it may be sufficient possibly, instead of keeping cash or bonds on hand, for arrangements to be made by the Chinese Government for a mere right to draw bills of exchange up to a certain amount on say two days' notice, the regular rates of interest to be paid only on the amounts drawn. This privilege could doubtless be obtained at a very small charge if the management had the confidence of the great banking houses.

According to the estimates of the Director of the Mint of the United States, the stock of silver in China at the present time is probably in value \$750,000,000 Mexican, in round numbers, say 482,000,000 taels, or say \$337,400,000 American gold. If we assume a population for China of 400,000,000 (an outside figure—the Director estimates 330,100,000), this would give a per capita circulation of 1.205 taels, or substantially 84.35 cents gold. If the new dollar were issued at, in round numbers, two shillings, one yen, or 50 cents gold, or a little more, it would doubtless be sufficient for the time being to allow two of the new coins per capita, or 800,000,000 for the entire country when the system is completed. In order, however, to be sure to cover all possible expense in our first estimate, we take a figure more nearly like that of India and assume a profitable circulation of some eight shillings, or \$2 American gold, or say four of the new silver coins per capita, making 1,600,000,000.

At the present time, according to the same authority, the per capita circulation of China and of several countries which may be compared with it, in gold, as follows:

Table II.

China	\$1.02†
Turkey	3.75
Japan	3.24
Cuba	2.19
Bulgaria	1.32
India	2.07
Egypt	3.71
Of course countries with more highly developed business have a higher ratio. For example:	
The Straits Settlements.....	\$8.03
Great Britain.....	18.31
Germany	20.48
United States	29.79
France	39.22

It is evident that four new dollars per capita would be a sufficient outside amount to take into consideration at the beginning of the new system. It would take several years at any rate to have the system established throughout the country, and experience would eventually show the amount required. While the conditions in China resemble those in India more than in any other prominent country mentioned, the probability is that conditions are even less developed, so far as the use of money is concerned, in many parts of the interior of China than in India where a system of coins has been in use many years. It should be noted also that the per capita circulation in

† The figures are \$2.27 Mexican, which would amount to about \$1.02 American, according to the price of silver when this is written. No other country in the list has so low an estimate. One of the best informed Chinese bankers estimates the present silver circulation at 100,000,000 taels, of which 10 per cent. is paper and the rest bullion or dollar coins. He estimates the copper circulation at 50,000,000 taels, of which 50 per cent. is paper. He thinks the country needs more money, but gives that as the present amount. That estimate allows only 37.5 tael cents per capita, or 50 cents at a population of 300,000,000, the least assumed. Unless estimate is ridiculously wrong, an allowance of two new dollars per capita is ample for the present.

India, as given in the table, includes 11 cents per capita for paper money uncovered.

It would be advisable, of course, for China to introduce the system first in the treaty ports or in some of the most populous provinces, and then gradually to extend the system throughout the country. The population in the treaty ports probably does not exceed 8,000,000, while the population of the four provinces which contain Shanghai, Canton, Tientsin and Hankow is about 100,000,000. If we assume that China, within the first five years after she began the coinage, could supply 400,000,000 of the new coins, that would cover practically all parts of the country which have any direct dealings with foreign countries or which can be considered commercial to any noteworthy extent. A system that is made thoroughly successful in these sections of the country and with this class of the population for a series of years will, without especial difficulty, make its way through the rest of the country. An actual reserve, therefore, of, say, 33 1-3 per cent. of this sum of 400,000,000 of the new coins, with the privilege of increasing it to 50 per cent. or of even to double the original amount in case of need, would certainly be ample provision to make for the introduction of the system. It would not be necessary, of course, for the entire final reserve to be raised within the first four or five years after the system is started. If the amount mentioned above were sufficient to carry it through the first five or six years with safety, experience would show how to take care of the system from that time on; but according to all reasonable calculations, if the price of silver were to remain where it is now or not to increase considerably, the profits from the coinage alone would probably prove ample thereafter to continue the reserve at a sufficient figure until the completion of the system.

The figures given above are the highest that the writer has ever heard estimated, and are given as outside figures which would be safe under the most adverse circumstances. On the basis of most estimates, and those largely of Europeans long resident in China as bankers and merchants, one-half of the sums mentioned would probably suffice, and those are the figures recommended as best to assume. It would doubtless do to begin the system on one-half the estimates given all round, provided arrangements were made to increase in case of necessity to the higher figures, and provided also that the management were watchful and skillful and had the confidence of the public native and foreign. The figures are tabulated by years of work in the next chapter, VIII.

3. The Uses of the Reserve.—This has been explained sufficiently for present purposes in earlier discussions.

4. The Means of Obtaining a Reserve.—(a) Profits on Coinage.—The profits of the coinage of the silver, nickel and copper coins, if the prices of silver and copper do not increase materially, ought to amount to as much as 20 per cent. The experiences of the Philippines and of Japan seem to justify this estimate as reasonably conservative. Of course all would depend upon the value which the government determines to give to the coins, and it can, within reasonable limits, fix its profits. According to the best experts, it is desirable that the face value of the silver coins be at least 15 per cent. above the usual bullion value, in order to prevent the danger of the melting down of the coins if there should be an increase in the price of silver bullion, which would make the coins more valuable as bullion than as coins. On the other hand, it is not desirable that the profits be too high on account of the danger of counterfeiting. It is probable that so far as the unit coin (the dollar) is concerned, a reasonably safe profit of about 15 per cent. is about right. From the present outlook regarding the future price of silver, the margin had better be somewhat above 15 per cent. rather than below it. On the subsidiary silver coins, on account of the less danger of counterfeiting and also because the

principle of scarcity can be applied somewhat more rigidly to maintain their value, a somewhat higher profit may be made. If the dollar coins are nine-tenths fine, it is entirely possible that the subsidiary silver coins might be made eight-tenths fine. The disadvantage of the larger amount of alloy in the subsidiary coins is that people might at first hesitate somewhat about receiving them; but that danger would soon be overcome if the government adopted the right measures of interchanging them for dollar coins on demand. The second danger of greater importance is that of counterfeiting.

On the nickel and copper coins, of course, a much greater profit can readily be realized. On such coins a profit from 50 to 100 per cent. is not unusual. As in China the quantity of copper and subsidiary silver coins would be unusually large, a profit of 20 per cent. on the entire coinage for five years is probably safe to assume. Mr. Sakatani, Vice Minister of Finance of Japan, assumes a profit of 30 per cent.

It should be kept in mind also that if an increase in the value of silver bullion lessened materially the profit of the government, it would also lessen the government's risk at the same time. A decided rise in silver in the London market would rather have a tendency, other things equal, to lessen the demand on the gold reserve, both by encouraging the payment of foreign obligations through the export of silver and by giving confidence in the government as the risk from depreciation of its coins lessened. Moreover, if, owing to a threatened exhaustion of its gold reserve, it were eventually forced to sell some of its silver coins to meet a temporary emergency, it would realize a higher price for them. In no event would it lose more than the cost of coinage and freight, unless the bullion value of silver fell between the time of its purchase of bullion and sale of coin.

The profit of coinage should all be devoted, for a considerable time at least, to the purchase of gold for the gold reserve. If it should be necessary to get any considerable extra sum in hand at any one time, it would be possible to use this reserve and the silver on hand as a basis for a temporary loan of a few months, provided the government authorities had the full confidence of business men. It probably would not be wise, however, to count on this as a basis for any but a temporary loan.

(b) Contributions.—The government has already made provision for the accumulation of a gold reserve by permitting contributions from certain classes of officials to be paid part in gold or in silver at the ratio of 32 to 1. It might be well to encourage as far as possible the income from this source. Possibly other similar sources can be discovered which will add considerable sums to the gold reserve.

(c) Loan.—The Chinese Government might very profitably, considering the importance of the change of the monetary system and the profits of coinage, make a loan, of which a large part of the proceeds should be placed in the gold reserve. The direct gain from profits of coinage alone ought to make this loan very profitable, even if the extra capital needed had to be borrowed. In private life to borrow at 6 or 7 per cent. and to make 20 per cent. is considered very good business. China ought to be able to make better rates than those.

If the foregoing estimates regarding the profits from coinage are not excessive, it will be noticed that these profits will amount regularly, at the rate of coinage suggested as sufficient for beginning, to \$8,000,000 a year for a period of twenty years if the smaller estimates are taken; to double that if the larger are assumed. If the rate of coinage were increased, the income would be proportionately increased, although the time of its duration might be correspondingly lessened.

However, even if this profit of \$8,000,000 or \$16,000,000 a year is made for the government so that it becomes

government property, it could probably not be used for anything else than a gold reserve; that is to say it could not become one of the regular revenues of the government to be applied to other purposes, at any rate for a considerable time. Later part of it might possibly be used in such a way. On the other hand, unless the statements made heretofore regarding the benefits to China of a monetary system established on this basis are grossly mistaken, the indirect benefits to China from the system would amount to much more than the cash profits from the coinage thus placed in the gold reserve. Before the system were entirely completed it is probable that as a result of its establishment the added revenue to the country from other sources would be enough to much more than pay the expenses of any loan required. Every increase in imports or exports increases both customs and likin receipts, while investments and confidence lead to increased revenue from other sources.

In estimating the expenses of a loan, also, it should be kept in mind that, so far as the loan is required for the gold reserve, a considerable part of it could be kept as a current balance in the banks either at home or abroad, and thus be made to realize a considerable return in interest, doubtless 2 per cent. and in some cases more. The government of the Philippine Islands has realized 3½ per cent. If experience showed that the demand on the gold reserve were comparatively small, a considerable portion might also be kept invested in securities, Chinese or foreign, which would pay part of the expenses of the loan, probably 3 to 4 per cent. At least half of the reserve, on the average, might thus draw interest; probably a much larger proportion than one-half might secure some income.

As a basis for a loan, if any is needed, the following sources are suggested:

(1) Increased Returns from Customs.—The annual increase of the returns from the imperial customs. The annual income at the time of the establishment of the indemnity, it is understood, was practically all required for the payment of that indemnity. The trade of China, however, is rapidly increasing, and there is, in consequence, a large annual increase in the returns from the customs. If the Government can secure its support on the basis of the income of three years ago and assign this increase in the customs to the establishment of a monetary system, this might be used as the basis of a considerable loan.

(2) Opium, Spirits, Etc.—From investigations made throughout the provinces, it is evident that the Chinese Government is not receiving, either through the central Government or through the provincial Governments, nearly so large an income from opium, spirits, tobacco, and other similar products as is usual in other civilized countries. In the United States, for example, the central Government alone derives from the manufacture and first sale of such products, mostly spirits and tobacco, ordinarily nearly half of the entire national revenue. Besides this, the municipalities derive a large additional income from licenses issued to shops where these products are sold. In India in 1902 the Government derived from opium alone a revenue of 72,781,000 rupees, or in round numbers about 36,400,000 taels. From salt it received only about 89,000,000 rupees, say 44,500,000 taels.

It would seem probable that by a proper organization of the service and an increase in the tax the Chinese Government might realize from opium a much larger revenue in the near future without any tendency toward increasing the quantity of opium used. The Government would also derive a very great advantage in securing a much greater control over its production and use which would enable it more easily later to adopt whatever measures might seem advisable. Probably similar provisions might be made, although they would be of less importance, with regard to spirits, wines, tobacco and similar luxuries.

The succeeding note offers some suggestions regarding an opium farm for certain cities.

(3) Land Tax.—Sir Robert Hart has suggested an increased revenue from the land tax, the provisions of which are familiar.

(4) Mines.—It seems to be the general opinion throughout the provinces, particularly among business men and those who have looked somewhat carefully into the subject, that a considerable increase in income might be derived from the development of those mines of China, the revenues from which have not already been assigned, and that, if it were desired, a loan might be made on this security.

In order to secure such an increase in revenue and to manage it to the best advantage, it is necessary that the Government to have a somewhat accurate and detailed knowledge regarding the mineral resources of China. This could probably be most readily secured if the Government, through the Board of Commerce, were to organize a central mining bureau. This bureau should undertake at once a careful survey or prospecting of the chief mining resources of the Empire under the direction of experts who would have the full confidence not merely of the Government itself but also of investors everywhere. In the case of all mines which seem important, very careful estimates should be made by these experts of the probable income which might be received from each mine under proper royalties. When this estimate was in hand the Government could judge reasonably well regarding the amount of money which could probably be borrowed on this basis. Of course no investors, either Chinese or foreign, would be willing to make a loan so large that its interest and amortization fund would exhaust the estimated royalty. Capitalists might readily be found, however, who would be willing to make a loan the average support of which might amount to, say, a half of the royalty. This would, on the average, give an ample security. The other half then, in case it were actually realized, would go into the general treasury of the Empire.

When the mining bureau once had full knowledge of the mines at its disposal, it would be in a position to grant privileges on these mines on reasonable terms on the basis of the experts' reports. Investors would, of course, send their own experts, at first at any rate, to investigate the mines which they were proposing to develop or on which it was their intention to make a loan; but if the Chinese had employed experts of equal skill, every such investigation would serve not only to confirm the judgment of the Government experts but likewise to add to the credit of the Government itself. When the permit for the working of the mines was given, until a sufficient sum had been secured for the monetary system, it might well be made on the basis of a loan of reasonable size. It is the opinion of a good many experts who have thought out the matter somewhat fully that from the mineral resources of the country there might be realized in this way a considerable sum within a comparatively short period—enough probably to supply the needs of the monetary system.

(5) Railroads.—It is probable that there are also some railroad concessions which might be used in the same way under the direction of the Board of Commerce.

(6) Other Sources.—Probably the Board of Revenue can suggest other sources of revenue; for example, a house tax such as has been employed in Canton; a business tax such as is common throughout Europe and in the Philippines; or others. Of course any such taxes should be levied with discretion and with care not to interfere with business. There can be little doubt, however, not merely that it would be extremely profitable to the Chinese Government, but also very beneficial to the Chinese people, to make the sacrifice of slightly additional taxes or of the use of some of the new sources of revenue sug-

gested, amounting, say, to from two to five million taels a year, in order to establish a new monetary system, which would probably bring an annual profit for a good many years of from six million taels a year upward, besides the still greater indirect benefits already mentioned.

6. The Means of Maintaining the Reserve.—Most of the means of maintaining the reserve at a sufficient amount after it has once been established have already been indicated in connection with the maintenance of the gold value of the silver and copper coins, so that this subject may be treated quite summarily. The following methods may be noted:

(a) Gold Paid In.—In case individuals wished to have silver and copper coins issued to them individually in addition to those which the Government has put into circulation by the ordinary channels, the Government should coin and issue such silver and copper coins on demand in reasonable quantities for gold deposited. Such gold should be placed in the reserve fund.

This has been the chief source, practically the only source, of raising the gold reserve in India. It could doubtless be made eventually to become a considerable source of gold revenue for China. It is not well to depend upon it too much, as, in order to have it work most efficiently, it would be necessary so to limit the quantity of coins that business might be considerably hampered. Moreover, it should be kept in mind that full confidence in the administration and high credit is needed to make this source effective.

(b) Sale of Silver Bills on China.—In connection with the above is the sale of bills of exchange for gold by the Chinese agencies abroad, these bills of exchange to be drawn on the treasury in China or on the national bank acting as the agent of the treasury, and to be payable in China in the new silver coins. It is not necessary that the rates charged by the agents of China abroad for bills of exchange payable in the new coins in China be the same as those charged by the Chinese Government for bills of exchange payable abroad in gold from the gold reserve. In fact, if it seemed that there were danger of the exhaustion of the gold reserve, the Government might make the rates favorable enough so that it would become an active competitor of the foreign banks in selling these bills of exchange. Of course the persons in charge of the system would need to exercise very careful discretion in determining what those rates may be in order, on the one hand, to maintain the system in its integrity, and, on the other, not to interfere unduly with private business.

(c) Buy Gold Exchange.—In case of very heavy drafts on the gold fund, so that there seemed danger of its exhaustion, the Chinese Government, either through the national bank or through other special agencies, following the example which Japan set in more than one instance, might enter the market and buy in competition with others in Shanghai, Tientsin and elsewhere, for silver, foreign bills of exchange payable in gold in London, New York, Yokohama, or elsewhere; the products of these bills of exchange when collected in gold to be placed in the gold reserve.

(d) Profits on Exchange.—From the sale of bills of exchange on the gold reserve held abroad, as well as from the sale of bills of exchange on the Chinese treasury payable in the new silver coins of the country, small profits would, of course, be realized. These would naturally be placed in the gold reserve. While they would, in all probability, amount to a considerable sum each year, they would naturally form but a small part of the gold reserve as a whole. They are therefore to be looked upon as a subordinate means of maintaining the gold reserve.

(e) Sale of Silver on Hand.—Another resource is also left in case of an emergency, a means which was advocated by Mr. Lindsay, of the Bank of Bengal, when it was proposed to establish earlier a gold reserve for India.

In case very large quantities of the new silver coins are paid into the Government treasury in exchange for bills of exchange on the gold reserve, these coins are to be held in the treasury until there comes a strong demand on the part of business men for them to be paid out, a demand which would be manifested ordinarily by the deposit of gold either at home or abroad for this purpose. It is evident that such deposits of gold would not be made as long as gold exchange is demanded. The Government would therefore have in its vaults large quantities of silver coins. If the gold were not forthcoming elsewhere, it could either borrow temporarily on the security of these coins or could finally sell them on the market as bullion either for local use or for shipment abroad. Such a sale would involve a loss to the Government of the cost of coinage and possibly also some shipment charges. Beyond that, however, there would be no loss suffered, provided the price of bullion remained the same, inasmuch as the Government would itself have bought the bullion originally for coining these pieces at market bullion rates. There would be a loss of coinage and recoinage, but this would be a very small per cent., possibly 2 or even 4 per cent. with freight charges, and might well be suffered rather than to take any serious risk of the exhaustion of the gold reserve and the depreciation of the coins already in circulation.

NOTE.—AN OPIUM FARM FOR SOME OF THE CITIES OF CHINA.

In the article on a gold reserve, under c (2), it is suggested that the Chinese Government does not receive so large an income from opium, spirits, etc., as is usual in other countries or as is desirable. In order to secure a sufficient basis for a loan for the new monetary system and in order to get this return within a year, which would be soon enough for the inauguration of that system, it has been suggested that the selling of opium in the larger cities like Canton, Shanghai, Hankow, Foochow, etc., might be made into an opium farm; that is, that the monopoly of this sale, including the selling through the opium shops where opium is consumed, be made a monopoly and be sold to an individual or syndicate who would pay the largest amount for it and would conduct it in accordance with the law.

The Government would then lay down whatever regulations it saw fit for its introduction into the city, and its sale, fixing, if it thought best, the quality, prices, restrictions regarding persons to whom it should be sold, the number of shops where it should be sold, with their location, and any other regulations that seemed desirable. The money for the farm should be paid quarterly in advance, so that the Government could count absolutely upon the amount of revenue and upon the date when it would be received. This system should be applied to enough cities to furnish the revenue required for the loan. This law would form a good basis for the proper taxing of opium, and might later be extended to include a general opium monopoly by the state, or it might take whatever other form seemed advisable. It was suggested that a commission of three men, to consist of two Chinese and one foreigner, the foreigner presumably a man from the imperial customs who knew something regarding the conditions of opium importation, etc., and who could speak Chinese, should be sent at once to Singapore, the Federated Malay States, possibly to Java, Sumatra, Manila and Formosa, to see how the farms are run in those different places, where they have them. They should then go to Canton and these other Chinese cities, and after informing themselves about conditions there, have charge of the selling of the opium farm. The farm should presumably be sold for a year at a time, with the expectation that if the farmer did his work well he should have a certain priority in the succeeding year.

An opium farm of this type would presumably bring in a certain revenue more promptly than almost any other

tax that could be devised. As soon as the farm was sold it would make an absolute basis for a loan, so good that a loan could doubtless be floated at a low rate.

The chief advantages of the system are (1) the prompt and certain income; (2) the ease of enforcing the law, inasmuch as the opium farmer, in order to keep his monopoly, would himself see to the enforcement of the law against all other persons besides himself. He himself has so much money invested that it would not pay him to take the risks of violating the law under penalty of forfeiture of his farm. (3) The ease of changing the system for another at almost any time whenever the change might seem desirable.

Of course the dangers of a farming system like this are not overlooked. There is danger of evasion of the law, of a poor quality of opium, etc. In many respects a Government monopoly is preferable. On the other hand, considering present conditions in China—the difficulty of handling honestly Government monopoly, the need of immediate and certain returns, etc.—it is probable that the opium farm would secure the needed revenue more certainly and promptly than the other forms of tax suggested.

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SECOND SUMMARY: ANSWERS TO OBJECTIONS; AND FINAL SUGGESTIONS.

1. Summary of Work of Expert Organizer.—The Chinese Government needs foreign expert help of the nature suggested in our previous discussions, substantially as much if it should decide to issue merely a silver coinage without giving that coinage a gold value as if it attempted to establish a gold system. The difficulty connected with foreign experts, therefore, cannot be avoided by rejection of the American plan, and in addition to this consideration its rejection means also, of course, the loss of the 20 per cent. profit, the disadvantage of not securing a stable rate of exchange with gold, and the many other disadvantages of the silver system mentioned. The expert will be needed on the silver basis for the following reasons:

(a) To fix the ratio to the tael at which the Government will accept the new coins in various parts of China when it is introduced.

(b) To see that the mints turn out coins of standard weight and quality, and to give the people confidence in them. At present this is not universally the case with any mint in China. Objections from business men have been heard against them all.

(c) To organize and manage the distribution of the new coins and the purchase of the old coins and of bullion. Unless this is skillfully done the old coins will remain in circulation indefinitely and the new coins will have great difficulty in making their way.

(d) He should advise regarding laws to be passed discouraging the circulation of old coins and of bullion.

(e) He will be needed in the arrangement of treaties permitting the prohibition of importation of the old coins and of bullion.

(f) His care will be needed in the detailed arrangements to keep up the value of the smaller silver and copper coins.

(g) The coinage of the present copper ten cash pieces should be stopped very soon. He should be consulted regarding that.

(h) He should make estimates regarding the taking over by the Board of Revenue of the provincial mints.

There are other points which might be mentioned, but this is enough to show that an expert of the first rank is needed even if the gold system is not attempted.

2. Delay Inadvisable.—With the new mint approaching completion, part of the machinery already being on hand,

there cannot be any long delay in reaching a decision without considerable loss to the Government. Nevertheless it would be far better to delay the issue of the new coins for a year or more, losing the interest on the capital in the mint, than to make a wrong start from the ill effect of which it might be almost impossible ever to recover.

3. Objections to System Answered.—No objections have been raised to the gold exchange system which have not been satisfactorily answered, to some people at least who have taken the time for full consideration. In a few words are summed up below some of the most important objections and the line of answer. There is no doubt that all objections can be satisfactorily answered.

(a) People Too Ignorant.—It is said that the Chinese people are too ignorant; not ready; cannot understand the new system.

No people in any civilized country understand the details of the monetary system; it is not necessary that they should. Most people send telegrams without understanding the process; they ride on the railroads without knowing how to run an engine; they take bank notes knowing nothing of the reserve. In one week they can be taught that the Government will take the new coins at a fixed valuation; that they can always get a thousand of the new cash for the new dollar or a new dollar for a thousand of the new cash, and that they need no longer be dependent upon the cash shops to learn the value of their money. This alone will secure the hearty support of the common people, and it is not really necessary that they understand more.

The merchants and business men with whom I have had an opportunity of discussing the matter thoroughly have practically all supported it heartily. The one or two exceptions were simply in doubt as to whether it were not better to keep a silver system with its fluctuations. I am convinced that those who favor the gambling risks in business coming from the fluctuating rate of exchange of a silver system are relatively few.

To urge that China must wait until her people are educated would seem to argue simply a wish to avoid responsibility.

It might be well for the new comptroller to visit some of the leading cities before the system is introduced and explain it in some detail to leading business men.

(b) China Has No Gold.—It is said that China has no gold. China can buy gold as easily as she can buy machinery. Moreover it is as cheap for her to buy gold with her present products as it is to get it by mining or in any other way.

(c) Foreigners Will Not Receive New Coins at Gold Value.—It is said that foreigners will not take the new coins in the settlement of debt obligations. The new coins cannot be sent abroad at their gold value it is true; but the new coins can buy at their gold value bills of exchange with which to settle the foreign debts and that is far better than to send the coins themselves abroad. In fact coins are not sent abroad now.

(d) System Will Benefit Foreign Nations.—It is said that it will benefit the foreign nations at the expense of China.

Foreign nations are benefited only in their foreign trade with China. China will herself benefit from the new system as much as all the foreign nations put together, for her trade with all of them is equal to their trade with her and she benefits from the foreign trade as well as do they. The Chinese are too shrewd to do business in which they do not make a profit.

Besides China's enormous added gain from a good system in her foreign trade, her domestic trade would also be very greatly improved if there were one system of

uniform coins of fixed value throughout the Empire. Moreover a stimulus to foreign trade in itself gives a great stimulus to the internal trade. Most export goods change hands more than once in the interior. Railroads are building in many parts of China. These can work to advantage only with a fixed money. It would be practically impossible to use taels with a large traffic; and there will be grave disadvantages to the Chinese people until there are fixed gold values. Railroads will always take advantage of the fluctuations in exchange at the expense of their patrons.

(e) **China Cannot Maintain Value of Coins.**—It is said that China cannot maintain the gold value of her coins. It has been made clear repeatedly that this can be done without difficulty.

(f) **Will Drive Cash Shops Out of Business.**—It is urged that it will drive the cash shops and others out of business. It is doubtless true that some few people, especially keepers of cash shops, will be injured in their business by the new system. That will be equally true with a good uniform silver system as with gold. It is inevitable that a few suffer from any industrial change. Where one suffers a hundred will benefit.

(g) **Exporters Will Not Gain from Rise in Gold.**—It is said that the exporters will not gain if there comes a rise in gold. True. Neither will they lose if gold falls. It takes away the gambling element from business—a most desirable thing.

(h) **Foreign Expert Help Needed.**—It would require foreign expert help, and some object to that. So will the new silver system, and in any case it has been made clear that the foreigners would be here as skilled workmen of the Government and its advisers, but not in any sense as its masters.

Most of these and other objections are due either to a misunderstanding of the system or to the fact that the Chinese edition of the earlier pamphlet did not make clear the plans. The more detailed explanations here will doubtless clear up many difficulties, and further details can easily be supplied.

4. **An Expert Can Modify His Plans to Suit Special Needs.**—It should be kept in mind, also, that an expert who knows his business fully can probably modify more or less some features of a plan to meet special objections while retaining the chief points.

It will be recalled, for example, that several modifications of the original plan were suggested so that China could start a system without a loan by raising considerable more money for the first few years. Other modifications could be made with reference to certain details regarding foreign experts, or with reference to the rapidity of introduction, etc., if it should be necessary, although the substantial features of the plan suggested would remain.

5. **Success Sure If Plans Well Managed and Supported.**—On the Chinese Government, of course, rests the responsibility of the rejection of plans which, if they were successful, would mean a saving of very many millions of dollars to the people, besides an added prosperity which would count for far more than the millions of dollars saved.

To that Government, on the other hand, would come also chiefly the satisfaction of a great service rendered and the gratitude of the people for many generations to come if there is introduced and made successful a system which would be of so great benefit.

From long study of this subject, from helping establish other systems, and from its experience in seeing similar systems at work in other places, the American Commission counts upon the full success of the system recommended, if it is well managed and if it is properly supported by the Chinese Government.

COTTON GOODS IN CHINA.

The field for American cotton trade in China is unlimited. The goods manufactured in the United States are needed by the people here; their merit is recognized. The people are disposed to buy them if they can, and in order to sell them it is necessary only to get goods here of such grade that the mass of consumers can afford to use them. This is true of all parts of China, so far as I am able to judge. It certainly is true of this consular district.

There are considerable quantities of American goods already in use in this part of China. Just how great a proportion of the goods consumed are American it is difficult to tell, inasmuch as all this part of China is supplied by means of the Grand Canal system from Shanghai houses. According to the customs returns, there were imported into this one port cotton goods to the value of 18,655 taels (\$13,058) in 1903, 9,693 taels (\$6,785) in 1902, and 9,428 taels (\$6,599) in 1901.

These figures, however, give little idea of the actual imports of cotton goods to this port and district, since a large part of the imports comes through the likin stations and is not entered in the customs returns of the port. There is considerable difference in the duty on goods shipped by the likin system and by the foreign customs system, especially since merchants who make inland shipments by the foreign customs system must apply for their drawbacks at Shanghai at the time of shipment, while the certificates are almost a year in coming. The importation of cotton goods into China generally, as shown by the customs, is 40 per cent. of the total imports of the Empire, while the cotton imports into Hangchau are only 5 per cent. of the total. The local cotton mill may have some influence upon the figures, but it is probable that the total annual value of the cotton imports into the port of Hangchau is close to \$100,000, and the total for the district four times that amount. The proportion of the several varieties of goods in the district generally seems to be about the same as in Hangchau.

The reason other foreign goods, especially Japanese towels, are used here is simply their cheapness. The Japanese manufacturers appreciate the need of a cheap grade of goods for this field and have met the demand. There is no reason why these goods should not come from the United States direct if a similar grade of goods for a similar price is put out.

The financial situation in China generally, especially here and at Hongkong and Canton, is dominated by British banking interests, and Great Britain has almost always a decided advantage in exchange. Still, freight rates from the western coast of the United States are decidedly in favor of the American shipper and present freight rates by the northern route from Chicago and westward ought to work to the advantage of American manufacturers. Credits in China are about the same as in all the Far East. Old established houses have all the time they want, with a low rate of interest beyond a reasonable time, while houses that are not established are more strictly held to early accounting. In general, credits in the East are easier than in Western countries.

The only cotton mill in this consular district, and, indeed, in this part of China, is owned by the Tung Ki Kung Cotton Mill Company. It is well located on the canal front of Hangchau, and seems to be a comparatively modern plant, employing about 1,300 men, women and children. Its work is confined altogether to the manufacture of cotton yarn. During 1903 it made 3,000,000 pounds of yarn, or 7,500 bales, which it sold at an average price of \$54.60 a bale. Of the cotton used last year about 70 per cent. was bought locally and the remainder was brought from Shanghai, most of it being Indian cotton; the year before, 80 per cent. was of native production, the rest mostly Indian. The cotton bought locally is mostly

raised in Chekiang and Kiangsu provinces. The raising of cotton hereabout seems to be slightly on the increase. The average price for cotton paid by the mill here for the past three years is about \$12.60 per picul of 133 pounds. The mill has had considerable trouble because of lack of capital and co-operation. Its output has been purchased almost altogether by local merchants, though some cotton rope manufactured has been sent to Shanghai.

Much cotton is manufactured in this district by hand going from the plant to the consumer. The time honored Chinese methods and implements—the rough home made gin, the bow, and the old Chinese carding method—are still in control of the situation. Hand spinning and weaving are common, and will probably continue to be common so long as labor is so cheap in China and foreign goods so dear. It is impossible to estimate even approximately the amount of cotton goods thus manufactured, for the work is done by the common people, who do not report their doings.

Dyed goods are generally more common here than print goods, although the latter are coming into fashion at the present time. Blues seems to be the most popular shades. Yellows and some shades of purple are of special significance and should be avoided. The American bale is a satisfactory package for shipment to this part of China.

It is doubtful if American cotton trade here can be increased by correspondence. The field deserves a number of good men who will push American interests, and push them long and persistently. Above all, cheap grades of goods must be made for this market. There is a growing demand here among foreigners and well-to-do Chinese for good grades of cotton goods, as well as other American and foreign high grade products, but for the mass of the Chinese people, the great field for the American cotton manufacturer, there must be cheap goods, rough perhaps, substantial if possible, but, above all, cheap.

GEORGE E. ANDERSON, Consul.

HANGCHAU, China, October 2, 1904.

TRADE OF CHEKIANG PROVINCE, CHINA.

The province of Chekiang is probably the richest in China. Generally speaking, its trade condition reflects that of all the central part of the country. At the present time this condition is good, reflecting very clearly the general betterment in Chinese affairs which has characterized the years since the T'ai P'ing rebellion and especially since the temporary setback due to the troubles of 1900. On the whole, the crops this year in Chekiang and Central China generally have been satisfactory, although there is a material falling off in the production of both tea and silk. Native cotton manufacture is growing. The importation of opium—generally taken as reflecting the ability of the people to buy luxuries and therefore their financial condition—has increased greatly.

Imports of cotton are running about the same. Japan still has the bulk of the towel and handkerchief trade here and India furnishes most of the imported yarn. The Hangchau cotton mill has been working with full force night and day for practically all the year and has done much more work than heretofore. It has installed a cottonseed oil plant and is using the refuse of cotton in a more modern way. In short, it is being conducted on better principles and promises to do more work than ever. Its product, cotton yarn, is consumed almost altogether locally. The cotton crop in this part of China this year is only fair. The cotton does not promise to be of good grade or of unusual quality.

The volume of metal imports into this part of China is increasing. Last year Hangchau imported 32,084 piculs (4,277,867 pounds) of metal manufactures of all kinds, valued at \$175,714 gold. This probably represents a comparatively small part of the total imports, since they are the customs returns, and there is no way of getting at the like imports. There is an increase this year. The falling off in the Japanese match trade is remarkable, amounting to nearly 25 per cent.

There has probably been a falling off in the exports this year of both tea and silk. Of silk there has been exported 4,521 piculs (602,649 pounds), as compared with 2,349 (313,121 pounds) last year, but the fact that 2,524 piculs (336,449 pounds) of this year's crop were refuse silk, against 816 piculs (108,772 pounds) last year, tells the story of the probable decrease. The crop last year was valued at \$1,694,188 gold. This year the merchants say that they have secured enough higher prices for good silk to make up for what they have lacked in the quantity of the higher grades, and that this year's total value will probably equal last year's. The falling off in tea was estimated at the beginning of the season at about 20,000 chests; the actual figures show 95,812 piculs (12,771,739 pounds) this year, against 102,585 (13,674,580 pounds) last year. The crop last year was valued at \$3,068,984 gold. Prices this year seem to be ranging slightly higher than last year.

General conditions have been fairly good. The price of silver has been falling somewhat, but the purchasing power of gold is practically the same, silver prices for commodities rising to allow for exchange. The Mexican dollar changed for 830 cash or ten 10 cent pieces and 3 cents at the beginning of the year and later the price was 850 cash or ten 10 cent pieces and 5 cents. This closely follows the course of money last year. The Hangchau mint is turning out about 300,000 1 and 2 cent pieces a day, sending some of them to Ningpo and other points in the province. The fact that they are running about on a level with cash in the surrounding provinces demonstrates that the supply of copper and silver money is about the same throughout all this part of China.

The Grand Canal, by means of which most of the internal trade of China is carried on, is in need of attention, but there is no indication that it will be had. The number of native freight and passenger boats is increasing, no less than 1,410 junks being in Hangchau port this year during July and August, against 610 last year. While there is abundant talk of new railroad enterprises, and it is expected that the principal portion of the Hankau line will be in operation next year, there is really little work being done, and the prospect is not as satisfactory as it might be. The freight rates between the coast and the interior and for coast trade were raised last year from 20 to 100 per cent., largely as a result of the combination between the steam launch companies controlling canal trade. Independent boats, however, are cutting the rates, which generally are still reasonable.

The whole trade situation in China is promising, and, so far as the United States is concerned, is without special features other than the need of American manufacturers studying the Chinese market and markets in the Far East generally and meeting the special demands thereof by special brands of goods. The demand in China is particularly for cheap goods at low prices. The demand for any other classes of goods is comparatively limited. It is probable that prices of silk and similar goods in the near future will run considerably higher because of the fact that the bettered condition of the Chinese people is enabling more people to use such goods at home. This bettered condition also promises to the commercial interests of the United States far more trade with China than they have had, provided they go after it.

GEORGE E. ANDERSON, Consul.

HANGCHAU, China, October 18, 1904.

COMMERCE WITH THE FAR EAST.

(From the N. Y. Times Annual Financial Review.)

The trade with the Far East, which a year ago was found to be languishing under the shadow of war, had a remarkable revival after the war was fairly under way. No more convincing demonstration could be furnished of the paralyzing influence on all commerce of Russian domination in North China than the immediate revival of a demand for American cotton piece goods which followed the Japanese occupation of the treaty port of Niu-Chwang. The Russian administration of that port had been arbitrary and oppressive to a degree which operated as a serious handicap of its foreign trade, and the uncertainty as to the future which attended the prosecution of the Russian designs on Manchuria and incidentally on the integrity of the Chinese Empire was destructive alike of commercial credit and confidence.

The returns of the Bureau of Statistics in regard to our exports to China only partially indicate the extent of the revival which has taken place during the last six months, because in the department of cotton goods the actual delivery of the merchandise does not follow immediately on the filing of orders, but some idea may be formed of the dimensions which the movement is likely to attain from the fact that while for the three months ending with September, last year, the entire import of American cotton cloth to China was only 17,000,000 yards, it has been for the corresponding three months of this year 82,000,000 yards. At the present time the orders placed with the Northern and Southern mills which manufacture the cotton fabrics suitable for that market are sufficient to consume their entire product up to next May. At the present price of raw cotton the rates at which these orders have been placed represent a very satisfactory margin of profit for the mill, however close may have been the margin at which orders were accepted earlier in the year.

With the shutting out of Russian oil from the Chinese markets there has, of course, been a notable gain in this article of export. The figures for the three months ending with September last show a total for China and Hongkong of 38,000,000 gallons, against 7,000,000 for the corresponding period of last year. In round figures, the exports to China and Hongkong from the United States during the first ten months of the calendar year show a value of \$29,000,000 against \$20,000,000 for the corresponding period of last year. Of this increase of \$9,000,000, \$6,000,000 must be set down to the enlarged market for mineral oils. For the ten months the value of cotton cloths exported to China this year falls a little short of that of the same period of last year. When the revival, which began with the opening of the current fiscal year, finds its record in the completed returns of next July, it is safe to predict that the accumulated value of cotton piece goods exports to China

will be by far the largest in the history of this trade, and may not fall much, if at all, short of \$20,000,000. At Shanghai, the chief port of distribution for these goods, the statistical situation is an unusually sound one. The stock of American drills is a trifle less than that at the same time last year, and against 1,648,648 pieces of American sheetings at the corresponding date in 1903 there were only 283,240 pieces reported in stock on November 16. A market report dated on November 18 indicates heavy shipments of American goods by the steamers leaving for Niu-Chwang before the close of navigation, as well as equally heavy shipments to Tien-Tsin, so that the Shanghai market was left almost bare of supplies of heavy sheetings and well known chops of drills.

The exports to Japan have felt the stimulating effect of a demand for material directly or indirectly required by the exigencies of war. Contrary to the general impression, the market for American wheat flour in the Far East has not been broadened very sensibly by the war, and canned beef is the only kind of provisions that makes any figure in our exports to Japan during the present year. But while taking no steel rails at all from this country last year, Japan appears as a purchaser, up to the end of September, of some \$800,000 worth this year; as buying 68 locomotives valued at \$482,000, against 25, valued at \$259,000, last year; \$899,000 worth of electrical machinery against \$251,000 worth last year, and \$363,400 worth of railroad cars, against \$23,600 a year ago. Our entire exports to Japan for the ten months show a total value of \$21,850,585, against \$16,264,757 for the same period of 1903.

In the matter of imports it is interesting to note that while those from China and Hongkong come within \$4,000,000 of balancing the value of our exports thither Japan sent us nearly \$20,000,000 more than we were able to sell to her. A little over half our imports from Japan for the ten months comes under the head of raw silk, followed at a long interval by tea, valued at \$6,000,000. In manufactured silk Japan sold us for the ten months as much as \$4,000,000, against less than \$3,000,000 last year. Of the \$9,000,000 unaccounted for, the chief constituents were matting, china and porcelain, and paper and its manufactures. Of our \$24,000,000 of imports from China, \$8,000,000 comes under the head of raw silk, \$4,700,000 under that of tea, and \$2,300,000 under that of wool, leaving \$9,000,000 to be otherwise accounted for. Of this latter amount, matting, furs, spices, refined sugar and manufactured silk represent the largest share. As an indication of the effect on prices of the reduced supply of carpet wools from China the fact may be noted that we paid this year \$162,000 more for 21,000,000 pounds of wool of the third class than we paid last year for 23,000,000 pounds. The

Mongolian product of these wools has been apparently captured by Russia, to have and to hold, for her own industrial uses, and it is shrewdly surmised that the skins of many thousands of North China sheep have gone to supply the winter outfit of the carefully clad Japanese soldier.

The comparative steadiness of exchange between China and the gold standard countries has unquestionably contributed to a more active and a more satisfactory trade, and this steadiness has been, in part at least, a result of the movement of China, Mexico and the United States to bring about more stable conditions. Such influence as has been exerted by the United States and Mexican Commissions on international exchange has been, so far, chiefly of a moral character. But it seems probable that in adopting the policy recommended by the two commissions in the purchase of bullion for the large currency demands of the Peninsula, the Government of British India has helped to prevent the sudden and sharp fluctuations which formerly marked the price of silver in the London market. Whatever the cause, the result has been, that the price of silver fluctuated between January and October last only within the limit of 3 1-16d., and since April within the comparatively narrow limit of 2 1/2d. Considering that the fluctuations in 1901 and 1902 extended to a range of twice that amount, and in 1903 covered nearly three times the same amount, the approach to stability must be hailed as highly auspicious for the future. The menace of the possibility of violent fluctuations in the future cannot, however, be removed without action on the part of the central and provincial governments of China for the creation of a uniform national currency. Prof. Jenks brought home highly encouraging reports of a desire on the part of the Government at Peking to set about this work in earnest, and it must be noted as a substantial gain that the new president of the Board of Revenue has taken an active and intelligent interest in the matter.

As to the immediate future of trade in the Far East it may be noted that commercial advices from Shanghai declare that the departure and gradual approach of the Baltic fleet do not appear to have caused the native dealers the slightest concern, the possibility of its success not having entered into their calculations. It is equally interesting to note that, in spite of the exorbitant freights and charges, regular shipments will be made during the winter to Niu-Chwang as well as to Tien-Tsin by rail. It is anticipated that the goods will be forwarded to King-Chu, some little distance west of Niu-Chwang, and distributed from that point. It is estimated that fully 20,000 bales of cotton piece goods will go up, and, according to Noël, Murray & Co.'s circular, the natives say they are quite prepared to pay the heavy freight and transport charges which, it is said, will amount to about 20 taels (\$12.80) per ton. This new phase of Far Eastern commerce lends additional interest to the work of railroad construction which is being actively prosecuted by the Japanese in Korea, and which is destined to connect the Manchurian system with that of

the Hermit Kingdom. The railway from Fusan to Söul, the Korean capital, will be open for traffic at the end of the year, and the sea passage between Fusan and some of the most important harbors of Japan being very short, the railway is practically an extension of those of Japan. From Söul northward a light railway is to be constructed to Wiju, recently opened as a treaty port, and situated nearly opposite An-tung, which is one of the treaty ports opened under the recent commercial convention between the United States and China. To extend the Korean lines into Manchuria a light railway has been planned to run between An-tung and Liao-Yang, which it is expected will be finished before the end of this year. As another railway connecting Söul with Gen-san will be started shortly, the Söul-Fusan Railway, connected with the Söul-Wi-ju line, will form the trunk line in Korea, while the Söul—Che-mul-pho and Söul—Gen-san lines will serve as a connecting link between the China Sea and the Sea of Japan. All these routes will then be connected by the An-tung-Liao-Yang line, which will itself be linked with the Chinese Eastern Railway (that is, the Manchurian extension of the trans-Siberian line), thereby effecting the complete unification of the railway systems of Korea and Manchuria. All these light railways will be converted into permanent ones as soon as possible.

Of course, the future of commerce in Northern China and Korea, no less than in Japan itself, must depend a good deal on the result of the war. It is reasonable to conclude that the Russians will not acknowledge themselves beaten until General Kuropatkin has been compelled to evacuate the more fertile portions of Manchuria, until Port Arthur has fallen, and until the Baltic fleet has either been disabled in a naval battle or is ordered home. The fact is fully recognized that any terms of peace must include the final renunciation by Russia of all claims on the occupancy of Port Arthur, and indeed on any part of the three provinces known as Manchuria. It is conceded that whether Japan will hand over Port Arthur and Manchuria to China is not so certain as it seemed to be some time ago, because there can be no security that Russia, taking advantage of the weakness of China, would not immediately set about recovering the position she had lost. It may thus be incumbent upon Japan, in the interest of her own safety, which she went to war to secure, to insist upon retaining Manchuria until the Chinese Government proves itself strong enough to administer and defend it. Whatever may be the terms of the final settlement, it may be accepted as certain that the open door for the commerce of the world will be respected and maintained by Japan, and that all the great commercial nations will have something to gain by the opening to unrestricted commerce of a very large portion of the Chinese Empire whose development was arrested by the policy of Russia, and to which Russia was unwilling to admit any other nation to trade on equal terms with herself.

JOHN FOORD.

December 24, 1904.

THE HANKOW-CANTON RAILROAD CONCESSION.

WASHINGTON, January 27.—The reorganization—or rather the re-Americanization—of the American China Development Company places American railroad enterprise in China on a much more satisfactory basis than it has yet occupied and removes from the sphere of controversy between China and the United States what threatened to be a very embarrassing question. The Chinese Government was on the point of proceeding to a formal denunciation of the concession granted to the Development Company to construct a railroad from Hankow to Canton when the grounds on which this annulment was to be justified were suddenly removed and our Government was, once more, placed in a position where it could unreservedly use its influence for the protection and furtherance of a bona fide American undertaking.

As nearly as can be ascertained the following list represents all the American holders of the company's stock to any considerable amount. It will be perceived that with the addition of the 1,200 shares purchased by a special syndicate formed for that purpose there can be no further question about the nationality of the American China Development Company:

AMERICAN SHAREHOLDERS, EXCLUSIVE OF DISTRIBUTION OF 1,200 SHARES.

	Shares.
J. P. Morgan & Co.....	628
William Barclay Parsons.....	425
W. C. Wetmore.....	100
Luther Kountze.....	150
Clementine Bash.....	150
Emery Brothers.....	110
Levi P. Morton.....	50
Chauncey M. Depew.....	50
Jacob H. Schiff.....	50
August Belmont.....	50
Hugh J. Grant.....	40
J. Crosby Brown.....	40
T. W. Joyce.....	40
W. A. Reid.....	40
F. P. Olcott.....	40
J. R. Hegeman.....	40
Anthony N. Brady.....	40
Edward J. Berwind.....	40
J. P. Branch.....	40
J. Stursberg.....	40
Thomas F. Ryan.....	40
Southern Trust Company.....	40
A. W. Bash.....	20
J. W. Jarvie.....	35
Fearon, Daniel & Co.....	20
Edward W. Litchfield.....	10
Thomas H. Hubbard.....	20
Total	2,348

The history of the Development Company forms a highly interesting and instructive chapter of international finance, and as its main features have been erroneously presented in recent publications on the subject it may be worth recapitulating.

On November 26, 1895, a circular under the head of "China Railways and Concessions Project" was privately circulated in New York. It embodied a proposal to form a syndicate for obtaining and exploiting valuable concessions from the Government of China, for building and operating railways and other works of internal development in that country and for organizing an American company to receive and utilize such concessions. The agent whom it was proposed to send to China to carry

out the project was Mr. Albert W. Bash, formerly United States Collector of Customs for the Puget Sound district, and who was one of the chief instruments in suppressing the outrages perpetrated upon Chinese subjects in the State of Washington and Territory of Alaska in 1885-6. The circular set forth that in consequence of this and his having subsequently, on behalf of the Government of China, successfully carried out the recovery of indemnity from the United States, he became to an exceptional degree persona grata with the Chinese authorities. During his three months' stay in Peking in the spring of 1895 he enjoyed the unusual advantage of free personal access to the highest officials and departments of the Government, and in course of negotiations then initiated obtained the promise of various grants and concessions, the definite securing of which was declared to be in contemplation. Mr. Bash had found and reported that through stress of recent adverse and costly experiences China had at last awakened to the imperative necessity of utilizing and developing some of her great, but as yet dormant resources, and also that greater readiness existed there to make concessions to American citizens than to those of European nationalities, for the reason, among others, that fewer political complications were likely to be met with where the former were concerned. This latter point should be specially noted to understand the subsequent history of the company, which it was proposed to form under the title of the American China Development Company, to be the instrument for acquiring concessions to build and work certain railway lines under provision for Government guarantee of securities to be issued thereon, together with exceptionally favorable franchises to establish and maintain numerous incidental or collateral features of an equally profitable business character.

Mr. Bash, accompanied by two or three other representative Americans, among whom were ex-Senator Washburne, returned to China and began work with the consideration of a concession which was offered to build a railroad from Peking to Hankow. Negotiations proceeded so far as to justify the making of a preliminary survey of the route. But the Belgian concession hunters were also in the field, and backed both financially and diplomatically by France and Russia they were able to accept the job on terms which the Americans did not consider safe. As the younger Denby stated in an article in the *Forum* in 1899: "Terms with them were no object. They wished to get the contract into their hands and cut off competition, feeling sure to be able eventually to modify the contract to suit themselves. Their plans have met with conspicuous success, and they have hammered at China for two years and more until a contract which no financier would touch has been molded by political pressure into a valuable franchise."

The Americans, who had meanwhile kept a representative on the spot, took encouragement from the success of the Belgo-Franco-Russian syndicate in extorting a favorable bargain from the Chinese, and were ready to deal on a similar basis for the construction of the second link in China's great trunk line—that from the Yangtse at Hankow southward to Canton and the sea. The Chinese Government was all the more ready to listen to the American proposals since it came as a disagreeable revelation to find that in contracting with the Belgians, the representatives of a small and presumably unaggressive state, they had really been playing into the hands of the two great military powers from which they had most to fear. A contract for the construction of the Hankow-Canton line was signed by the American China Development Company and the Chinese Minister at Washington, in April, 1898, and was approved by decree of the Emperor of

China. Into this contract, of course, there entered no political considerations. As Mr. Denby put the case it was intended on the part of China to establish means of communication through three rich and prosperous provinces, while it was the purpose of the Americans interested to secure a profitable investment and to enter an attractive field of industry. The American syndicate agreed to provide £4,000,000 for the purpose of building the road and China was to issue 5 per cent. bonds at 90 per cent. sufficient to cover the loan. The road was to be finished in three years, and was to be American in character and operated by the syndicate. The proposed route, which was carefully surveyed in the winter of 1898 by a party headed by Mr. William Barclay Parsons, traversed, according to Mr. Denby, who accompanied the party, "a country of singular beauty and of great resources in coal and iron and in agricultural products." It was Mr. Denby's further testimony that he would never forget the enthusiasm with which the people and the officials along the line welcomed American co-operation in Chinese railway construction.

The survey showed, among other things, that the road could not be built for \$20,000,000, so after a year or two of further negotiations a supplemental agreement was signed in Washington on July 13, 1900, under which it was agreed "that the amount of the gold bond loan should be liberally estimated, and that a sum of \$40,000,000 American gold will be required for building and equipping the railway." It was estimated by the engineer-in-chief that the distance from Wuchang (across the river from Hankow) to Kwangchow, with a detour to San Shui, is 740 English miles, the branch line of Ping Hsiang 66 miles, the branch line of Yow Chou 25 miles, branch line of Siangtan 9 miles, and sidings 78 miles, or a total of 918 miles. The approximate estimate for the whole work, including materials, rolling stock and for payment of interest during the several years' time occupied in construction and for contingencies, was altogether \$36,538,000 American gold. Under Article 17 of the supplemental agreement occurs this significant declaration: "The object of making this supplemental agreement of equal force with the original agreement is to permit of the benefits being transmittable by the American Company to their successors or assigns, but the Americans cannot transfer the rights of these agreements to other nations or people of other nationality."

In this connection, the fact should be noted that the American syndicate had from the first to encounter the hostility of the Belgo-Franco-Russian concessionaires for the Pekin-Hankow line, and that in June, 1898, two months after the signing of the original agreement in regard to the Hankow-Canton line, the Director-General of Chinese railways, Sheng Hsuan-Huai, declared that he reserved to the Belgian corporation "a preferential right as regards the railway to be built from Hankow to Canton, in case the provisional contract, as drawn up in Washington, between his Excellency Sheng and the American syndicate, should not become a definitive one." This statement was quoted by the Belgian syndicate in their prospectus inviting subscriptions to the bonds of the Pekin-Hankow road, and at the request of Lord Salisbury the British Chargé d'Affaires at Pekin interrogated the Tsung-li-Yamen (Chinese Foreign Office) in regard to it. A highly instructive illustration of Chinese methods was furnished by the reply of the Ministers of the Yamen: "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."

When the enterprise of the American China Development Company assumed a practical form the late Calvin S.

Brice became the leading spirit in its directorate. Had he lived, the early difficulties of the corporation would probably have been more easily surmounted, since Mr. Brice could command sufficient confidence from American financiers to enable him to raise money for almost any scheme to which he lent his name and influence. As it was, there was no one to take his place in the company, and in the "boom" times the inducements it had to offer to American investors were not found attractive enough. Efforts, which were only partially successful, were made to secure a market for the Hankow-Canton bonds in the English market, and it seems to have been at this juncture that Franco-Belgian interests were appealed to for aid. To enable the company to begin the work of construction and complete its surveys a loan of \$3,000,000 was negotiated, of which the new Belgian and French partners supplied \$2,000,000, and the Americans, represented by J. P. Morgan & Co., \$1,000,000. Acting as the representative of the King of the Belgians, Mr. Charles A. Whittier, formerly of Boston, more recently of New York, had succeeded in purchasing from American holders a sufficient majority of the shares of the American China Development Company to give the Belgians and their French associates an assured majority. Mr. Whittier was elected treasurer of the corporation. The contract signed by the Chinese Minister in Washington in July, 1900, was duly confirmed by Imperial edict on June 14, 1902, and the actual work of construction of the road was begun in December of that year. By November 15, 1903, the first 12 miles, from Canton northward, were opened to business. During the ceremonies appropriate to the occasion, stress was laid on the American character of the enterprise by the general manager of the company, Mr. Willis E. Gray, and by Mr. W. Kirkpatrick Brice, son of the late Senator, who appeared as the representative of the president of the company, Mr. William Barclay Parsons. But even then the last vestige of American control was passing away. A reorganization of the American China Development Company was ordered from Brussels, under which Mr. Gray was recalled from China and a board of directors was formed, with Mr. Whittier at its head. The eight associates of the new president consisted of the personal representative of the King of the Belgians, Colonel Thys, of Congo fame; Senator De Volder, late Finance Minister of Belgium, the Belgian Consul in New York, the New York attorney who had aided Mr. Whittier in securing for his employers control of the syndicate, another personal appointee of his, and two American members of the old board. The company was evidently most effectually Belgianized.

These changes did not escape the notice of the Imperial Administration of Chinese Railways and Director General Sheng. This latter personage accordingly began to raise doubts in regard to the effect of the changed status of the company on the validity of its concession, under Article 17 of the Supplemental Agreement, and objections were made to allowing the company to obtain delivery of the bonds then deposited with a trust company in New York. There were frequent exchanges between the parties to the contract, of a more or less acrimonious character, on this subject, till, finally, the Chinese Minister in Washington was instructed by his Government to address the following inquiries to the Department of State: "1. If the American China Development Company is considered by the United States Government to be a bona fide American company? 2. If the United States Government will maintain the sole right to deal with all diplomatic matters affecting the interests of this company? 3. If the United States Government will take steps to make public its position concerning the Canton-Hankow Railway and its intention to protect the railway's interests?" The letter containing these questions was sent on May 10, 1904, and promptly on May 11 came this reply: "1. The United States Government con-

siders the American China Development Company to be in good faith an American company. 2. The United States considers that, as the company is at present organized and conducted, this Government alone has the right to deal with diplomatic questions affecting the interests of the company. 3. The United States will make public its position concerning the Canton-Hankow Railway and its intention to interpose its good offices on all proper occasions in the interest of that railway." It was added that this Government reserved its right to cease its recognition and assistance of the company in case of any change in the organization or conduct of the company which might seem to justify such action on the part of this Government.

It is not difficult to infer the ground on which the Secretary of State felt compelled to make this reply. The books of the American China Development Company showed that over 3,200 of the 6,000 shares of the company stood in American names, of which Mr. Whittier's was one, as the holder of 400 shares. The Chinese Government was fairly entitled to conclude that as stockholder, no less than in his own relations to the company, Mr. Whittier was merely the representative of King Leopold, or of the Brussels corporation acting for him in this enterprise, and that the actual ownership of the stock thus showed only 2,800 American shares, against 3,200 in Franco-Belgian hands. By the Government of the United States Mr. Whittier was regarded simply as an American citizen, entitled to all the protection which that fact implied. The attacks made about that time in the editorial columns of the Journal of Commerce and Commercial Bulletin on the status of the company elicited a very weak rejoinder from Mr. Whittier, and probably helped to confirm the Chinese Government in a course of action to which it was further incited by considerable agitation among native merchants and others in the south of China

interested in seeing the concession executed under the terms of the contract. The untenable character of the position held by the Belgianized Development Company at length became apparent, even to the royal personage at the head of it, and he was found to be in a mood to listen to proposals looking to the transfer to bona fide American hands of at least as much of his stock as was necessary to restore the control to American stockholders. These latter had the obvious motive of bestirring themselves that there was imminent danger of the Hankow-Canton concession being annulled on grounds that any fair arbitrator must have sustained, thus wiping out the one tangible asset of the company. On the one hand, the Belgians were confronted with the necessity of selling at least part of their holdings, lest they should be left with an empty shell; on the other, the Americans had to provide for the reacquisition of a sufficient number of the shares which had been allowed to leave the country, lest what they retained should become valueless.

Fortunately the reorganization of the American syndicate was effected just in time to head off the formal notice which the Chinese Minister had been instructed to serve on the Department of State of the revocation of the concession to build the Hankow-Canton Railroad. The Secretary of State was able to meet the representations of Sir Liang with the verbal and written assurance of Mr. J. P. Morgan that 1,200 shares had been acquired from their Belgian holders, and that these, together with some 2,400 shares in securely American hands, had been placed in a voting trust calculated to guarantee the maintenance of American control of the railroad without reference to any future changes in the ownership of the stock of the company, which had undertaken its construction and management.—N. Y. Journal of Commerce and Commercial Bulletin.

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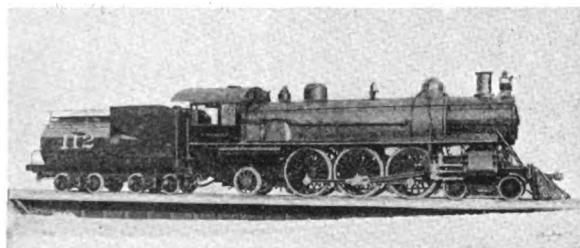
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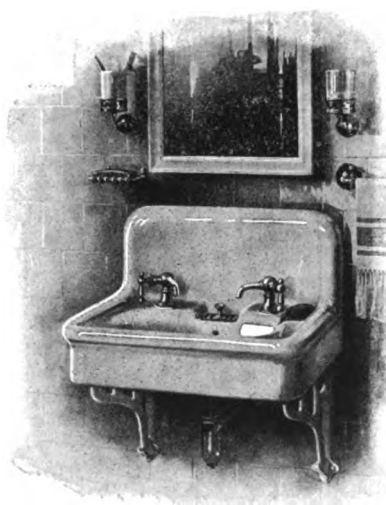
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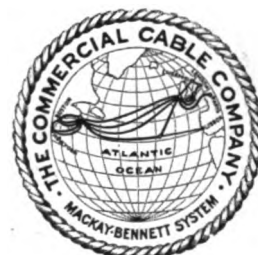
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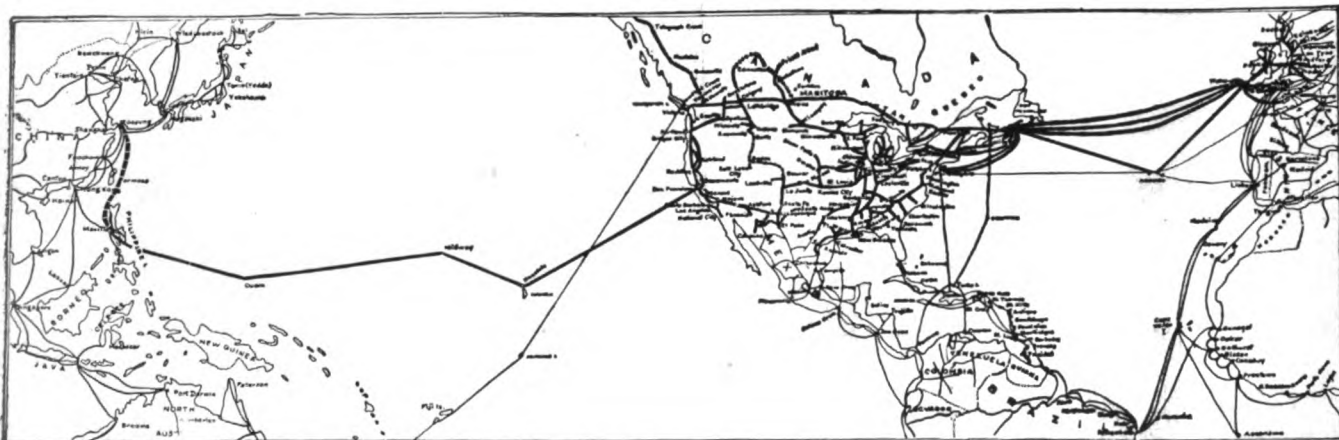
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Journal of The American Asiatic Association

VOL. V.

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JOHN FOORD, PUBLISHER,
78 Beekman Street,
New York City.

As we go to press, what may prove to be the decisive struggle of the war is in progress. There seems even less reason to doubt the issue of the series of engagements now being conducted along the course of the Sha and the Hun than there was for uncertainty about the result at Liao-
yang. The war may not end with the compulsory retirement of Kuropatkin beyond Tieling, but the hopelessness of Russian success would surely then have received demonstration so convincing as to impress everybody outside of the Grand Ducal camarilla that sways the mind of the Czar. This clique has a truly Bourbon incapacity for learning or forgetting anything, and seems as impervious to the lessons of revolution at home as it is to those of military disaster abroad. There is a grim irony in the fate that calls for the sacrifice of thousands of human lives merely because the members of the Russian Imperial family are for the most part brutally arrogant and abjectly ignorant; are cynically corrupt and grossly incompetent; are, in all essential respects, a survival of the Dark Ages in an age of enlightenment—the bigoted and narrow-minded exponents of despotism in face of the triumphant progress of human freedom. But the fact may as well be recognized that until it is as clear to the Czar and the men around him, as it is to the rest of the world, that the defeat of Russia is absolute and irretrievable, and that nothing can save the Empire save a complete reversal of its secular policy, there can be no lasting peace in the Far East, or, for that matter, in any other part of the world over which the baleful shadow of the military ambition of Russia has projected itself. Any terms of peace which do not include a full surrender of the results achieved by half a century of mendacious and corrupt intrigue at Peking, and of military aggression in Manchuria, could carry with them no security for lasting tranquility or civilized progress in Eastern Asia. Dire as are the present straits of Russia, it may be questioned whether the Czar and his advisers are even yet prepared to recognize the full significance of that fact, and the kind of surrender which it entails.

IN another part of the JOURNAL will be found a full report of the efforts made by Southern cotton mill interests to secure the attention of the President and of Congress to their need of larger markets for the manufactured product of the great southern staple. These gentlemen found the President already predisposed to give a favorable hearing to their arguments, since he had in his annual message to

man entered into conversation with one of the Colonel's party, and made the following declaration:

"I am the General sent by our Emperor to command his forces in the land of his great ancestor who swore he would reign over the greatest and most populous Empire of the world. The Emperor commands me to take steps to wrest the country from these yellow-haired robbers. I have been to Harbin, and seen their bayonets; numerous as the rice stalks in Kiang-su. I see that the dynasty of the Tsing can never reign here again, and that my 20,000 men are but a handful compared to the Russian masses. If I tell this to the Empress-Dowager, the Eunuch Li will order my head to be cut off. My place will be taken by my rival, Yün-shi-Kwai, (sic) who has sworn to turn out the foreign devils."

That was regarded as a serious contribution to current history only twelve months ago, but how foolish it all sounds to-day! But thousands of citations might be made from disquisitions quite as recent and narratives of travel not less near to the tremendous drama which has been enacted before the world during the last fourteen months, which would sound equally archaic and would have as little relation to the new order of things which has been established by the victorious arms of Japan.

THAT the potency of the "Yellow Peril" to affect the minds of public men in the United States has not quite departed was made evident the other day by the outgivings of Congressman Hull of Iowa. Mr. Hull's distinction consists chiefly in having served several terms in Congress and having attained the Chairmanship of the House Committee on Military Affairs, but that is distinction enough to give the widest possible currency to his opinions. It is unfortunately true that in regard to Far Eastern affairs his opinions are of the crudest, as for example, this: "With Japan ruler of Manchuria, Russia driven back from the Pacific and Tokio the dominating influence at Peking, it is easy enough to foresee that Japanese commercial expansion will aim to control, as far as possible, the development of the new order of things in the East. There will be conflicts of interests between Japan and Western nations." It has, apparently, not yet dawned on Mr. Hull and the order of American mind of which he may be assumed to be a type, that it would be a piece of great good fortune to the rest of the world, and to the United States most of all, that Japan should be able to take the place of Russia at Peking. Waiving Mr. Hull's ignorance of the fact that Japan has given the best possible evidence of the sincerity of her intention to restore Manchuria to the sovereignty of China, a man occupying his position in public affairs ought surely to know that the dominance of Russian influence at the Chinese Court involved some very serious dangers to the future of this Republic, and that when Japan definitely threw down the gage of battle she engaged in a conflict in which her success meant our advantage—political, commercial and racial. Japan will be as little able after the war as before it to control, in a commercial sense, the development of the new order of things in the Far East. She will have gained, by enormous sacrifices, that equality of commercial opportunity which Great Britain and the United States deemed equally desirable but for which neither of

them would have gone to war. To that extent at least both are her debtors, and Mr. Hull and his friends would be much better employed in impressing that fact on the minds of the American people than in raising the bogey of the Yellow Peril which has been discarded even by those who first conjured it.

A FULL report of the speeches delivered at the luncheon given by the Association to Mr. William Woodville Rockhill, Envoy Extraordinary and Minister Plenipotentiary of the United States to China, will be found in this number of the JOURNAL. Mr. Rockhill has been an active member of the Association for several years and is now one of its honorary members. The President of the Association certainly did not pay him too high a compliment when he said that Mr. Rockhill was a man who had filled every place he had so far occupied with satisfaction to the Government, honor to his country and credit to himself. It is equally beyond question that for the important position of Minister to China, especially at the present juncture of affairs, Mr. Rockhill's appointment is an ideal one. It is not often that, under our somewhat free and easy system of diplomatic training there emerges a man so thoroughly competent to deal with an emergency in the foreign relations of this Government as Mr. Rockhill. It is perhaps still more rarely that his fitness receives so general a recognition from his fellow citizens and from the representatives of the Governments with which he will have close official relations. The tribute of the Japanese Minister to Mr. Rockhill was even more emphatic than that paid by the President of the Association, and the Chinese Minister testified without reserve to the confidence of the Chinese officials which Mr. Rockhill had already won by the wonderful tact and strict fairness which he displayed in carrying out the policy of this Government in the negotiations following the Boxer troubles.

THE returns elsewhere given of the exports of American cotton cloths to China for the eight months ending with February bring out very clearly the vital importance of this trade to the prosperity of the entire cotton textile industry of the United States. Last year, up to the same date, our whole exports of cotton cloths amounted to \$9,865,434, while for two-thirds of the current fiscal year they amount to \$23,966,430. The difference of \$14,000,000 is almost entirely accounted for by the growth in the exports to the Chinese Empire, and but for this growth tens of thousands of spindles in southern mills would have been either standing still or engaged in turning out a product calculated to increase the destructive competition for the possession of the home market. It is quite true that the domestic market absorbs ten times as much as the whole foreign outlet for these goods, but the fractional surplus which goes to China marks, nevertheless, the difference between a prosperous industry and one that is demoralized by an absence of fixed price and enough of over production to make the domestic buyer master of the situation.

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the eight months ending February 28, 1904 and 1905.

EXPORTS TO CHINA.

Months. 1903.	Cotton Cloths. Yards.		Mineral Oils. Gallons.		Wheat Flour. Barrels.	
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
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.....	53,713,105	\$2,762,078	26,492,119	\$3,066,272	55,212	\$194,848
1904.						
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
November....	36,956,424	2,012,842	4,507,001	421,799	5,182	18,137
December....	40,598,280	2,241,047	4,778,330	402,000	9,830	39,967
1905.						
January.....	28,480,261	1,626,920	8,867,873	903,403	9,713	37,589
February....	45,011,364	2,498,418	1,711,363	182,683	6,386	26,000
Total.....	276,276,166	\$15,445,948	55,680,953	\$5,414,990	43,569	\$168,848

EXPORTS TO HONGKONG.

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
1904.						
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
November....	70,363	7,862	2,159,280	192,958	84,248	313,776
December.....	49,322	7,243	940,753	100,987	117,366	467,939
1905.						
January.....	59,046	10,355	764,808	78,334	29,180	115,690
February.....	71,738	8,116	504,756	42,094	34,293	133,638
Total.....	370,486	\$53,235	14,278,032	\$1,350,187	826,059	\$3,263,650

DEPARTMENT OF COMMERCE AND LABOR,

Bureau of Statistics.

WASHINGTON, D. C., March 29, 1905.

Imports of Tea and Silk into the United States for the eight months ending February 28, 1903, 1904 and 1905.

		1903.		1904.		1905.	
		Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
TEA.							
Imported from							
United Kingdom.....		3,529,969	580,039	3,619,916	702,774	4,519,738	891,105
British North America....		1,238,505	237,410	1,170,209	266,136	1,338,739	303,343
Chinese Empire.....		49,975,122	6,298,883	40,209,388	5,762,609	29,662,079	4,268,694
East Indies.....		4,188,045	493,523	4,615,057	707,889	4,496,721	645,461
Japan.....		31,723,212	5,075,316	37,079,371	6,827,812	35,971,852	6,221,175
Other Asia and Oceania ..		292,891	34,155	330,820	40,868	239,902	30,961
Other countries		5,484	2,359	15,576	2,426	204,344	46,424
Total.....		90,953,228	12,721,685	87,040,337	14,310,514	76,433,375	12,407,163
RAW, OR AS REELED FROM THE COCOON.							
		1903.		1904.		1905.	
		Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
SILK.							
Imported from							
France.....		426,639	1,614,728	164,313	639,872	548,380	1,569,414
Italy.....		2,035,230	8,365,016	1,035,232	4,686,360	2,889,640	10,412,405
Chinese Empire.....		2,496,047	7,193,251	1,963,564	5,682,555	1,919,899	5,230,749
Japan.....		5,565,551	19,976,295	4,939,303	18,403,099	6,107,077	20,979,441
Other countries		45,959	157,077	65,635	231,129	972,445	2,790,077
Total.....		10,569,426	37,306,367	8,168,047	29,643,015	12,437,441	40,982,086
Waste .....lbs. free..		1,190,426	737,132	3,213,123	1,303,220	3,203,830	981,144
Total unmanufactured			38,043,597		30,956,930		41,963,255

HOW AMERICAN MANUFACTURERS OF MACHINERY CAN BUILD UP TRADE IN CHINA.

Several months ago, in a report to the Department, I called attention to the fact that there is an almost unlimited field for the introduction of ice-making machinery in the cities of central and southern China. As a result I have received a number of inquiries from manufacturers in the United States, and several firms have sent me catalogues (in English), though none for distribution. Not a single firm, however, sent prices, and the manufacturers who seemed to be most interested in the matter specifically stated in a letter accompanying their catalogue that they were not then in a position to quote prices. It may be taken as a matter of course that nothing can be done toward the sale of such machinery in China without prices.

From a good many causes one is compelled to believe that the manufacturers of the United States do not appreciate the situation in China with respect to machinery and modern scientific appliances of all sorts. This matter of ice-making machinery is a case in point. The Chinese have nothing of the sort. Their science and their civilization have produced nothing like it. They are told that machines have been invented by which water can be frozen in midsummer in the hottest countries, and naturally they are interested. They appreciate what the comfort, convenience, health-giving power, not to say luxury, of such a device is, but its cost is altogether a matter of speculation. They have nothing with which to compare it. All they know about it they must take on faith and heresy. It surely will be appreciated by American manufacturers in view of these facts that it is utterly foolish to approach shrewd business men like most Chinese investors with indefinite statements about what a machine will do, what it will cost, what its product will be, how much of a success it might be, and with theories that may or may not fit actual conditions in China. The average Chinese investor is just as anxious to know how and when he will get his money back with interest as the average American investor, and as a rule he wants just as many hard facts to induce him to invest. It follows that to establish an ice-making plant in China requires, first of all, definite information as to

what a plant of the size and sort needed will cost. Indefinite assurances as to "about" what it will cost will not do.

The same observations might be made with equal pertinence as to gasoline engines, electrical plants, power outfits for motor boats, and all other modern machinery. I believe the better plan for American manufacturers to follow would be to make specific offers of complete plants at certain prices. For instance, an offer of an ice-making plant guaranteed to produce a certain number of tons of ice per day with a fixed expenditure of fuel, labor, and supplies, the plant complete and ready for setting up, for a certain amount of money, would draw more acceptances, I believe, than twice the amount of effort pushing the sale of the same plant with uncertain ultimate cost, even though the price in the latter case seemed lower. The uncertainties of extra charges and extra fixtures, of unknown drains and undefined troubles, hold back many schemes which really ought to succeed and which would succeed if they were properly encouraged. An advertised offer of power outfits for motor boats, including a certain motor, propeller, all shafting, connections, and everything complete, has far more attractiveness here, and perhaps elsewhere, than an offer of the motor alone, even at a seemingly lower rate. Of course there are objections to such a way of doing business, but when business is done by mail and at long distance in a country where the people have little or nothing by which they can judge of the merits of a proposition by comparison with things at home or in countries with which they are familiar, the advantages of the plan will, in my opinion, far outweigh the disadvantages.

In case of great concerns and plans for the construction of great institutions which will revolutionize life in this part of the world the matter is different. Special estimates must be had, and the Chinese appreciate this fact and will ask for them. But most of the business in this line for some time to come will probably be in the way of comparatively small plants or machines of the grades or standards readily constructed on short notice or kept in stock by American manufacturers.

Competition both from Europe and Japan in the sale of modern machinery of medium grades is likely to be very keen in China in the near future.

GEORGE E. ANDERSON, *Consul.*

HANKAU, CHINA, *January 21, 1905.*

LUNCHEON TO THE HONORABLE WILLIAM WOODVILLE ROCKHILL

ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY OF THE UNITED STATES TO CHINA.

The Honorable William W. Rockhill newly appointed Envoy Extraordinary and Minister Plenipotentiary of the United States to China was entertained at luncheon by the members of the Association at the Merchants' Club, 106 Leonard Street, New York, on Saturday, March 25, at 1 P. M. The attendance was confined to members of the Association of whom seventy-six were present.

The chair was occupied by the President of the Association, Mr. Silas D. Webb, the guest of the occasion being seated on his right. At the President's table were also seated Mr. Kogoro Takahira, Minister of Japan; Sir Chentung Liang Cheng, Minister of China; Hon. Edwin Morgan, Minister of the United States to Korea; Hon. Seth Low, ex-Mayor of New York and Mr. George Gray Ward, Vice-President of the Commercial Pacific Cable Company.

The occupants of the other tables were arranged as follows:

TABLE B.

James S. Fearon,
John Hubbard,
Thomas H. Hubbard,
Stephen W. Baldwin,
A. E. Acby,
Charles A. Conant,
Augustus D. Shepard,
Jeremiah W. Jenks.

TABLE C.

S. D. Brewster,
Harold A. Hatch,
G. H. Milliken,
Charles M. Brooks,
Geo. Clinton Batcheller,
A. C. Hall.

TABLE D.

James R. Morse,
James Barber,
Wm. H. Stevens,
Livingston Roe,
F. E. Dodge,
George W. Woolsey,
Wm. Barclay Parsons,
Darwin R. Aldridge.

TABLE E.

Louis L. Seaman,
W. Kirkpatrick Brice,
Friedrich Hirth,
John Foord.

TABLE F.

F. B. Thurber,
Charles A. Moore,
A. G. Mills,
R. P. Hess.

TABLE G.

Joseph R. Patterson,
William S. Brown,
Alfred H. Post,
H. H. Lehman.

TABLE H.

Chas. de Cordova,
Clayton Rockhill,
Thos. A. Phelan,
Franklin A. Wilcox.

TABLE I.

W. H. Macintyre,
A. E. Dowler,
George H. Macy.

TABLE J.

Edwin H. Baker,
Wm. T. West,
Henry G. Woodruff,
T. E. Jevons.

TABLE K.

Robert Christie,
John W. T. Nichols,
Albert Cordes,
E. P. Cronkhite.

TABLE L.

E. P. Smith,
E. C. Boteler,
Wm. H. Tweddell,
W. W. Corriell.

TABLE M.

George Nichols,
M. H. Coggeshall,
Charles F. Wreaks,
Percy S. Mallett.

TABLE N.

W. P. Wilson,
William S. Harvey,
Wilfred H. Schoff,
W. F. Stevenson.

TABLE O.

Geo. T. Wilson,
Gen. J. Stahel,
John T. Hamilton,
C. A. Green.

TABLE P.

Howard Ayres,
Townsend Rushmore,
M. G. Psiaki,
Wallace Peck.

TABLE Q.

K. Iwahara,
A. G. Psiaki,
L. H. Nutting,
L. J. Spence.

The luncheon was composed as follows:

MENU.

OYSTERS

Cotuits

SOUP

Strained Chicken Gumbo in Cup

Celery Olives Radishes

FISH

Filet of Sea Bass à la Berry

Cucumber Salad Parisian Potatoes

ENTREES

Eggs à la Nizza

New Asparagus, Hollandaise

ROAST

Stuffed Squab, Celery Mayonnaise

DESSERT

Fancy Ice Cream Cakes

Cheese Fruit

Coffee

*G. H. Mumm's
Selected Brut—1895*

The following letters of regret were received by the secretary of the Association:

DEPARTMENT OF STATE.

WASHINGTON, March 8, 1905.

MY DEAR MR. FOORD—I have received your letter of the 7th of March, inviting me to be present as the guest of the American Asiatic Association at a luncheon which is to be given in honor of Mr. Rockhill on the 25th of this month.

It would be a great pleasure for me to meet you all, and especially to testify, by my presence at least, the high appreciation which we all feel of the character and the abilities of Mr. Rockhill, the inestimable services which he has already rendered to the Government, and the high hopes we entertain of the work which he is to do in China; but I am sorry that engagements from which I cannot free myself make it impossible for me to be with you. I am,

Very sincerely yours,

(Signed) JOHN HAY.

MARCH 10, 1905.

*John Foord, Esq., Secretary American Asiatic Association,
New York city:*

DEAR SIR—I beg to acknowledge receipt of your kind invitation to be guest of the American Asiatic Association at a luncheon to be given in honor of Hon. W. W. Rockhill at the Merchants' Club, New York city, on the 25th inst., and to say in reply that I greatly regret my inability to be present. Were it not for the fact that I am very busy arranging my affairs preparatory to leaving for China, it would give me the greatest pleasure to attend. It would delight me to have a part in honoring Mr. Rockhill, and it would also be a privilege to meet the members of your Association. Will you please convey to the executive committee of the Association my very sincere regrets.

Respectfully yours, JAMES LINN RODGERS.

WASHINGTON, D. C., March 22, 1905.

*John Foord, Esq., Secretary American Asiatic Association,
New York:*

MY DEAR MR. FOORD—I find that official engagements for next Saturday here in Washington will prevent my going to New York in time to take part in the luncheon at the Merchants' Club, which I had hoped to have the pleasure to attend.

It is a matter of especial regret to me that I cannot be with you in person to do honor to Mr. Rockhill. I have been associated with him in the work of the Bureau of the American Republics for the past five years, and am able to speak with full knowledge of his great ability, his devotion to the public service and his courteous bearing to each and every one having official relations with him.

I beg that you will be the medium to express to your committee my high appreciation of the honor conferred upon me by the invitation, accompanied by the best wishes for the success of the occasion.

With warm personal regards, I am,

Very truly your,

WILLIAM C. FOX.

PRESIDENT WEBB'S ADDRESS.

GENTLEMEN—I ask you to join with me in drinking to the health of our distinguished guest and in wishing him all manner of success in his new position. Mr. Rockhill is a man who has filled every place he has so far occupied with satisfaction to the Government, honor to his country and credit to himself. For the highly important position of Minister of the United States to China I am sure you will all agree with me in regarding him as an ideal appointment. No other man in this country possesses in so eminent a degree as Mr. Rockhill the knowledge and experience required for the discharge of the duties which await him at Peking, and his fellow members of this Association only echo the judgment of all his fellow citizens who are competent to speak on such a question in expressing their confidence that in the problems of international readjustment soon to be faced in the Far East the interests of the United States will be perfectly safe in his hands.

MR. ROCKHILL'S REPLY.

Mr. Rockhill, after thanking his fellow members for the opportunity which they had given him of meeting them once more before what must seem to him a long period of absence from this country, said:

"The American Asiatic Association came into existence about the same time as the Government of the United States first formulated and gave expression to its policy in favor of what is now called the 'open door in China,' but which the speaker would prefer to have known as the 'Hay Doctrine,' since not only has every step in its development been suggested and carried out by our great Secretary of State, but it has, through his efforts, been unconditionally accepted by all the powers of the world.

"It has been the speaker's privilege to be one of the tools in the hand of the master worker, who has framed and carried out our policy in the East ever since the early part of 1899, when first assurances were secured by him from the various powers having large political and commercial interests in China of their acceptance of this policy. From this point of vantage the speaker has been able to note how closely the wishes and aspirations of the American Asiatic Association have coincided with the views of the Government of this country, and to appreciate the support which the Association has constantly been able and willing to give to any measures advocated by our Government for the furtherance of our commercial interests in China.

"He therefore trusts that this Association may long endure and steadily increase and spread its influence throughout our country, and he has much pleasure in drinking to the prosperity, long life, and extended usefulness of the American Asiatic Association."

THE SECRETARY'S ACKNOWLEDGMENT ON BEHALF OF THE ASSOCIATION.

There can be no higher testimony to the usefulness of this Association than praise from our distinguished guest and fellow member, Mr. Rockhill. I can testify that no one has followed the work of the Association more closely

and sympathetically than he, and that from no quarter have those who carried on this work received aid and co-operation of such value as they have had from the man whom we are here to honor. As most of you are aware, the relations between the Association and the Department of State at Washington have been of the most intimate character. You may remember that when we met last in this place you were able to gratify the then newly arrived Chinese Minister, our esteemed friend, Sir Liang, and to relieve the Secretary of State of an embarrassing difficulty by giving your consent to that provision of our new commercial treaty with China which allowed an increase in the tariff on imports in exchange for the abolition of likin and other inland charges on foreign goods in transit. On all such points the Secretary of State has appealed to the judgment of the Association, and on the broader lines of Far Eastern policy he has felt his hands strengthened and the course of two successive administrations vindicated by the earnest support of the great body of our members. With the direction and shaping of that course no man has more to do than William Woodville Rockhill.

I need hardly remind you that the place which this Association has made for itself in the confidence of those charged with the conduct of our Asiatic diplomacy, no less than in the respect of the representatives of the nations whose policy is substantially identical with our own, has not been acquired without a great deal of hard work. We have stood ready at critical periods of the Far Eastern relations of the United States to educate our people into a perception of how vitally important to their commerce and industry is the preservation of an undivided and independent China—the maintenance of equality, of opportunity in the greatest of all the undeveloped markets of the world. We have appealed through the press, the platform, the national Legislature, and the great commercial organizations of the country for the public support and approval which under our democratic institutions furnish the only sure guarantee of anything resembling a new departure in foreign policy. We can at least claim that we found the American people profoundly indifferent and grossly misinformed about questions affecting the future of Eastern Asia, and that today the intelligent majority of them are in entire sympathy with our views. Circumstances have worked for us and with us, but I think we may fairly claim that the most potent single influence in bringing about the change in the public attitude toward this question which has been effected in the last seven years has been the work and influence of this Association. I make the further claim that it would be difficult to find any results of similar magnitude which have been accomplished on resources so limited and by methods having so strict a regard to economy.

And what, gentlemen, translated into the terms of commerce and industry does all this signify? For one thing, it means that trade and treaty rights affecting our commercial relations with a fifth of the human race, which seemed in the beginning of 1898 about to go the way of our treaties with the Hovas and the rights of trade with

the people of Madagascar, are more firmly established than ever they were. For another, it means that the establishment throughout Eastern Asia of exclusive spheres of commercial influence, which was regarded as inevitable seven years ago, has become impossible. For a third, it means that even as the cotton textile industry of the United States is being saved from demoralization by the unprecedented demand of the Chinese for our drills and sheetings, so the industrial future of this country in other great lines of production has been made more secure by the opportunity that awaits us of participating in the equipment of an awakened and progressive China, with the appliances of modern civilization.

I admit that none of these results would have been anything but disputable save for the victory of Japan and the certainty that the statesmen of Japan are as honestly and unalterably committed to the policy of the open door as our own. I have found Senators of the United States who regarded this principle as sufficiently vital to the future of this Republic to be ready to favor the employment of all the force at our command in its defense, but I fear it would have required a more thorough campaign of public education than we have yet attempted to bring the majority of this people around to that point of view. In any case, the American people are as perfectly aware today as are the members of this Association that whatever may be the terms of the settlement effected in the Far East, it will be to the advantage of our trade and the lasting security of national interests, to which the dismemberment of China by the nations of Europe would have been a formidable menace.

Our people are also sufficiently impressed with the necessity of active and intelligent participation in the new era—moral, material and political—that is opening in the Far East, to regard the selection of Mr. William W. Rockhill for Minister to China as one of the wisest acts of an administration whose clear sighted Asiatic policy has not been the least of its claims on their support.

President Webb, in introducing the next speaker, Mr. Kogoro Takahira, the Japanese Minister to the United States, stated that Mr. Takahira had been unable to attend the annual banquet on account of sickness, and asked all to join in drinking to Mr. Takahira's renewed health and prosperity. After Mr. Takahira's health had been drunk by all standing, amid great applause and cries of "Banzai!" he spoke as follows:

MINISTER TAKAHIRA'S SPEECH.

MR. PRESIDENT AND GENTLEMEN—I thank you very sincerely for the manner in which my name has been received. Before proceeding to the main part of my short address, I wish to express my thanks for the habitual courtesy that has been extended to me during the last few years by this Association in the invitations to attend your annual dinners. Unfortunately I was compelled to decline all of them, which I regret very much, especially my inability to attend the splendid reception which you gave Prince Fushimi last fall. I might say that the Emperor,

when he was informed by the Prince himself on his return of the brilliant reception with which he had met in this country, requested the United States Minister, Mr. Griscom, to address to the President his warmest thanks. This, I desire to inform you, in order to show you how much the Emperor of Japan felt indebted to you for the warm reception given to our representatives.

Mr. President and gentlemen, I feel very highly gratified in being able to take part in this banquet, and to find myself among so many good friends of the Far East, and, moreover, to meet together with you his excellency, William Woodville Rockhill, who has been appointed Minister Plenipotentiary to the important post of China. Mr. Rockhill is so well known to all of us as a most distinguished diplomatist and a scholar that I do not think my eulogy of him can add anything to the fame of his worth and reputation, but as I do think his present appointment has very much to do with the promotion of the interest of the Far Eastern people, I cannot help expressing in the first place my great admiration of the one who has made such a splendid choice; I mean the President of the United States. (Great applause.)

I know I am not in a position to discuss what you consider the right and the duty of this country in the Far East, but if responsibility walks hand in hand with power, as has been well said by someone, I should think the United States may be regarded as specially created to safeguard the right and the interest of all mankind. She is, therefore, bestowed with the power and the wealth fully adequate to enforce the principles of justice and fair play among the nations, as I told you some time ago. To represent such a great power with such a great responsibility in that vast empire, counting 400,000,000 of inhabitants, I need not say requires a man of the utmost uprightness, great sincerity, wide experience and unusual ability, and that Mr. Rockhill is most eminently qualified for a mission of such high importance I am convinced no one can dispute.

Confucius says there are three friendships which are advantageous: friendship with the upright, with the sincere and with the man of much observation. Mr. Rockhill has all of these qualities combined in him, and I doubt not that all the disciples and worshippers of that great sage will not hesitate to rely upon him as a good friend and adviser, and that the high aim which your Association has in view in your effort to promote friendly understanding with the Far Eastern people and to develop commercial relations with them will be greatly advanced by his work and action.

Now, Mr. President and gentlemen of the American Asiatic Association, it is in this sense that I offer you my hearty congratulations upon Mr. Rockhill's appointment to the important post of the Far East, which congratulations I also extend to China and Japan.

In response to the toast of his health, drunk standing, amid much enthusiasm, Sir Chentung Liang Cheng said:

SPEECH OF THE CHINESE MINISTER.

It is a source of special pleasure to me to be able to join the members of the American Asiatic Association today in

doing honor to the distinguished guest who is to represent the United States near the Government of China. With a thorough knowledge of China and the Chinese people, gained from long residence and extensive travel, there is no other American better equipped than Mr. Rockhill for the duties of his new high position. Just at this time when China is attracting the attention of the world in the field of world politics, it is fortunate for my country that the United States is to be represented at Peking by a tried diplomat who has won the confidence of the Chinese officials by the wonderful tact and strict fairness he displayed in carrying out the magnanimous policy of the American Government with reference to the intricate questions arising from the troubles of 1900. When he returns to China this time, he will surely be received, not as a stranger, but as an old friend. Moreover, as the representative of the United States, a nation which China can implicitly trust, he will be in a peculiarly good position to render useful and valuable services to the peoples of the two countries.

The appointment of Mr. Rockhill to be American Minister at Peking cannot fail to be regarded by the American Asiatic Association as a good augury for the future relations between China and the United States. I take pleasure in testifying to the unremitting efforts which this Association has continually devoted to the improvement of the commercial and friendly relations between the peoples on both sides of the Pacific. I know it has been carrying on a campaign of education among the American people, in order to make them realize the importance of their interests in the Far East. The results have been gratifying, and the American Asiatic Association deserves all the credit for the work accomplished. With Mr. Rockhill at Peking it will hereafter have a powerful friend in court, as it were. I am sure the good wishes of every member of this Association will follow Mr. Rockhill to China, and so will mine.

Mr. John Foord then proposed the health of Mr. Edwin Morgan in these terms:

Before we go, it seems proper to propose the health of the newly appointed American Minister to Corea, Mr. Edwin Morgan, who has been good enough to accept an invitation to be present here at the very last moment. Mr. Morgan, as probably some of you know, has had the kind of experience which we regard as that of the ideal diplomatist; that is to say, that of a man who begins at a desk in the State Department, and then familiarizes himself with foreign affairs by actual contact with them; goes back again to do his work at the centre of influence, and then gets a responsible position. Mr. Morgan has gone through all the various phases of diplomatic training, and I am sure that in the estimate of his superiors, as in ours, he is a most capable man to represent the United States at what has been known as the Hermit Kingdom, but under the kindly tutelage of Japan is probably no longer the Hermit Kingdom but is very likely to be opened to our trade and to our influence in such a way as it was never before. Gentlemen, we could not have a more intelligent American there; we could not have a better trained Amer-

ican there; we could not have a man to whom every one of us will be able to point with more confidence as a thoroughly representative American citizen stationed at a foreign post under circumstances of some delicacy and perhaps of actual difficulty.

Gentlemen, let us wish Mr. Morgan all possible success in his new post; let us hope that his career, which has opened up so auspiciously, will broaden out so that some fine day we perhaps may have occasion to meet him here and speed him as the appointee of a first class mission.

SPEECH OF MR. MORGAN.

I am sure there is no greater pleasure and duty on the part of a very humble and newly manufactured tool in the workbox of the Secretary of State than to testify, as I want to do, to the very hearty co-operation that all we newly appointed ministers and consuls and representatives of the United States will give to Mr. Rockhill during his term of service as our Minister at Peking. I recently have returned from a journey in the Far East, which occupied some eight months. I started for a place regarding which I shall have to ask His Excellency, the Japanese Minister here, to tell me whether it still exists or not. I certainly had the misfortune not to find it. I have considered myself as perhaps the only American official who was ever credited to the post in *partibus infidelium*. I felt very much as if I were the titular Bishop of Mitylene, who was stationed over a parish in Brooklyn. I have felt very much in that same position, but one of the most interesting things I learned during that journey was the great reputation which Mr. Rockhill enjoys in China. I had the honor of being received by various viceroys and governors, because I happened to be the guest of our admiral going up the Yang-tse-Kiang, and also made several journeys in Shantung and other provinces, and the one man to whom greetings were sent and in regard to whom inquiries were made above all other men was Mr. Rockhill.

When Mr. Rockhill was in Peking as a young man he made the acquaintance of a number of other young men, who were at that time in the service of foreign governments there. Now, these young men, who were intelligent and progressive—and also, we must add, lucky—have gone on and become commissioners of customs, directors of important banking institutions, they are in the Imperial Chinese Maritime Customs, and are scattered all over the Empire. As a result of that, Mr. Rockhill is in touch with foreign opinion in regard to China as I suppose no other man is. Then his connection with the protocol and all the negotiations of 1900 gave him a close acquaintance with the Chinese officials, so I can testify, as so many of you can also testify, and as His Excellency, your guest, has testified, that Mr. Rockhill's position in China is really unique. Therefore, those of us in charge in minor capacities, if we can hold up the influence of Rockhill under the direction of the President and the Secretary of State, I am sure we can have no greater pleasure or duty. I thank you for your courtesy.

TEXTILE MILLS IN CHINA AND JAPAN.

In view of the rapid growth of everything pertaining to the manufacture of textile fabrics and mill machinery in the United States, I transmit a list of mills, agents, etc., and in some cases the names of the English firms supplying machinery thereto, in India, China, and Japan, together with a nearly complete list of Russian mills.

These lists are compiled by W. H. Gribbin for the Indian Textile Diary for 1904, wherein they were printed.

WM. HARRISON BRADLEY, *Consul*.

MANCHESTER, ENGLAND, December 24, 1904.

The lists following include the mills in China and Japan only:

Cotton Mills in China (working and under construction).

Name and Location of mill	Spindles		Looms	Manager	Spinning machinery by—
	Projected	Working			
Ta Sheng Mill, Shanghai	65,000	63,000	750	A. W. Danforth	Dobson & Barlow, Ltd.
Yu Yuen Mill (Nos. 1 and 2 mills), Shanghai	25,000	23,000	.....	.....	Do.
Yu Lung Cotton Spinning Co. (late Chang-Kee), Shanghai	42,000	42,000	.....	.....	Do.
Soy Che Mill, Shanghai	15,000	15,000	.....	.....	Asa Lees & Co., Ltd.
Chinese New Cotton Mill, Shanghai	42,000	40,000	.....	.....	Do.
International Cotton Mill, Shanghai	15,000	15,000	200	E. Turner	Dobson & Barlow, Ltd.
Two Cotton Mill, Shanghai	42,000	42,000	.....	.....	Asa Lees & Co., Ltd.
Laon King Mill Cotton Spinning and Weaving Mills, Shanghai	50,000	50,000	800	J. Kerfoot	Platt Bros. & Co., Ltd.
Ningpo Spinning Co., Ningpo	11,048	11,048	.....	A. R. Murphree	Do.
Euphe Government Cotton Mills (No. 1 mill), Wuchang	.....	.....	.....	.....	Platt Bros. & Co., Ltd.
Euphe Government Cotton Mills (No. 2 mill), Wuchang	25,000	18,200	.....	W. C. Wood	Brooks & Doxey, Ltd.
Soo-Chow Mills, Soo-Chow	25,000	14,700	.....	.....	Dobson & Barlow, Ltd.
Hangchow Cotton Mills, Hangchow	10,000	10,000	.....	.....	John Hetherington & Sons, Ltd.
Wooose Cotton Mills, Wooose	25,000	20,000	.....	.....	Dobson & Barlow, Ltd.
Tung-Chow Cotton Mill, Tung-Chow	50,000	20,000	.....	.....	John Hetherington & Sons, Ltd.
Hongkong Spinning and Weaving Co., Ltd., Hongkong	.....	.....	.....	A. Shaw	Platt Bros. & Co., Ltd.

Cotton spinning and weaving mills in Japan (furnished by Messrs. Mitsui & Co., London).

Mill	Number of spindles				Looms	Working spindles			Working time		Average counts of yarn			Yarn produced per month			Average yarn production per day per spindle	
	Ring	Mule	In course of erection	Total		Ring	Mule	Total	Hours per day	Days per month	Ring	Mule	Total	Ring	Mule	Total	Pounds	Pounds
Ajino Cotton Spinning Mill	6,912			6,912				23	26				Pounds			Pounds	Pounds	
Amagasaki Cotton Spinning Mill	45,212			45,212		6,900	6,900	23	28	16	16	110,571	1,1083			110,571	1,1083	
Asahi Cotton Spinning Mill	29,900			29,900		45,091	45,091	24	28	25	25	869,341	7,917			869,341	7,917	
Awa Cotton Spinning Mill	10,368			10,368		14,903	14,903	22	26	20	20	376,466	9,667			376,466	9,667	
Banyo Cotton Spinning Mill	5,376			5,376		9,435	9,435	24	29	19	19	251,175	9,250			251,175	9,250	
Bizen Cotton Spinning Mill	2,184			2,184		5,376	5,376	23	26	14	14	188,891	1,233			188,891	1,233	
Calico Weaving Mill	31,752			31,752	506	2,184	2,184	23	27	14	14	95,350	1,583			95,350	1,583	
Chugoku Cotton Spinning Mill	29,216			29,216		13,056	13,056	22	29	15	15	847,825	1,0750			847,825	1,0750	
Chita Cotton Spinning Mill	6,912			6,912		25,202	25,202	24	29	16	16	461,330	6,333			461,330	6,333	
Chubu Cotton Spinning Mill	1,136			1,136		7,690	7,690	24	25	16	16	231,550	1,0416			231,550	1,0416	
Fuji Cotton Spinning Mill	15,312			15,312		5,760	5,760	11	25	16	16	64,166	4,167			64,166	4,167	
Fukushima Cotton Spinning Mill	13,824			13,824		6,853	6,853	12	27	16	16	106,350	5,750			106,350	5,750	
Fukuyama Cotton Spinning Mill	11,120			11,120		1,136	1,136	23	24	11	11	34,358	1,2538			34,358	1,2538	
Fushimi Cotton Spinning Mill	20,769			20,769		15,312	15,312	23	28	18	18	467,200	1,0750			467,200	1,0750	
Hakata Silk and Cotton Spinning Mill	10,368			10,368		13,824	13,824	24	26	15	15	451,125	1,2538			451,125	1,2538	
Hama Cotton Spinning Mill	7,156			7,156		11,120	11,120	22	26	39	39	121,968	4,538			121,968	4,538	
Himeji Cotton Spinning Mill	88,400			88,400		7,794	7,794	23	26	16	16	179,558	9,666			179,558	9,666	
Hiroshima Cotton Spinning Mill	8,460			8,460		10,368	10,368	23	26	16	16	825,841	1,1000			825,841	1,1000	
Hiroshima Cotton Spinning Mill						6,900	6,900	23	27	89	89	65,983	9,667			65,983	9,667	
Hiroshima Cotton Spinning Mill						4,128	4,128	13	30	10	10	79,441	7,116			79,441	7,116	
Hiroshima Cotton Spinning Mill						86,518	86,518	23	26	17	17	842,483	1,1750			842,483	1,1750	
Hiroshima Cotton Spinning Mill						8,000	8,000	23	26	30	30	96,300	7,500			96,300	7,500	

Cotton spinning and weaving mills in Japan—continued.

Mill	Number of spindles			Looms	Working spindles			Working time		Average counts of yarn		Yarn produced per month			Average yarn production per day per spindle			
	Ring	Mule	Total		Ring	Mule	Total	Hours per day	Days per month	Ring	Mule	Total	Ring	Mule	Total	Pounds	Pounds	
Ichihomiya Cotton Spinning Mill	5,820	5,000	10,820		4,582	4,000	8,582	23½	28	54	80		38,266	10,433	48,699	3900	0.0917	
Ise Cotton Spinning Mill	2,040		2,040		2,940		2,940	23	28½	29½			29,916		29,916	4250		
Iyo Cotton Spinning Mill	6,104		6,104		5,538		5,538	23	29	29			116,291		116,291	7250		
Kanagatani Cotton Spinning Mill	103,350		103,350		98,280		98,280	23½	27	17½			2,107,191		2,107,191	11,067		
Kasaka Cotton Spinning Mill	9,984		9,984		9,984		9,984	23	28	15½			319,858		312,858	1,0853		
Kashiki Cotton Spinning Mill	10,368		10,368		10,368		10,368	13	26	20			175,181		175,181	3750		
Kashiwada Cotton Spinning Mill	22,656		22,656		20,352		20,352	23	29	18½			480,962		480,962	4750		
Kashiwazaki Cotton Spinning Mill	4,992		4,992		3,879		3,879	24	27				105,653		105,653	1,0853		
Kofu Cotton Spinning Mill	2,292		2,292		2,292		2,292	23	28	14½			25,517		25,517	3916		
Koriyama Cotton Spinning Mill	20,352		20,352		20,352		20,352	22½	27½	20			447,425		447,425	7853		
Kuwana Cotton Spinning Mill	19,200		19,200		15,360		15,360	23	27½	15½			321,250		321,250	7583		
Kurashiki Cotton Spinning Mill	21,672		21,672		20,408		20,408	24	28	16			543,200		543,200	9833		
Kyoto Cotton Spinning Mill	9,984		9,984		9,216		9,216	24	28	16			266,600		266,600	1,1000		
Kunishima Cotton Spinning Mill	56,205		56,205		50,343		50,343	23½	25	18½			953,291		953,291	8500		
Kunishima Cotton Spinning Mill	9,984		9,984		9,984		9,984	23½	28	16			199,400		199,400	1,1000		
Matsuyama Cotton Spinning Mill	6,528		6,528		6,300		6,300	24	29	18			155,916		155,916	8500		
Mayegawa Cotton Spinning Mill	25,964	2,192	28,156		22,367		22,367	24	27	35			227,440		227,440	5500		
Meiji Cotton Spinning Mill	736		736		736		736	22	29	10			20,191		20,191	9416		
Mishima Cotton Spinning Mill	2,000		2,000		1,500		1,500	11½	28	10			1,211,141		1,229,891	8683	2916	
Miyagi Cotton Spinning Mill	55,872	2,000	57,872	400	52,032	2,000	54,032	23	28	20½	10½		338,600		338,600	6750	3750	
Nagoya Cotton Spinning Mill	30,384		30,384		17,211		17,211	24	29	17½			186,875		186,875	9000		
Nishinari Cotton Spinning Mill	30,596		30,596		7,664		7,664	24	27	20								
Nippon Cotton Spinning Mill	44,160		44,160		38,685		38,685	23½	28				124,583		124,583		1166	
Nippon Cotton Spinning and Weaving Mill	13,548		13,548	90	13,548		13,548	23	28½	16½			380,350		380,350	9833		
Nippon Hosiery Spinning Mill	5,992		5,992		5,600		5,600	11	27	31			83,767		83,767	5667		
Nakatsu Cotton Spinning Mill	10,368		10,368		10,368		10,368	22½	26	18½			269,566		269,566	1000		
Osaka Cotton Spinning Mill	27,294	3,040	30,334		27,294	3,040	30,334	23	28	18½	16		541,641		597,091	7000	6416	
Okayama Cotton Spinning Mill	27,352		27,352	200	26,136		26,136	23	25	19			582,325		582,325	8866		
Omigawa Cotton Spinning Mill	4,964		4,964	400	4,310		4,310	22	26	32			467,250		467,250	4084		
Osaka Cotton Spinning Mill	55,344		55,344	579	50,785		50,785	23	28	16½			1,412,583		1,412,583	1,0000		
Osaka Doubling Mill	4,608		4,608		4,500		4,500	22	27	22			97,200		97,200	7916		
Osaka Yarn Co.	3,336		3,336		1,678		1,678	23	28	10			53,133		53,133	1,4167		
Sakai Cotton Spinning Mill	16,128		16,128		16,128		16,128	23	28½	18½			457,766		457,766	1,0000		
Sanshugumi Cotton Spinning Mill	960	1,100	2,060		960		960	22	29	18			43,671		43,671	1,5000		
Sanuki Cotton Spinning Mill	10,000		10,000		9,200		9,200	22	26	16			241,917		241,917	8250		
Senshu Cotton Spinning Mill	19,264		19,264		16,521		16,521	23½	27	20			409,641		409,641	2,9166		
Settsu Cotton Spinning Mill	50,628		50,628		50,608		50,608	22	28½	16½			1,870,625		1,870,625	1,3000		
Shimada Cotton Spinning Mill	1,420		1,420		1,420		1,420	22	22½	22			19,842		19,842	6250		
Shimomura Cotton Spinning Mill	4,564	5,496	10,060		4,564		4,564	24	29½	15½			147,400		147,400	1,7916		
Shimozuke Cotton Spinning Mill	7,948	2,000	9,948		7,950	1,500	9,450	22	27	16	10		166,483		201,566	16916	8667	
Takaka Cotton Spinning Mill	10,192		10,192		10,192		10,192	12	24	14½			167,400		167,400	6883		
Tamashima Cotton Spinning Mill	25,068		25,068		24,511		24,511	.....	27½	18			660,717		660,717	9833	
Temma Cotton Spinning Mill	32,810		32,810		32,810		32,810	21½	24	20			307,250		307,250	4333		
Temma Weaving Mill	4,480		4,480		4,480		4,480	12	27	18			93,275		93,275	1,3083		
Tohomi Cotton Spinning Mill	2,000		2,000	423	2,000		2,000	23	25	11			17,867		17,867	3917		
Tokio Cotton Spinning Mill	23,172	2,880	26,052		20,366	2,758	23,124	23	23	16	13		459,883		514,866	9083	8083	
Tsushima Cotton Spinning Mill	11,904		11,904		11,904		11,904	23	27	16			306,733		306,733	9587		
Utsunomiya Cotton Spinning Mill	10,272		10,272		9,316		9,316	23	28½	18			224,966		224,966	8500		
Uwa Cotton Spinning Mill	16,800	5,180	21,980		10,031	2,233	12,264	23	28	15	12		333,350		333,350	1,1833	9583	
Wakayama Cotton Spinning Mill	5,696		5,696	200	5,390		5,390	22	26½	21			100,967		100,967	7083		
Wakayama Weaving Mill	2,720	1,500	4,220		1,678	1,000	2,678	23	25	15	12		26,467		26,467	7083	6167	
Watanabe Cotton Spinning Mill	1,152		1,152		1,049		1,049	11	29	10			17,592		17,592	5750		
Yamashiro Cotton Spinning Mill	11,520		11,520		11,018		11,018	23½	30	18½			317,890		317,890	9588		
Yamato Cotton Spinning Mill	1,180,489	73,962	1,254,450	2,292	1,036,941	58,716	1,095,657	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Grand total		31,040				58,716		1,065,657										

EXPORTS AND IMPORTS OF COTTON MANUFACTURES OF PRINCIPAL COUNTRIES OF THE WORLD.

In the following tables are presented the returns of the exports and imports of cotton manufactures of the principal countries of the world. The figures have been compiled from the latest available official returns in the Bureau of Statistics:

EXPORTS OF COTTON MANUFACTURES FROM THE PRINCIPAL COTTON MANUFACTURING COUNTRIES OF THE WORLD.

COUNTRIES	Year	Yarns and thread	Cloths	Miscellaneous	Total
EUROPE					
		<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
Austria-Hungary.....	1902	1,572,000	3,778,100	594,800	5,944,900
Belgium.....	1903	1,596,700	1,477,800	5,757,200	8,831,700
Bulgaria.....	1903	1,000	1,000	1,000	3,000
Denmark.....	1902	1,400	31,400		32,800
France.....	1902	716,800	19,478,500	14,498,400	34,693,700
Germany.....	1903	7,730,200	30,792,200	41,001,700	79,524,100
Greece.....	1902	9,700	14,300		24,000
Italy.....	1903	3,818,400	11,521,200	1,484,600	16,824,200
Netherlands.....	1903	2,141,700	18,936,700	34,600	21,113,000
Portugal.....	1902	2,800	605,500	137,300	745,600
Russia.....	1902	41,800	8,880,100		8,901,900
Finland.....	1902	21,700	424,800		446,500
Spain.....	1903	192,000	4,089,000	1,807,000	6,088,000
Sweden.....	1902	154,900	174,200	4,400	333,500
Norway.....	1902	1,700	79,200	51,100	132,000
Switzerland.....	1903	3,831,000	6,692,000	24,068,000	33,891,000
United Kingdom.....	1903	36,050,800	268,958,200	53,221,500	358,231,500
Total.....		57,184,800	375,915,200	142,661,600	575,761,400
NORTH AMERICA					
Canada.....	1904		587,800	81,500	569,300
United States.....	1904	172,900	14,696,200	7,585,200	22,403,700
Total.....		172,900	15,284,000	7,566,700	22,973,000
ASIA					
British East Indies <i>a</i>	1904	28,685,000	4,812,000	479,000	33,976,000
Japan.....	1903	15,646,500	3,423,700	1,153,400	20,223,600
Total.....		44,331,500	8,235,700	1,632,400	54,199,600
Recapitulation					
Europe.....		57,184,800	375,915,200	142,661,600	575,761,400
North America.....		172,900	15,284,000	7,566,700	22,973,000
Asia.....		44,331,500	8,235,700	1,632,400	54,199,600
Total.....		101,688,400	399,384,900	151,860,700	652,934,000

a Year ending March 31.

VALUE OF COTTON MANUFACTURES IMPORTED INTO THE PRINCIPAL COUNTRIES OF THE WORLD.

COUNTRIES	Year	Yarns and thread	Cloths	Miscellaneous	Total
EUROPE					
		<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
Austria-Hungary.....	1903	5,593,900	1,650,400	1,549,700	8,794,000
Belgium.....	1903	774,000	4,475,500	1,587,200	6,836,700
Bulgaria.....	1903	1,862,000	1,684,000	365,000	3,411,000
Cyprus.....	1902	78,000	101,900		179,900
Denmark.....	1902	982,300	2,676,000	366,100	3,974,400
France.....	1902	2,389,000	1,767,800	7,986,200	12,073,000
Germany.....	1902	14,292,100	6,381,000	2,303,600	22,926,700
Greece.....	1902	273,400	584,800	606,300	1,464,500
Italy.....	1903	1,045,500	1,599,000	1,466,100	4,110,600
Netherlands.....	1903	12,016,300	8,273,200	905,500	21,195,000
Portugal.....	1902	456,400	2,042,700	760,200	3,259,300
Roumania.....	1903	2,404,300	6,293,500	1,258,600	9,956,400
Russia.....	1902	2,649,800	8,056,300	646,900	6,353,000
Finland.....	1902	268,000	764,400	22,100	1,054,500
Servia.....	1902	724,400	698,700	191,900	1,615,000
Spain.....	1903	706,700	980,500	512,000	2,199,200
Sweden.....	1902	1,213,700	1,665,100	678,800	3,557,600
Norway.....	1902	742,800	1,604,200	378,800	2,725,800
Switzerland.....	1903	1,589,000	6,512,000	2,170,000	10,271,000
Turkey <i>a</i>	1902-3	2,989,900	22,174,800	1,560,900	26,725,600
United Kingdom.....	1903	941,600	4,345,200	30,616,200	35,903,000
Total.....		53,423,100	79,281,000	55,882,100	188,586,200

VALUE OF COTTON MANUFACTURES IMPORTED INTO THE PRINCIPAL COUNTRIES OF THE WORLD.—Continued.

NORTH AMERICA					
Barbados, Bermuda, and British Honduras.....	1902			1,514,100	1,514,100
Canada.....	1904	1,189,100	5,444,500	2,921,600	9,555,200
Central American Republics <i>a</i>	1903	250,100	2,789,800	820,700	3,810,600
Cuba.....	1903	180,900	4,510,100	1,584,200	6,375,200
Jamaica.....	1902			1,094,500	1,094,500
Mexico.....	1903	867,100	2,470,200	2,085,600	5,422,900
Martinique and Guadeloupe.....	1902	11,900	257,600	80,100	349,600
St. Pierre and Miquelon.....	1902	2,800	31,800	38,700	73,300
United States.....	1904	2,261,900	8,303,500	28,958,800	49,524,200
Total.....		4,763,800	23,757,500	49,648,300	78,169,600
SOUTH AMERICA					
Argentina.....	1903	2,237,500	14,476,400	3,400,200	20,114,100
Bolivia, Ecuador, and Peru <i>a</i>	1902-3	206,200	3,210,900	589,900	4,007,000
Brazil.....	1902	2,076,200	10,191,200	3,336,400	15,603,800
Chile.....	1902	538,500	5,720,100	1,523,800	7,782,400
Colombia and Venezuela <i>a</i>	1903	744,100	6,795,700	719,900	8,259,700
French Guiana.....	1902	1,000	95,700	41,500	138,200
Uruguay.....	1901		2,302,900	570,600	2,873,500
Total.....		5,803,500	42,792,900	10,182,200	58,778,600
ASIA					
British India.....	1904	7,663,000	89,107,000	3,839,000	100,609,000
Ceylon.....	1902	126,900		1,932,000	2,058,900
Straits Settlements.....	1902	1,377,100	6,089,000	2,022,200	9,488,300
Other British colonies in Asia.....	1902	2,200	726,700	71,000	799,900
China.....	1903	43,514,700	38,803,400	770,400	83,088,500
French China.....	1902		48,500		48,500
French Indo-China.....	1902	1,196,800	2,841,600	207,700	4,245,100
Dutch East Indies.....	1902	1,643,600	13,473,600		15,117,200
Japan.....	1903	543,600	5,359,200	92,300	5,995,100
Siam.....	1902	426,000		2,886,300	3,312,300
Korea.....	1903	478,000	2,375,300	80,900	2,874,200
Total.....		56,966,900	158,824,300	11,848,800	227,640,000
OCEANIA					
Australia and New Zealand <i>a</i>	1903	691,100	11,835,000	4,803,500	17,329,600
Philippine Islands.....	1904	779,900	2,447,100	1,677,200	4,904,200
Total.....		1,471,000	14,282,100	6,480,700	22,233,800
AFRICA					
Egypt.....	1903	1,077,300	11,681,200	803,300	13,561,800
Algeria and Tunisia.....	1903	276,600	7,833,000	639,600	8,748,200
Madagascar and other French colonies.....	1902	202,500	5,916,700	345,100	6,464,300
Cape of Good Hope.....	1903		5,071,700	3,462,000	8,538,700
Other British colonies in Africa.....	1902	137,500	6,980,700	3,916,400	11,014,600
German Africa.....	1902			2,393,300	2,393,300
Total.....		1,693,900	37,463,300	11,059,700	50,216,900
Recapitulation					
Europe.....		53,423,100	79,281,000	55,882,100	188,586,200
North America.....		4,763,800	23,757,500	49,648,300	78,169,600
South America.....		5,803,500	42,792,900	10,182,200	58,778,600
Asia.....		56,966,900	158,824,300	11,848,800	227,640,000
Oceania.....		1,471,000	14,282,100	6,480,700	22,233,800
Africa.....		1,693,900	37,463,300	11,059,700	50,216,900
Total.....		124,122,200	356,401,100	145,101,800	625,625,100

a Exports of cotton goods from principal European countries and United States.

b Year ending March 31.

MINERAL RESOURCES OF NORTH CHINA.

By A. J. G. DENNEY, M. E.

[EDITOR'S NOTE.—The following article from the pen of Mr. Denney is a most interesting and valuable contribution to the foreign knowledge of the resources of China. Mr. Denney is an expert mining engineer, residing at Tientsin, and, during the prosecution of his surveys throughout the Chili Province, has acquired a vast fund of valuable data and information regarding the hitherto little known geological formation of the country, and his reports can be considered as authentic and authoritative.]

Little has been written about the mineral resources of China, and to a large extent the information that has leaked through to the outside world has been through the medium of missionaries, whose source has been the unreliable native reports and their own inexperienced observations. The following pamphlet is not a missionary report, but has for its foundation the results obtained through personal experience, while inspecting mines and reporting on properties for various foreign and Chinese companies.

As the field is so large, I shall confine this article to the province of Chili. Up to the present time there have been no maps or plans published of the country outside the Great Wall. This district, however, bids fair to be the coming mining centre of Chili Province, especially for gold. The outlook is not so promising for alluvial workings, but is exceptionally good for deep mining operations, of lode formations and quartz veins, for the development of which a large amount of capital is required.

Few locations are more favorably situated for successful deep mining operations than the mountainous region in the north of Chili. When the Chinese authorities have proper mining laws enforced and protection guaranteed to foreign capital, this particular field will be the first to claim the investor's attention.

Heretofore the gold mines of this district have been very carelessly worked; so much so that only the most prolific mines could pay for working them in the primitive way of the native. In many places the mines have been worked to water level, which varies from 20 feet to 200 feet in depth, and, not having the necessary machinery to cope with the water, they have been abandoned. The geological structure of the country is similar to parts of Victoria and New South Wales, Australia. There are the usual igneous and metamorphic rocks in all their varieties. These rocks are traversed by quartz beds and veins, but the whole of the lodes and quartz veins are not auriferous, for there are long stretches of barren reefs, besides those that are productive.

In many quartz reefs and lodes the gold is usually associated with iron gossan or pyrites, and passing through hornblende and porphyritic rocks, also schists and diorites. Some of these reefs and lodes have been

productive to a depth of 300 feet or more, and are now abandoned owing to the want of capital and machinery.

GOLD OUTPUT.

In the absence of any authoritative statistics it is impossible to state definitely the amount produced from each mine.

The following is the annual export of gold from the port of Tientsin, Chili Province, China:

1901.....	Gold Bar.....	Hai-Kwan Taels,	2,849,139
1902.....	"	"	4,645,430
1903.....	" .....	" .....	....

The above table shows an increase of nearly double the amount from 1901 to 1902, but whether this is mostly in bars, leaf or coins, or whether they come from the Chili gold fields or from other provinces, it is impossible to ascertain, as no statistics are kept by customs or local authorities.

The table represents only what passes through the customs officials' hands, which can be safely estimated as only a small portion of the actual amount of gold produced. These bars as a rule weigh 10 Chinese ounces.

From various mines at work in North Chili the average yield, employing native methods, is about 7 dwts. (30 shillings) per ton to make a profit; but, with up to date crushing machinery, the cost should not exceed 5 dwts. per ton on free milling ores.

The Chili gold fields have lodes and reefs from 6 inches to 15 feet in width, varying in character and still more in richness, and a great majority will yield payable gold.

These quartz reefs or lodes cannot be classed among the largest in the world, nor can a rough estimate of ores in sight be given. In one district alone the auriferous belt extends a distance of over 20 miles, and numerous quartz veins carrying gold have been opened by small native shafts and open cut workings. This is only a very small section of North Chili, which is hundreds of square miles in area, and it can be readily understood that until proper plans and surveys and practical developments have been carried out to a sufficient depth no proper estimates can be given of the value of the field.

Although several outcropping quartz reefs containing gold have long been known to exist, the natives are prohibited from working them by the local authorities. The high officials demand and extort so much money from Chinese holders of mining rights, or small syndicates holding permits from the Imperial Government to work these mines, that Chinese speculators will not invest any money in machinery or to carry on development work.

In Chili there is a field awaiting exploitation which may be expected to yield exceptionally profitable results.

Many a reader may inquire, "Why this rich mineral country in Asia should also be so poor? Why, in other words, has China benefited so little from her vast mineral

possessions?" The question is pertinent, but it is not the "poser" that it may appear at first sight. As a matter of fact China has never mined to her own benefit. From the earliest discoveries the natives have only scraped on the surface for the much coveted metal. At the same time they have been afraid to let the foreigner in with his capital and experience unless they could gain something themselves. Chili is open to foreigners for mining purposes on the condition that the concession be half foreign and half Chinese. The principal terms on which concessions are granted stipulate that the application must first be placed before the Governor General at Jehol, according to the Jehol mining rules and regulations, which are attached hereto, and the Chinese Government shall receive 6 per cent. of the amount of gold yielded. A local mining board has been established at Jehol, where all the mining business of that district is transacted.

Two concessions have been granted on the above basis. An American made an application conjointly with a Chinese subject for a concession named the Chang-tze-kou, in the Lan-ping-hsien district, North Chili. This was granted by the Way-wu-pu in July, 1903, and the proclamation was issued to the people by the Governor General in August, 1903. About the same time another concession, also in the Lang-ping-hsien district, was granted to a German and Chinese subjects conjointly. Both concessions are governed according to the Jehol mining rules and regulations.

It is evident to those in this country that the long delayed interest in its mineral resources has set in, and it is with considerable confidence that one predicts an enormous boom in the industry, as soon as some of the gold bearing districts are systematically exploited and regular returns forthcoming.

The native methods of working the reefs and lodes are primitive. Small shafts are sunk to a depth of 20 to 50 feet, and overhead and underhand stopings are then commenced. The ore is carried to the surface by baskets on the backs of coolies. These shafts are nearly always sunk within 20 feet of each other, and little or no timber is used. Sometimes a 3 inch diameter prop will be found here and there in the workings, where it is actually impossible to get up or down the stopes without some support; or a small pillar is left to support the ground. Most of the old workings, however, have caved in. This does not refer to mines that are under foreign management.

The ore, after carried to the surface, is picked and carried to a stone mill, or arrastra for pulverization. The mill consists of a circular granite slab, 10 feet in circumference and 15 inches thick. In the centre is an upright pole, to which is attached a roller of granite in such a manner that it revolves on the granite slab, and trams are attached to the roller in such a way that a mule can be harnessed to it for giving the driving power. The crushing is similar to grinding corn. After crushing to a certain fineness—no screens being used—the natives then wash the crushed ore on a small wooden apron or table, usually 5 feet long by 2 feet wide. About 1 cwt. of ore is washed daily when in full working order. No quicksilver or other chemicals are used to get a closer extraction—in fact the use or knowledge of the latter is unknown here.

Prospecting will be comparatively easy in this gold field, as the outcrops in most cases can be traced to a considerable distance. So much indiscriminate digging has been done that in many places deep sinking will have to be resorted to.

The present condition of the mining industry outside the Great Wall offers unusual facilities for exploration and reduction. Progress in the past has been slow, with the result that the gold fields have achieved no prominence.

The earliest discoveries of alluvia were made in the drifts that fill up the valleys and cover the plains at the

foot of the mountains, and a large proportion of gold is still derived from this source. In places the wash or gravel varies from 2 to 4 feet in thickness, the average contents yielding from 20 to 30 cents per cubic yard. Most of this alluvial has been worked for centuries, and it would not be profitable to work any old deposits (that have been already exploited by the natives) with foreign methods.

Considering the condition of the roads and rivers transport in North Chili is exceedingly cheap. Native carts, capable of carrying over 1 ton, can be had at the rate of \$4 per diem. They travel on an average of 25 miles per day, and it is only in the rainy season that any delays occur. For river navigation flat bottomed boats are readily secured, which carry over 2 tons and up to 5 tons, when the rivers are in flood. The cost per boat capable of carrying 2 tons is \$4 per diem. All machinery would have to be packed, and boilers, etc., sent in parts. Boats going up stream make about 12 miles per day.

Chinese merchants who have obtained permits to open mines in North Chili, through the Governor General at Jehol, and who lack the necessary capital to develop same, usually let the mine or a part thereof out on tribute. The tributaries have to pay all working expenses, and the gold yielded must be sold at a fixed price to the concessionaires. The latter pay such a small price for the gold at Jehol and other places that the tributaries sell only a small part of the yield to the owners, and take the remainder to a market where they can obtain a higher price.

At Tientsin-Fu the Viceroy of Chili has his headquarters and governs the southern portion of Chili. Cheng-te-fu (Jehol) is the official residence of the Governor General, who governs the northern and eastern parts of Chili.

Coolie labor in North Chili is plentiful. The pay of an ordinary Chinese coolie varies from 20 to 30 cents per day, and a miner or carpenter from 30 to 40 cents. No food or lodging is provided for any of the Oriental workmen. Under the supervision of foreign mechanical engineers Chinese operate most of the hoisting and pumping engines in Chili, and no serious accidents have yet occurred. After overcoming the difficulties usually placed in the way of a foreigner introducing something new, the Chinese are as capable of receiving instruction as the European would be who had been brought up without any knowledge of our methods. A Northern Chinaman is very conservative.

Coal is abundant in North Chili, but at present there are no markets excepting the towns and villages. Equipment and transport would exceed in cost the best coal to be obtained at the nearest port. However, this native coal will be very useful for the operation of gold mines. A small coal mine, sufficient for all purposes, can be opened and worked cheaply by native methods, and the cost landed at the mine over the most difficult routes should not be more than \$12 per ton.

The country outside the Great Wall is mountainous and barren, excepting the growth of a small scrub. It is therefore an easy matter for the prospector to locate the outcropping lodes and veins. When a concession is granted and the company intend sinking shafts or build houses, etc., the land in question must first be bought, and to save disputes a price is fixed by the local authorities.

Water is abundant, and even in the depth of winter a supply can be had sufficient for all purposes.

Timber is scarce. The Wei-chang has a small belt, but in a few years this will be finished.

Mining costs in Chili may be roughly estimated thus: With a stoping width not less than 3 feet, and where there is not an excessive amount of dead work the total cost of mining will be from \$3 to \$4 per ton. This will cover all ordinary costs, but would be exclusive of new crushing machinery, boilers, winding engines, etc.—*For Eastern Review.*

RAILROADS IN CHINA.

The *Far Eastern Review* for November, 1904, published at Manila, P. I., has a number of notes on railways in the Far East. The most of those abstracted below are quoted from the *North China Daily News*, the *Hongkong Daily Telegraph*, the *Universal Gazette*, the *Tokyo Asahi* and the *Eastern Times*.

Chengchau, on the Peking-Hangkau Railway.—Chengchau seems to be experiencing a boom. Natives expect it to be the most important place on the railway between Hankau and Peking. The railway is about three-fourths of a mile from the city wall, and already most of the land outside of the wall toward the railway has been bought up by enterprising Chinese from other places, and building has begun. Besides a large station, car shop and yard, the railway company has seven foreign houses in course of construction. The superintendent of construction and his staff are to make this their headquarters in a short time. Another railway from Kaifeng to Honanfu is to cross the Pei-Han Railway here. It has already been surveyed, and the officials are busy between here and Honanfu buying land for the road.

The Canton-Macao Railway.—The capital of the Canton-Macao Railway is to be \$4,000,000, one-half of which is to be subscribed by Portuguese merchants and the other half by Chinese. An understanding has been effected between the Portuguese consul and Sheng Suenhwei, Chinese Minister of Railways, with regard to the Canton-Macao Railway, whereby China, with the permission of Portugal, will establish a branch of her customs at Macao.

The Peking Syndicate.—The railway between Tsechau and Taokau has been built by the Peking Syndicate, but the Chinese Government does not allow the carrying of passengers or cargo, and the line does not pay. The syndicate has tried to sell the line to the Government. It has now decided to sell the railway line to the Lu Han Railway for 7,000,000 taels. The Peking tael is valued at 70 cents, which would reduce this sum to \$4,900,000.

France and the Southern Chinese Railways.—Work on the Hon'ei-Lungchau Railway via Liaoshan, which France obtained the right to build, is now progressing steadily and will be finished before long. There are other lines whose plans have already been drawn up by French engineers, and the influence of France in Yunnan Province now equals that of Russia in Manchuria before the war.

Shanghai-Hangchau Road.—It is reported that the German consul at Shanghai, believing that the concession for a British railway between that place and Hangchau, about 100 miles southwest, will lapse, is endeavoring to secure the reversion for Germany, together with concessions in the Yangtze Valley, in order to counteract what is described as Britain's efforts to obtain a preferential position in China.

Fenyang-Nanking Road.—The prominent Chinese merchants in Fenyang, Anhui Province, wish to establish a railway to Nanking, some Americans being among the capitalists. The promoters have applied to the Department of Commercial Affairs through Governor Sing. Viceroy Chang has granted a request with regard to a proposal to establish a railway between Hankau and Changsha, appropriating funds reserved for a year of scarcity.

Hankau-Hangchau Railway.—It is reported that the gentry and merchants of Chekiang Province have petitioned the Board of Foreign Affairs for the concession to build a railway from Hankau to Hangchau and from Kiukiang to Fuchau. Petitioners offer to provide capital for the building of the two railways, and in case their capital is insufficient they propose to borrow from the United States. In return for this concession petitioners offer to contribute annually toward the funds of the army reorganization department the sum of 200,000 taels (\$140,000).

Nanchang-Kiukiang Line.—The right of laying down the railway between Nanchang and Kiukiang has been granted by the Department of Commerce. The railway company has asked the department to be allowed to issue lottery tickets in order to raise the capital, stating that if the application is granted 20,000 taels (\$14,000) will be presented to the Government for drilling expenses.

Kiangsi-Kiunan Railway.—The promoters for the Kiangsi-Kiunan Railway have been very successful in getting people interested in the enterprise. Already a capital of \$400,000 has been subscribed, representing the shares of three individuals.

Shanghai-Nankin Railway.—The preliminary work in connection with the construction of the Shanghai-Nankin Railway was to be commenced at the Shanghai end on October 3.

Chengtin-Taiyuan Railway Loan.—The sum of 500,000 francs (\$6,500) has been received at Shanghai from Paris and will be handed over to the railway administration by the Russo-Chinese Bank in a few days.

Su-Hu Railway.—A gentleman of Suchau has filed a petition with the Board of Commerce for the purpose of undertaking to build the railway between Shanghai and Suchau, with a capital of over 4,000,000 taels (\$2,800,000), which has already been subscribed. The regulations regarding the undertaking have been submitted.

International Railway Conference.—According to a Peking dispatch, the Chinese Government has decided to dispatch four commissioners to the forthcoming International Railway Conference to be held at Washington, United States of America, in 1905.

SHANGHAI-HANGCHAU-NINGPO
RAILWAY.

The officials of Chekiang province and Chinese officials generally who are concerned in the construction of railways in China are complaining that the British concessionaires are doing nothing with the concession for a railway from Shanghai to Hangchau, and thence to Ningpo on the coast. The concession was given to British interests about four years ago, but, unfortunately for the enterprise, no time limit was fixed within which work on the railway was to commence. The syndicate owning the concession seems to have been altogether unable to secure the funds necessary for the prosecution of the enterprise, and it has lagged, and promises to lag indefinitely. Meanwhile the Chinese officials are fretting, for there are a number of other capitalists anxious to take up the work if the British syndicate fails to act or is prevented from doing anything by the concession now in force. It is possible that in the near future the Chinese authorities will take the matter up in earnest and insist that the work under the concession be prosecuted in good faith within a reasonable time or that the concession be surrendered.

The officials of the province, with few or no exceptions, express themselves as anxious for the construction of the railroad. The business men of Hangchau, Ningpo, Kashiing, Shaoshing and other points which the road will touch are also anxious for its construction. At the time the concession was granted this was hardly the case, there being a number of reactionaries in the provincial government, and a large element in Chinese business circles was opposed to the construction of the road because of "fung shui," or "bad luck" superstitions. The general spirit in official and business circles here at the present time is progressive, and there is full opportunity for modern improvements if the necessary capital can be had. So far the British railway projectors have been unable to raise the money needed or to make any definite and reliable promises as to when they will be able to raise it.

The proposed road ought to be one of the best short railways in China. It will run through the richest province in the Empire for about 250 miles, connecting two of the original treaty ports, tapping good cotton, tea, silk and rice country, and coming within reach of coal lands of immense promise. Good building stone is also being taken from the low mountains near which it will run. The country it will serve is very populous, and the people are more prosperous than those of almost any other similar district in China. Last year the steam launches between Shanghai and Hangchau carried 169,642 through passengers, having carried 177,659 the year before, all at rates which are certainly as high, all things considered, as any railroad would charge. The establishment of comparatively rapid transit between these two points would develop a large business. The amount of freight carried between Hangchau and Shanghai and between Ningpo and Shanghai and Hangchau and Ningpo is enormous. While the Grand Canal and its connections would continue to carry a large share of this business, a railroad would have very good opportunities for large and satisfactory earnings.

GEORGE E. ANDERSON, Consul.

HANGCHAU, China, December 7, 1904.

PROPOSED RAILROAD IN CHEKIANG.

It is announced today that work will be commenced within the next two weeks upon a railroad from Hangchau customs settlement, the foreign concession in Hangchau, to Lihôta, an ancient monument on the opposite side of the city, on the banks of the Chientang River. The railroad, which will be about 10 miles in length, is to be built under the authority of the English syndicate which has a concession for the construction of a railroad from Shanghai to Hangchau, and thence to Ningpo, on the seacoast, and is to be a part of their system. It is important chiefly in the ultimate effect it may have upon the construction of the railroad of which it is said to be a part. As I have indicated heretofore, there has been considerable complaint by Chinese officials that the concession given this English syndicate four years ago has not been used, although it has been keeping other investors out of the field. This action will naturally make it binding. Whether it actually means the construction of the railroad from Shanghai to Hangchau and thence to Ningpo is doubtful, although representatives of the syndicate say that it has that meaning.

Whether the proposed short road will pay is also doubtful, but there appears to be no reason why it should not, except that its usefulness is confined to peculiarly local service. Freight from without Hangchau and passengers from Shanghai and all points north of the Chientang River come by way of the "settlement," and the steam launches stop there. The result is that there is a vast amount of traffic in small boats from the "settlement" to within the walled city, about 6 miles away. The railroad ought to take the most of this business, and ought to secure good business in the transportation of passengers to and from the customs station and the steam launch offices. In short the proposed road will form a link connecting the Imperial Grand Canal and its terminus and the city proper. There is plenty of business between the two points, but whether it will go by the railroad or remain with the small canals is a problem.

There is a spirit of progress in Hangchau which is important from a trade standpoint. A road is being constructed from the customs settlement to the city, which will enable the trip to be made in about two-thirds the time now occupied, and a second road suitable for carriages and wagons is promised within a few months. In a city in which a carriage could not go a quarter of a mile in a single street this innovation is to be noted as one of

importance. The most important feature is that the Chinese have come to appreciate the need of better transportation facilities. With good railroad connections with the coast Hangchau will do an immense outside business. It is doing well now, and the surface of its trade possibilities has scarcely yet been scratched.

GEORGE E. ANDERSON, Consul.

HANGCHAU, China, January 2, 1905.

COAST TRADE FROM HANGCHAU TO SHANGHAI, CHINA.

Practically all the tea raised in the provinces of Anhwei and Chekiang and practically all of the silk produced in this part of China pass through the port of Hangchau. A large proportion of it goes to the United States; but little is shipped direct. The products are sent to Shanghai, where Chinese middlemen handle them. Direct purchases by American silk and tea men from the producers would save large middle profits, but the existence of silk and other trade guilds in China is likely to prevent much direct business being done. The Chinese merchants have had complete command of the tea and silk products of the Empire for many years, and they probably have an organization too effective for the middlemen to be done away with altogether.

Whether Hangchau will ship goods direct to the United States in the near future is very doubtful. The famous Hangchau bore, in Hangchau Bay, prevents ocean going vessels from making this a port of call. The difficulties of ocean traffic along the coast in view of this bore and the shifting sands of the bay make it impracticable for coasting vessels to compete with canal junks for freight business to Shanghai and other Chinese ports. The Grand Canal and its branches offer practically perfect water transportation out of Hangchau. Vessels large enough for ocean trips can pass up and down the main canal and the Whangpoo River and have the advantage over other vessels of being able to go in and out of small creeks in the harbor at Shanghai. The result is that the tonnage of ocean vessels registered in Hangchau at present is practically nil, while that registered for canal use is very large, 3,764 steam tugs, 8,382 passenger boats, and 9,363 freight boats having cleared last year. Shanghai is credited with a large amount of trade which belongs to outports, chiefly Hangchau.

Hangchau is the centre of probably the richest district in China, and is reasonably certain to grow in trade until it is probable that some sort of ocean traffic arrangements will be made. The coastwise shipments out of Hangchau as reported by the customs authorities, the figures not including the likin route shipments and representing only a part of the coast trade, were, in gold values, in 1903, \$5,742,118, as compared with \$4,987,411 in 1902, and \$4,071,187 in 1901. Reports thus far this year indicate that the record for 1904 will be in line with this general advance. There has been a large increase in the exports of tea by way of Hangchau which is likely to be continued. At present practically all but Pingsuey tea goes by way of this port, the Pingsuey product going by way of Ningpo. The latter tea is grown in the southern portion of Chekiang Province, but it is as near Shanghai via Ningpo as it is by way of Hangchau, and shipment by way of Ningpo does not involve so many transshipments.

It will be a long time before coastwise shipments by canal give way to ocean shipments, the Chinese proclivity for doing things by piecemeal instead of in large volume being one of the elements in the situation. At present canal trade is less expensive, in that it involves fewer risks and less capital. The canal system is holding back railroad enterprise by furnishing cheap transportation in all directions for men and goods.

GEORGE E. ANDERSON, Consul.

HANGCHAU, China, November 23, 1904.

NUMBER OF FOREIGNERS IN CHINA.

The Frankfort *News* states that, according to the latest statistics, the number of foreign commercial firms in the principal treaty ports and in the large cities of China open to foreigners was 1,297, and the number of foreigners residing there was 20,560. England heads the list with 420 firms and 5,662 persons; Japan comes next, with 361 firms and 5,287 persons. These two countries have three-fifths of all foreign houses in China and more than half of all foreign residents. Germany has 159 firms and 1,658 persons. The United States has only 114 firms, but 2,542 persons. France comes fifth, with 71 firms and 1,213 persons. That Portugal, in the number of Portuguese, 1,930 residents, exceeds even Germany, is accounted for by her possession of Macao; the number of Portuguese firms is only 45. Spain has 39 firms, Russia 34, Italy and Austria 18 each, the Netherlands 15, Denmark 10, Norway 7, Belgium 3 and Sweden 2.

RICHARD GUENTHER, Consul General.

FRANKFORT, Germany, December 23, 1904.

RAILROADS IN KOREA.

The largest item of increase in Korea's imports for 1903 was that of railway materials, which amounted to \$870,722. The development of the railways of Korea, aside from any political bearing on the future of the peninsula, is a matter of paramount commercial importance and of particular interest to American manufacturers, since the equipment of these railways is to be largely of American manufacture.

The first railway in Korea, that between Seoul and Chemulpo, was built in 1899 by an American concessionaire of American material and equipped with American rolling stock. This road was sold just before completion to a Japanese company, and has proved a commercial success. It has now been taken over by the Seoul-Fusan Railway Company (Japanese). This company expects, within the following month, to complete its new line, begun in 1901, from Seoul to the southeastern port of Fusan, a distance of some 268 miles. This will establish quick communication between the capital city of Korea and Japan by a connecting ocean ferry from Fusan to Moji, Japan. This railway, like other Japanese lines in Korea, is of standard American gauge (4 feet 8½ inches), and is to be equipped with American locomotives, of which some twenty have been already delivered, five of them 110 ton express locomotives.

It was stated that in 1901 and 1902, when rails were first required for the construction of this line, American manufacturers were so pressed with orders that they could not even supply the home demand. Hence, the first rails imported were of British make, and with them a considerable portion of the line has been laid, but more recently large quantities of American rails have been used, and the bridge work of the line is largely of American manufacture.

The construction of a railway, to connect Seoul with the northern border city, Wiju, on the Yalu River, was commenced in 1902 by the Korean Government, under the direction of French engineers. This line, some 300 miles in length, has now been taken over and is in process of construction by the Japanese military authorities. A line about 150 miles long, to connect Seoul with the eastern treaty port, Gensan, is also to be constructed. While the immediate construction of these last two lines is undertaken for military purposes, the intention is, and their construction is such, that they shall be permanent, and, since in conjunction with the Fusan line they will connect the northern and southern extremities with the east and west coasts

of the peninsula, while traversing the interior, they will eventually open most of Korea to the development of trade.

GORDON PADDOCK, Consul-General.

SEOUL, KOREA, November 4, 1904.

In connection with the report of Consul-General Paddock, the following summary of an article in the *Journal de St. Petersburg*, of January 7, 1905, may be of interest. The article is dated November 2, 1904.

Since taking possession of the country the Japanese have not ceased to display the greatest activity, especially concerning the means of transportation. On January 1 trains will run on the line from Fusan to Seoul. The military line to Wiju is being actively pushed, and the Japanese engineers expect soon to be able to open to traffic the line from Liaoyang to Antung. The line from Seoul to Gensan will, without doubt, be finished by the end of 1905, and, in connection with the line from Seoul to Chemulpo, will constitute a way across the peninsula, binding the Yellow Sea to the Sea of Japan. The lines from Fusan to the Yalu and from Antung to Liaoyang will also place Japan in direct communication with the railroads of East China and Siberia.

As soon as war was declared the Japanese Government saw the necessity of a transit route between Fusan and the theatre of hostilities in Manchuria across Korea. It had, moreover, foreseen this eventuality. Even before the line from Chemulpo, the first which was constructed in Korea, had been finished, the company which built it secured the concession for another railroad to the south coast. This was in the autumn of 1898. Eighteen months afterward was commenced, at Yongtongpo, a little city 10 kilometers (6.2 miles) from Seoul, the construction of a branch of the Chemulpo line.

Toward the end of 1903 the work was being actively pressed. The Japanese Government not only guaranteed the necessary capital of 25,000,000 yen (\$12,450,000), but subscribed 2,500,000 yen (\$1,245,000) more, on condition that this road from Seoul to Fusan should be finished by the end of 1904, in default of which the company should repay the advances with interest. These securities were issued in amounts of 50 yen each, bearing 6 per cent. interest, but they have since fallen below par. The expected capital was, moreover, insufficient, and it was necessary to borrow 10,000,000 yen (\$4,980,000) at the banks of Tokyo. The interest has been regularly paid, but the Government was compelled to advance a further sum of 1,580,000 yen (\$786,840) in August, 1904. Thanks to this financial aid, it was possible to finish the line six weeks before the 1st of January, but it will not be opened until that date. It is estimated that the two trains each way daily will make the 340 kilometers (211.3 miles) of road with its fifty-three stations in fifteen hours. As the region traversed now produces principally rice, there is reason to believe that commercial transactions now hindered by lack of transportation will develop considerably, and the company can well find employment later for its 230 freight cars and fifty-three passenger cars.

The line from Seoul to Wiju is in reality only an extension of the line from Fusan to Seoul; but while the latter was built by private contract, the line from Seoul to Wiju is of military construction. Everything was sacrificed to haste in building; thus one notices that the bridges are all of wood, that they are too frail, and the rails too light. The 360 kilometers which separate Seoul from the Yalu had been covered by the beginning of 1905. It will not be capable of any commercial exploitation to speak of until after additional work which will without doubt take several years.

It is remembered that this line was granted to a French syndicate which resold its rights to the Korean Government on condition that all material should be purchased in France, and that the construction of the line should be intrusted only to French engineers. The Japanese have considered this concession null and void, but still they have used a large part of the plans and have followed the specifications of the French syndicate.

The construction of these railways will without doubt result in developing considerable Japanese emigration to Korea. It now takes seven days to go from Tokyo to Seoul; in the future only fifty-six hours will be necessary. The employees of the railway have been distributed along the line, and already form a powerful nucleus of colonization. Furthermore, three large Japanese emigration societies already announce to the public new openings which are offered to colonists, but only the ultimate possession of the country will permit emigration to rise very high.

The question of transportation was evidently the most urgent, but even in other lines a complete program and plan is already established. The finances will be placed under the control of a Japanese superintendent, who will be charged with the realization of all the necessary financial reforms. Japan will advance the sums of which there shall be need on condition that prior loans be repaid. No other loans can be contracted without the approval of the Japanese Minister in Korea. The monetary system will be that of Japan; but, while Japanese money will circulate freely in Korea, Korean money (copper) will disappear from circulation. There will be created at Seoul a central bank to facilitate the regular raising of imposts and the management of the public funds.

A model administration will be instituted as an experiment in one of the provinces of Korea, and if the results of that trial are satisfactory the same system will be extended to all the other provinces. If Korea expresses the desire that Japan watch over her foreign interests and protect her subjects abroad, the Korean Ministers and consuls will be recalled, the Ministers of foreign nations at Seoul will be retired at the same time, and there will remain only the consuls of foreign powers. The Korean army will be reduced from 20,000 men, its present number, to 1,000 men, and all the garrisons except that at Seoul will be disbanded. The military system of Korea will become identical with that of Japan, of which it will form an integral part.

AUTOMOBILES AND MOTOR BOATS IN CHINA.

Practically speaking, there is no extended market for automobiles in China. In the average Chinese city it would be impossible to use a machine, and there is no prospect of any improvement in the near future of a character to promise any trade. In Shanghai a good many automobiles are in use, and their popularity is increasing. It may almost be said that an automobile boom is on in that city. There are many people there who can afford automobiles and who are accustomed to spend money in such ways, but the demand will be limited to Shanghai city, and machines suitable for city work rather than country touring are the ones needed. Automobile manufacturers in the United States should have representatives among the business men of Shanghai. American makes will be received upon their merits.

As to motor boats the prospect is very bright. The whole of China is a network of canals and rivers upon which motor boats, especially boats of light draft capacity, can be operated. Within the past few years the accepted mode of travel has been by house boat, towed

by a steam launch. Where the regular lines of steam launches do not run, the old time house boat with a yuloh or scull is employed. These boats are very slow, and grow more and more unpopular. It will be many years before this travel is displaced by railroads, and in the meanwhile there is a growing favor for power boats, both for the private ownership of those who are compelled to go about considerably in China and for a more or less public service. The motor boat as it is now made in the United States is practically unknown in China. In Shanghai and other prominent trading points on the coast there are a number of modern small launches, but the great interior is practically untouched. The Chinese people who have sufficient means to buy such things are turning more and more in the direction of modern Western inventions, and I have no doubt that a consistent and persistent campaign in behalf of American motor boats, of cheap and substantial grades, would result in building up a great and permanent business. The need of motor boats is here, and the Chinese and foreigners domiciled here are appreciating the need. So far there has been little done to meet it. There is an agency for one line of American launches in Shanghai, and several other firms there have a working arrangement with concerns in the United States for the sale of boats, but the business is not pushed, and there will probably be little change in the situation until the manufacturers of the United States go at the matter systematically and with energy. The boats sold in Shanghai are usually of high grade and high prices, and most people of moderate means do not realize that there are motor boats within their reach. It is quite possible that a strong advertising campaign, even in English, would result in a good start for a motor boat boom, and catalogues in Chinese would undoubtedly be effective. But the real need is personal representation and hard work for a while.

At present Pacific freight rates are unfavorable to motor boats. During the past summer the rates charged were about two and one-half times the rates charged for household goods. As yet there have been few shipments around by the Atlantic. At present the tendency is to buy Pacific Coast goods as far as possible, because of the rates; but the Pacific Coast manufacturers have not been making motors and machines of the grades and at the prices which will reach the bulk of the trade in the Far East. The more popular sized and medium to cheap grades of boats made in the Eastern States are what are required in China.

As a rule the Chinese are good boat builders when they have good models to work from, and it would be practicable for American boat builders to ship boat machinery here and have the hulls made in China. It will be a long time before the natives will be making boat propelling machinery of the modern sort, but it will be a very short time until they make as good hulls as are made elsewhere. In Shanghai the other day I saw a Chinese carpenter and furniture maker making a hull from the model of one of the American boats sold there. He was making a very creditable boat. The machinery was to come from the United States. With a little instruction and practice these carpenters will turn out good boats at figures which will make American prices look exceedingly high. Chinese labor is so cheap that in a product like a boat hull, in which the chief cost is the labor expended upon it, China has an advantage which is overwhelming, other things being equal. Of course many people appreciate the advantages of having a boat completely built by experts in the United States. American manufacturers ought to be able to meet the requirements of this trade in either line, and I see no reason why they cannot easily do so.

GEORGE E. ANDERSON, Consul.

HANGCHAU, China, December 21, 1904.

COTTON GOODS TRADE OF CHINA.

The more the cotton situation in China is considered the more certain it is that American manufacturers must pay strict attention to the special needs here in cotton goods if they are to hold the trade they have, not to speak of expanding it. That there has been a decrease in the use of some American goods, such as sheetings and T cloths, is unsatisfactory, but as a matter of fact the real need of China in the way of cotton goods has as yet scarcely been appreciated in the United States, much less have there been efforts made to meet it. Goods of the class now sent are in some respects almost luxuries to the Chinese. There will be an increasing demand for this grade of goods in the future, and as the purchasing power of the people increases the demand will be likely to grow at a much more rapid rate. At the same time the mass of Chinese people are using little or no foreign made goods, American or others. Time was when a large portion of the population took what it could get in the way of foreign made goods, and did without anything when it was unable to buy such goods. In the past few years, however, the situation has changed amazingly. The change is of permanent significance.

In 1903 the total value of cotton goods imported into China, according to the customs returns, was 128,620,004 haikwan taels (\$90,034,002). As compared with 1902 the imports of fancy goods increased from 16,074,092 haikwan taels to 19,320,240 haikwan taels (\$11,251,864 to \$13,524,172); plain fabrics, shirtings, sheetings, jeans, drill cloths, and the like, fell from 19,015,300 pieces, valued at \$40,464,942, in 1902 to 13,835,506 pieces, valued at \$29,998,895, in 1903. At the same time cotton yarns increased from 2,447,971 piculs (326,314,534 pounds) in 1902 to 2,738,448 piculs (365,035,118 pounds) in 1903, an increase of 12 per cent. in quantity in spite of the increased prices shown by 23 per cent. increase in value.

The high price of cotton in the United States and abroad generally last year resulted in the decrease of American cotton exports to China, and the present prices in the United States are having the same effect this year, for, while the figures for 1904 are not yet complete, it is evident from the data to be had that there is the same general trend in the cotton trade. The practical meaning of the matter is simply that when foreign made cotton goods get too dear the Chinese peasant buys cotton yarn and weaves his own common fabrics for shirts, tunics, bedclothes, and the many purposes for which such grades of cotton goods are used.

The increase in the importations of cotton yarn, as above noted, tells only a part of the story. Practically all of the cotton manufactures of China run to yarns, and the reason is that the Chinese consumer finds it cheaper to weave his own cloth from the manufactured yarn than it is to buy the cloth from the foreigner. According to the figures given by the statistical secretary of the Imperial Maritime Customs in his annual report of 1903, cotton yarn in 1872 formed 6 per cent. of the total value of all cottons imported. In 1882 it was 20 per cent.; in 1892 it had risen to 42 per cent., and in 1902, in spite of the fact that local cotton mills in almost every part of China are turning out immense quantities of cotton yarn, the amount of cotton yarn imported to the total of cotton imports was 52 per cent. In 1903 the percentage rose to 53, and there is abundant reason to count upon a still higher percentage in 1904. The loss of trade shown by these figures has been felt by all nations except Japan. The increased importation of drill cloths, sheetings, T cloths, flannel, and other cotton cloths from Japan was marked and still continues. Moreover the increased importation of cotton yarn has also been to the benefit of Japan, 66,321,300 pounds having been imported in 1902

and 110,854,100 pounds in 1903. Present indications are, however, that there will be a falling off in the imports of Japanese yarn this year.

CANALS IN CHINA.

There are several features of the canal system of China, especially of the Imperial or Grand Canal, which can be studied with profit by the people of the United States. One of these is the use of the canal for the production of food in addition to its uses as a means of transportation. Allied to this is the use of the muck which gathers at the bottom of the waterway for fertilization. Another is the use of every particle of plant life growing in and around the canal for various purposes.

The Chinese secure a vast quantity of food of one sort or another from their canals. To appreciate the exact situation with respect to the waterways it must be realized that the canals of China cover the plain country with a network of water. Leading from the Grand Canal in each direction are smaller canals, and from these lead still smaller canals, until there is hardly a single tract of 40 acres which is not reached by some sort of a ditch, generally capable of carrying good sized boats. The first reason for this great network is the needs of rice cultivation. During practically all of the growing season for rice the fields are flooded. Wherever a natural waterway can be made to irrigate the rice fields it is used; but, of course, from these to the canals or larger rivers there must be waterways. Where natural streams cannot thus be adapted the Chinese lead water in canals or ditches to the edge of their fields and raise it to the fields of rice by the foot power carriers which have been described so often by tourist writers. However the water is supplied to the rice, it is evident that there must be a waterway leading to the field and back to a principal stream, which is generally a branch canal. These waterways naturally take up a considerable portion of the land, and the Chinese make as profitable use of them as of the land itself.

The first use of the waterways is for fishing. The quantity of fish taken from the canals of China annually is immense. The Chinese have no artificial fish hatcheries, but the supply of fish is maintained at a high point by the fact that the flooded rice fields act as hatcheries and as hiding places for the young fish until they are large enough to look out for themselves. In the United States this fish propagation annex to the canals is probably neither possible nor needful in view of the work done by the State and national bureaus; but in China it is nothing less than providential.

Along the canals in China at any time may be found boatmen gathering muck from the bottom of the canal. This muck is taken in much the same manner that oysters are taken by hand on the Atlantic coast. In place of tongs are large bag-like devices on crossed bamboo poles which take in a large quantity of the ooze at once. This is emptied into the boat, and the process is repeated until the boatman has a load, when he will proceed to some neighboring farm and empty the muck, either directly on his fields—especially around the mulberry trees, which are raised for the silkworms—or in a pool, where it is taken later to the fields. From this muck the Chinese farmer will generally secure enough shellfish to pay him for his work, and the fertilizer is clear gain. The fertilizer thus secured is valuable. It is rich in nitrogen and potash and has abundant humus elements. This dredging of the canals for fertilizers is the only way by which the Chinese have kept their canals in reasonably good condition for centuries. The fertilizer has paid for itself both ways. Recently there were complaints filed at Peking that the ashes from the steam launches plying on the canals were injuring the muck for fertilizing pur-

poses, and the problem has been considered a serious one by the Chinese Government.

In addition to securing fertilizers from the canals, and thus keeping the canals in condition, the farmers help keep them purified by gathering all floating weeds, grass, and other vegetable debris that they can find upon them. Boatmen will secure great loads of water plants and grass by skimming the surface of the canal. The reeds growing along the canals are used for weaving baskets of several grades, and for fuel. In short, no plant life about the canal goes to waste.

Where there are so many canals there is more or less swamp ground. In China this is utilized for the raising of lotus roots, from which commercial arrowroot is largely obtained. There is no reason why much of the waste swamp land in the southern portion of the United States should not be used for a similar purpose, and the commercial returns from a venture of this sort in that part of the country ought to be satisfactory. Where the canals of China widen, by reason of natural waterways or for other reasons, the expanse of water not needed for actual navigation is made use of in the raising of water nuts of several varieties, especially what are known as water chestnuts. These nuts are raised in immense quantities. They are, strictly speaking, bulbs rather than nuts. They are rich in arrowroot and are prolific, an acre of shallow water producing far more than an acre of well cultivated soil planted in ordinary grain or similar crops. These nuts, also, could be produced to advantage in the United States where there is land inundated for the growing season to a depth which will give ordinary water plants a chance to thrive and which is not capable of being drained for the time being. The nuts or bulbs are toothsome when roasted, and are wholesome, but probably would be more valuable in the United States for the manufactured products which can be secured from them.

There are duck farms all along the canals in China. These are profitable. Chinese canals, as a rule, considering the population upon them and their varied uses, are cleaner than canals in the United States. There are few, if any, factories to contaminate them. The Chinese use of certain sewage for fertilization also prevents contamination to a great extent. The canal water is used for laundry, bath and culinary purposes indiscriminately. A canal in the United States could never be what it is in China; but the Chinese have a number of clever devices and ideas in connection with canals which can be adopted in the United States with profit.

The Grand Canal system in China has existed in almost its present shape since about the time Columbus discovered America. The Grand Canal itself, extending from Hangchau to Peking, is about a thousand miles long. Much of it is banked with stone, and all of it is in such condition that, with the expenditure of a little money, the system could be put upon a modern and effective basis. As it is, the canal handles practically all the internal trade of China, and this trade is far greater than its foreign trade. The coming of railroads will affect the canals somewhat, but not so much as may be imagined, for the railroads will very largely build up a trade of their own. A little money will make China's canal system in the future what it has been in the past—the greatest on earth.

GEORGE E. ANDERSON, Consul.

HANGCHAU, China, October 4, 1904.

CHINESE TRANSIT FEES.

The matter of the imposition, or attempted imposition, of additional taxes and restraints upon trade in China, through "huchao" and transit permit fees, is causing considerable uneasiness among some lines of trade in this part of China. So far as Hangchau and its tributary trade district is con-

cerned there is practically no trouble, owing to the announcement from the customs taotai of Chekiang Province that for the time being the tax will not be imposed. As related in a recent dispatch, this was taken as practically an abandonment of the plan of the customs to increase their revenue. The tax has been enforced in Yangtze River ports, however, and in some of the ports of North China. It has been resisted by foreign merchants, and if paid at all by them it has been paid under protest. Traders in this part of the country feel that if the tax is imposed anywhere it is only a matter of time until it will be imposed here, and they are looking for trouble. The tax is resisted on the part of the Chinese because it is excessive for the service rendered. The schedule of fees calls for 1 tael (70 cents gold) for each transit permit issued, and 3 taels (about \$2.10 gold) for each huchao for grain, including rice, and bullion up to \$5,000 taels (\$3,500 gold), personal effects of Chinese officials, and upon provisions. Inasmuch as many shipments of grain, for instance, will hardly amount to 3 taels in value, the nature of the charge in such cases is plain, and in the case of bullion the charge is really a tax upon banking institutions, which means an increase in the already heavy rates of exchange.

The most unfavorable feature of the matter, however, is that the imposition of these fees is taken to be the beginning of a policy on the part of the customs department of the Government contrary to the spirit and even the letter of the commercial treaties. Coupled with Chinese opposition to the extension of taxes upon any other line the policy of the Chinese Government represented in these new fees is taken as being hostile to the trade plans represented by the commercial treaties. It is felt that if these fees were paid and submitted to without protest there would be a material invasion of the rights of treaty nations under current agreements.

In May, 1903, the customs imposed a fee of 5 mace* (35 cents) on each outward transit pass, but the amount was so small that traders paid it rather than go to the trouble of making complaint and protest. It is felt that this charge was as illegal as the present plan of charging fees of a tael (70 cents) for passes in each direction. It was merely the beginning of what is feared is a policy which the customs service will not readily relinquish.

The foreign newspapers published in China have protested vigorously against the fees. They are unpopular with the personnel of the customs service itself, and it is thought that vigorous and continued protest on the part of those interested will result in their complete abolition. The temporary suspension of their imposition at Hangchau and most ports does not do away with them permanently, and commercial interests probably can protect themselves from such infractions of treaty rights in the future only by a decisive victory in the present case.

GEORGE E. ANDERSON, Consul.

HANGCHAU, China, November 19, 1904.

* Chinese money: Tael, mace, candareens and cash; the tael is equal to 10 mace, or 100 candareens, or 1,000 cash.

PACKING GOODS FOR CHINA.

There are continued complaints of poor packing and of poor grades of American goods sent to China in competition with goods from other countries, which are well packed and well worth the prices charged for them. While goods sent here must naturally be cheap to come within the range of the purchasing power of the mass of the people, it does not follow that they should be poor or unwholesome. Faults of some business houses in the United States are shown in a letter I have from Mr. C. E. Bousfield, head of the Baptist mission at Shaoshing, in this district. In sending a list of business houses handling American goods in that city for which I had asked him, he says:

"In reply to your request I have made careful inquiries and have found out and am sending a list of the important stores in the city where foreign goods are sold. There are very many smaller ones, but almost without exception they get their goods from the larger stores named in the list. There are, besides, drug stores and photographers which use a small amount of foreign goods and will use more in the future.

"I am very glad that you are taking up the matter, for it has stirred me up again and again to see so much foreign goods of other nationalities sold here and so little American goods, except flour and oil. As a proof of my feeling in the matter, I went so far as to have sent out a quantity of stuff from a San Francisco house, hoping in that way to make a beginning of a store here. I told this house of the opportunities here. I think I would have accomplished something if they had not been too greedy and sent me a lot of rubbish they could not sell at home. I almost 'lost face,' and, to save myself, bought a lot, which, of course, I did not need—patriotism costs something sometimes. I have also tried to get a cousin, who is in a Connecticut firm, interested, but he has all the business now that he can handle."

There is a vast amount of miscellaneous goods—groceries, dry goods, notions, light hardware and the like—sold in the Far East at the present time by European nations which ought to and would come from the United States if American business men were satisfied with large sales and small profits in this trade.

The importance of proper packing of goods for the Orient and for the long sea voyages generally cannot be impressed too much upon American exporters. If they could see the shape in which much of the goods from the United States arrives here they would surely be convinced that it is to their immediate and important interest to adopt better methods. The packing done by some of them, and this includes some of the largest firms in the country, simply means annoyance to themselves and loss to their patrons.

GEORGE E. ANDERSON, Consul.

HANGCHAU, China, December 17, 1904.

PRODUCTION AND EXPORTS OF FORMOSAN TEA.

The tea season in Formosa has closed with an exportation of nearly 3,000,000 pounds less than in the previous season. The exports for 1903 and 1904 were as follows:

EXPORTS OF TEAS FROM FORMOSA, 1903 AND 1904.

Kind.	1903.	1904.
Oolongs	20,315,665	17,979,818
Pouchongs	3,274,523	2,786,514
Others	550,516	476,262
Total	24,140,704	21,242,594

The exportation of Oolongs from the port of Kilung during 1904 shows a large increase over that of 1903, notwithstanding the shortage of this season's crop. This may be seen in the following table:

EXPORTS OF OOLONG TEA FROM KILUNG, FORMOSA, 1903 AND 1904.

Ports of exportation and destination.	1903.	1904.
Tamsui to Amoy*	15,510,628	11,935,844
Kilung direct to America	3,775,688	5,426,398
Kilung to Japan for transshipment to America	1,029,349	617,576
Total	20,315,665	17,979,818

* The Oolong tea exported to Amoy is transhipped to America, with the exception of a very small percentage to Great Britain.

Eighteen vessels loaded tea at Kilung for direct shipment to America during the present year, as against eight in 1903.

As practically all the tea produced is exported, the crop of each year may be closely approximated by the exports. The quantity of each season's crop held over is insignificant. The following table, showing the export of tea for the years from 1896 to 1904, has been prepared from the customs returns:

EXPORTS OF TEA FROM FORMOSA, 1896 TO 1904.

Year.	Pounds.
1896.....	21,474,200
1897.....	20,516,020
1898.....	20,532,407
1899.....	19,837,331
1900.....	19,913,549
1901.....	20,084,741
1902.....	22,333,863
1903.....	24,140,704
1904.....	21,242,594

The unusually large crop of 1903 resulted from extremely favorable climatic conditions. The crop of 1904 suffered from lack of rain and from cool weather during the summer and early autumn months.

Last year the industrial bureau of the Formosan Government erected a plant at Toshien, about 16 miles to the southwest of Daitotei (Tamsui), for the manufacture of tea by machinery. The object of this experiment was to produce a more uniform quality at a lower cost than can be done manually. The plant consists of a Sirocco firing machine, with the usual rolling, cutting and sizing and sifting machinery, and was brought from Ceylon. The economical operation of this plant in producing Oolongs has not been demonstrated.

During the year importers in the United States found occasion for complaint at the large amount of dust that had been packed in the shipments. In fact, the Tea Association of New York considered it necessary to call the attention of the "trade" to the matter, and in their circular letter stated that unless the abuse was checked it would lead to a decrease in the consumption of Oolongs in America. This practice, no doubt, arose from the high prices demanded this year by the planters for the green leaf, which the demand in the United States did not sustain. This left the packers little or no margin on their transactions with the exporters. Some of the exporters endeavored to remove this abuse by buying the green leaf in the country and firing and packing it themselves. The trade in Oolongs, which is the principal product of the industry, is in the hands of four American and three British houses.

According to the statistics kept by the agricultural section of the industrial department of the Formosan Government, the areas under tea cultivation in the years from 1898 to 1903 were as follows:

AREA UNDER TEA CULTIVATION IN FORMOSA, 1898 TO 1903.

Year.	Acres.
1898.....	102,821
1899.....	102,821
1900.....	62,804
1901.....	62,522
1902.....	67,830
1903.....	83,380

The expansion of tea producing district in recent years has been toward the south.

FRED D. FISHER, Consul.

TAMSUI (Daitotei), Formosa, December 22, 1904.

COMMERCE AND INDUSTRIES OF KOREA.

The constant growth of the trade of Korea, as evidenced by customs returns, is somewhat remarkable in view of the unfavorable internal condition of the nation, and is to be explained only by a consideration of the comparatively large and but partially developed resources of the country. It is safe to assume that at the conclusion of the present hostilities, of which Korea is at least partially the objective, but from the ravages of which she has been thus far providentially spared, a greater development awaits her, and further expansion of her foreign trade.

With no very exceptionally good harvest, but with a severe epidemic of cattle disease—particularly serious to an agricultural community whose cattle are one of its principal means of transportation—with continued depreciation of the native nickel currency, and with the anxiety caused by impending war, the year 1903 still shows a marked increase in Korea's foreign trade. The total gross trade of the treaty ports amounted to \$19,585,168, against \$15,691,109 in 1902; this includes coast trade between treaty ports, but not the \$2,400 trade of non-treaty ports.

The total net value of the direct foreign trade of 1903 was \$13,792,999, as follows: Imports, \$9,073,153, as compared with \$6,743,621 in 1902, and \$7,318,842 in 1901; exports, \$4,719,846, as compared with \$4,131,900 in 1902 and \$4,214,050 in 1901. In 1903 exports of gold amounted to \$2,717,285, as against \$2,521,925 in 1902 and \$2,486,688 in 1901. The increase in value of direct foreign trade (not including treasure) for 1903 thus exceeded the highest previous total, that of 1901, by some \$2,241,000, or about 19 per cent., and the next highest, 1902, by some \$2,900,000, or over 26 per cent. This increase being relatively larger in imports than exports (including gold), shows a balance against Korea of over \$1,600,000, as against a similar balance of only about \$80,000 in 1902. But, to quote from customs returns, "this large balance may be reduced by an amount nearly equivalent to the value of railway materials imported (\$870,722), and money paid as wages and for supplies by the railway and other foreign companies would further assist in paying the commercial debts of the country."

IMPORTS.

Of the increase in imports the largest item, next to railway materials, consisted of food stuffs, principally rice, and other grains, and flour, aggregating some \$597,600. Imports of flour alone amounted to over 5,500,000 pounds, valued at \$103,627, as against some 2,000,000 pounds, valued at \$36,265, in 1902, and about the same in 1901. Almost all this was American flour imported into Korea via Japan and China. This sudden increase may be partially accounted for by a bad native wheat crop, but conditions are such that the market seems likely to hold its own.

Cotton goods, as a class, constitute the largest item of import. In 1903 cottons were imported to the value of \$2,879,207, showing a slight increase over 1902, and a de-

crease as compared with 1901. According to customs returns these imports may practically be classed, in nearly equal value, as British and Japanese. It is a fact, nevertheless, that a considerable portion of the cotton drills and sheetings imported were of American manufacture. That British cottons can thus hold their own against Japanese competition would seem to argue that a much larger share in this trade might be developed for American cottons by a study of the local demand and conditions in this country, where what might be called the "national costume" is composed mainly of cotton sheeting.

A taste which has enormously developed in Korea of recent years is that for cigarettes. Native tobacco is used by the countrymen in their long pipes, but in the cities and even among the laboring classes, when they can afford it, the use of the cigarette has become almost universal. Cigarettes were heretofore imported almost exclusively from Japan, made partially at least of American tobacco. In 1902 a cigarette factory, on rather a large scale for Korea, was opened by a British concern at Chemulpo, but for some reason did not prove a success. There is at present, however, a small factory at Chemulpo making cigarettes from a mixture of Richmond and native tobaccos, which is reported to be doing a good business. Recently an American and British company established an agency in Korea and will bid for a share of this growing trade. The figures show an increase in value of imports of over 85 per cent. for the past two years. The imports of tobacco, cigars and cigarettes (principally cigarettes) in 1903 were valued at \$157,608, as against \$98,903 in 1902 and \$85,000 in 1901.

Customs returns for 1903, showing the net value of direct foreign trade by countries, are the first in which a separate account is made of American and British trade. The total of imports and exports from Japan was \$9,538,987; from China, \$3,440,087; Manchurian (Russian) ports, \$226,961. Imports from Great Britain were \$388,571, and from the United States \$198,391.

The figures given for the United States cover principally railway materials and such imports of kerosene (a small proportion) as came direct from America, and that they do not at all represent the extent of our trade with Korea may be seen from the importation of American oil alone. The Standard Oil Company has at Chemulpo and Fusan large "godowns" or storehouses, especially built for storing its oil, most of which is imported in 5 gallon tins from the company's branches in Japan. In 1903 the imports of American kerosene were 2,232,127 gallons, valued at \$242,008. This shows a decrease compared with 1902, the best previous year, when the imports were 3,461,980 gallons, valued at \$380,458, and 1901, with 2,463,631 gallons, valued at \$306,523. In the Chemulpo customs report this falling off is accounted for by the fact that, in so far as that port is concerned, Russian oil was for the first time imported in competition, but this is not a completely accurate explanation, since importations for any year do not necessarily corre-

spond to the sales of that year. It has been stated as a matter of fact that this importation of Russian oil has not materially affected the sales of American oil. The latter, though higher in price, because better, is preferred by the natives, as it does not congeal in the cold of the Korean winter.

EXPORTS.

As regards the exports of Korea, it cannot be said that as yet many of them are such as American trade demands. Aside from gold the minerals thus far developed consist mainly of iron, copper and coal. A French company has undertaken the manufacture of briquettes from a kind of disintegrated anthracite found in northwestern Korea, but its operations were suspended by the present war before the merit of the industry had been proven. A Korean company has also recently been organized, with an American miner as superintendent, to mine what is claimed to be a more solid form of the coal, found in the same region. It is reported that this company will shortly receive from the United States machinery sufficient to begin operations. Copper and iron mining seem to be solely in the hands of the natives.

In considering Korean exports mention should be made of ginseng, since within the past few years quite an interest in the cultivation of this root has arisen in America. The cultivation of Korean ginseng is a Government monopoly, and has in the past yielded a considerable income. In 1903 exports were valued at \$490,071 and in 1902 at \$596,650. It is, however, an article of rather uncertain merit and of such fictitious value that in 1902 a large portion of the crop in Korea was destroyed in order that the market (principally Chinese) might not be glutted. It would hardly seem, therefore, as if its cultivation in the United States for the Oriental market, in competition with the Eastern product, would adequately repay the care necessary in raising it.

AGRICULTURE.

Korea is primarily an agricultural country, whose principal products are rice, beans, millet and some wheat; although it would seem that its soil and climate are well adapted to raising any of the products of a temperate region. Some cotton is grown, but none is of very good quality. Silk, for which the conditions of climate, &c., would seem to be admirable, is also cultivated to a certain extent.

On arrival in Korea one's attention is at once attracted to the really fine cattle, mostly bulls, used as beasts of burden. These much resemble American cattle, and all are large, powerful animals. It would certainly seem that Korea, with any proper regard to breeding and feeding, might supply a large share of the beef of the East, but, unfortunately, no agricultural development can be expected of this country under existing conditions, for, instead of a premium on industry, there is a penalty, since the farmer who lays aside more than sufficient for immediate use becomes at once a mark for the tax gatherer. This unfortunate condition has effectually prevented any real development of the natural resources of the land.

MANUFACTURES.

In native manufactures and industries the results are for the most part extremely crude. Among the best may be mentioned a kind of very strong, coarse paper, used mostly for floor coverings, but which might be well adapted to other uses. There are also made some very excellent reed and straw mats and mattings and hair cloth. These have never been produced in any considerable quantity for export.

CURRENCY AND BANKS.

Perhaps the most serious discouragement to the development of Korea's trade at present lies in the almost hopeless condition of her monetary system—another result of her unfortunate political condition. The native currency consists of nickel coins of a face value of $2\frac{1}{2}$ cents United States gold, of copper, of copper cash, and copper coins; but in certain localities, as in the American mining district, silver dollars only will be accepted by the natives. In and around Seoul the nickel is used. In the past these nickel coins have been poured out by the Government mint without regard for the future and without maintaining any reserve metal. Besides this unlimited coinage, permits for coining were freely granted to private persons, and finally, to make matters as bad as possible, counterfeiting became so common that there were at times about as many spurious as genuine nickels in circulation. There were reported at one time twenty-six different varieties of nickels in circulation, most of them bad. It is, therefore, not surprising that these coins should have depreciated until there was a time when the Japanese yen (49.8 cents United States gold) was the equivalent of \$2.60 in nickels.

Banking in Korea is almost entirely confined to the Japanese banks, of which Dai-Ichi-Ginko (first bank) of Japan is the most important, with branches at Seoul and all the treaty ports. This bank has issued, with authority of the Japanese Government, special notes for use in Korea, of denominations of 1, 5 and 10 yen, which, with the bank notes of the Bank of Japan (Nippon Ginko), form the currency in general use among the foreign community. Japanese subsidiary coins of 10, 20 and 50 sen (silver) and 5 sen (nickel) are also current. (One hundred sen = 1 yen = 49.8 cents United States.)

EFFECT OF THE WAR ON TRADE.

That trade for 1904 should have been at once affected by the Russo-Japanese War, opening as it did with the sinking of the Russian warships *Variag* and *Koryeetz* in Chemulpo Harbor on February 9, goes without saying. Immediately Chemulpo and other Korean ports were closed to trade, and for a time remained so. The majority of the Japanese merchant ships which had been plying to Korean ports were taken by the Japanese Government for its transport service. The scene of war, however, shortly passed beyond the borders of Korea, and though for some time thereafter communication with her ports was somewhat limited, little by little her trade has quietly and gradually revived until at the present time, except for uncertainty as

to dates of arrival and departure and higher freight rates, no very great inconvenience can be said to exist.

The war has had a varied effect on Korean trade and industries. Large numbers of troops to be fed and large railway and other undertakings being pushed forward have distributed much money throughout the country. The Korean laborer has often had more ready money than it was ever his lot to enjoy before. On the other hand, the effect has been to paralyze certain other industries, and through requisition for coolies for transportation purposes and railway work, at a time when crops were to be harvested, agriculture has to a certain extent suffered. It is most worthy of note, however, that from the orderly manner in which the campaign in Korea has been conducted the regular routine has been disturbed remarkably little. For example, the operators at the American mines, which region was successively in the occupation of the Russian and the Japanese troops, have no fault to find with either, and except for difficulty in getting supplies through lack of transportation facilities, and in losing some native laborers, principally because of the attraction of war wages, but little inconvenience has been suffered, and mining operations have gone on much as usual.

Certain branches of trade seem now to be reviving in greater strength than before. Following the advance of the army, there has been an enormous immigration of Japanese, mostly laborers and small merchants, and much of the available land in the treaty ports, notably Fusan, Chenampo and Chemulpo, and the cities of Seoul and Pyengyang, has been bought up by Japanese. Improvements of the harbors of Fusan and Chemulpo, and construction of terminal facilities for the railways in Fusan, Seoul and Pyengyang have called for an unprecedented importation of building materials, tiles, etc. Though it is at present impossible to obtain complete returns, figures available seem to show a wonderfully healthy condition of ordinary trade. No information is, of course, obtainable concerning imports for military purposes, including materials for construction of railways by the military; but in what might be called regular imports a substantial increase is already shown in kerosene and in cigarettes.

For the half year ended June 30, 1904, 1,833,129 gallons of American oil were imported, and though it is to be regretted that trade secrecy makes it impossible to give further information than given in preliminary returns of customs it is a fact that the trade in oil has of late shown a remarkable increase. The same is true of cigarettes to a degree even greater. Imports of these for the period named amounted to no less than \$256,570, as compared with \$157,608 for the year 1903—the best on record. Some 2,000,000 pounds of flour, mostly American, were imported in the half year, and as but little was imported in the first quarter, this trade promises to equal its record of 1903. Cotton goods seem to have gone somewhat backward, but will doubtless improve. Mining materials to the value of \$68,103 were received, a good record considering the difficulties of transportation. Exports of gold for the period amounted to \$1,003,752, which, for the reason just given, is perhaps more creditable, taking the risk of loss into account.

EXTERIOR COMMUNICATION.

Transportation, though still suffering the loss of ships taken for transport service, is fairly well re-established. A Japanese company, the Shosen Kaisha, has frequent small steamers between Korean ports and Japan. The largest Japanese company, the Nippon Yuen Kaisha, has several foreign ships under charter, which maintain a service between Japan, Korea and China (Chifu). The Hamburg-Amerika Company runs fortnightly steamers between Chemulpo and Shanghai, and one steamer under the American flag, the Ohio (registered in Kobe, Japan), belonging to an American resident of Korea, maintains a regular service between Chenampo, Chemulpo, Mokpo, Fusan (in Korea), and Kobe and Osaka (in Japan). This ship is the one most favored by passengers between Korea and Japan on account of its excellent passenger accommodations. The excellent service promised by the steamers of the Chinese Eastern Railway Company came to a conclusion with the opening of the war, when its steamer Sungari was sunk in Chemulpo harbor. American shipping is unfortunately but rarely seen in Korean waters. There is, however, at Chenampo a considerable clearance of small ships bearing the American flag, the property of the American Mining Company.

DEVELOPMENT OF AMERICAN TRADE.

As to the development of American trade it is believed that comparatively little can be accomplished under existing conditions, except by representation on the spot. It must be remembered, too, that Korea's American and European population is insignificant as yet, and that there is, therefore, but a very limited market for such articles as might be termed those of luxury. The country is thus far mainly an agricultural one, but it is doubtless in a transition period. What its future will be, however, depends much on the turn of events. In any case its much larger development would seem to be promised, and with that must come further opportunities for foreign trade, of which Americans seem thus far to have well availed themselves. It is an undoubted fact that American commercial interests in Korea today are greater than those of any one European nation. GORDON PADDOCK, Consul General.

TRADE OF THE UNITED STATES WITH KOREA, 1892 TO 1904.

	Imports from Korea.	Exports to Korea.
1892.....	\$608	.....
1893.....	79	.....
1894 ¹.....	....	.....
1895.....	100	.....
1896.....	82	\$32
1897.....	....	509
1898.....	....	125,936
1899.....	408	141,679
1900.....	105	126,965
1901.....	768	215,551
1902.....	....	251,563
1903.....	22	171,400
1904.....	290	387,579

¹From data of the Bureau of Statistics, Department of Commerce and Labor.

²No transactions reported.

DEVELOPMENT OF KOREA'S RESOURCES.

The largest American enterprises in Korea at the present time are the Oriental Consolidated Mining Company and the American-Korean Electric Company. The former, operating on concession a district some 500 square miles in extent in Northwest Korea, has been described as the largest development undertaking in Asia. It employs about seventy white men and several thousand Asiatics, and operates five mills on its concession, with a total of 200 stamps. In 1903 it mined and milled 203,567 tons of ore, valued at \$1,478,956, and had in sight on December 31 ore to the value of over \$6,000,000. It has now about completed a large dam for a reservoir to furnish water power for an electric plant, by which its mills will be run. This plant is to cost completed some \$200,000.

In this connection the following figures, giving the export of gold from Korea to foreign countries for the past ten years, is of interest: 1894, \$465,169; 1895, \$673,758; 1896, \$692,425; 1897, \$1,012,971; 1898, \$1,183,111; 1899, \$1,460,824; 1900, 1,809,258; 1901, \$2,486,688; 1902, \$2,521,925, and 1903, \$2,717,285. These figures do not include a considerable quantity of gold mined by natives but not exported through the treaty ports. Other foreign mining concessions are operated in Korea by British, German and Japanese companies, but have thus far proved by no means so successful as that of the American company. Considerable deposits of gold have recently been discovered a short distance from the city of Pyongyang, in the northwest, and it is reported that 25,000 Koreans are now in that region engaged in placer mining. It is doubtful, however, if the deposits in that locality will hold out very long, and the returns to each individual miner cannot be very great. In 1903 mining supplies to the value of \$212,964 were imported—about the same amount as in 1902, and an increase over 1901; a considerable proportion of these were American goods for the American mines.

The American-Korean Electric Company, which began operations in 1899 under the title of the Seoul Electric Company, has recently been reorganized and incorporated under its present name, with a capitalization of \$1,000,000, under the laws of Connecticut. It holds an exclusive franchise for operating electric street railways, telephones, lighting and power plants in Seoul, and is the only concern at present that has an electric light and power plant in Korea. It now runs some twenty-five cars over 11.2 miles of track in and about the city of Seoul and furnishes some 5,000 electric lights. Its entire electrical equipment is of American manufacture and of the latest and most approved type. This company has been so successful that it is about to add 6 miles of track to its line and contemplates the purchase

of fifteen to twenty new cars. It will also add to its power house installation two generating sets of 250 kilowatts capacity each, connected to two 400 horse power cross-compound engines.

A company organized in America, with a capital of \$1,000,000, holds a franchise, granted originally in 1898, for the construction of a waterworks system for the city of Seoul. Construction work will be commenced in the coming spring. This would seem to be a very necessary adjunct to a city of some 300,000 inhabitants, which is constantly growing and becoming modernized, and which at present has to rely only on such water, of very limited quantity and doubtful quality, as can be obtained from shallow wells. In the past three years there have been numerous serious fires in Seoul, the last only recently, when the imperial palace was almost totally destroyed; these might all have been readily controlled had there been an adequate water supply. The water for the new system is to be taken by centrifugal pumps from the Han River (a large stream about 3 miles from the city, some 5 miles above the city. After passing a system of filtration, known as the American system of rapid mechanical filtration, the water will be pumped to the city by two high duty triple expansion pumping engines, each of a capacity of 5,000,000 gallons per twenty-four hours. The system of piping for distribution is to consist of 54 miles of cast iron pipe, of from 4 to 24 inches diameter, and a large number of fire and domestic iron hydrants. Pressure in the pipes is to be maintained, besides the pumps, by a soft steel standpipe located near the city. This is a work of considerable magnitude, the engineering investigations for which have covered a period of several years. The equipment will, of course, be of American manufacture.

Next to the Japanese, who, with a population in the treaty ports alone of over 21,000 in 1903, far exceed all others, and the Chinese, numbering about 2,000, Americans in Korea outnumber any other foreign nationality. According to the last enumeration there were some 241 Americans residing throughout Korea, of whom about two-thirds are missionaries, principally of the Presbyterian and Methodist churches. The establishments of the missionaries in Seoul and Pyongyang are particularly worthy of note, and, though perhaps not strictly within the scope of a trade report, mention may well be made of the large, well equipped, modern hospital recently opened in Seoul under the auspices of the Presbyterian Mission, the gift of a charitable American for the benefit of the Korean people.

GORDON PADDOCK, Consul General.

SEOUL, Korea, November 4, 1904.

LIST OF MEMBERS.

Corrected to April 1, 1905.

- 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 Com-
 pany), New York.
 Bliss, Fabyan & Co. (dry goods comm.), New York.
 Borden's Condensed Milk Company, 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.
 Brown & Co. (lumber), New York.
 Browne & Co. (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 Canners' Association, San Francisco, Cal.
 Camera, L., care Jardine, Matheson & Co., Shanghai, China.
 Capelle, Herman, Company, The (Egyptian cotton), New York.
 Capen's Sons, A. W. (exporters and importers), New York.
 Carl, Francis A. (Chinese Commissioner St. Louis Exposition), St.
 Louis, Mo.
 Carleton, I. Osgood (commission merchant), New York.
 Carlowitz & Co. (exporters and importers), New York.
 Carter, Macy & Co. (tea importers), New York.
 Cary, Clarence (lawyer), New York.
 Cary, John C. (cotton mill), Lockhart, S. C.
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 Cal.
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 York.
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 New York.
 Chicago and Northwestern Railway, New York.
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 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.
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 Cordova, Charles de (tea broker), New York.
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 president), New York.
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 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.
 Fleitmann & Co. (dry goods commission), New York.
 Flint, W. K. (importer of teas, coffees and spices), Milwaukee, Wis.
 Folger & Co., J. A. (importers), San Francisco, Cal.
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 Hubbard, John (International Banking Corporation), New York.
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 Loomis, Laurus (dry goods comm.), New York.
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 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.
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 Meyer, Wilson & Co. (shipping and commission), San Francisco, Cal.
 May, Frederick (real estate), Washington, D. C.
 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.
 Mitsui & Co. (exporters and importers), 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.
 Moore, Chas. A. (railroad supplies), New York.
 Morewood & Co. (commission merchants), New York.
 Morgan, Edwin (United State Minister to Korea), Seoul.
 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.
 Oakes, Walter (Alaska Steamship Company), Seattle.
 Occidental and Oriental Steamship Company (D. D. Stubbs, secretary and general manager), San Francisco, Cal.
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 Orcutt, C. B. (president), New York.
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 Pacific Mail Steamship Company, New York.
 Pacific Lumber Company, San Francisco, Cal.
 Pacolet Manufacturing Company, Pacolet, S. C.
 Pantasote Leather Company, The, New York.
 Parker, Wilder & Co. (dry goods comm.), New York.
 Parsons, William Barclay (consulting engineer), 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.
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 Reid, John (Jordan L. Mott Iron Works), New York.
 Reid, David C. (car builders), Wilmington, Del.
 Ripley, Daniel (cotton broker), Galveston, Tex.
 Robbins & Appleton (watch manufacturers), New York.
 Rockhill, W. W. (United States Minister to China), Peking.
 Rockhill, Clayton (essential oils), New York.
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 Rogers, Brown & Co. (pig iron), New York.
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 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.
 Schwab, Chas. M. (iron and steel), 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.
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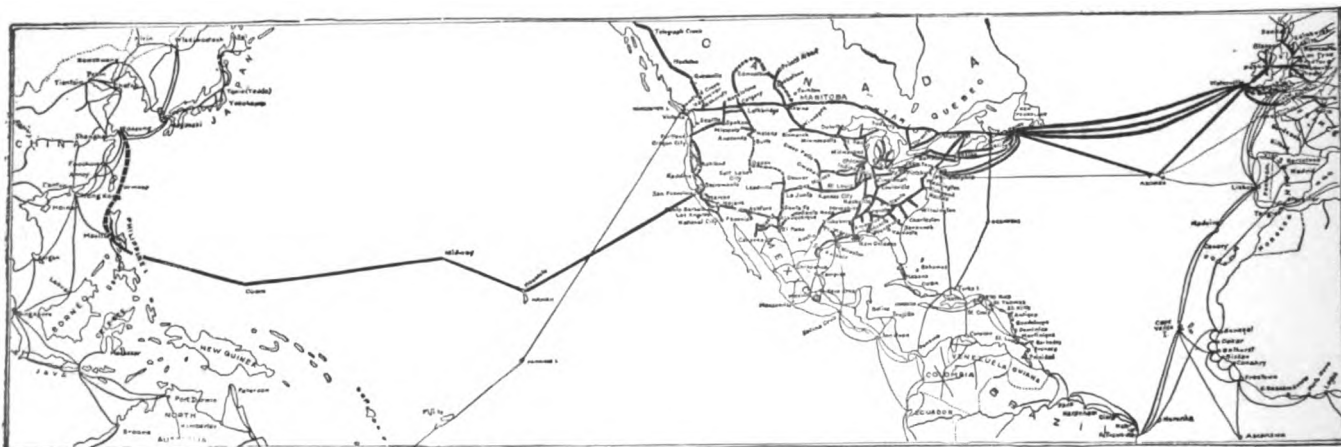
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Journal of The American Asiatic Association

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New York City.

IN our last month's issue we took occasion, by way of reassuring the doubting and encouraging the timid friends of Japan, to point out the extreme probability that Togo would gain a victory over the Russian Baltic fleet, and that the victory would be a signal and decisive one. But the actual event has far outrun the anticipations of the most sanguine—far exceeded the hopes of the most confident. Never in all the history of naval warfare has a defeat so crushing been inflicted on the vanquished with sacrifices so slight on the part of the victor. Never surely has there been a more impressive demonstration of how absolutely the conditions of modern warfare are dominated by trained intelligence and of how little value are the most formidable engines of war when this essential requisite is lacking. In the battle of the Sea of Japan, the Japanese Navy has fitly closed the great chapter of achievement which began at Chemulpo and Port Arthur by gaining command of the sea, and whose culminating triumph reduces at a single stroke the sea power of Russia to a nullity. The despised "half-men" of the vocabulary of contempt which was in general use in the Russian official world up to February, 1904, and which was not entirely laid aside afterward, have now assumed proportions so gigantic to the Russian imagination that the newspapers of St. Petersburg and Moscow are heaping reproaches on an unsympathetic world which refuses to take affright at the yellow peril, or to intervene to save Russia from the penalty of her own insane folly.

MEANWHILE, the only hint of returning reason which comes from the Russian court circle is the intimation that a Constituent Assembly may be summoned to decide on the issue of peace or war. The Grand Ducal clique, encouraged by that most sinister and shallow of all advisers, Admiral Alexieff, has not ceased to have hopes that a victory for the troops under General Livevitch may change the entire situation. That the discipline of these troops has been seriously impaired, is as certain as that their morale is hopelessly destroyed. To expect the fortunes of war to be suddenly changed by an instrumentality so untrustworthy, may be characteristically Russian, but it is of a piece with the imbecility which has brought the empire of the Czar to its present pass.

It must be admitted that, standing before the bar of international criticism, the United States cannot plead that it is free from a form of imbecility only less dangerous than the Muscovite type. In another part of this issue will be found a transcript of the cablegram received from the American Association of China in regard to the probable consequences of our failure to negotiate a more liberal immigration treaty with China. In connection with the Secretary's letter to the President of the United States should be read the luminous exposition by Mr. Kohler of the methods of administration followed under the recent treaty and present exclusion law, as well as the remarks of Justice Brewer of the Supreme Court of the United States on the extraordinary character of the rules formulated by the Bureau of Immigration in regard to the examination of the exempt class of Chinese Immigrants. All this is merely part of the truckling practised by both the Legislative and Executive Departments of our Government, to a form of tyranny as odious in its way as that of the Russian Autocracy—the dictation of organized labor. It is a fixed principle among the men who shape the policy of American Trades Unions that it were better our whole Asiatic trade should go by the board than that any opening should be left by which an occasional Chinese coolie might be able to pollute our sacred soil. In view of the average character of our present immigration from Europe there is something grotesque in the over-wrought concern of the trades union leaders in regard to the precautions needed in dealing with visiting Chinamen; considering the magnitude of the interests—to labor no less than to capital—with which these men are trifling, their obstinate opposition to the negotiation of a rational immigration treaty with China is nothing short of criminal. A delegation of members of this Association has asked for an interview with the President for the purpose of placing some of these considerations plainly before him.

Not content with provoking reprisals from China, the same influences that are primarily responsible for the Exclusion Acts are endeavoring to disturb the relations between this country and Japan. There has been formed in California an organization known as the Japanese and Korean League. This organization is based upon opposition to the free admission of Japanese and Koreans to our shores, and the chief resolution in its platform reads as follows: "Resolved, That the terms of the Chinese Exclusion Act should be enlarged and extended so as to permanently exclude from the United States and its insular territories all classes of Japanese and Koreans, other than those exempted by the present terms of that act." Members of the League pledge themselves not to employ or patronize any firm employing that class of labor in any capacity or dealing in the products thereof. It is claimed that all the Pacific Coast States and some of those adjoining are in sympathy with this Californian movement against Japanese Immigration. It remains to be seen what

reception the demand for the extension of the provision of the Chinese Exclusion Act to include the Japanese will receive from Congress; it is not at all doubtful what will be the attitude of Japan toward legislation dictated by such a spirit. The toleration and patience which China has exhibited in dealing with the insulting and oppressive Immigration Laws of this country as applied to her citizens will certainly not be imitated by the Japanese Government.

CONSIDERING that the Department of Commerce and Labor is the chief exponent of the policy of obstruction to any satisfactory Immigration Treaty with China, there is something supremely ridiculous in the announcement that the head of that Department, the Honorable Victor Howard Metcalf, is considering the advisability of sending a special agent to the Far East to inquire into its undeveloped commercial possibilities. The absurdity of employing one hand in killing our trade with China and trying to use the other for the purpose of stimulating it, would be decidedly humorous were its serious side less manifest. It appears that Congress at its last session made an appropriation authorizing the Secretary of Commerce and Labor to send out a number of special agents for the study of foreign markets, but the ability to endow the Secretary with intelligence enough to discern some of the first requisites of extending our Asiatic trade and to avoid some of the most obvious means of destroying it, transcends even the power of the Legislature of the United States.

THE announcement was made in these columns last January that the work at first undertaken by the Perry Memorial Relief Fund had been transferred to another organization known as the Japanese Relief Fund, which made its appeal for the aid of the families of soldiers and sailors in Japan left destitute by the death or disablement of their natural protectors, on grounds of Christianity and humanity. It is gratifying to be able to announce that the subscriptions to this new fund have reached the sum of twenty-six thousand dollars, of which the larger part has already been remitted to Japan. Added to the \$7,100 already sent as the proceeds of the Perry Memorial Relief Fund, and to a considerable amount of miscellaneous subscriptions made by Americans to Japanese Relief Organizations of native origin, the contribution of the United States becomes a little more respectable than at one time it seemed likely to prove. It can hardly be said, however, to have reached dimensions to which we can point with pride, and it is sincerely to be hoped that the work of the organization headed by Dr. Seth Low and including some of the most eminent representatives of the Christian churches of the country will be continued long enough to secure results more nearly commensurate with the demands which the distress occasioned in Japanese families by the losses of the war make on the charitable public of the United States.

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, 1904 and 1905.

EXPORTS TO CHINA.

Months.	Cotton Cloths.		Mineral Oils.		Wheat Flour.	
1903.	Yards.		Gallons.		Barrels.	
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
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
1904.						
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
November	36,956,424	2,012,842	4,507,001	421,799	5,182	18,137
December	40,598,280	2,241,047	4,778,330	402,000	9,830	39,967
1905.						
January	28,480,261	1,626,920	8,867,873	903,403	9,713	37,589
February	45,011,364	2,498,418	1,711,363	182,683	6,386	26,000
March	45,717,073	2,576,523	10,039,765	883,960	9,072	34,830
April	48,014,580	3,103,367	7,017,894	661,062	9,900	38,130
Total	370,007,819	\$21,125,838	72,741,612	\$6,960,012	62,541	\$241,808

EXPORTS TO HONGKONG.

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	232,270
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
1904.						
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
November	70,363	7,862	2,159,280	192,958	84,248	313,776
December	49,322	7,243	940,753	100,987	117,366	467,939
1905.						
January	59,046	10,355	764,808	78,334	29,180	115,690
February	71,738	8,116	504,756	42,094	34,293	133,638
March	34,958	4,815	34,588	5,039	42,217	169,454
April	18,886	2,690	2,489,270	231,586	18,630	73,715
Total	424,330	\$60,740	16,801,890	\$1,586,812	886,906	\$3,506,819

DEPARTMENT OF COMMERCE AND LABOR,
Bureau of Statistics.

WASHINGTON, D. C., May 31, 1905.

Imports of Tea and Silk into the United States for the ten months ending April 30, 1903, 1904 and 1905.

TEA.

Imported from	1903.		1904.		1905.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	5,027,730	918,591	5,826,398	1,206,375	6,137,076	1,222,694
British North America....	1,760,386	354,562	1,788,752	398,556	1,779,829	409,352
Chinese Empire.....	54,564,412	6,904,707	52,521,285	7,183,887	42,812,743	5,866,662
East Indies.....	5,692,458	706,625	6,332,537	965,064	6,794,956	930,411
Japan.....	34,884,581	5,494,422	40,880,206	7,459,932	40,059,039	6,813,589
Other Asia and Oceania ..	396,811	45,606	407,051	50,626	298,073	38,261
Other countries	6,301	2,923	61,007	14,792	216,563	46,436
Total.....	102,332,679	14,427,436	107,817,236	17,279,232	98,098,279	15,327,405

RAW, OR AS REELED FROM THE COCOON.

SILK.

Imported from	1903.		1904.		1905.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France.....	511,974	1,948,172	274,694	961,248	696,526	2,026,705
Italy.....	2,710,475	11,258,037	1,443,009	6,337,991	3,799,381	13,733,136
Chinese Empire.....	2,789,281	8,116,774	2,608,989	7,620,916	2,410,736	6,710,854
Japan.....	6,349,067	22,990,824	5,776,890	21,255,384	7,164,195	24,770,052
Other countries	49,598	169,581	80,381	274,251	983,995	2,820,485
Total	12,410,395	44,483,388	10,183,963	36,449,790	15,054,833	50,061,232
Waste .....lbs..free..	1,362,501	855,827	3,835,881	1,517,518	3,902,129	1,262,320
Total unmanufactured .....	.....	45,339,373	.....	37,978,005	.....	51,331,427

CORRESPONDENCE.

THE CHINESE IMMIGRATION QUESTION.

NEW YORK, May 16, 1905.

To the President of the United States, Washington, D. C.:

SIR—On behalf of the executive committee of the American Asiatic Association, I beg to submit for your information the following cablegram just received from the American Association of China:

"Chinese chambers of commerce, gentry and guilds advise people of the whole empire after August to boycott all American schools, business, goods, products and ships, unless exclusion treaty guarantees equitable treatment to travelers, students and merchants entering United States. Association recommends Washington's earnest consideration."

I am requested to call your attention to the serious consequences such a movement may have on American trade with China and particularly on the prosperity of the cotton textile industry of the United States, which has been saved from a period of destructive competition in the home market by the outlet which China has afforded for its surplus products.

As this association understands the matter, the demand made on behalf of the Chinese Government is that the new immigration treaty shall plainly define what is meant by the word "laborer," and after excluding all who come under that designation, shall admit other classes of Chinese visitors to these shores as freely as those from other countries. The demand seems to us so obviously just as to warrant the assumption that a satisfactory agreement may be reached on this basis. It would appear, however, that there has come from the side of our Government serious objections to this apparently simple solution of the Chinese immigration problem and that the negotiation of the new treaty has been interrupted, if not postponed.

Our executive committee has been importuned by commercial organizations throughout the country, by missionary societies and other associations interested in this subject, to take the lead in an agitation calculated to impress on the Government of the United States the public dissatisfaction which exists over its reported attitude toward

this question. But the committee has refused to believe that the doing of an act of simple justice to a friendly power needed to be backed by popular agitation, and has so far discountenanced any effort to hasten the progress of negotiations in whose final issue it has not ceased to have confidence.

The gravity of the commercial and industrial losses which may attend the execution of the policy of reprisal indicated in the cablegram above quoted must be our apology for commending the subject to your earnest personal attention. I have the honor to be,

Yours respectfully,

JOHN FOORD, Secretary.

DEPARTMENT OF STATE,
WASHINGTON.

May 26, 1905.

American Asiatic Association,
P. O. Box 1500,
New York City.

Gentlemen:

I have to acknowledge the receipt, through reference hither by the President, of your letter to him, dated the 16th inst., quoting a telegram received by you from the American Association of China, in which it is stated that the Chinese chambers of commerce, the gentry, and the guilds, advise the people of the whole empire to boycott, after August, all American schools, business, goods, products, and ships, unless the exclusion treaty guarantees equitable treatment to travelers, students, and merchants entering the United States.

In reply, I have to inform you that the matter will have the Department's consideration.

I am, Gentlemen,

Your obedient servant,

FRANCIS B. LOOMIS,

Acting Secretary.

OUR CHINESE EXCLUSION POLICY AND TRADE RELATIONS WITH CHINA.

By Max J. Kohler, *ex-Assistant U. S. District Attorney, New York City.*

The action of Chinese mercantile guilds in Shanghai in declaring a "boycott" against American goods until a rational immigration treaty between the two countries shall be concluded has recently been reported. It is a mistake to treat this action as in the nature of reprisal, for its real character is rather that of self defense. The extremely injurious direct effects of our Chinese exclusion policy upon trade with China are commonly overlooked by the general public. The writer hereof has had somewhat exceptional opportunities for studying our Chinese Exclusion policy and its workings during the past eleven years, first as assistant United States district attorney in charge of Chinese exclusion cases in the district including New York city from 1894 to 1898, and thereafter as counsel for numerous Chinese residents, and as a result of his observations, he does not hesitate to adopt the language of the Hon. Ho Yow, late Chinese Consul General at San Francisco, to the effect that "the passage of the exclusion laws operated as a cone over a lighted candle" with respect to our commercial relations. In a very able article by that gentleman in the *North American Review* (September, 1901), from which I have quoted, he goes on to add with respect to San Francisco, with which he was particularly familiar:

"Chinese residents in California withdrew from industry, reduced their properties to coin, and with it returned to China, scrambling out of a country which they deemed inhospitable and unsafe. Business dried up; trade with China, which had been advancing at the rate of a million a year, fell off \$7,000,000 in two years. * * * Merchants of the Pacific Coast talk of the vast market of the Orient for their goods. That market is as truly closed to them as the life of a Shan-tung oyster. Professor Davidson tells us that in 1897 the trade of the Pacific amounted to over \$2,000,000,000. Of this 50 per cent. went to England. The share of the United States was less than 7 per cent."

And what was true of San Francisco a few years ago, is even more true of New York during the last year or two. From every reliable source consulted I learn that trade among the resident Chinese of this vicinity is falling off. Such is the report of the Chinese merchants of the white persons who sell them goods and deliver their purchases and sales for them, of the brokers who enter their goods for them at the custom house. And such results are naturally to be expected from a policy which ensures no Chinese person domiciled here, be he merchant, be he laborer, freedom from arrest and deportation, which is encountered by the Chinese representative of mercantile establishments paying visits to this country at the frontier, making it well nigh impossible for him to enter, and which jeopardizes right of re-entry into this country for every Chinese person who proposes to take business or other trips to China. Such

are the direct results of our policy, to say nothing of its indirect effects.

The Chinese Government recently gave a notice terminating the treaty of 1894 between the two countries, pursuant to an express provision of that temporary and experimental compact authorizing such course at the expiration of ten years after its promulgation, and has since been making efforts to negotiate a new and rational treaty, excluding newly arriving laborers, but protecting all other classes, whose advent and residence even the labor union leaders, theoretically at least, are supposed to welcome. That there are glaring defects and utterly uncalled for barbarity and oppression in our present system no unbiased judge familiar with the same can deny; some of the defects in the existing municipal laws will presently be pointed out. At the threshold, however, it is proper to observe, that the termination of the treaty of 1894 has had the effect of putting our country in the position of breaking treaty faith with China, and of enforcing laws absolutely violative of subsisting treaties, so that our duties and obligations at the forum of nations, and measured by the standards of international law, for which we have been so zealously striving in general, are materially different from those fixed by our own domestic legislation, not acquiesced in by China. While it is, of course, true that laws enacted by Congress are binding upon our own executive officials and our own courts, even though violative of earlier treaties, and that our courts are powerless to compel Congress to keep treaty faith, the enactment of such laws does not relieve us of our international obligations or responsibilities. In the famous Alabama Claims Tribunal our Government secured recognition as against England of the principle of international law, that international obligations and duties are not necessarily met by mere enforcement of municipal law, provided the law of nations recognizes other or greater duties, and, accordingly, China would seem to be invoking this principle in presenting international claims, through diplomatic channels, for heavy damages sustained by her subjects through the enforcement of such of our exclusion laws as are violative of subsisting treaties. Thus the continuance of our present exclusion laws should be viewed both with reference to our international obligations and to our own legislation.

As to our international obligations, the treaty of 1868 has been held by the courts to be still in force, except in as far as it is modified by the treaty of 1880; the treaty of 1894 terminated on December 7, 1904. The treaty of 1868 was enacted at the time the "Know Nothing" movement was vanquished in this country, and was deemed to be a fitting opportunity to proclaim the supposed American principle—to quote from Article V of this very treaty—of the "in-

herent and inalienable right of man to change his home and allegiance, and also the mutual advantage of the free migration and emigration of their citizens and subjects, respectively, from the one country to the other, for purpose of curiosity, trade, or as permanent residents." Accordingly, the rights of the thousands of Chinese persons who came here thereafter and prior to exclusion laws, are safeguarded, in honor at least, by the language of Article VI, providing that "Chinese subjects visiting or residing in the United States shall enjoy the same privileges, immunities and exemptions in respect to travel or residence, as may there be enjoyed by the citizens or subjects of the most favored nation."

The long lists of cases in which we have violated this pledge would not form pleasant reading. The treaty of 1880 for the first time sanctioned any Chinese exclusion measures, and was followed by the enactment of our first exclusion act in 1882. By this treaty of 1880 China consented to American legislation to "regulate, limit or suspend" "the coming of Chinese laborers to the United States"; "the limitation or suspension shall be reasonable, and shall apply only to Chinese who may go to the United States as laborers, other classes not being included in the limitations. Legislation taken in regard to Chinese laborers will be of such a character only as is necessary to enforce the regulation, limitation or suspension of immigration, and immigrants shall not be subject to personal maltreatment or abuse." Measured by these provisions, it is obvious that existing statutes and practices at every point violate these treaties. They do not countenance continued arrests, prosecutions and deportations for non-registration, nor the requirement of commonly practically non-procurable white testimony to establish mercantile status, nor the exclusion of non-laboring classes, such as "traders," "physicians," "missionaries," "manufacturers" and "actors," nor denial of right of resort to the courts to review executive refusals of entry, and before the treaty of 1894 was promulgated, while the law was in substantially its present condition, our courts did not hesitate to describe our statutory enactments as in many such cases violative of treaty. National good faith, therefore, requires that our statutes should be modified, or a new mutually satisfactory treaty be negotiated. The continued exclusion of laborers, authorized by subsisting treaties, could properly be an element in such new enactments, and its presence would not be a bone of contention between the two countries.

The pertinent question, however, has meanwhile doubtless suggested itself: why has China terminated the treaty of 1894? The answer is to be found in large gaps in the subsisting statutes, in the unfair and inhumanly oppressive system of administration, in the sudden resurrection of a system of arrests and deportations for non-registration in cases in which registration was never required or contemplated, and in the confusion and uncertainty in the present system of piece meal and inconsistent enactments, errors on the part of executive officials and Chinese residents regarding which are constantly resulting in an enormous number of deportations to China under most oppressive conditions.

The reference to the provisions concerning the registration of laborers in the treaty of 1894 is probably the most striking as well as important example in point. In it the registration system, almost immediately after registration of laborers had been effected with the active co-operation of Chinese consular and diplomatic officials, was described as established "with a view of affording them (Chinese laborers) better protection," and the Chinese Government stated that it would not object to the enforcement of such acts, and reciprocally the Government of the United States recognized the right of the Government of China to enact and enforce similar laws or regulations for the registration, free of charge, of all American laborers in China. The Geary Law, as amended by the McCreary Law of November, 1893, had required all Chinese manual laborers who were such in May, 1892, and who were then resident in the United States, to register within six months after November 3, 1893, and since then registration has not been allowed. Persons who were not then manual laborers, either because too young or because engaged in other pursuits, or because not then residing within the United States, or who were born here, did not have to register, commonly could not possibly have registered, though they are all lawfully here today without certificates, though they may now be laborers. That substantially all the Chinese laborers required to register at the time did so is apparent from an official letter sent by Commissioner of Internal Revenue Miller, who had charge of this matter, to Secretary Carlisle on April 12, 1894 (Foreign Relations of U. S. for 1894, p. 166), reading:

"Information received very recently from all collectors in whose districts there are any considerable number of Chinamen is to the effect that the work of registration is progressing satisfactorily and that it would be completed in the time prescribed by law; that is, that all Chinamen entitled to register will have applied for certificates."

For many years after registration ceased the Government acted on the theory that the registration law had been complied with, and, as noted, an ever increasing number of laborers even are here lawfully today without registration certificates. Suddenly, however, about four years ago, the Government officers discovered that these provisions could be resorted to as methods of challenging the right of residence of thousands of Chinese persons within the United States today, the mere absence of a registration certificate being treated as presumptive evidence that the defendant was a resident laborer in 1892 and had neglected to register. As the burden of proving right to remain here has been thrown by an anomalous law on the defendant, and as any Chinese person found here without certificate, be he merchant, be he laborer, could be arrested with impunity and be required to adduce affirmative testimony, often by white witnesses, as to matters they cannot possibly know, a most oppressive, drastic agent for oppressions was at hand, which is being utilized with ever increasing frequency. During the last few years the number of arrests for non-registration has averaged about 1,000 a year out of a total Chinese population of 100,000 for the whole country; the 50 per cent. that secured their discharge therein have

been subjected to gross oppression and great expense, and a large fraction of those ordered deported are innocent victims of their inability to secure white testimony, often when arrested thousands of miles from their home, without compulsory power to take testimony even, or of blundering or prejudice on the part of the petty magistrate before whom they are brought. Such in its practical workings is this system for "affording Chinese better protection."

To add to the liability of non-laborers to arrest under such provisions, an illegal and indefensible executive regulation, in force at least since July, 1903, has required the petty Government executive officers arbitrarily to take away, on entry, from non-laborers coming over here for the first time, their official certificate as to their status, which the law requires them to produce whenever it is demanded of them, as their sole permissible evidence of status, so even this class of non-laborers is prevented from thus distinguishing themselves from laborers. When such illegal general regulations are promulgated by the Commissioner General of Immigration, with the approval of the Secretary of Commerce and Labor, we can form some idea of the opportunities of petty executive officers for blundering in construing laws against a hunted race, and yet their rulings have now been made non-reviewable by the courts by affirmative legislation. In one of the few cases in which the courts have reviewed the action of the Chinese inspectors on the facts, Judge Alfred C. Coxe felt constrained to say, in a reported case (192 Fed. Rep., 141):

"He was turned back without even the pretense of a legal investigation. He was arrested, imprisoned and ordered back to China without a single fact to warrant such a course appearing on the record. The action of the collector was based upon an irrelevant rumor. It was conjecture only. It was the merest shadow; not the shadow of anything tangible, nebulous and attenuated shade. It was such stuff as dreams are made of, and the collector could have justified his course as well by asserting that it was dictated by a communication from the spirit world, or that it was supported by the revelation of the Koran. No man whose brain is in a normal condition would regulate the most trivial affairs of life upon such information."

In judicial proceedings for the deportation of Chinese persons found within the country, some, at least, of the ordinary rules of evidence apply, though Congress has reversed almost all the usual constitutional safeguards established to secure justice in courts of law, and this unprecedented system has been sustained as constitutional only by holding that methods of dealing with alleged aliens are not governed by the usual constitutional limitations. When proceedings are taken today, in which the Chinese defendants are required to prove their status in 1892, or perhaps still further back, at time of alleged entry, conditions are ten times as onerous for the Chinese as they were when described by Senator Davis in the Senate in 1893 in the course of a debate on the McCreary bill:

"Consider for a moment, Mr. President, such legislation as this, applicable to 106,000 people in the enjoyment of the right of personal liberty and domicile in the midst of

a hostile race by as solemn a treaty as this Government ever concluded, by which they are turned over to be taken bodily in a man hunt by any one of the officers or their numerous deputies, of the character described (in the sentence which I have just read). What a source of abuse! What a weapon of violence! What an instrument of extortion and oppression and bribery! Any wandering deputy marshal, or collector, or anybody who can be called an official in this country, can lay his hand upon a human being without a warrant or precept. No court supervises him, no controlling authority holds the reins over him. It is a matter entirely between the man hunter and his victim. If he lets him go for a consideration there is nobody in particular to call him to account. This, be it ever remembered, is not a judicial proceeding.

"Now, it may be, it naturally would be among this peculiar people, that the only sources of proof which must thus be furnished clearly to the satisfaction of the judge are among their own people. They are not to be heard for the purpose of plenary proof, or heard at all. The accused may have drifted to New York or to St. Paul, having a companion there who has known him, when there is not a white man within 2,000 or 4,000 miles who could give the least attestation concerning him."

Moreover, there are so many different statutory provisions, more or less inconsistent, and so many uncertainties and confusing elements in our statutes today, that the lay Chinese inspectors are bound to make all sorts of errors of law and of fact in their determinations, erring, of course, quite uniformly against the Chinese applicants. Clear and simple unmistakable provisions, easily comprehended by officials and applicants, should replace our present cumbersome, confusing system, and unintended discriminations against certain classes of conceded non-laborers should be removed.

A brief examination and criticism of the provisions of the treaty of 1894, just terminated, will bring out the defects in our present system and indicate how they can best be remedied by a new, rational, effective treaty.

Article I of the treaty prohibits the entry of Chinese laborers, except in as far as Article II permits the re-entry of resident registered laborers who secure return certificates before leaving the United States on a visit to China. Such article is satisfactory and expresses clearly our policy to exclude laborers, and China does not seek to prevent our continuing to exclude Chinese "coolies." To avoid uncertainty and confusion, however, the term "laborer" ought to be clearly defined, and the limitation confined to laborers, all others being treated as "non-laborers" who ought to be allowed to come and go freely. We have a definition of the term "laborer" now in the act of November 3, 1893, and this can properly be inserted in any new treaty, or, if this should possibly be regarded as too narrow, it can be broadened. But the existing confusion arising from statutory definitions of both "laborer" and "merchant"—the latter term being defined in absurdly narrow and troublesome fashion in an amendment of the McCreary Act introduced by Mr. Geary and promptly

adopted the same day by the House in open session without further consideration and without having been recommended by any committee—should be cured by distinguishing simply between “laborers” and “non-laborers.” Then it can no longer be contended that classes of non-laborers, such as “traders,” “restaurant keepers,” professional men, merchants’ clerks, students, etc.; should be excluded or deported because not “merchants” as defined in the act, though concededly not laborers. Moreover, this anti-Chinese crusade could be profitably given a quietus, taking it out of politics permanently, by making the exclusion of laborers permanent instead of temporary merely.

Article II deals with the return of registered resident laborers to the United States, departing after securing return certificates. Fairness and treaty faith require that this provision, in some simplified form, should be continued. Experience shows that with the present system of identification by means of photographs and Bertillon measurements no question of difficulty in identification of the returning laborer can today arise. At present, however, we have a whole series of complex conditions and limitations, utterly unreasonable and unnecessary, which give rise to numerous questions of law and fact on proof obtainable only at distant points, which the inspectors are quite unqualified to determine, and which have led to the exclusion of an enormous percentage of Chinese resident laborers who have left the United States armed with our Government’s return certificates. Examinations take place now before departure for China in order to determine whether the applicant has the necessary property qualification of \$1,000 in this country or near relatives residing here, and certificates are thereupon granted to permit return, yet on the same evidence it constantly happens that the inspectors, without rhyme or reason, often decide against an applicant’s right to return when a year later he seeks to re-enter. After eight years following the ratification of the treaty, during which an examination before departure only was had, the Government suddenly changed its policy and directed this second examination on attempted return while the applicant remains in custody at the frontier ports. Such procedure makes its extremely doubtful if resident laborers will be permitted to re-enter. Nor can unregistered laborers today obtain return certificates, though they may concededly be here lawfully without certificates, because not laborers resident here in 1892. The existing provisions, limiting duration of absence and conditioning the obtaining of extension certificates, with all sorts of complicated, uncertain and unreasonable provisions, should be abolished; they lead to hopeless confusion, having unjustly cut off re-entry in hundreds of cases, and answer absolutely no useful purpose, besides being violative of the treaties of 1868 and 1880. A simple return certificate to be issued to any resident laborer, with proper provisions for identification, is all that is needed.

A similar certificate should be issued to resident non-laborers, stating their status, however, in order to ensure more courteous treatment. The absence of such clauses in the treaty of 1894 gave rise to much confusion and hard-

ship and discrimination against resident non-laborers, their rights having been held by the Supreme Court, after much conflict below, to be independent of the provisions for certificates for non-laborers to be secured from the Chinese Government, applicable only to non-laborers on original entries into the United States, leaving it incumbent on them to secure instead, under the act of 1893, commonly impossible evidence from widely distant points while they are indefinitely imprisoned at our frontier.

“Article III.”—The first portion of this article deals with the classes of persons privileged to come to the United States. Like Section 6 of the Act of 1884, which statutory certificate this treaty continued (*Lee Lung vs. Patterson*, 186 U. S., 168), persons domiciled in the United States are not included by this certificate provision.

The United States Government takes the position by its executive officers, and in an opinion of the Attorney General, that only the classes of persons expressly designated in this article are authorized to come to the United States, even though they be non-laborers.

Some doubts as to the correctness of this position finds expression in the opinion of the Supreme Court of the United States in *United States vs. Mrs. Gue Lin*, 176 U. S., 459, 463. The provisions of the treaties of 1868 and 1880, already referred to herein, clearly indicate that it was intended merely to prohibit the immigration of Chinese laborers. Accordingly, violence is done to the intention of the two Governments, and unintended hardship is worked by constructions of this article which shut out non-laboring classes such as “traders,” manufacturers, mercantile clerks, students, physicians, preachers, etc. It would be much better to adopt the definition of “laborer” to be found in Section 2 of the Act of 1893, and then provide in general terms that non-laborers, to wit, persons other than those embraced by this definition, may enter upon production of the certificate provided for in this article. Our Government can properly require a most rigid examination abroad, if necessary, by agents of the Department of Commerce and Labor, before such certificates are countersigned by our officers, but, when issued, the certificate should be conclusive evidence of right of entry.

With respect to the provision for transit through this country, the decision of the Supreme Court in the cases in 185 U. S., dealing with the existing regulations, shows how much unnecessary hardship and uncertainty can be eliminated by making this matter one covered by express treaty terms instead of leaving it to mere regulation by executive officers.

“Article IV.”—This article ought to be made more specific and more definite, and ought to expressly provide that the provisions of the Federal Constitution in the nature of Bills of Rights should be applicable to any proceedings brought for alleged violation of Chinese exclusion laws. The present vague promissory terms have only misled and deceived China and her subjects.

“Article V.”—In lieu of Article VI strongly recommend that a provision be made for a new registration of Chinese persons, to embrace both laborers and non-laborers.

Experience has shown, and the Chinese themselves within the country now realize it, that a registration certificate is the best protection that a Chinese person had within the United States against proceedings under these exclusion laws, and that, in fact, laborers are much better off than non-laborers, because the former commonly have some sort of registration certificate to protect them.

The labor union elements of the extreme West, in their demagogic anti-Chinese wishes, strongly favored a new registration in connection with the agitation in Congress which culminated in the passage of the Act of 1902.

Out of deference to the wishes of the Executive Department of the Government and the California Coast interest, as indicated in the agitation of 1902, China ought to consent to a new registration on the terms hereinafter provided; on the other hand, China's self respect and dignity may be preserved by describing the same, as it is done in Article V of the treaty of 1894, as a measure for the protection of the Chinese in the United States, and China reciprocally to reserve the right to establish a similar registration system with respect to American citizens in China.

The circumstances already referred to, as also accident, sickness, etc., have resulted in the lawful presence of a good many Chinese persons in the United States today who are now laborers who held no certificate whatever. Non-laborers seldom have any certificate which is of any service to them; even the laborers or non-laborers that hold certificates have so often, by mere passage of time, changed so much in appearance since they registered in 1894 that the registration certificate may be a source of suspicion against them instead of protection. All these evils would be eliminated by a new registration.

I suggest that a new treaty provision establish registration of (a) laborers, and (b) non-laborers; that new certificates be issued with new photographs and descriptions to all persons already registered on surrender of the old certificates, as also to all other resident laborers, without exception, records to be kept and applications therefor be made substantially in the form established under the Act of 1893; that provision be made also for the mandatory registration of all non-laborers, and that it be provided that all Chinese persons in the United States who are minors shall register within thirty days after reaching maturity, and also all persons admitted into the United States within thirty days after entry. Provision might also be made making it permissive upon citizens of the United States of Chinese extraction to register, and women be either expressly included or excluded in the registration requirements.

Besides, special emigration tribunals, similar to our Board of General Appraisers in customs matters, should be created to hear appeals from orders of rejection, since the courts have now been deprived of jurisdiction to review these rulings, even on claims to citizenship.

Such new treaty would establish a rational and effective method of treatment of this vexatious subject, would relieve our country of the disgrace of flaunting our violations of treaty in the face of the world, and would cure the existing evils so aptly described by Mr. Justice Brewer in a recent opinion in the Supreme Court (197, U. S., 182) in the following terms:

"Finally, let me say that the time has been when many young men from China came to our educational institutions to pursue their studies, when her commerce sought our shores, and her people came to build our railroads, and when China looked upon this country as her best friend. If all this be reversed and the most populous nation on earth becomes the great antagonist of this Republic, the careful student of history will recall the words of Scripture, 'They have sown the wind, and they shall reap the whirlwind,' and for cause of such antagonism need look no further than the treatment accorded during the last twenty years by this country to the people of that nation."

DISSENTING OPINION OF JUSTICE BREWER IN THE CASE OF THE UNITED STATES VS. JU TOY.

Ju Toy presented his petition to the United States District Court at San Francisco, alleging that he was a native born citizen of the United States; that he was a resident of the United States, temporarily absent and returning to the city and State in which he was born; that the collector of the port of San Francisco refused to permit him to land and that he was detained by the general manager of the steamship company in which he came to San Francisco with a view to his return to China. A writ of habeas corpus was issued, and thereupon the district attorney, in behalf of the United States, answered, setting up the application for landing, a hearing and denial thereof by the immigration officer, an appeal to the Secretary of Commerce and Labor, and his action approving that of the immigration officer, and with the answer exhibited a copy of all the evidence offered upon the hearing and the orders by the officer and the Secretary. Thereupon a motion was made by the district attorney to dismiss the writ on the ground substantially that it did not appear that the immigration officer or the Secretary of Commerce and Labor abused the discretion vested in them by law or that their action was unlawful or that any error prejudicial to the petitioner was committed. This motion to dismiss was overruled and the cause referred to a referee to take evidence. Upon testimony taken by him the referee reported that the petitioner was born in the United States and a citizen thereof. Exceptions to this report were filed by the district attorney, which were overruled by the court, and thereupon judgment was entered that the petitioner was illegally restrained of his liberty and that he be discharged from custody. An appeal from this order was taken to the Court of Appeals for the Ninth Circuit, which court certified to us the following questions:

"First, Should a district court of the United States grant a writ of habeas corpus in behalf of a person of Chinese descent being held for return to China by the steamship company which brought him therefrom, who having recently arrived at a port of the United States made application to land as a native born citizen thereof, and who, after examination by the duly authorized immigration officers, was found by them not to have been born in the United States, was denied admission and ordered deported, which finding and action upon appeal was affirmed by the Secretary of Commerce and Labor, when the foregoing facts appear to the court and the petition for the writ alleges unlawful detention on the sole ground that petitioner does not come within the restrictions of the Chinese exclusion acts, because born in and a citizen of the United States, and does not allege or show in any other way unlawful action or abuse of their discretion or powers by the immigration officers who excluded him?

"Second. In a habeas corpus proceeding should a district court of the United States dismiss the writ or should it di-

rect a new or further hearing upon evidence to be presented where the writ had been granted in behalf of a person of Chinese descent being held by the steamship company for return to China from whence it brought him, who recently arrived from that country and asked permission to land upon the ground that he was born in and was a citizen of the United States, when the uncontradicted return and answer show that such person was granted a hearing by the proper immigration officers, who found he was not born in the United States, that his application for admission was considered and denied by such officers, and that the denial was affirmed upon appeal to the Secretary of Commerce and Labor, and where nothing more appears to show that such executive officers failed to grant a proper hearing, abused their discretion, or acted in any unlawful or improper way upon the case presented to them for determination?

"Third. In a habeas corpus proceeding in a district court of the United States instituted in behalf of a person of Chinese descent being held for return to China by the steamship company which recently brought him therefrom to a port of the United States and who applied for admission therein upon the ground that he was a native born citizen thereof, but who, after a hearing, the lawfully designated immigration officers found was not born therein and to whom they denied admission, which finding and denial, upon appeal to the Secretary of Commerce and Labor, was affirmed—should the court treat the finding and action of such executive officers upon the question of citizenship and other questions of fact as having been made by a tribunal authorized to decide the same and as final and conclusive unless it be made affirmatively to appear that such officers, in the case submitted to them, abused the discretion vested in them or in some other way in hearing and determining the same committed prejudicial error?"

The proposition presented by these questions is that unless the petitioner for a writ of habeas corpus shows that the immigration officers have been guilty of unlawful action or abuse of their discretion or powers, the writ must be denied and the petitioner banished from the country. In order to see what action is lawful I refer to the rules prescribed under the authority hereinafter referred to. Rule 6 declares that "immediately upon the arrival of Chinese persons . . . it shall be the duty of the officer . . . to adopt suitable means to prevent communication with them by any persons other than the officials under his control, to have said Chinese persons examined promptly, as by law provided, touching their right to admission and to permit those proving such right to land." Rules 7, 8, 9, 10 and 21 are as follows:

"Rule 7. The examination prescribed in Rule 6 should be separate and apart from the public, in the presence of Government officials and such witness or witnesses only as the examining officer shall designate, and, if, upon the conclusion thereof, the Chinese applicant for admission is adjudged to be inadmissible, he should be advised of his right of appeal and his counsel should be permitted, after duly filing notice of appeal, to examine, but not make copies

of, the evidence upon which the excluding decision is based.

"Rule 8. Every Chinese person refused admission under the provisions of the exclusion laws by the decision of the officer in charge at the port of entry must, if he shall elect to take an appeal to the Secretary, give written notice thereof to said officer within two days after such decision is rendered.

"Rule 9. Notice of appeal provided for in Rule 8 shall act as a stay upon the disposal of the Chinese person whose case is thereby affected until a final decision is rendered by the Secretary; and, within three days after the filing of such notice, unless further delay is required to investigate and report upon new evidence, the complete record of the case, together with such briefs, affidavits and statements as are to be considered in connection therewith, shall be forwarded to the Commissioner General of Immigration by the officer in charge of the port of arrival, accompanied by his views thereon in writing; but on such appeal no evidence will be considered that has not been made the subject of investigation and report by the said officer in charge.

"Rule 10. Additional time for the preparation of cases after the expiration of three days next succeeding the filing of notice of appeal will be allowed only in those instances in which, in the judgment of said officer in charge, a literal compliance with Rule 9 would occasion injustice to the appellant or the risk of defeat of the purposes of the law, and the reasons for delay beyond the time prescribed shall in every instance be stated in writing in the papers forwarded to the Commissioner General of Immigration.

"Rule 21. The burden of proof in all cases rests upon Chinese persons claiming the right of admission to or residence within the United States to establish such right affirmatively and satisfactorily to the appropriate Government officers, and in no case in which the law prescribes the nature of the evidence to establish such right shall other evidence be accepted in lieu thereof, and in every doubtful case the benefit of the doubt shall be given by administrative officers to the United States Government."

It will be seen that under these rules it is the duty of the immigration officer to prevent communication with the Chinese seeking to land by anyone except his own officers. He is to conduct a private examination, with only the witnesses present whom he may designate. His counsel, if under the circumstances the Chinaman has been able to procure one, is permitted to look at the testimony but not to make a copy of it. He must give notice of appeal, if he wishes one, within two days, and within three days thereafter the record is to be sent to the Secretary at Washington; and every doubtful question is to be settled in favor of the Government. No provision is made for summoning witnesses from a distance or for taking depositions, and if, for instance, the person landing at San Francisco was born and brought up in Ohio, it may well be that he would be powerless to find any testimony in San Francisco to prove his citizenship. If he does not happen to have money he must go without the testimony, and when the papers are sent to Washington (3,000 miles away from the port, which in this case was the place of landing) he may

not have the means of employing counsel to present his case to the Secretary. If this be not a star chamber proceeding of the most stringent sort, what more is necessary to make it one?

I do not see how anyone can read those rules and hold that they constitute due process of law for the arrest and deportation of a citizen of the United States. If they do in proceedings by the United States they will also in proceedings instituted by a State, and an obnoxious class may be put beyond the protection of the Constitution by ministerial officers of a State proceeding in strict accord with exactly similar rules.

It will be borne in mind that the petitioner has been judicially determined to be a free born American citizen, and the contention of the Government, sustained by the judgment of this court, is that a citizen, guilty of no crime—for it is no crime for a citizen to come back to his native land—must by the action of a ministerial officer be punished by deportation and banishment, without trial by jury and without judicial examination.

Such a decision is to my mind appalling. By all the authorities the banishment of a citizen is punishment, and punishment of the severest kind. In *Fong Yue Ting*, 149 U. S. 698, it was held by a majority of the court that the removal from this country of an alien was not a punishment, Mr. Justice Gray, speaking for that majority, saying (p. 730):

"The proceeding before a United States judge, as provided for in Section 6 of the Act of 1892, is in no proper sense a trial and sentence for a crime or offense. It is simply the ascertainment, by appropriate and lawful means, of the fact whether the conditions exist upon which Congress has enacted that an alien of this class may remain within the country. The order of deportation is not a punishment for crime. It is not a banishment, in the sense in which that word is often applied to the expulsion of a citizen from his country by way of punishment."

But it was not suggested, and indeed could not be, that the deportation and exile of a citizen was not punishment. The forcible removal of a citizen from his country is spoken of as banishment, exile, deportation, relegation or transportation, but by whatever name called it is always considered a punishment. * * *

But it is said that he did not prove his innocence before the ministerial officer. Can one who judicially establishes his innocence of any offense be punished for crime by the action of a ministerial officer? Can he be punished because he has failed to show to the satisfaction of that officer that he is innocent of an offense? The Constitution declares that "the privilege of the writ of *habeas corpus* shall not be suspended, unless when in cases of invasion or rebellion the public safety may require it." There is no rebellion or invasion. Can a citizen be deprived of the benefit of that so much vaunted writ of protection by the action of a ministerial officer?

By Section 8 of the Act of September 13, 1888 (25 Stat., 476), the act prohibiting the coming of Chinese laborers, the Secretary of the Treasury was authorized to make rules and regulations to carry into effect the provisions of the statute. This authority by subsequent legislation has been vested in the Secretary of Commerce and Labor, by whom some sixty-one rules have been announced. In the second rule it is provided that "if the Chinese person has been born in the United States, neither the immigration acts nor the Chinese exclusion acts prohibiting persons of the Chinese race, and especially Chinese laborers, from coming into the United States apply to such person." Rule 46 reads: "The provisions of the laws regulating immigration, excluding those which prescribe payment of the head tax, apply to the residents and natives of Porto Rico and Philippine Islands, and, moreover, the provisions of the laws re-

lating to the exclusion of Chinese apply to all such persons as are of the Chinese race, except those who are born in the United States." In other words, the department rules exclude from the jurisdiction of the immigration officers citizens of Chinese descent, and limit that jurisdiction to Chinese aliens. In *United States vs. Wong Kim Ark*, 169 U. S. 649, it is stated (p. 653):

"It is conceded that, if he is a citizen of the United States, the acts of Congress, known as the Chinese exclusion acts, prohibiting persons of the Chinese race, and especially Chinese laborers, from coming into the United States, do not and cannot apply to him."

By the Act of August 18, 1894 (28 Stat., 390), it is provided that "in every case where an alien is excluded from admission into the United States under any law or treaty now existing or hereafter made, the decision of the appropriate immigration or customs officers, if adverse to the admission of such alien, shall be final, unless reversed on appeal to the Secretary of the Treasury." The same limitation of finality to the case of aliens is repeated in the Act of March 3, 1903 (32 Stat., 1213). So it appears that this court discharged from the custody of the immigration officers a person of Chinese descent on the ground that he was a citizen of the United States, doing this upon the concession of the Government that if he was a citizen the exclusion acts had no application to him; that Congress in terms makes the decision of the immigration officer final only when the party is an alien, and that the rules prescribed by the proper department exclude from the operation of the law citizens of the United States of Chinese descent. Yet, in spite of all this, it is held that this citizen of the United States must, by virtue of the ruling of a ministerial officer, be banished from the country of which he is a citizen. And this upon the ground that such officer has a right to decide whether he is or is not a citizen, and his decision on the question excludes all judicial examination. * * *

But it is said that the exclusion acts speak of Chinese persons, and that such term includes citizens as well as aliens, and, therefore, Congress has given power to the immigration officers to banish citizens of the United States if they happen to be of Chinese descent. But obviously the statutes refer to citizens of China and not to citizens of the United States. The treaty of 1894 (28 Stat., 1210), in execution of which most of these statutes were passed, speaks on the one hand of Chinese subjects in the United States and on the other of citizens of the United States in China. The treaty declared the rights and burdens of Chinese citizens in the United States, as well as the rights and burdens of citizens of the United States in China. The treaty then placing Chinese subjects over against American citizens must have had in mind citizenship and not race. The legislation carrying that treaty into effect must be interpreted in the light of that fact. The statutes of the United States expressly limit the finality of the determination of the immigration officers to the case of aliens. It has been conceded by the Government that these statutes do not apply to citizens, and this court made a most important decision based upon that concession. The rules of the department declare that the statutes do not apply to citizens, and yet in the face of all this we are told that they may be enforced against citizens, and that Congress so intended. Banishment of a citizen not merely removes him from the limits of his native land, but puts him beyond the reach of any of the protecting clauses of the Constitution. In other words, it strips him of all the rights which are given to a citizen. I cannot believe that Congress intended to provide that a citizen, simply because he belongs to an obnoxious race, can be deprived of all the liberty and protection which the Constitution guarantees, and if it did so intend, I do not believe that it has the power to do so.

REPORT ON THE FOREIGN TRADE OF CHINA FOR THE YEAR 1904.

1. GENERAL.—The war appears to have been of minor importance among the conditions affecting the trade of China during the year. A large area of production and consumption was cut off, and trade was hampered, to some extent, by the action taken by the Chinese authorities in restraint of those who would have made of the Chinese ports bases of supply for one or other of the belligerents; otherwise, and at a distance from the seat of war, the direct effect was not clearly perceptible. Indirectly, of course, some effect was produced. The monetary stringency, existing since 1900 and well marked at the end of 1903, became more pronounced as the war went on, and must be held accountable for some, at least, of the stagnation prevalent during 1904; it is probable that it was a potent agency in restricting the export of Chinese produce, and thereby increasing the so called "adverse balance of trade." Among imports we find that textiles, a third of the whole, alone show no expansion, a fact due indirectly to the inflated cost of the raw material. These various causes have had their influence in producing the depression which characterized certainly the first nine months of the year, but among all other causes the fluctuations in exchange must not be lost sight of. Trade can adjust itself to a low exchange or to a high exchange, or even to a shifting exchange if the movement can be foreseen; but a state of things which introduces the element of gambling into the business of every day, which makes it impossible for a merchant to estimate the amount in one currency which will give him a profit in another, and which may even make it doubtful if a profit actually realized in one currency can be safely landed in another, all this increases the cost of trading by enforcing the wisdom of large margins, and by so much acts as a restraint on trade.

Every parcel of foreign products in its course from the place of production to the ultimate consumer, and every lot of Chinese produce from the producer to the foreign market, are subject to a bewildering series of exchange conversions, in which each person who handles the goods is forced to allow a margin to cover all possible fluctuations, which may amount to 16 per cent. within a period insufficient to carry the goods from their starting point to their ultimate destination. No trade can stand such a strain under conditions in which even the wise foresight which settles exchange in advance may involve the operator in a heavy loss; and it is high time that all interested in prosperity of the trade of China—governments, banks, importing and exporting merchants, guilds, jobbers and retailers—used such influence as they possess to further any method of reform which will ensure stability of exchange.

Notwithstanding the evidence of the stagnation of trade, it is still true that China as a whole was in a prosperous condition during the year. In the North the crops were

abundant. The unprecedented rains which visited Manchuria, while impeding the movements of the belligerents and causing them much hardship, brought to the cultivator a joy which was mitigated only by the difficulty he experienced in finding a cash market for his abundant crops. Chihli and Shantung were both favored with good harvests, estimated at nine-tenths of a possible "best"; and nothing but the general stringency of the money market, more marked at Tientsin than elsewhere, interfered with a generally good year for trade. It is stated, however, that the Shansi bankers, who four years ago abandoned their plundered vaults and withdrew their available assets, will resume operations at Tientsin during the coming spring. In Shantung the railway to Chi-nan, 412 kilometres from Tsingtau, was opened to traffic. From Szechwan alone are bad crops reported, and the ensuing destitution can only partially be relieved because of the difficulties of transport. The wealthy Yangtze basin was free from disturbances, only in Kiangsi some rioting and from Hangchow some pilfering of boats being reported; and the harvests of the whole of the vast area were excellent, as good as in 1903—tonnage, even, sufficient to move the rice from Wuhu was wanting. The stringency in the Hankow money market became more pronounced toward the end of the year. From Hankow the railway to the North is open to traffic for 434 kilometres as far as Hsü-chou, and the roadbed is ready to the Yellow River. In Fuhkien, too, a very good rice crop was harvested; but from the vicinity of Amoy come reports of devastating floods. From this province is heard the first audible note of distress—not local—due to the war, coming from the dealers in tea and timber, shut out from their Northern market. Kwangtung suffered from deprivation of the beancake needed to manure its fields, and the piracy in the Canton delta was rampant; the province as a whole was prosperous and the harvest abundant. The railway from Canton to Samshui has been opened to traffic, a length of 20 miles (32 kilometres). In Kwangsi the disorders have been reduced, if not entirely repressed, and here, too, the harvest was good. Yunnan reports the "harvesting of an exceptionally good crop of rice," and an abundance of coin circulating, introduced for railway construction. Finally, faraway Yatung reports that the trade with Tibet was entirely disorganized by the operations of the British expeditionary force, that a two years' supply of both imports and exports is waiting to be moved, but that the necessary transport will not be available; from Yunnan and Szechwan come reports of increased trade with Tibet. On the whole, the conditions of trade were excellent and such as to overcome, except in the actual field of operations, the inevitably depressing effects of the war; and the maintenance, and even increase, of the values of the import and export trade are an indication

of brilliant prospects for the coming year, assuming that no untoward conditions intervene to bring distress on the Empire.

The negotiation of the commercial treaties pursues its leisurely course. In 1902 was concluded the British treaty, and those with Japan and the United States of America in 1903; to these has now to be added that with Portugal, signed in 1904 but not yet ratified. Two new treaty ports were opened during the year—Kongmoon, in Kwangtung, on March 7, and Changsha, in Hunan, on July 1.

2. REVENUE.—The collection of the year was Hk. taels 31,493,156, an increase from 1903 of nearly 1,000,000 taels, or 3 per cent. As this is the principal source of revenue from which the Chinese Government draws the means of meeting its foreign liabilities, it will, perhaps, be better to say that in 1903, at the average exchange for that year, the customs revenue was £4,028,355 or its equivalent in other foreign currencies; and in 1904, at the average exchange for 1904, it was £4,514,019; thus constituting a real, though fortuitous, gain to the Imperial exchequer of £485,664, or 12 per cent. The increase in the general import duty (opium excluded), Hk. taels 887,862, very nearly measures the increase in the total collection and was made mainly in the last quarter of the year. The general export and coast trade duties and tonnage dues increased but slightly, while transit dues fell off, chiefly from reduced collection on foreign goods inwards. Opium likin was less by Hk. taels 322,986, measuring the reduced import of the foreign drug; while opium duty was more by Hk. taels 331,438, occasioned by an increase in the collection from the movement of native opium from Hk. taels 467,907 in 1903 to Hk. taels 920,421 in 1904. Newchwang shows the effect of the war in the reduction of revenue collected. Tientsin and Chinwangtao maintained 1903 figures; so did Shantung, but with transference of trade from Chefoo to Kiaochow, continuing in this the history of 1903. Chungking and its transshipping port, Ichang, rose from Hk. taels 705,141 to Hk. taels 1,124,250, in which duty on native opium accounted Hk. taels 423,392 and Hk. taels 325,278 respectively. The combined revenue of Yochow and of Changsha did not equal the Yochow collection of 1903. Of Lower Yangtze ports, Hankow and Kiuking had increased collection, while ports below were slightly under 1903. Shanghai shows a distinct improvement, to which general import and export duty and tonnage dues contributed. Chehkiang ports held their own, Hangchow making the best showing. Fuhkien ports were about the same, except that a greater quantity of tea originated at Santuao, to the detriment of the Foochow revenue. Ports in Kwangtung and Kwangsi collected Hk. taels 6,113,564 in 1903 and Hk. taels 6,385,015 in 1904; the relative figures for trade by steamer and by junk remain much the same as in 1903, indicating that the tendency to ship by steamer is maintained. All the frontier marts show distinct gains, Mengtsz in particular increasing from Hk. taels 160,935 to Hk. taels 248,441.

3. FOREIGN TRADE.—The values of the articles entering into the foreign trade of China have this year, for the first

time uniformly, been settled on the basis of the cost of the goods at the moment they enter into China's international exchange—the c. i. f. value in the case of imports and the f. o. b. value for exports. This breaks the continuity of the tables of value, but it was thought better to make the break and have one value for all statistical purposes, than to continue the practice of having one system of valuation for the tables of merchandise and another for statistical use found in the summary at the end of each year's report on the trade of the Empire. The value given to the total trade of the year, Hk. taels 583,547,291, is 8 per cent. more than the value for 1903 given in the tables and 7 per cent. more than that given in the summary, the discrepancy being explainable by the fact that import values were at some ports already on a f. o. b. basis in 1903. The inclusion of the heading "Trade by Junk Not Otherwise Recorded" brings within our purview practically the whole foreign trade of China, excepting some small quantities arriving at or leaving a few unimportant points on the coast. A diagram is appended to this report showing the development of the trade of China, by decennial intervals, during the forty years from 1864 to 1904. In the carrying trade it shows that Great Britain retains in 1904 fully as large a proportion of the tonnage as of the lesser amounts of each previous decade; it also shows the decline of the American carrying trade on the China Coast, and the rise to prominence of the Japanese and German flags. Noticeable also is the steady increase in the tonnage of Chinese shipping entered at the maritime customs. This is the last year in which a distinction will not be made between the various countries of Europe, hitherto classed together under the heading "Continent of Europe (Russia excepted)"; and it will be interesting to compare at this point of a new departure the forty years' statistics of the trade with foreign countries. Hongkong is always our element of statistical confusion, receiving, as it does, foreign goods for distribution to the ports of South China and Chinese produce for shipment to all parts of the world, including China itself. In 1864, the day of leisurely movement in sailing vessels carrying cargoes to destination, and with no dread of long demurrage, Hongkong contributed 31 per cent. to imports and took 14 per cent. of exports; in 1904 these had risen to 40 and 36 per cent. respectively. India sent us 32 per cent. of our imports in 1864, entirely opium, and 9 per cent. direct in 1904, opium and cotton yarn. In direct imports, Great Britain shows an absolute increase in value, but the percentage to the total fell from 21 to 16 per cent.; direct exports fell from 67 to 6 per cent., due mainly to the decadence of China's tea trade. The Continent of Europe contributed no direct imports in 1864 and 6½ per cent. of those of 1904; while of exports direct it took 2½ per cent. in 1864 and 19 per cent. in 1904. The United States rose from 1 to 8 per cent. for imports, and from 8 to 11 per cent. for exports, other than those through Hongkong. The direct trade with Japan rose from 3 to 14 per cent. for imports and from nothing to 16 per cent. for exports. The direct tea trade with Russia had not been inaugurated in 1864, but in 1903 it amounted to 6 per cent. of all ex-

ports; in 1904 this trade was disorganized. The total imports increased to sevenfold and the exports to nearly fivefold the amounts in 1864.

(a) *Imports*.—The total value of net imports was Hk. taels 344,060,608, an increase of 5 per cent. Up to a few years ago our recorded values were based on market price; of recent years some ports gave market price and others c. i. f. value; but for 1904 the value of each article of trade is the value at moment of landing (the c. i. f. value). Comparison is therefore to be made with the total, Hk. taels 310,453,428, which appears in the summary at the close of my report for 1903—and the increase is actually 11 per cent. The accompanying diagram shows the decline in the relative importance of opium, and the rise in cotton manufactures and "sundries" in the past forty years. In 1864, to a total of 50,000,000 taels opium contributed 40 per cent.; cottons, 12½ per cent.; woollens, 10 per cent.; metals, 4½ per cent., and all other goods 33 per cent.; in 1904, to a total of 344,000,000 taels opium contributed 11 per cent.; cottons, 36 per cent.; woollens, 1 per cent.; metals, 6 per cent.; coal, 2 per cent.; kerosene oil, 8 per cent., and all other goods 36 per cent.—an aggregate for "sundries" of 46 per cent.

Cotton manufactures were imported in smaller quantities, speaking generally, than in 1903. Plain fabrics (shirtings, sheeting, tea cloths, drills and jeans) had declined from 19,015,300 pieces in 1902 to 13,835,506 pieces in 1903, and in 1904 fell further to 12,949,964 pieces. The price of cotton on the Western markets, rising early in 1903 and keeping a high level during that year, was maintained well on into 1904, and was reduced to a reasonable rate in time to give full work to the mills, but not in times to bring the woven product to the consuming market. Of the plain fabrics named above, the English mills supplied 7,841,605 pieces in 1903 and 8,109,020 pieces in 1904, thus showing a prompt seizing of the opportunity to replenish the market; American mills supplied 4,782,141 pieces in 1903 (already a much reduced output) and 3,703,548 pieces in 1904, a reduction explainable partly by the necessity of first supplying the American market, partly by the distance from this overflow market, and partly because the American mills are most affected by any reduction in demand from Manchuria; the Japanese mills supplied 730,723 pieces in 1903 and 607,312 pieces in 1904, a reduction the more certainly attributable to the effects of the war and the resulting high cost of credits, since they are nearest; the smaller supplies of Dutch fabrics were less and of Indian fabrics were more. Since the resumption of business after the fall in the price of cotton, it is reported that orders have already been placed for nearly all requirements a year or more ahead. Fancy makes of cotton goods, articles of luxury, the demand for which increases in time of prosperous trade, and in the price of which the raw material counts for a smaller proportion, increased in value from Hk. taels 19,320,246 in 1903 to Hk. taels 24,162,260. Chintzes, prints and turkey reds were markedly less in quantity and value, but there was a considerable development in cotton imitations of superior fabrics, such as Ital-

ians, lastings, Spanish stripes, flannel, etc. Cotton yarn fell from 2,738,448 piculs in 1903 to 2,280,878 piculs in 1904, the proportion to the total value of all cotton manufactures of this semi-finished product having fallen from 52 per cent. in 1903 to 48 per cent. in 1904. Yarn reached record prices during the year, and the best makes of the Japanese mills realized fully 10 per cent. higher prices than Indian spinnings; Indian yarn was 252,128 piculs less, and Japanese 192,677 piculs less than in 1903. Taking the average of the three years, 1902-4, we have a consumption of 2,489,099 piculs; the output of the mills in China is estimated at 750,000 piculs, of which about two-thirds come from those at Shanghai and one-third from those elsewhere; and this gives a total of about 3,240,000 piculs of machine spun cotton yarn consumed by the people of China.

Woollens call for no comment; their value remains at about 4,000,000 taels, the value of the import of forty years ago. Those who can afford woollens prefer silks and furs, and the wearers of cotton wadded garments and sheep skins cannot afford woollens.

Metals increased in value by over a third; the increase is observable all along the line, the only marked exception being steel. The exaggerated increase in copper (slabs, sheets, etc., from 90,997 to 273,910 piculs) and in spelter (from 1,090 to 14,326 piculs) is attributable to the demands of the mints.

The import of rice, which in 1903 was less than a third of the 1902 importation, rose in 1904, by 20 per cent., to 3,356,830 piculs; with the excellent crops in Kwangtung in 1903 and 1904, it may be assumed that its industrial urban population will always call for foreign supplies. Rice bran was also imported to the amount of 2,311,658 piculs.

Cigars and cigarettes increased in value from 2,500,000 to 3,250,000 taels, while household stores and wine, beer and spirits maintained the value of 1903.

Flour comes to us, for the most part, from Hongkong, but in bags with the imprint of American flouring mills; the quantity increased from 766,324 to 937,946 piculs.

Under dyes the only point to attract attention is the increase in the import of artificial indigo from 11,818 to 18,819 piculs; vegetable indigo, a Chinese product made foreign by passing through Hongkong, also increased from 70,814 to 78,447 piculs. Other synthetic dyes maintained 1903 figures.

Kerosene oil continues its onward march, the total import having risen from 84,998,335 gallons in 1903 to the enormous figure of 156,891,235 gallons in 1904, an increase of 84 per cent.; to the total import of the two years, 1903 and 1904, American oil contributed 37 and 43 per cent., Russian 16 and 21 per cent., and Sumatra 47 and 35 per cent. respectively. Borneo oil, under that name, is much reduced, and California oil has made its first appearance.

Sugar of all kinds increased from 3,202,980 piculs in 1903 to 3,747,563 piculs.

Railway plant was less, at Hk. taels 6,046,459 in value, and other machinery increased in value, by a fourth, to Hk. taels 2,660,039.

By the addition of several categories of goods to the list of imports enumerated it was hoped that the value of those included under the heading "Sundries, Unenumerated," would be materially reduced. So rapid, however, is the development of trade in minor articles that the heading gives even a greater value than in 1903, having risen to Hk. taels 12,753,337. In this figure is included an exceptional sum of Hk. taels 1,038,016, the value of 3,310 piculs of Manchurian wild raw silk imported into Shanghai from Dalny and Port Arthur, and consequently treated, not as native, but as foreign produce.

The transit of Formosa tea at Amoy was less than in 1903, the quantity re-exported having fallen from 143,896 piculs in 1902 to 119,488 piculs in 1903 and 101,761 piculs in 1904. The rest of the re-export trade shows some development, having been, excluding Formosa tea, of a value of Hk. taels 9,438,240, against Hk. taels 6,523,062 in 1903, an increase due to an unusual demand for cotton fabrics for Japan and Korea.

(b) *Exports.*—The total value of exports was Hk. taels 239,486,683, an increase of 11 per cent. As has been noted, this is the value f. o. b., whereas those of 1903 were based on the market price, and did not include charges for packing or shipping or duty, all of which are necessary ingredients in the value, the amount of the bank bill negotiated, required for international exchange; and during the past year special efforts were made at Shanghai—the port at which, whether as export or as re-export, is shipped over half the native produce leaving China—to obtain the true values from the ports of original shipment. The value given above is to be compared with that given in the summary at the end of my report for 1903, viz., Hk. taels 236,205,162, and not with the total, Hk. taels 214,352,467, at the foot of the table of exports; and the inference must be that the export trade has not materially increased in value during the year. A study of the accompanying diagram shows the rise in importance during the last forty years of goods other than silk and tea. In 1864, to a total of 51,000,000 taels silk contributed, 24 per cent., tea 58 per cent., raw cotton (an exceptional exportation, owing to the American Civil War) 12 per cent., and all other goods 6 per cent.; in 1904, to a total of 239,000,000 taels silk contributed 33 per cent., tea 12½ per cent., raw cotton 10½ per cent., beans and bean cake 3 per cent. (5 per cent. in 1903), and other goods 41 per cent.

In the enumeration of exports tea is still given first place, on account of its past importance. The total shipments of all kinds amounted to 1,451,249 piculs, a decrease of 226,281 piculs. Black leaf shows no diminution; green leaf fell off 60,474 piculs, fairly distributed over all of the consuming markets; and brick tea, black and green together, accounts for the rest of the reduction, being less by 170,763 piculs. The lessened export of brick tea left a larger quantity of dust available for shipment. The maintenance of the figures for black tea will teach the Chinese growers and packers a false lesson, in leading them to believe that they can retain their trade in the face of careless and unscientific methods of growing and preparation; they should remem-

ber that the restriction of the market for brick tea left more of the crop free for packing as leaf. Large shipments of green tea in the two previous years lessened the demand during the past year; and the reduction in the export of brick tea is explainable by the difficulties of transport to the consuming area in Asiatic Russia.

Silk shipments increased to a satisfactory extent over 1903 figures, but in the important items of white and yellow reelings did not attain to the already lowered figures of 1902. The heavy reduction in the shipments of 1903 fell almost entirely on Shanghai, and in 1904 it was Shanghai which showed the greatest power of recuperation. Native reelings of white silk, which there were reduced from 1902 to 1903 by 18,152 piculs, recovered 13,186 piculs of the loss, Canton also increasing from 1,408 to 2,915 piculs; and filature reelings rose at Shanghai from 10,670 to 12,754 piculs, and at Canton from 33,301 to 34,521 piculs. In the total, 10,374 piculs, of yellow silk is included an export of 728 piculs from Tengyueh to Burma. Wild silk—33,527 piculs, about five-sixths from North China—was more than in 1903 by 50 per cent. For many years attempts have been made to bring home to Chinese producers a realizing sense of the danger impending over the China silk trade. It has been pointed out to them that their worms are diseased; that, of a smaller cocoon, it now takes from 4 to 6 piculs and a much greater proportionate number to make the 1 picul of silk formerly made by 3 to 4 piculs of the larger and stronger cocoon of former years; and that remedial measures were ready to their hand. From the day of the investigations of Mr. Kleinwächter to the practical proposals of Mr. Rocher, all sound advice fell on deaf ears, and the only visible result is seen in a small school of instruction, feebly patronized, at Hangchow, and in a recent anonymous pamphlet, entitled "A Lesson to the Silkworm Industry," addressed to the people of Wusieh and vicinity, in which the example of the painstaking silk producers of Shao-hsing, whose cocoons command a price 50 per cent. higher than those of Wusieh, is held up as one worthy of imitation. The silkmen of China are living in a fool's paradise. The drop from the high prices of 1899 to the low rates of 1901 may have given them a shock; but their confidence was easily restored by the later moderate recovery, and the fact that they can still sell their deteriorated silk blinds them to the absolute necessity of doing something for the improvement of quality. Their prime error is in thinking that they make the price, that it depends on the cost of cocoons in China; the price is made in the markets of the West—at Lyons and New York, at London and Milan—and in making it Italy and Japan are much more important factors today than China. Of the world's supply of silk at present, based on the average of the past three years, 1902-4, and not including the home weaving of China and Japan, China provides 27 per cent. (North China 18 and South China 9), Japan 28 per cent., Italy 25 per cent., and all other countries 20 per cent.; China silk, moreover, owing to its now inferior quality, has not even the influence due to its quantity. Though the export of white silk from China in 1904 was less than the export of five years

ago, the world's visible supply is greater than ever before, and for 1904 is expected to reach a total of 325,000 piculs, of which China's export only constitutes 25 per cent. The fact is that the North China silkworm is by nature the best in the world, producing naturally from the best mulberry the largest quantity of the finest silk; but, in common with all other countries, the worm was attacked by disease. Other countries at once adopted remedial measures, with the result that the disease does not exist there, and with the further result that their silk is now superior to Chinese. Japan, for example, now obtains for her filature silk as much as is given for that from Shanghai; and while from 1899 to 1904 the export of Chinese white silk fell from 109,279 to 81,511 piculs, in the same five years the export from Japan increased from 59,069 to 96,586 piculs. The Chinese methods of breeding the silkworm were excellent so long as there were no scientific methods available; the exposure to the frost and snow was effective in eliminating the weaklings from the eggs and leaving only the strong to hatch out, consume leaf, and spin silk, but only on condition that there was no disease. Against this the surgeon is the only effective agent. The result of the failure of China to adopt microscopic examination of eggs is that, while of 1,000 healthy eggs selected by such examination, perhaps 700 may survive through all the stages of development and spin strong cocoons; from 1,000 of the eggs of today in the Shanghai country not over 300 will arrive at the spinning stage—the other 400 will have eaten leaf to waste, and even the surviving 300 will spin an undersized cocoon. As has been said, to make a picul of silk once took 3 to 4 piculs of cocoons, and now takes 4 to 6 piculs. Everyone knows this, but what is everyone's business is no one's business, and it is probable that, as with tea, so also with silk, the guilds and merchants interested will allow matters to drift.

Among other exports will be found some articles which are in this issue separately enumerated for the first time, such as eggs, minerals, opium, cotton and rape seed, timber and wood, etc., in which the trade to foreign countries is of recent development.

Beans and beancake were considerably less than in 1903, the quantity being reduced by a half and the value by nearly a third; this was occasioned, not by a reduced demand in the principal consuming country, Japan—where they are taken, the one to produce an illuminant and esculent oil for the use of her people, the other to manure the rice fields which produce the people's food—but by the Russian declaration at the outbreak of war that they were contraband when shipped to the enemy's country. The export from Newchwang to Japan (in 1903 nearly the total export of beancake and half that of beans) was consequently prohibited so long as that port was held by the Russian forces, and, after its occupation by the Japanese, supplies were restricted to those coming by rail from the neutral zone west of the Liao.

Straw braid increased from 80,723 to 86,110 piculs. A large portion of the increase came from improved demand for the finer qualities, while the coarser grades were again distinguished by the same charges of irregular plaiting and fraudulent packing which have characterized the industry in recent years. The Shantung product shows a tendency to gravitate to Kiaochow since the opening of the railway from Chi-nan, the Chefoo contribution to the combined export of the two ports having fallen from 70 per cent. in 1903 to 40 per cent. in 1904. Should this tendency continue, the efforts which have been made by some German exporters to improve the quality of the straw and the methods of braiding and packing will, if successful, have the inevitable result of forcing the Chinese guilds and middlemen, if not from shame at least from interest, to place some restraint on the operations of the producers and

packers, and in time a recognized chop may have a recognized value.

Raw cotton, the export of which suffered a slight check in 1903 owing to the high prices prevailing in the world's markets, again resumed its forward march, and shipments increased by 60 per cent., to 1,228,588 piculs. Prices followed those ruling elsewhere, and, when quotations dropped, those of Chinese cotton dropped also, leaving large stocks in the hands of producers and middlemen, who held in the hope of still obtaining the prices of the previous year, while spinners and exporters were in a better position to judge the future. Holders who had postponed the watering of their cotton until they found a prospective buyer were fortunate; but these, it is stated, were few, and the action of Yangtze water on stocks may produce better results in the future than any legal enactments. A special reason for the increase in China's export to Japan is doubtless to be found in the withdrawal of Japanese steamers from the Japan Bombay line.

Among minerals antimony, ore and regulus, coming mainly from the fields of Hunan, fell off a sixth, while tin, entirely the product of Yunnan, gave a satisfactory increase to 50,391 piculs. Pig iron, an infant industry, gives good promise, having risen from 1,485 piculs in 1903 to 201,848 piculs (12,000 tons) in 1904.

Sugar was again moderate in amount, 365,906 piculs for all kinds. Skins and furs, feathers, hides, nankeens, oils (expressed and essential) and opium are the principal other commodities to show much increase. The most marked decrease is in oil seeds (cotton, rape and sesamum); the weather which gave such abundant crops of rice appears not to have been so good for these seeds, and the sharp rise in exchange doubtless lowered exporter's value below that at which producers would sell. Matting was exported to America in diminished quantity, owing to disputes, resulting in a strike, between workmen and jobbers; the troubles were settled before the end of the year, and 1905 should show better results.

The provincial mints of China have been active during the year. Few dollars have been coined, the total mintage reported having been only 3,222,017. Of subsidiary silver coins, fractional to the dollar, the mintage has been reduced, only three mints having been reported as still producing them, with an output of 61,872,000 coins during the year; all but less than 2,000,000 of these being 20 cent pieces, the value may be put at a little over \$12,000,000. With a reduced output these coins have recovered much of their depreciation, and, twelve months ago with a purchasing power of little more than 90 per cent. of their face value, are now nearly on a par with the dollar of which they are fractions. The mints have been devoting their energies to the production of copper coins—not the currency of the people, the copper cash, or mill, but the cent, or 10 cash piece, a token coin new to China except for the 10 cash pieces dating from the reign of Hsien Feng (1851-61) and now current only at Peking. These coins, accepted by the capital, were rejected by the rest of the Empire; but the success of the new cents has been pronounced. Inscribed by some mints as worth "one-hundredth of a dollar" and by others as "ten mills," the people have taken them readily as being uniformly correlated to the cash and not to the dollar; and so great has been the demand that the authorities of the provinces minting them have had to impose restrictions on their transport to other provinces, the only important movements recorded being 115,000,000, value Hk. taels 775,000, shipped from Canton to Shanghai, and 310,000,000, value Hk. taels 2,061,000, shipped from Shanghai to Shantung ports; there were also shipments of "copper coin" to Chefoo to the value of Hk. taels 420,844 from Tientsin. The entire output of the mints is at once absorbed into circulation, and this output

is reported to have been during the twelve months 1,693,700,000, this figure being based partly on mint reports and partly on calculation from the amount of copper used. During the year 205,771 piculs of copper were bought for the various mints; it is improbable that stocks carried forward differed materially from those brought over from 1903; taking the weight of the coin as 7.5 grammes, and assuming it to be 95 per cent. copper, this stock of copper would provide 1,745,000,000 coins, which corresponds closely to the reported output. There is no immediate prospect of overissue for the wants of a population of 400,000,000; but a note of warning must be struck, that nothing should be done to impair their confidence in the coins, since even if taken as based on the copper mill and not on the dollar, this is a token coinage. With copper at £66 and spelter at £24 a ton, the intrinsic value of 100 cents is 12 pence (say Hk. taels 0.35), and that of 1,000 mills of the average copper cash in circulation is about 30 pence (say Hk. taels 0.87); it is therefore a prime necessity that Government offices should always be as ready to receive them as to give them out at their face value; the slightest tendency to make an exchange rate at a Government office will be fatal. Even this, however, is not all that is required. The people have taken to the new coin, not because they love novelty, but in order to have a sufficient supply of circulating medium. The tael, which formerly exchanged for 1,800 cash, is now the equivalent only of 1,220 cash, i. e., 1,000 cash were formerly worth Hk. taels 0.55 and are now worth Hk. taels 0.82; the result is that there has been much melting down of the largest and heaviest coins, and at times and in places there has been actually a deficiency of cash. In 1887, when there was only a small difference in the exchange, this melting had already begun, and an Imperial edict ordered minting at all the mints. This was at once carried into effect, and coins of a standard weight of 1-10 tael (3.8 grammes) were minted in large quantities. Since then but little has been done; a few mints have issued a few millions of copper cash, but there is now no serious attempt made to keep up the supply of this currency, which is of such vital moment to the well being of the people. For, it cannot be repeated too often, the currency of the people is the copper cash: with this coin—worth at the most the fortieth of a penny, the fourth part of a centime—they can buy something; but if, not from choice but from necessity, they must carry cents in their pockets, and not mills, their little comforts will be cut off, and the men who now support a family in comfort on sixpence a day will find themselves reduced to the level of a bare subsistence. It is an economic law that, of two coinages circulating side by side, the coin of less intrinsic value will always drive out of circulation the coin of greater intrinsic value. We have now in China circulating together cents of which 100 are intrinsically worth only two-fifths as much as their exchange equivalent, 1,000 mills, and by the immutable law the mill is bound to go. Is China prepared for this? Is her industry ready to provide a living wage in cents to the man who is now paid in mills? These are questions to which the officials are bound to give the closest study, on which they should take the best expert advice obtainable, and for the settlement of which there is no room for delay.

4. BALANCE OF TRADE.—Attention has been recently drawn to the adverse balance of trade in China as gauged by the statistics of visible imports and exports published in the annual returns of trade at the treaty ports, and it has formed the subject of a pamphlet issued from this department. Until the end of the war with Japan, in 1895, China has incurred practically no foreign debt; as a consequence of that war she was burdened with a debt of £50,000,000, or, say, Hk. taels 400,000,000, and the periodic payments abroad under this head were further increased by the indemnities to be paid to foreign powers for their rescue operations in 1900-1; and now the annual payments under these two heads amount to upward of Hk. taels

45,000,000 a year. The natural effect of this sudden increase in the national indebtedness should be a corresponding increase in the shipment of native produce to cover the indebtedness, or, in the alternative, a reduction in the power of the Empire to absorb foreign products imported. This has not occurred. Taking merchandise only, and disregarding the movement of treasure—the small change of nations—we find that in a trade in which, as shown in our published statistics, imports and exports formerly about balanced each other, a divergence began about 1896, which became more marked from 1901—but it was imports which increased in undue proportion of value. In 1903 the divergence had become so great that the value of merchandise imported exceeded that of merchandise exported by no less than 31 per cent., while in 1904 imports (Hk. taels 344,060,608) exceeded exports (Hk. taels 239,486,683) by over 43 per cent. The values are those required for international exchange: for imports, the value which must be sent abroad, the value at moment of leaving the importing vessel (c. i. f.) before adding any sums payable either to official or to commercial China; for exports, the value which must be received from abroad, the value at moment of reaching the exporting vessel (f. o. b.), including all charges paid on Chinese soil.

One point which must be considered is that, with a steadily falling value of silver the value assigned to imports would, *ipso facto*, be increased without any increase in quantities. This is true, but the effect of falling exchange on exports must also be considered. The Chinese are keen witted—it may be accepted as a fact that there are no shrewder traders in the world. The actual producer may know nothing of exchange, but between him and the foreign exporter are innumerable middlemen, who are keenly alive to every point which will advantage them in the warfare of trade. When we learn that the quotations for gold, i. e., exchange, are telegraphed daily from Shanghai to the gold merchants in faraway Ch'eng-tu, in Szechwan, we may assume that no point in the game is lost to the Chinese jobbers in the treaty ports, with whom alone the foreign exporter comes in contact. The price of Chinese products is not fixed by the cost of production in China, but by the price to be realized in the world markets; for it must be remembered that, except in tea and silk, there is, in China, no conscious production for a foreign market, but that produce comes forward when the price offered is sufficiently attractive; even for tea the price is made by Ceylon, while Italy and France settle the price of silk. With this premise it will be admitted that the price demanded for exports will follow exchange as closely as does the value of imports, and that for a commodity which will realize £1 a picul in foreign markets, and for which taels 7 will be offered at a certain exchange, taels 8 will be demanded if exchange falls to a corresponding extent; and it may be assumed that the Chinese jobber will persist in his demand, and that the foreign exporter will ultimately accede to it. From this it follows that, while the silver value of the same quantity of imports will be enhanced by a falling exchange (cost of production being disregarded), the same cause will also enhance the value of the same quantity of exports, for the time being at any rate, and the proportion between the two will remain unaltered. From the falling exchange comes the further result that the increased silver price, offerable by the exporter and obtainable by the jobber, will enable the latter to call out more of the latent resources of the country and provide more of its products for exporters who can see a margin of profit; and from this comes not only an increase in the value per unit of exported products, but an increase in the quantity exported as well.

H. B. MORSE,

Statistical Secretary Imperial Maritime Customs.

SHANGHAI, March 27, 1905.

THE CHARTERED BANK OF INDIA, AUSTRALIA AND CHINA.

The fifty-first ordinary general meeting of the shareholders of the Chartered Bank of India, Australia and China was held on Wednesday, April 19, at the Cannon Street Hotel, Sir Montague Cornish Turner presiding.

Part of the chairman's address was as follows: I am glad to report that during the past year we have found a healthy state of trade to exist in the East, almost without exception. In spite of the terrible visitation of plague from which India is still suffering, that country has had a year of exceptional prosperity, both as regards her import and export trade. The Financial Member of Council has been able to show a handsome surplus and to produce a budget sufficient to justify a further material reduction in the salt tax, which will benefit in some degree the mass of the people of India. The reduction of the tea duty by 2d. in the pound, recently declared by the Chancellor of the Exchequer, is also a step in the right direction, assisting, as it does, a very important industry in India, which deserves every encouragement both at the hands of the Indian and British Governments. It is an industry absolutely sound in itself, but is passing through a cycle of depression. The present wheat and seed crops, we hope, may be up to the average, though the abnormally cold weather early in the year has dimmed the prospects, which at one time were unusually favorable. Our deepest sympathy must be extended to those, whether Europeans or natives, who are sufferers by the recent terrible earthquake in Northern India. Many have lost their nearest and dearest, and a much larger number will have lost their homes and most of their possessions, and for these help must be given, and will, I am sure, be gladly given, both here and in India.

In the Far East our attention is centred on Japan, where, in spite of the war with Russia, the trade of the country not only maintains a normal level, but shows an appreciable expansion. The value of imports has for 1904 reached the high figure of 371,000,000 yen, being an increase of 54,000,000 yen over 1903, while exports were valued at 319,000,000 yen, or an increase of 30,000,000 yen over the preceding year. It is noteworthy that the exports of silk goods show a substantial increase owing to the self denial of the wealthy classes, and that the present rice crop is estimated at 20 per cent. over the average. As a matter of fact, the war appears to have had little or no ill effect on the trade of the country, and with a population of 46,000,000 Japan can count on 3,500,000 to recruit the ranks of the army, of which she is so deservedly proud. It is well to remember how greatly Japan's commercial interests are interwoven with those of Manchuria and Korea. Those countries supply Japan with large quantities of foodstuffs, and take in exchange textile goods manufactured in Japan. Emigration from Japan to Korea has been in progress for some years, and about 40,000 Japanese have settled down in Korea. Bearing this in mind, and the fact that the East Asiatic trade of Japan amounts to some 43 per cent. of the whole of her foreign trade, it can be seen how vital and essential to our ally is the policy of the "open door." Let us hope that one result of this unhappy war may be the

absolute and rigid maintenance of the "open door" policy in China, by which means we may look with hopeful certainty to the peaceful and progressive development of that country.

I would call your attention to the remarkable development of trade now in progress between America and the Far East. From a recent report I gather that America's Eastern trade has grown from \$93,000,000 for the whole of 1903-4 to the same figure for the eight months of 1904-5, so that the trade for the latter twelve months promises to amount in value to \$150,000,000, or an increase of 60 per cent. in one year. Apparently America aims at monopolizing the trade of the Far East. The American participation in foreign loans has been an unusual feature of the financial year. Besides taking a large slice of two Japanese loans, a Cuban loan and a Mexican loan have been appropriated by the New York financiers.

With regard to the report which you are asked to adopt today, I would remark that the past year's business has been of a satisfactory nature. I can, indeed, congratulate the shareholders upon the results, especially in a time like the present, when a war of such magnitude is in progress, one of the combatants being Japan, in which country this bank has large and increasing business transactions. We have so far steered clear of losses, and we shall continue the same careful and watchful spirit which has regulated our dealings in the past. But competition grows apace, margins become finer, and to ensure reasonable returns the volume of business must necessarily be multiplied. In other words, the turnover must be doubled or trebled. This, of course, involves an extension of our risks—ordinary and legitimate risks of business, but which have to be faced, and must be provided for by an increase in our reserve. This, gentlemen, is our justification for adding to our reserve, and our action will be recognized, I trust, as a measure of ordinary prudence. We have recommended a bonus to the staff, which, in view of the absence of a bonus last year, is by no means excessive, and is thoroughly well earned. I feel sure that this will meet with the hearty approval of shareholders. We have added £20,000 to the superannuation fund for two reasons. In the first place, with the increase in the bank's transactions a larger staff becomes absolutely necessary; and, secondly, as years roll by the number of those who will become eligible for pensions will inevitably increase. As regards the building fund, the amount set aside is not excessive, in view of all contingencies. Then as to the dividend. The matter has received very careful consideration at the hands of the directors. Their policy is to proceed carefully and cautiously, to maintain a steady dividend, rather than rush up to a point which cannot be maintained in times of depressed trade, and so prove disastrous to those who are dependent on their dividends from their investments in this bank. Without making any definite or specific promise, we hope, gentlemen, all things being well, to meet you next year with a report which may justify our declaring a slightly higher dividend than that which has been recommended for your acceptance today.

SERICULTURE IN CHINA.

[From United States Consul Anderson, Hangchau, China.]

It is of more than mere business significance that the silk trade of China, once the greatest in the world, for centuries the controlling factor in the trade in fine fabrics the world over, and until a comparatively few years ago one of the objects of romantic and speculative interest among many peoples and in many lands, has come to the parting of the ways. There is abundant evidence at hand that the silk trade of the Middle Kingdom has reached a critical point in its history, and it remains to be seen whether the Chinese will seize their present opportunity to establish that business, as well as others, upon a modern and economically sound basis, or whether they will suffer it to still further decline until it becomes more and more a local industry for local markets. At present the trade is in a transitional state. For a number of years competition from abroad has been felt keenly, and the comparative decline in China's silk business has been steady. There has been an increase in the amount of waste silk produced and exported, but competition has so affected the market for the finer grades of the product that Chinese merchants have been forced to appreciate the fact that there is something essentially the matter with their economic methods or business situation. In view of ready markets, cheap transportation, and other favorable elements, they have not been able to explain their position as due to other causes than out of date methods of production and manufacture. A favorable climate and reliable labor, cheaper than any other nation can expect to furnish, give China an immense advantage. But progressive methods have been inaugurated reluctantly and are pushed with little energy. While silk is the chief means by which China now pays its foreign debts, only the adoption of modern methods of cultivation and manufacture will save the silk industry in China as an international trade element. There is a little progress, but it comes very slowly.

It is remarkable that the silk business of China has endured so long as it has, in competition with that of countries where every stage of the process of producing silk, from the planting of the mulberry tree to the very cover of the finished package of cloth, is governed by science and constantly improved methods. The very fact that China is still in the race, and that it is still able to sell its goods all over the world, is ample demonstration of the immense natural advantages it has in the culture of the mulberry tree and the silk industry generally. A fair knowledge of the processes of silk making is had by an immense number of people in the country, and apparently it would take comparatively little modern instruction, with the introduction of a few changes, to restore China to the front rank in the silk business. As it is, the silk exports of Hangchau, one of the famous silk cities of the world, fell off 20 per cent. in value last year, and there has been a steady decline all over the country for more than a decade past. This decline in China's exports of silk has been going on

too long and too steadily for it to be anything but permanent so long as present conditions prevail.

THE SILK GUILD.

The situation in the silk business of China is peculiar. Like all other lines of industry and trade in China, it is controlled by a guild, one of the most powerful organizations of a commercial sort in the world. The members of this silk guild are among the wealthiest men of China, and as a rule may be classed among the most conservative of people, opposed to modern innovations, modern learning and Western ideas generally. But they are face to face with the proposition that unless they turn to Western ideas and Western learning at once, their business, with all that it means to China and themselves, will be irretrievably lost. The progressive element in this old stronghold of Chinese conservatism is rapidly increasing in strength. Actual present day loss is a powerful incentive to reform.

The silk guild is jealous of its privileges and brooks no opposition among the Chinese. One way or another, sooner or later, it works a profit out of all cocoons raised. It regulates the styles and qualities of silks manufactured and sold, and, so far as the producer can do it, regulates the prices at which they are sold. Like other Chinese controlling agencies, however, the silk guild does no more in the silk business than is necessary to insure its control and profit. A large number of people, therefore, deal in silk and cocoons, and so long as the silk guild can control their product there is no complaint.

FOREIGN AND NATIVE METHODS IN CHINA.

In the past few years foreigners have been dealing much in silk in China, and have bought a large share of the cocoon crop. They have erected steam filatures and have endeavored to place the silk business on a more modern basis. They have found the business profitable, as a whole, but the Chinese silk people manage to make silk in the same old manner and sell as cheaply as those employing modern methods. The quality of the silk the Chinese put out with their old methods seems to be all that can be desired. The silks sent to Peking for tribute and for the use of the Imperial household, wonderfully rich and heavy enough to stand alone, are made by the time honored Chinese methods on rough looms and with the usual division of labor from the cocoon raiser to the girl who winds the silk on spindles in a dingy, dirty, mud wall house with earthen floor and grimy furniture.

As most of the silk cocoons produced in China are produced by the small farmer on his little patch of ground in the manner taught him by tradition, so most of the Chinese silk is spun and woven by Chinese in their homes. The silk guild people either hire silk weavers to work at home or buy the product of those who work independently. One may go along almost any street of importance in Hangchau and see a silk weaver at work in his home, but negotiations

for the purchase of his product will be met with a reference to some silk dealer in the city for whom the weaving is being done. Possibly a purchase can be made, but it will be at prices corresponding with those of the dealers. Unlike most other articles bought and sold in China, silk has a fixed price, and when a silk dealer in Hangchau gives a buyer a price on his goods that price is generally his only price.

MULBERRY GROVES.

Central China is famous for the quality of its mulberry trees. The climate is favorable to their growth, and while the trees can hardly be said to be cared for according to the best doctrines of horticultural science, they are well cared for, compared with other trees and plants. Most mulberry groves are very small—merely a few trees planted on the dikes separating rice fields or surrounding the small ponds on Chinese farms used for flooding rice fields. Now and then there will be a grove of five or six English acres, but the large number of trees grow in small bunches and are cared for faithfully. They are propagated by sprouts and are fertilized in the manner common to all Chinese farming, by manures and by muck from the canal and lake beds, and the earth is stirred up around them regularly. In the fall just before frost they are stripped of their leaves, "that they may have just that much longer rest in the short winter." They seem to be relatively free from disease, although I have seen whole groves practically stripped of their leaves in September by insect enemies. Many of the small groves are utilized for the growth of vegetables and even cotton, but with the constant fertilization it is doubtful if the trees are held back by this course.

The authorities in charge of the sericultural schools in China, especially the one in Hangchau, which has taken the lead in the movement for the improvement of China's silk products, are making a special effort to improve the quality of mulberry leaves for the silkworms of the country, and at the same time to increase the quantity of leaves produced. At present it cannot be said that mulberry tree culture of China is scientific or that it is not scientific. The Chinese people have been growing mulberry trees for silkworms for many centuries, and for centuries they had the lead in the silk business of the world. During all these years they have acquired more or less lore of a more or less profitable character, and their tree growing is now conducted according to this experience. The average silk farmer will raise his mulberry trees in certain ways, with certain trimmings at certain times of the year; will apply his fertilizer in certain ways at certain times and will follow rules and customs of many kinds, like that of denuding the trees of leaves just before frost comes in the autumn. But the real value of his acts is unknown to him and the result is that often he injures his trees by treatment which under certain conditions would have been beneficial. This adherence to custom may be an improvement over the policy of no attention to the trees, but it is not much of an improvement, and the more thoroughly acquainted I become with the Chinese methods of handling their mulberry trees the less I think of them.

When a mulberry orchard or grove is in prime condition the Chinese say that it ought to produce 10 piculs (1,333 pounds) to a mow (one-sixth of an acre). The average orchard in this Province now produces from 5 to 7 piculs (666 to 933 pounds). This falling off is due altogether to improper management of the groves, and would not occur if efficient horticultural methods were in use. Under the present methods there are few, if any, means employed to rid the trees of injurious insects, or to prevent or cure diseases due to fungi. The Chinese understand the art of grafting their mulberry trees to a certain extent and appreciate the needs of good stock. It is the custom, when trees in a district get in very bad shape for some officials to acquire merit by furnishing new mulberry tree stock to the people free or at a nominal charge. Efforts have been made to secure good mulberry tree stock from other countries, and in a measure these efforts have been successful. But without scientific knowledge of how to protect the stock after it has been introduced, there is little profit in the undertaking.

THE WORKERS.

The workers in silk in China as a rule are not an educated class. What they know of silk they have learned by word of mouth, and this has been the case for generations. They consist almost altogether of small farmers and small shop people, whose families divide with them the work of producing the cocoons and of handling the silk in all its stages. A farmer who produces 200 pounds of cocoons in a season is doing business on a rather large scale. The largest number of looms I know of in one establishment in Hangchau is five, and that establishment is supposedly doing business on a modern basis. As a class, the silk operatives are certainly intelligent, tractable, reliable—perhaps above the average of Chinese workmen in these respects, and the average of the Chinese workmen is good. They perform their work faithfully and well; they are doing the work their fathers did, and so long as they can prosper in the most modest way they are generally satisfied. When the crop of cocoons is turned in the men, women and children who have been caring for it give their attention to other work, the women to working over tattered garments for the winter, the men to crops of winter cabbage or the like on their little patches of ground. Possibly the men may secure work of one sort or another, but in general the people engaged in raising silkworms are the owners or cultivators of small farms near the village or city in which they live, and the silk industry is incident to their farming.

GOVERNMENT AID AND SCHOOLS OF SERICULTURE.

Whatever is done for the silk business in China, as a rule, is done by the silk guild. The Government has refused many times to interfere with the business in any way, and efforts made a few years ago to secure the introduction of more modern methods in the production of silk in China, so that trade in Chinese silks by foreigners could be maintained against Japanese silks manufactured in accordance with more modern methods, were met by the

statement at Peking that the Chinese silk merchants would attend to such matters. At the same time the Government has of late been giving countenance and help to different kinds of schools established for the instruction of the Chinese in better methods of sericulture. Indeed, a commencement in this line was made some eight years ago, when Governor Rin, of this Province, appreciating the cause of the decline in Chinese silk production and of the constantly narrowing markets, established a sericultural experiment station under the title "Chekiang Sericultural College." The institution was established on an island in West Lake, Hangchau, reached by a causeway from the mainland. It was given buildings unusually substantial for China, and arrangements were made for the instruction of the pupils by Japanese silk experts. Inasmuch as most of the work in silk in China is done by small concerns or by farmers, the instruction has been in the past and is at the present time in work with native appliances.

At present this college has eighty graduates, thirteen students being enrolled there at the present time. The instruction covers a fair course relating to the habits, diseases and varieties of the silkworm, the methods of handling and preserving the worms and the cocoons, the different steps in the process of handling the silk, the structure and points involved in different native machines—in short, the course is planned to cover the silk business in all its forms. From this beginning in Hangchau there has started a crusade for better methods in silk production. Governor Chang, of Hupeh Province, established a second school at Hankau, in that Province, several years ago, and the graduates of the Hangchau and Hankau schools are scattered over all the silk producing Provinces, teaching the natives how to better their product.

It is unfortunate for the future of Chinese silk industry, however, that the standard of instruction is not being maintained. When the schools were first established Japanese experts were engaged as teachers. Mr. J. Maeshima, of Kioto, from whom I have received much of the information contained in this report, was the principal in charge of the Hangchau College for a number of years. Mr. Maeshima resigned, a difference of opinion having arisen between him and the authorities supporting the school over a matter of management; but there is reason to believe that the Chinese officials were following in this the policy they have adopted with respect to almost everything else—China for the Chinese—and that they planned to use Chinese instructors just as soon as they felt themselves in a position to do so. The Chinese disposition to run in a rut, however, has already manifested itself, and there is little reason to expect progress in these schools, although the work they are doing is leading to considerable improvement in the standard of silk production in the Provinces concerned. The work now done seems to be considerably better than what has been done in the past, but it is not up to the standard in other counties.

NEED OF NEW METHODS.

The loss that China suffers every year because of a lack of scientific knowledge of how to protect and manipulate

cocoons, how to grow and protect mulberry trees, and how to handle and dispose of the cocoon crop after it has been raised, is great beyond belief. There is scarcely more than one-half the quantity of mulberry leaves grown upon the acreage devoted to mulberry groves that there ought to be. By the failure to so handle the silkworms that they give their best product in the largest possible volume another great loss is caused, and another is brought about by imperfect handling of the cocoon in reeling, China getting from its cocoons not more than 6 or 7 per cent. of raw silk as a good crop.

All silk experts agree that Chinese silk interests demand an entire revolution in methods of production. There seems to be no question that if the methods obtaining in China for many centuries are to be retained, the silk production of the nation will decline, while, on the other hand, the adoption of modern methods of handling the cocoons and disposing of the product of the worm will result in an immense development of the silk business in China, for reasons which readily appeal to silk producers elsewhere. The cheapness of labor and favorable climate are perhaps the strongest elements in the silk situation of China. They are certainly very powerful elements, but so long as the greater portion of Chinese silk production comes from reeling machines and looms of rough, rude and apparently inefficient sorts it is difficult to bring one's self to expect that it will amount to much in competition with the science, inventiveness, and wonderful facilities of the silk producing nations of the West.

CHINESE SILK MACHINES.

Rough as have been the machines of Chinese silk workers in the past, I was really surprised at the crudeness of the machines used in the college here—machines which may reasonably be taken as representing the best methods employed in the production of most of the silk of China. These machines are of native manufacture. The operator sits facing a reel which he turns, together with small spindles for twisting the threads, by foot power. On his left is a small charcoal or wood furnace with a Chinese boiling pan upon it, to which there is a wooden cover. In front of him is another boiling pan. The cocoons are placed in the covered pan and boiled or steamed the required period, and then cocoons, hot water and all, are emptied into the pan in front of the operator. In this pan they are stirred about and manipulated with a rough comb made of bamboo, about 7 inches long, and as loose thread ends are gathered they are fed into an eye in a small brass rod projecting over the pan. Thence the thread leads to two small spindles, oval in shape, so arranged that the thread is twisted as it passes over them; thence the thread of raw silk passes to the reel, which is whirled around over a charcoal fire in an earthen vessel placed immediately under it. Operators, of course, soon become very skillful in their manipulation of the machine and they produce a thread of raw silk which is far more uniform and satisfactory in quality than might reasonably be expected of the machine. In the school the students are taught the use of a Japanese reeling machine, which is an improvement over the Chinese

machine, though similar in construction. The cocoons are heated in a Chinese boiler over a charcoal fire, are manipulated in much the same manner, pass through glass eyelets and over the head of the operator to the reel, which is behind him. Apparently the Chinese operator with his old machine, to which he is accustomed, does as good work as he does with the new machine.

The looms used by weavers are much on the same order. The simple loom used for work in one color and plain goods is the commonest, but work in several colors producing fancy goods requires a very large and elaborate machine, which is operated by a weaver and a boy who sits on top of it to manipulate ropes and help control the pattern. The product is certainly beautiful, but it is obtained at an expenditure of labor impossible in any other country. Apparently there is no reason why more modern machinery could not be introduced except that its advent would bring about serious resistance on the part of the silk workers. Their theory is that improved machinery will throw people out of employment, and they are prepared to insist upon a continuation of present machinery and methods as representing their livelihood.

The same may be said of the dyeing of silks, and, indeed, of every stage of their manufacture. The policy of the Government in refusing to bring about any change in the methods of silk culture or manufacture which did not come from the silk people themselves is merely in keeping with its policy of avoiding trouble of any sort with its own people, even for their own good. This whole matter of instruction and improvement, of betterment in the growth of the mulberry trees, in the handling of the silkworm, in its protection from diseases, in the manner of handling the cocoons and reeling the silk, in the manner of dyeing, weaving and selling—in short, this matter of progress is the crux of the silk situation in China, present and future. Whatever may be the splendid past of the silk business here compared with that business elsewhere, whatever may have been the field the Chinese silk manufacturers once had, it is safe to say that there must be an immediate revolution in Chinese methods or the decline in exports of Chinese silk which has been in progress for some time will be permanent. For years silk has been China's chief means of paying its foreign debts, tea coming second. The trade in both tea and silk has declined because of failure to keep up with other countries in methods of production and distribution.

SILKWORM DISEASES.

Unquestionably the production of silk in China at the present time is far below what it ought to be for the number of worms hatched and the amount of feed grown. There are leaks in the business all along the line, but probably diseases of the silkworm represent one of the most costly drains upon the industry. There are many such diseases, among them glugea, bombicio, la flacherio, botoritis, bassianu, together with the damaging ugmia soucariei roudan. There is no special precaution taken to avoid these diseases or their results, and probably the average worker

in cocoons knows nothing of them; he knows only that his cocoons are not what they ought to be.

SILK PRODUCTION.

It is impossible to give accurate figures for the production of cocoons in any part of China or the average per operative, because of the nature of the industry in this country and the fact that there is no Government supervision and no returns to any authority. From his observation and experience in connection with the experiment college here, however, Mr. J. Maeschima estimates that the average quantity of raw silk reeled from the cocoons raised in Chekiang Province is about 4,000,000 catties (5,333,333 pounds) as a good crop, and the quantity of cocoons produced by these worms is from 85,000,000 to 93,000,000 pounds as a good crop. There is no question that if proper attention were paid to the diseases of the silkworms both the total production of cocoons and the proportionate production of raw silk could be immensely increased. Mr. Maeschima estimates that in this province the loss due to evils which could be readily avoided amounts to 30 per cent. The highest product of raw silk in the province is said to run about 7 per cent., by weight, of the cocoons used. If the weather is bad it runs as low as 2 per cent. The average is said to be about 4 per cent.

COST OF SILK PRODUCTION, NUMBER EMPLOYED, HOURS. WAGES.

It is almost impossible to get at the cost of silk production in China. It is first of all to be realized in making up the estimates for this country that the vast mass of silk produced comes from Chinese homes where all members of the family take part in the work. While the males of the household are looking after a rice crop the women will look after silkworms. The men will gather the leaves and the women will feed them, but the family is not thus engaged all the year. Almost every family in the country does some work in silk. One authority estimates for me that in Chekiang Province, with a population of 20,000,000, there are 900,000 houses in which some work in the raising of silkworms is done. Probably in this province there are 5,000,000 people more or less engaged in the work.

It is difficult to get any intelligent idea of the division of duties. Little or nothing is done in the way of scientific examination of the moth, little discrimination is exercised in the care of the seed, and there is but a general method of caring for the cocoons. The whole family does it all. Probably it may be said that in a family which produces from 100 to 140 pounds of cocoons the careful attention of two persons for forty days is devoted to the work. The first of these persons will get \$6 or \$7 Mexican (\$2.75 to \$3.10 gold) and the second \$4 or \$5 Mexican (\$1.80 to \$2.25 gold). The return is represented by the production rather than by any wage scale, even where the cocoons are raised for someone else.

As there is no way of dividing the labor in the home, there is likewise no way of measuring working hours. The family works early and late, but often makes up for its

length of service by slothfulness in the performance. In the actual feeding season the family will work twenty hours a day—night and day must they keep at their task. For reasons similar to those preventing accurate returns for the working day, it is difficult to measure the number of days these people are employed in a year. This depends altogether upon circumstances. There may be four or five crops of silkworms in a year, but generally, both because of other labor and because of the drain on the mulberry trees, there are only three. The spring crop is produced ordinarily in from twenty-eight to thirty days, depending upon the temperature; the summer crop comes in from twenty to twenty-five days, and the autumn crop in from twenty-five to twenty-eight days. Counting the handling of the seed and other duties connected with the work, the average probably is sixty days for the first crop, thirty for the second and thirty-five for the third. Then there is considerable work done in raising cocoons in the houses later, the best for raw silk reeling and the mass of poor cocoons for waste silk and silk cotton.

About 60 per cent. of the cost of producing silk in the ordinary Chinese way goes for the mulberry leaves, 30 per cent. for labor, and 10 per cent. for general expenses.

WORK IN THE FILATURES.

Figures relating to the silk produced in the few modern steam filatures which have been introduced in China are more easily had than those relating to silk produced by the natives, but they are by no means complete and it is impossible to reason from figures obtained in one place as to conditions in other places. In general, however, conditions and prices are about the same all over China.

There are three grades or chops of silk produced in this part of China. On the basis of 1,000 taels a picul (\$700 gold for 133 pounds) for the first grade, the two others will be valued at about \$686 and \$672 gold per picul. In the filatures the best operators receive 50 cents Mexican per day (22½ cents gold). The best reeler will reel perhaps 14 Chinese ounces (18½ American ounces) a day. The general run of reelers, however, will turn out from 11 to 14 American ounces, and for this will receive from 13 to 18 cents gold per day as high wages. It is doubtful if the average will be over 13 American ounces, with an average pay of 13 cents. There are Chinese children employed in the filature who are paid 4 or 5 cents gold per day. It is probable that an estimate of a cent gold per American ounce of silk is not far from the pay for reeling. As a rule there is no difference between the pay of men and women for equal work. Hours of labor are fixed by custom at about ten, but it is to be considered in discussing Chinese labor matters that the Chinese do not work as steadily as men of most other nations, though they work longer. Statements as to the number of days these workmen in filatures work must of necessity be very indefinite. The same conditions which control work in Chinese homes control very largely work in the factories. Probably sixty days a year for a filature will be a fair estimate. Fuel is rather costly from the Chinese standpoint, wood bringing about \$3.15 gold for each 10 tan (1,330 pounds), and coal costing about \$6 gold per ton and being of rather inferior quality. Considerable artificial heat is used in the filatures, which, generally speaking, are rather shabby in appearance and not very substantially constructed. The best of them are probably several years behind Europe and the United States in fittings—indeed there has been little attention paid to them since they were started. The silk trade of China has been languishing. The men back of the filature adventures are of the sort who are not disposed to risk many expenditures for future possibilities, but demand present and certain returns for their investments.

DYEING.

Practically all the silks produced in this part of China are dyed, either before or after weaving, in shops kept for that purpose. Silk dyeing is a separate business or profession in China. For silk of average weight and width it costs 650 cash (30 cents gold) to dye a bolt of from 43 to 44 feet, and the cost when the silk is dyed before weaving is proportionately about the same. Most of the silk manufactured into the better grades of cloth is dyed before weaving.

COST OF FINISHED SILK.

It is impossible to ascertain the exact cost of any particular variety of silk in this part of China unless the history of each particular piece is followed and prices carefully watched. Almost everything is done on the basis of averages. The silk guild controls prices to a great extent, and they are often far higher than they ought to be and at other times lower than might reasonably be expected. When there is a demand for Chinese silks abroad the prices in China are very high, higher generally than the export demand justifies. When trade abroad languishes there is generally a corresponding drop in prices in China, but it by no means follows as a matter of course. The guild may keep prices up artificially for some time in the hope of effecting foreign sales at high rates. Here in Hangchau at the present time Ning Chou silk, cloth that has been dyed before the weaving, 24 inches wide and heavy, will bring for the first grade \$1.20 gold per yard, second grade \$1 per yard. Fang Chou, reeled pongee undyed, sells for about 22 cents gold per American ounce. Hu Chou, a soft boiled silk, undyed, sells for about 30 cents gold per American ounce. Last year there were shipped out of Hangchau 2,349 piculs (3,129,217 pounds) of silk of all kinds. It was valued, according to the customs declarations, at \$1,694,186, which makes the average value \$5.41 gold per pound. This includes shipments of waste silk. It is probable that the retail values of the above given allow for about 10 per cent. profit.

The silk merchants, as a rule, constitute one of the wealthiest and most influential classes of the Chinese population. One reason for this is in the fact that it takes considerable capital to handle silk products, and another is in the powerful nature of the silk guild organization. This guild is more than a trust. It assumes and exercises over its members a sway often not confined to business matters, and it controls its own membership and practically dictates who may and may not deal in silk.

SILK PRODUCING POSSIBILITIES OF CHINA.

The silk producing power of China is altogether a matter of conjecture. Since the T'ai P'ing rebellion, when the entire nation was prostrated, the purchasing power of the Chinese people has been constantly on the increase, and one of the first results of this is an increase in the amount of silk consumed in China. One of the canons of Chinese aristocracy and luxury is to dress in silk when you can afford it, and as China grows wealthy the amount of silk it will consume is far beyond what it has been using for many years. The production of silk in China accordingly is likely to increase greatly before long, in spite of the fact that the silk industry has been somewhat languishing for some time because of decreased exports.

Silk is produced in every part of China south of the thirty-fifth degree of latitude. The best silk comes from Chekiang, Kiangsi, Hupeh and Szechuan Provinces, a belt running across the country between the twenty-eighth and thirty-second degrees of latitude. Up to a few years ago

the silk called Tsatie, from Hupeh Province, was said to be the finest in the world. A very small advance in the return to the silkworm farmer for his cocoons will result in an immense increase in the silk production of China. Nor will it take long for the business to be enlarged. The planting of mulberry groves can proceed very rapidly and the trees be brought to good size in a short time, where the producer has few trees to attend to and both a favorable climate and intensive methods of cultivation to force the plants. The wide diffusion of present methods of production has distributed knowledge of silk production very generally among the people. China is already prepared with an immense army of silk producers for any possible increase in the demand for Chinese silk products. The country is merely waiting for the world to beckon for more silk to increase its production of silk indefinitely.

Of course the world will welcome China's silks when the Chinese can furnish better silks for less money. This can be done only by revolution in Chinese methods, and this revolution probably cannot come without Government aid. At present the Government is doing nothing. It has done nothing in the way of establishing regular markets for cocoons, of spreading knowledge of improved methods of culture and manufacture, or protecting the silk workers in any way. One or two governors at times have made arrangements for the distribution of improved varieties of mulberry tree sprouts, but this has been often at the expense of the peasant farmer, who is the real silk producer of China. One or two governors have issued proclamations encouraging their people to raise more trees and produce more silk. But proclamations and encouragement do not change economic conditions. China seems to be prospering in almost every line but in tea and silk, in both of which it once was supreme. Only progressive methods will save either of these industries now, and the disposition of the authorities to stop the march of progress by turning to inefficient Chinese or other Asiatic instruction is not encouraging.

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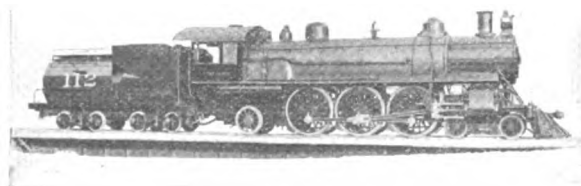
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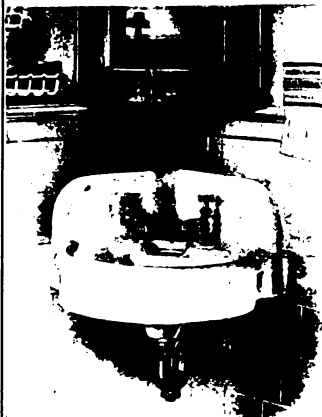


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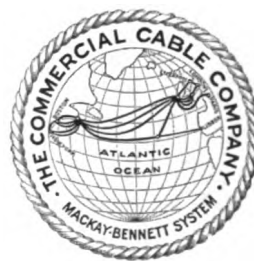
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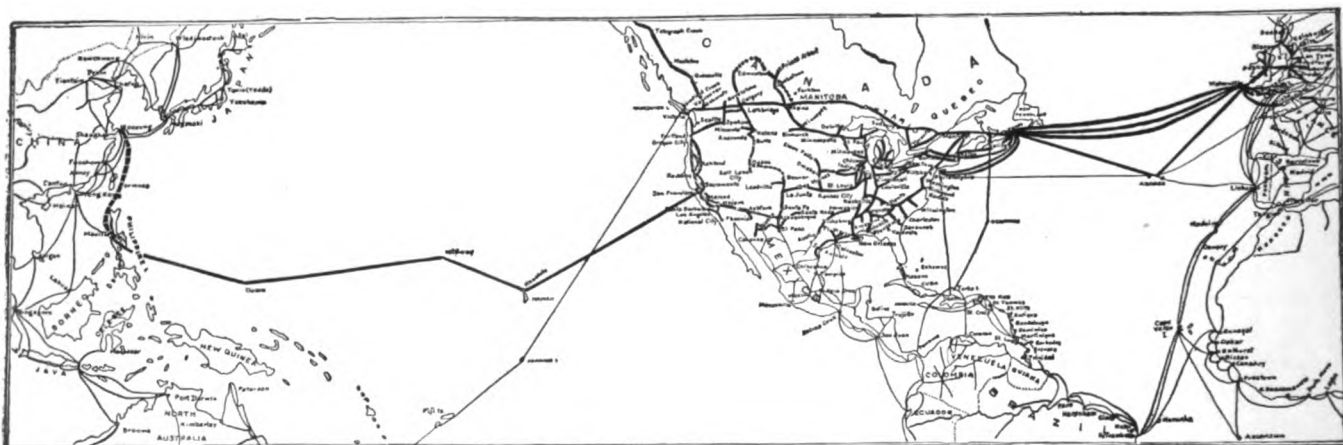
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Journal of The American Asiatic Association

VOL. V.

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As we go to press, all the Peace Plenipotentiaries, except M. Witte, have arrived, and it seems probable that the Conference will assemble about the 7th of August. That the result of its labors will be a Treaty of Peace, is a matter rather of hope than of assured conviction. It is at least probable that there will be no delay in ascertaining whether or not the meeting of the Conference is to be futile. It is reported, on apparently good authority, that the Japanese Plenipotentiaries will at once lay on the Conference table the terms on whose acceptance without modification they are instructed to insist as a basis for further negotiation. The payment of an indemnity sufficient to reimburse Japan for the cost of the war will obviously be the demand most difficult for Russia to digest, were it for no other reason than that its acceptance implies the most unmistakable form of recognition of the fact that Japan stands on a footing of absolute equality with the other great Powers of the world. This also is not the least cogent among the reasons which make the indemnity part of the "irreducible minimum" of the Japanese terms. Until there is a frank and unqualified acceptance of the essential points of these terms, it is absurd to discuss the question of an armistice. With the principles which are to govern the ultimate settlement agreed to, there need be no difficulty in bringing about a suspension of hostilities and leaving the Conference free to discuss questions of detail undisturbed by daily changes in the military situation. With the Russian position south of the Tumen in imminent danger of being forced, the occupation of Hun-chun is only a question of days, to be closely followed by the cutting of the Russian line of communication between Vladivostock and Harbin. In short, with the final stroke of the Manchurian campaign about to be delivered, and its results not at all doubtful, nothing short of the acknowledgment that the status quo is really the situation which it is in the power of Japan to make, rather than that which already exists, can well be accepted as preliminary to an armistice.

THE salutary effects of the protest lodged against the oppressive administration of the Chinese exclusion laws are already apparent here, but, if cable advices are to be believed, they have made but little impression on the native organizations in China with whom originated the threat of

a boycott against the trade of the United States. That threat has already served the useful purpose of arousing public sentiment in this country to the objectionable character of some of the regulations promulgated by the Bureau of Immigration in regard to the admission of the exempt classes of Chinese, and of directing official attention to the possibility of modifying some of the departmental rulings which have been matter of just complaint. It is needless to say that the hands of the Executive Committee of this Association have been greatly strengthened by the assurances of sympathy and support which they have received in their work of trying to secure fair treatment for the exempt classes of Chinese visiting this country. It is equally unnecessary to add that the professional labor agitators remain unconvinced, however general may be the conviction of their fellow citizens, that the administration of the Chinese exclusion laws are a blot on our national reputation. One of these, Mr. T. V. Powderly, who was also, in virtue of a bad precedent which has already required the force of established sanction, Commissioner of Immigration, has placed on record his opinion that the President is being deceived in this matter. Mr. Powderly's theory is that the Chinese are so resourceful and unscrupulous that it will not answer, in the name of liberality to high-class Chinese to let down the bars at our ports, unless the country is prepared for a flood of Coolies. Fortunately for the prospects of intelligent action by Congress on the general subject, it is reassuring to have the testimony of the very able and clear sighted Washington correspondent of the *New York Evening Post* to the effect that labor union questions are likely to receive in the coming session more judicious treatment than they have had in the past. "Formerly the average politician fell on his knees when organized labor was mentioned and begged for an opportunity to know what that august monarch wanted. Of late years, there has been a growing perception in Congress that there were two sides to the story, and that each deserved a hearing. This has been true of the proposed eight hour legislation, and of anti-injunction laws, and it promises to be true of the Chinese question the next time that it comes up. The business classes will have something to say on the business side of the subject. Nobody wants a flood of Coolie labor, but there is a growing sentiment in favor of the liberalization of our laws."

UNDER these circumstances, it is difficult to see what possible good can be accomplished by continuing the movement for the boycotting of American goods in China. Assuming that some form of reprisal, actual or threatened, was necessary to direct attention to the unsatisfactory character of the attitude of our Government toward Chinese immigration, the object has been accomplished, and the grievances complained of are in the way of being redressed. They certainly will not be redressed any more quickly or thoroughly by keeping up a tone of menace in regard to all American interests in China. We must assume that, as regards the negotiation of a new treaty, Mr. Davidson cor-

rectly outlined the situation, as communicated to him by our Minister in Peking, in his letter of May 23d to the President of the American Association of China. The draft of the proposed treaty which is now the subject of negotiation between the two Governments comes to our Government from that of Peking and there seems no reason to suppose that it contains any demand which the American people will regard as unreasonable, whatever may be said about the trades union leaders in the Bureau of Immigration or elsewhere. There can be no possible doubt of the anxiety of this Government to simplify and expedite the coming to this country of all Chinese subjects belonging to the classes of merchants, students or travelers for pleasure. Now that the Government is conscious of having behind it a well-organized and influential body of public opinion, the chances for the ratification of a more liberal treaty are better than they have been for many years, and no possible improvement in the situation can be effected by ringing the changes on the threat of a boycott.

In the fiscal year ending with last June, the trade of the United States with China and Hongkong reached the unprecedented total of \$92,913,799. This marks an enormous advance over the total of any previous year, that of the last fiscal year being only \$54,185,279, and even the "record" year 1902 reaching a total of but \$55,086,600. The exports of last fiscal year figure for \$63,257,730, and the imports for \$29,656,069, so that the balance of trade is very much "against" China. The chief item of export is, of course, cotton cloth; of which we sent to China in the last fiscal year 475,418,432 yards, valued here at \$27,834,322. The most sanguine estimates made six months ago placed the total of this trade for the fiscal year at \$25,000,000. If the average of the last six months should be maintained during the remainder of the calendar year, the total reached by the end of December will not be less than \$35,000,000,—an amount corresponding pretty closely to the estimated value of the purchases of cotton "domestics" in this market on Chinese account during the last twelve months. It will be observed from the tables elsewhere published that the export of mineral oils to China during the fiscal year has more than doubled in quantity, while there has been a slight decrease of the exports of this product to Hongkong. In wheat flour the exports to China remain about stationary, while those to Hongkong show a slight decrease. In our share of the exports from China, there is notable evidence of the continued shrinkage of the tea trade, and the exports of silk from China declined last year in face of a very considerable increase from other countries. The additional fact may be worth noting that the exports of the United States to Asia and Oceania show an increase for the fiscal year of \$67,000,000, while the imports increased \$24,000,000. The latter amount represents almost exactly the increased value, as compared with the preceding year, of our import trade, while the increased Asiatic export fully accounts for the entire amount of increase in that department of foreign commerce.

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, 1904 and 1905.

EXPORTS TO CHINA.

Months.	Cotton Cloths.		Mineral Oils.		Wheat Flour.	
1903.	Yards.		Gallons.		Barrels.	
July.....	9,751,868	\$143,228	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
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.....	13,806,414	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
1904.						
July.....	17,244,010	\$1,077,012	6,675,122	\$707,008	2,103	\$8,274
August.....	44,247,094	2,457,609	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
November.....	36,956,424	2,012,812	4,507,001	421,799	5,182	18,137
December.....	40,598,280	2,241,047	4,778,060	402,000	9,830	39,967
1905.						
January.....	28,480,261	1,626,920	8,867,873	903,403	9,713	37,589
February.....	45,011,364	2,498,418	1,711,363	182,683	6,386	26,000
March.....	45,717,073	2,576,523	10,042,765	883,960	9,072	34,830
April.....	48,014,580	3,103,367	7,017,894	661,062	9,900	38,130
May.....	51,456,621	3,318,804	8,297,150	577,430	4,570	18,175
June.....	53,445,070	3,316,453	9,422,218	828,682	13,529	49,604
Total.....	474,909,510	\$27,761,095	90,460,980	\$8,366,124	80,640	\$309,587

EXPORTS TO HONGKONG.

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	34,244	5,223	189,308	694,139
March.....	37,919	7,538	54,365	5,801	58,718	232,270
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
1904.						
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
November.....	70,363	7,862	2,159,280	192,958	84,248	313,776
December.....	49,322	7,243	940,753	100,987	117,366	467,939
1905.						
January.....	59,046	10,355	764,808	78,334	29,180	115,690
February.....	71,738	8,116	504,756	42,094	34,293	133,638
March.....	34,958	4,815	34,588	5,039	42,217	169,454
April.....	18,886	2,690	2,489,270	231,586	18,630	73,715
May.....	54,498	8,993	1,743,107	164,784	77,959	305,443
June.....	30,094	3,494	666,659	51,973	42,896	157,140
Total.....	508,922	\$73,227	19,111,656	\$1,803,569	1,007,761	\$3,969,402

DEPARTMENT OF COMMERCE AND LABOR,
Bureau of Statistics.

**Imports of Tea and Silk into the United States for the twelve months ending
June 30, 1903, 1904 and 1905.**

TEA.											
		1903.				1904.				1905.	
Imported from		Pounds.	Dollars.			Pounds.	Dollars.			Pounds.	Dollars.
United Kingdom.....		6,151,822	1,153,866			6,646,800	1,391,560			7,139,445	1,489,172
British North America....		2,135,065	445,997			2,157,566	482,973			2,081,620	484,881
Chinese Empire.....		55,064,296	6,974,643			53,157,332	7,238,611			42,938,984	5,882,831
East Indies.....		6,720,480	862,140			7,681,188	1,165,728			7,813,564	1,078,655
Japan.....		37,980,971	6,159,820			42,700,127	7,865,573			41,823,115	7,149,450
Other Asia and Oceania ..		508,138	58,191			450,670	55,959			658,076	91,576
Other countries		14,133	4,572			111,858	28,906			251,786	54,293
Total.....		108,574,905	15,659,229			112,905,541	18,229,310			102,706,599	16,230,858

SILK.											
		1903.				1904.				1905.	
Imported from		Pounds.	Dollars.			Pounds.	Dollars.			Pounds.	Dollars.
France.....		577,659	2,211,577			378,183	1,215,898			795,999	2,353,218
Italy.....		3,098,124	12,969,793			2,095,034	8,784,198			4,571,817	16,630,016
Chinese Empire.....		3,091,711	8,893,598			3,385,477	9,813,049			3,143,146	8,849,068
Japan.....		6,810,054	24,725,285			6,690,992	24,373,126			8,304,023	28,851,809
Other countries		59,658	202,344			81,197	275,293			997,148	2,858,781
Total.....		13,637,206	49,002,597			12,630,883	44,461,564			17,812,133	59,542,892
Waste .....lbs..free..		1,633,394	1,008,295			4,062,067	1,628,239			4,516,628	1,489,286
Total unmanufactured .....		.....	50,011,050			.....	46,100,500			.....	61,040,053

THE ADMINISTRATION OF THE CHINESE EXCLUSION LAWS.

The immediate results of the protest addressed to the President of the United States on behalf of the American Asiatic Association, against the oppressive administration of the Chinese exclusion laws, were recorded in the last number of the JOURNAL. Its influence has since been felt in a modification of some of the most irritating restrictions complained of, as will be perceived from the following letter:

New York, July 24, 1905.

John Foord, Esq., Editor Journal American Asiatic Association:

MY DEAR SIR—I have read with much satisfaction the various items in the July issue of the JOURNAL with respect to the present situation of Chinese exclusion measures. The letter which you published from Vice Consul General Davidson is particularly interesting, as showing that our Government is continuing to engage itself in efforts to frame a satisfactory treaty with China on this subject. If the officials of the State Department have been keeping cognizant of the material which you have printed in your recent issues, they cannot but see the necessity of framing a new and rational treaty which will not stifle trade relations between the two countries. Radical changes in our laws can be effected by treaty, and ought to be adopted by the President and the Senate at the coming session of the latter. The President's address, and the instructions from heads of Departments, printed by you, show that they

recognize the fact that there has been a grave want of judgment and discretion in the past in the enforcement of these laws. You will, no doubt, be interested to learn that modifications of the "regulations" of the Department of Commerce have been recently promulgated under date of June 24, 1905 (Departmental Circulars No. 80-81), which eliminate the prevailing practice I severely criticised in my articles in your periodical of retaining the certificates of non-laborers on entrance which had been issued under Section 6 of the Act of 1884, and the recent treaty with China. The regulation is, however, modified in such awkward fashion that the change of practice is likely to escape the notice of the executive officers. I learn, however, that further modifications of the "regulations" which I criticised in my letter to Mr. F. B. Thurber, dated June 26, 1905, are likely to be made shortly, and that a commission to revise these regulations will be appointed with that end in view.

Very truly yours, MAX J. KOHLER.

One of the most significant declarations elicited in the course of this discussion is contained in the following letter addressed to President Roosevelt by Mr. William D. Wheelwright, president of the Chamber of Commerce of Portland, Ore.:

Noting with interest the close attention that is being paid by your administration to the relations between the United States and China at the present time, the Portland Chamber of Commerce is impelled to address you respect-

fully on the subject, being specially moved to this action by a more or less prevalent opinion that the Pacific Coast is not only responsible for hostile legislation toward the Chinese in the past, but that it is still disposed (and to a greater extent than any other portion of the country) to make unreasonable demands on the Government for their exclusion in the future. It is true that the citizens of California, more than thirty years ago, appealed to the general Government for protection against an apparent danger of unknown and, therefore, possibly overwhelming proportions, and that primary legislation to limit Asiatic immigration was enacted in response to that appeal. But experience since that time has shown that the fear then held was without warrant, that the Chinese have no desire to attain citizenship, that they attempt no part in the administration of affairs and that they have no influence on our institutions.

Thus it has come to pass, we believe, that the Pacific Coast is now no more in favor of their exclusion than the Middle West, the East or the South, and it seems fitting that the commercial bodies of this section of the country should put themselves on record to that effect. By this we do not mean to deny that opposition still exists on this coast to the admission of Chinese laborers on any terms; but there is now much less opposition than there was, and public opinion is changing rapidly under the influence of new conditions and the stand taken by your administration, so that the time is ripe for renewed discussion of the subject.

While the country appreciates the efforts that the Government has recently made to insure better treatment of the few Chinese that come here, we are convinced that these efforts will not touch the spot of the difficulty and that the negotiation of a new treaty and the enactment of new laws by Congress are necessary to the maintenance of the principles of humanity on which this Government is founded and to the establishment of harmonious relations between the United States and China. It is not only necessary that all immigrants who come here should be humanely and fairly treated, and that all who have a right under existing treaties to admission shall be admitted without subjection to harsh and humiliating treatment, and that registration papers issued in accordance with treaty stipulations in China and viséd by American consuls shall be accepted as final, but we believe it to be imperative that privileges similar to those enjoyed by the subjects of other nations shall be extended, under suitable restrictions, to the Chinese. They are needed, especially in the undeveloped portions of the country, to do the work that remains undone because there is an insufficient supply of laborers to do it, and they are wanted as household servants, because the sons and daughters of American laborers aspire to higher positions and are not content to perform menial service.

The objections to their admission for these purposes come mainly, we believe, from those laborers who think that both the standard of wages and the position of the wage earner will be lowered by their competition, but we submit that the average condition of the laborer in this country has constantly improved, and still continues to improve, in spite of an enormous immigration.

Vast areas of territory on the Pacific Coast are undeveloped at the present time, and will so remain under present labor conditions, whereas, with the influx of only a tithe of the immigration that is now coming in on the Atlantic Coast, lands would be cleared and improved, public highways would be built in regions where there is an entire absence of good roads and railroad construction would take on new activity. It cannot be fairly claimed that the Chinese would interfere with the American laborer in this work, because this work is not now performed by American nor any other labor, save in the most limited way. It remains practically undone, and the doing of it would not only fail to affect injuriously the present satis-

factory status of the American laborer, but would open wider and higher fields for his activity and improvement, prepared largely by those who, under any circumstances, will always hold second place to him.

Next come the considerations covering our relations with China as they affect our trade with that country, which will improve or decline according to whether the said relations are friendly or otherwise. While it is true that the exports from the Pacific Coast have materially increased during the last ten years, so that large quantities of its agricultural products have been marketed at remunerative prices, and considerable amounts of manufactured goods have also gone forward to the benefit of Eastern factories and Southern planters, it is to be borne in mind that during that period, and up to December 8 last, a treaty of comparatively recent date was in existence, to the terms of which both nations had given their assent, and in renewing which the Chinese doubtless hoped for some modifications in their favor. But, now that that treaty has expired and the negotiations for a new *modus vivendi* have failed, and the Chinese are therefore threatening hostile action, it is easy to see that not only the trade will not continue to grow, but that there is danger of its complete cessation. Such a result cannot be contemplated except with the liveliest dissatisfaction, for there is no department of the country's commerce that so needs fostering as its Oriental export trade. Instead of its volume being large, as some enthusiasts would have us believe, it is pitifully small as compared with almost all other branches of the country's business, and especially as contrasted with the large export trade of other nations. The Government publications show, according to Harold Bolce, that, of all of Asia's importations, which aggregate the enormous sum of \$991,000,000, the United States furnishes less than 5 per cent. It can readily be seen that a very trifling increase in that opposition to American products which has already begun in China, owing to the unfriendly attitude of the United States toward the country and its subjects, will divert to other nations the trifling percentage of her trade that we now control. In this critical condition of our foreign trade it is imperative that we use all lawful and proper means to conciliate a people on whose friendly attitude the enlargement of that trade depends. The importation of even a small number of Chinese would reduce the expense of marketing our produce by providing for steamers on their return trips the revenue that they now lack. It is argued by some that China does not wish to encourage the emigration of her subjects, but care should be taken to distinguish between the Peking Government and the commercial guilds, which in many respects are more truly representative of the Chinese people.

Moved by all these considerations, we respectfully urge upon you, Mr. President, the taking of steps toward negotiating a new treaty with China that shall provide for the removal of the exacting conditions that now attach to the entrance into this country of their merchants, students and professional men, for the absolute freedom of all Chinese residents of this country to visit their own land and return here, and for the admission during the next ten years of a number of male Chinese laborers that in any one year shall not exceed one-tenth of 1 per cent. of the population of this country. American labor has little appreciation of its own dignity and power, as well as of its capabilities for improvement, if it raises objections to such limited Chinese immigration as that—amounting in ten years to 1 per cent. of our population—and thus endeavors to deprive the nation of the additional means to its own development, not only in this country, but in the Hawaiian and Philippine islands and Panama.

We beg to ask that due publicity be given to your intentions in that regard as soon as practicable.

THE CHINA DEVELOPMENT COMPANY AND THE OPEN DOOR.

The enterprise of the American China Development Company has been made, from first to last, the occasion of a great deal of misleading newspaper comment, but nothing quite so nonsensical has been said about it as the assertion, cabled from London, that the acquisition of the Hankow-Canton Railway by China means the closing of the open door. That versatile personage whose avocation it is to be King of the Belgians is, it appears, very loath to surrender, even at a handsome profit, his share in the only asset which gives value to the stock of the American China Development Company, and has been laboring with Mr. J. Pierpont Morgan to induce him to go back on the bargain made between his New York representatives and the Chinese Minister. With characteristic disinterestedness, King Leopold finds himself unable to allow the controlling American majority in the stock of the company to yield to the wily Chinese, without pointing out the exceptional value of the property with which they are proposing to part. The King goes even further, and, dipping into the future, is said to have declared that upon this particular point of the annulment of the American China Development Company's concession depends the whole future of the white race in China, and that its withdrawal is the first step toward the ousting of all the white men's commercial undertakings in the Celestial Empire. Nay, more, in that "very clear and precise manner of which the King is master," he has pointed out to Mr. Morgan the inadvisability of taking the cash offer under such conditions, and against national trade advantages, "the future profits of which would be prodigious and almost unlimited." Considering that the first contract for the construction of the Hankow-Canton Railway by the American China Development Company was made with the Chinese Government seven years ago, and that only a little over 20 miles of the road has been built, the concessionaires have exhibited quite extraordinary tardiness in utilizing the potentiality of growing rich beyond the dreams of avarice which the King thinks they have acquired.

It must be admitted to be a most inspiring spectacle, this of the King of the Belgians sounding in the ear of Mr. Morgan a note of warning, which "it is to the highest interests of the white races" to heed, "in the hope that patriotism will stand supreme over the vulgar bait of cash which the Chinese hold out so temptingly." The materials for a historical picture are all there, and likewise ample material for thought, since it appears that, as the selected scribe of the King puts it, "China, emboldened by the successes of Japan, and the consequent augmented prospects of yellow races, boldly says to the American China Development Company, which has a contract which is valuable, valid and correctly drawn up: 'You shall take pay and get out; if you don't, we'll force you out.'" No wonder that His Majesty boldly demands: "Is Mr. Morgan going to allow himself to be paid off at the expense of the future trade of his country with China? Is President

Roosevelt going calmly to admit of this flagrant closing of the promised open door?" Unfortunately for the prospects of placing the question on a plane so elevated, it must be recorded that as soon as a sufficient number of the shares of the China Development Company had been repatriated to restore its American character, Mr. Morgan informed the Chinese Government that the syndicate he represented had no intention of insisting on building the Hankow-Canton Railway, if the Chinese preferred to do the work themselves. All that Mr. Morgan asked for himself and his associates was a fair price for a property represented by a section of the railway actually in operation and the possible profits of the concession. The Chinese Government, or rather the chief officials, gentry and merchants of the provinces traversed by the railroad, having determined to do the work of construction without foreign aid, offered to pay \$6,700,000 in full satisfaction of all the claims of the American China Development Company, and the formal acceptance of the offer only awaits Mr. Morgan's return to the United States.

The assertion is thus demonstrably false that the action of China is "quite illegal," and the suggestion that there is any occasion for diplomatic interference is transparently absurd. As a matter of fact, China has given the Development Company an extremely liberal price for 20 miles of railroad, the record of a batch of surveys, and a concession which, under any strict interpretation of its terms, the company has long ago forfeited. If there has been any trickery in the relations between the company and the Chinese Government it is to be found in the acquisition by the King of the Belgians of a majority of the company's stock, and in the efforts of a somewhat unsavory lot of financial adventurers to use the protection of the American Government to further schemes grossly at variance with the declared principles of American policy. The supplementary agreement that was made at Washington July 13, 1900, between the Imperial Chinese Railway Administration and the American China Development Company had, in Article 17, this proviso: "The object of making this supplemental agreement of equal force with the original agreement is to permit of the benefits being transmissible by the American company to their successors or assigns, but the Americans cannot transfer the rights of these agreements to other nations or people of other nationalities."

The Americans did transfer their rights to a Belgian company, of which King Leopold is the head, and the Chinese Government rightly concluded that the concession had been thereby forfeited. It was to prevent this forfeiture that the King of the Belgians was induced to part with a sufficient amount of the stock he owned in the Development Company to restore control to American hands. If there has been any wrecking of a legitimate American enterprise in China, the responsibility for it must be divided between the American stockholders who sold out to the Belgians and the Belgian syndicate which tried to hoodwink the American Government into lending its protection to a foreign enterprise. As to "the prodigious and all but unlimited" profits which the scribe of the King says were to be expected from the operation of the railway, it may be enough to cite the fact that the undertaking of the Development Company was, primarily, to construct a railroad for the Chinese Government out of the proceeds of bonds issued by China, and that the term of the operation of the railroad by the company is expressly bounded by the following clause in the contract: "When the whole loan and the interest due thereon and the whole indebtedness shall have been paid off, the railway, with all its appurtenances, in good working condition, shall revert to the possession and management of the Chinese, according to the provision of the main and supplemental agreement."

—*New York Journal of Commerce.*

CHINESE EXCHANGE AND CHINESE FOREIGN TRADE.

The rapid and radical fluctuations of exchange between China and gold standard countries during the first part of the current year seem to have left their mark to a greater degree than usual upon the business of the Chinese Empire. It is possible that indirectly good may come of this, in that it is forcing the business circles concerned to give more than usual heed to the necessity of doing something toward financial reform other than is represented by the easy going drift of things which has invariably followed the signing of treaty agreements. The United States is interested in the establishment of a stable money in China not only by reason of its general interest in the advancement of trade interests in the Far East, but by reason of the fact that the present system acts as a direct and never ceasing deterrent to the extension of foreign trade, i. e., trade of gold using nations.

The chief reason there has been no effect given to the promises of the Chinese Government in the way of financial reform has been that the banking element and some of the older and more conservative business interests, both among the Chinese and among foreigners doing business in China, have been opposed to the change in fact, although they have talked favorably of it in theory. They have been doing business under the present system profitably for many years. The life of the banking business in China is in its exchange branch, and this depends almost entirely upon the fluctuations and differences in value of silver and gold, and copper in the same place and in different places in the empire and in the world at large. It is this element which has opposed a change, but it is this element which can best appreciate the fact that unless there is a change in a very short time Chinese trade will be in such a shape that there will be less profit in their business because the business upon which it lives will have been seriously crippled.

It is quite too easy to speak discouragingly of the trade situation of China at the present time. The exports of tea and silk, once amounting to more than three-fourths of the total exports of the empire, have gone down and down in the list until the bottom actually is in sight. This really seems to be more discouraging to the foreigners interested in Chinese trade than to the Chinese. The latter may be in a "fool's paradise," and may have yet to realize their position. Still Chinese export trade, on the whole, has gradually increased, not to what it ought to have been by this time, it is true, but nevertheless substantially. The imports, too, have increased, the advance from 1903 to 1904 alone being 5 or 11 per cent., according to whether values are measured by the market price or the c. i. f. value of last year's goods. But when the imports fall off, as was the case last year, for commodities like cotton goods, for which the demand would be stupendous if the goods could be furnished at prices within the reach of the Chinese consumer, and which would be the case nearly

all the time under normal conditions, it is evident that there is something wrong with the situation. There are a number of things responsible, but the chief of them is the matter of exchange and its fluctuations. Nor is it the cost of exchange on gold countries which is the trouble. In spite of its immense indemnity payments to gold using nations, it seems probable, from the best showing of facts available, that China actually has a balance in its favor annually in its international dealings. But the sudden and violent changes of exchange make dealings upon an ordinary commercial basis almost impossible.

A wholesaler in China buys goods of a gold using country uncertain whether exchange will rise or fall. If it goes up he will lose his profit and possibly some of his principal; if it goes down he may make an unusually large profit. His deal is little more than gamble, and the wisest business man in China is he who buys only upon such a margin that the ordinary fall in exchange will not cut his feet out from under him. Yet how great this margin must be can be appreciated when it is realized that from March to May, 1903, exchange rose 12 per cent. It fell 3 per cent. in June, and rose again 13 per cent. by September. In December it fell 10 per cent.; in February of last year it mounted 16 per cent., fell 14 per cent. by April, rose 9 per cent. in the next two months, and after another fall jumped 8 per cent. by the close of the year. These figures, traced by the Imperial customs authorities, show fluctuations of from 3 to 16 per cent. nine times in two years in the standards by which bills for import are paid. And any one of these fluctuations took place in less time or in no greater time than it takes to place and fill an order from China to the United States with ordinary mail communication, quick response, and the most rapid transportation. It is evident that to buy safely to sell at even a small profit the jobber in China must plan to allow enough margin to protect him against exchange fluctuations of this sort. The moment he fails to do this he is engaging in little more than a gambling transaction. Merchants in China who bought cotton goods without allowing for fluctuations in exchange at the beginning of the current season were caught, and unfortunate slow deliveries added to their troubles, so that some of them lost money. However, if allowance is made for such fluctuations it is evident that from 3 to 16 per cent. for exchange is added to the cost of the commodities to the Chinese buyers.

Another unfavorable element in the import trade of China is that dealers in foreign goods, as a rule, are not satisfied with what would be considered a good profit in the average gold using country, but make sales to consumers upon the basis of an extravagant and often unfair profit. This is not so much the case with standard goods for which there is a certain demand, like recognized brands or "chops" of cotton goods, as it is with miscellaneous goods. Prices charged for notions and small goods by the

average retailer in Shanghai, so great a centre of trade as it is, not to mention the smaller ports and interior points, are out of all reason compared with the cost. For instance, a small pair of tweezers the other day cost me in Hong-kong \$1.10 Mexican (about 50 cents gold). I bought a better article in the United States a year ago for 15 cents gold. I paid \$1.50 Mexican in Shanghai for a cheap edition of a song book which could be had almost anywhere in the United States for 35 or 40 cents, and which, with the volume of trade in that business in Shanghai, ought to have been sold at practically the same rate. Practically all foreign goods, except a few staples, are subject to such charges. The demand of such a profit on foreign goods simply shuts American and other foreign exporters out of a market which they ought to have. So far, in this part of the Far East, at least, there appears to be no appreciation of the principle of doing a large business upon small profits instead of a small business on attempted large profits. The chief obstacle to the introduction and use of a large volume of foreign goods of many kinds is their great cost to Chinese consumers, and the most unfortunate feature is that much of this cost could be obviated by modern business methods and a broader minded business policy on the part of foreigners doing business in China. However, the most unfavorable element is the uncertainty of exchange.

It is doubtful if the rise and fall in the value of silver, the medium through which China settles its foreign liabilities, are as detrimental to the import business of the empire as the fluctuations in the exchange between silver and copper, the money of the Chinese people, are to the business of the people themselves, and indirectly to the export trade of the country. It is shown in a diagram issued by Mr. H. B. Morse, statistical secretary of the Imperial maritime customs of China, that silver has depreciated in the last thirty years, or copper has appreciated, or both, so that silver now has about 68 per cent. of its former value as compared with copper and the *haikwan* tael of silver in China. An ounce and a third of silver of a certain standard of fineness now exchanges for a little over 1,200 copper cash, on an average, instead of 1,800 cash as at the beginning of the period. This, of course, has had an effect upon general trade, but the change has been more or less gradual, and apparently does not of itself mark any great evil. The great trouble is with the sudden and violent and even local fluctuations between copper cash and silver all over the empire, fluctuations which have or seem to have no connection with the changes in the value of silver as compared with gold, and which certainly do not follow silver in its changes, although purchases for export may be made on a copper basis, transferred to wholesale on a silver basis, and exported on a gold basis. The money of China is copper—the copper or brass cash pieces and of late the 10 cash or 1 cent pieces, which have been minted so freely, but which still fail to supply the demand for circulating medium with the people. There is between copper and silver the actual or intrinsic comparison of values which governs the relations of the money representing the two metals over considerable stretches of time, as is shown in this fall in the copper value of silver above referred to. But the local disturbances in the exchange of cash is wherein lies trouble, and these are the disturbances which cannot be foretold, and which, indeed, cannot always be explained. Ordinarily 1,000 full sized, full weight cash would probably have an actual (gold) metal value of at least 62 cents gold.

The ordinary exchange value of a Mexican dollar, about 46 cents gold, would therefore be about 750 cash. As a matter of fact, the actual exchange value runs from that number to 950 cash, and the variation is from day to day, almost from hour to hour. There seems to be a sort of understanding with the Chinese people that there are a

certain number of cash in each province, and that when there is an unusual demand for them the number to constitute a dollar must be smaller than when the demand is slack. On this basis there is the variation characteristic of the cash system in China, and yet nearly all of the time the copper or brass cash are exchanging for less than their actual value of silver, as both are measured by gold. The melting of copper cash for industrial purposes has always been one of the characteristic features of the system, and the reason therefor is plain. The new copper 10 cash or 1 cent pieces are really worth about $22\frac{1}{2}$ cents gold per hundred. They are fully as much under value, intrinsically, as the cash pieces are overvalue. They are accepted by the people at present as worth 10 cash or more chiefly because there is so strong a demand for money of their denomination and for circulating medium in general. Yet there is some fluctuation between the copper or brass cash and these 10 cash pieces. Out of such a maze of money and exchange comes the export business of the empire.

Tea and silk, as a rule, are produced to sell on a silver basis. They are commodities which the Chinese as a people realize are produced as well for export as for home consumption. Yet tea and silk today comprise only about 45 per cent. of the total exports, instead of nearly 80 per cent. something like a quarter of a century ago. The bulk of exports, even including tea and silk, are produced by the people, and bought by wholesalers on a copper silver exchange basis. In such buying there is naturally the same sort of a margin to guard against loss by exchange as there is between silver and gold in the matter of imports. The result is that the Chinese producer, by reason of the fluctuations in exchange between silver and copper, is deprived of as full a return for his labor and other elements of production as he would receive if the currency system of his country was upon such a basis as would render such fluctuations impossible. Besides, prices to consumers in the United States and Europe are likewise higher.

The present system of Chinese money, therefore, acts as a direct tax upon both the imports and the exports of the country. It acts as a tax upon everyday domestic transactions of the people. The Chinese laborer, when he receives \$8 a month in Mexican silver dollars for his services, is never sure what his pay is in copper with which to buy the necessities of life. In every transaction of his daily life, in every purchase and sale of goods exported or imported, there is the element of exchange to tax him at every point. It reduces his earning power, and reduces his purchasing power by working both ways. Over all this exchange are the middlemen, the native money changer with his table and writing materials on the street corner or in the tea shop; the native bank, and the foreign bank doing an international banking business in the larger and more important ports of his country. These are the factors which do not desire a change in the monetary system of China, and they are very factors which can and will effect a change when it is to be made.

Assuming that the Government of China is of itself friendly to the proposed reform of the currency, a little consideration ought to show that nothing can be expected unless it has the cordial support of the classes in the Chinese business world who have to do with foreign exchange, and the larger business transactions within the empire relating to its domestic affairs. With so great financial burdens as the Chinese Government now has, with a place in international trade more or less doubtful, and with uncertainty in every branch of the Government, and the demoralization attendant upon the beginning of new things after centuries of Chinese methods, it is impracticable to expect the Government, with no financial reserve and none in prospect, to establish a gold standard monetary system of the modern sort unless it can have

help from what are termed, in other countries and under other conditions, the business classes. Moreover, it is plain that with hundreds of millions of people living on such a narrow margin of support that a brief interference with the ordinary course of retail business and industries dependent upon fixed pay in the insignificant money to which the masses are accustomed means the literal starvation of millions, there certainly should be no sudden interference with the present system, nor should there be any wonder at the disposition of the officials, when the time for action on treaty obligations comes, to hesitate, vacillate and delay. The problem before them is a most difficult one, and there are no adequate Chinese precedents to aid them in its solution. The business rules of New York and London cannot be applied to China without due allowance for peculiar conditions. To make proper allowance is the difficulty.

The great mass of the people probably have not yet heard of the proposition to establish the money of the empire upon a new basis. They transact their business from day to day with their old copper and brass cash pieces, with their silver sycee, and in the ports and country near the ports with the Mexican or local silver dollar, which they accept as bearing a certain relation to their sycee or tael, and which they accept only when it proves to be of standard weight and fineness, and as representing so much bullion. Gradually subsidiary silver coins have come into use. But the money of the people is still copper, and all new money is measured on a copper basis. It is to be remembered that in China the people are more powerful in some respects than in any other nation. It is safe to say that any serious disturbance of the country's coinage would promptly result in riots which the Government would not attempt to resist, but which it would promptly meet by acceding to the demands of the rioters. The number of people in China who live literally from day to day is stupendous compared with similar classes in European nations or in the United States. There are many rich men in China, and some of them are very rich, and yet it is very doubtful if the per capita of money circulation of all kinds will reach \$1 gold. The delicately poised condition of the monetary and financial affairs of a country wherein there are millions who do not know today whence their support for the morrow will come, cannot be too much emphasized. The whole force of this inert mass is by its very inertia thrown against a reform. A reform which does not regard the great mass of China's population first of all will be no reform at all, for it will never be given effect, and would not succeed if it was attempted. Whatever reform comes will of necessity work from the people up, and not from the Government and business circles down; at least it will have to meet the requirements and answer to the uses of the present currency so far as the Chinese people are concerned. The industrial and social condition is such that in China's new currency there must be practical trimetalism, or either gold or silver will have to drop out of consideration.

The influence of the mandarin class is thrown against a reform because of the difficulty it presents to this official class, which must bear the responsibility of a failure, and because the present system of coinage of silver and copper, especially the 1 cent pieces, is very profitable to the officials concerned. I have discussed this in former reports.

I believe that eventually some such plan for a new currency as that proposed by Prof. J. W. Jenks, commissioner in China of the commission on international exchange of the United States, will be adopted in China with one or two marked modifications. It must be realized, in the first place, that the present monetary system in the real Chinese nation—the money which must be changed—is copper and not silver. The ability of the Chinese Government to con-

trol the value of copper and brass currency under the present provincial system is very doubtful, and if this cannot be controlled one of the chief ends of the proposed reform is lost.

It certainly is out of the question to talk of building up a gold reserve out of the coinage of such money. Sixteen of the ordinary cash that circulate here in Amoy, rather undersized cash, some of which have been in circulation many years and are now broken and worn, weigh an ounce. An average of new and old coins will probably not exceed 14 to the ounce. This means 224 to the pound. In other words, the average Mexican dollar value, theoretically, is nearly 4 pounds of copper or brass in cash. The average value of copper ingots, slabs and ore imported into China last year, as returned by the Imperial maritime customs, was about 13.45 gold cents per pound, freight to be added. Four pounds at such a rate make nearly 54 cents gold as the value of a Mexican dollar in these cash. It is evident that copper or brass cash cannot be minted as at present and a profit accrue to the Government for the building up of a gold reserve. Yet to disturb the present cash system until there is an adequate system to take its place—a system which will allow the Chinese coolie to buy his little comforts with less than the value of the modern 1 cent or 10 cash pieces—is to invite a cataclysm in Chinese affairs for which neither the Chinese Government nor those with whom it does business are prepared. It is to be remembered that to the mass of people these new coins, the 1 cent pieces, are not as cents but almost as 10 cent pieces are to the people of the United States. A new system of coinage must supply to the Chinese what 1 cent pieces and pence supply to American and British retail trade. On a gold basis, and all authorities seem to agree that only a gold basis will suffice for the needs of China, even at this time, there must be allowance for maintaining an unusually large proportion of copper and brass coinage on the gold level. Copper in China's new system will probably be a liability instead of an asset in building up and maintaining a gold reserve. Nor do I believe it safe to assume that there will be a reliable profit on silver coinage in China where the Government is divided to such a great extent upon the provincial and vice regal basis.

To establish monetary reform and to prevent the waste to trade, both export and import, from which China is now suffering because of exchange fluctuations due to its present currency system, a gold reserve is necessary, which I believe must come directly or indirectly through the banking or, more generally speaking, through the business circles of the empire. Whether a foreign loan to secure a gold reserve would or would not be a success, I believe that the active and earnest co-operation of the business men of China, through the medium of a loan or otherwise, as might be agreed upon, would establish a reserve on a gold basis for the needed reform of the currency. This co-operation is not now to be had, and, as I have stated in former reports, I do not believe it will be had for some time to come; and when it does come it will come only through agitation in the United States and Europe, and through pressure from abroad upon the proper circles in China. At present the Chinese officials do not seem to want reform, and the bankers do not want it. At least the former will not act in the premises, and the latter are making too much money out of present conditions to favor a change.

There are indications of secret international influences at work to prevent a change in the monetary system of China until such time as will best serve the interest of those responsible for them. But the chief element in the present state of inactivity is the banking element. It is enough to tell the whole story to report that the principal banking institution in China, the institution which has close

relations with the fiscal acts of the Chinese Government, paid a dividend in 1904 of £20 sterling (\$97.33) on stock which is quoted in the newspapers today at £80 10s. (\$391.76). This same bank, in its several branches in Chinese ports, pays 2 per cent. on daily balances of its depositors, and from 3½ to 5 per cent. on yearly deposits. On the other hand, its charge on overdrafts of its depositors is only 7 per cent., and sometimes less. Its expenses are large, and its loan department works under far less favorable conditions than most institutions of its class in the United States. Its exchange department is its profitable department, and it is easy to see why such an institution is not favorably inclined toward a change in China's currency, whatever it may be in theory. What is true of this bank is true, more or less, of other banking institutions of China. They are making money out of exchange. Their influence is cast against a change that means a break in a profitable business. Naturally, their stockholders, which include some of the most influential Chinese business people, are inclined to support the interests of a business which pays 24 per cent. per annum on the nominal market value of its shares, or at least offers large returns and a safe investment. And in support of these interests, which really represent a negative force in the matter of Chinese currency reform, are the characteristic Chinese tendencies to cling to old methods and support Chinese institutions as against foreign methods, and the more or less well founded fear of entering upon changes which may have lamentable results both to the business interests of the empire and to the common people, whose very existence depends upon there being no disturbance of present conditions.

It is reasonable not only to hope, but to expect that broader minded policies will prevail and a broader view of their own interests will lead those responsible for the present inactivity in the monetary reform of China to give that aid which will make the change possible. The rise of prices of most commodities in gold standard countries in the past few years, and their continued rise, must of necessity bring a change. China must be enabled to buy of these countries upon favorable terms, and without any of the drawbacks which now hinder her international trade, or else the splendid increase in foreign imports in China will be checked, and there will be all along the line a break in the country's imports of the same sort, and based upon similar reasons to those which brought about the general check in cotton imports last year. Things cannot continue indefinitely upon the present basis. A check in international trade would strike the banking interests of China in the very department they are now seeking to protect—that of exchange. Direct personal interest, therefore, may suggest the advisability of favoring this change in Chinese money, which will put its international trade upon a better basis, and, though it may reduce present profits, will at least have the merit of insuring reasonably sure profits for the future.

The business interests of the United States having connections in China can serve this cause directly by urging upon their Chinese correspondents the need and expediency of actively working for monetary reform. When the active, earnest effort for a gold standard currency comes in China, and it must come, they can probably serve their own interests and those of China by subscriptions to the guaranty fund or loan upon which that system will be built. I do not see how it can be established in any other manner than by a guaranty loan which shall be in the nature of a gold exchange credit abroad, as suggested by Professor Jenks. But that the business interests of China can find the means to properly establish it when once they go at the problem in earnest I have not the least doubt.

AMOY, China.

GEORGE E. ANDERSON, Consul.

THE MISSION AMONG THE HIGHER CLASSES IN CHINA.

FROM THE REPORT OF THE REV. GILBERT REID.

When the work began, it was simply an experiment, viewed as the work of a "Free-lance." Since then the plan of the Institute has received the sanction of the Chinese Ministry of Foreign Affairs, committees have been formed, funds have been raised, a site has been secured, and a new Memorandum and Articles of Association have been drawn up, so as to incorporate the Institute, not only according to Chinese law, but according to the English laws of the Colony of Hongkong. During all this time, though many, who gave assistance at the outset, withdrew their aid afterwards, and though the enthusiasm of some of our home friends has, through the necessary delays incident to any enterprise in China, been transferred to other causes, yet we have maintained constant friendly relations with the Chinese, with the single exception of the few months when we were besieged in Peking. Chinese officials and Chinese scholars have not only been friendly advisers, but they have given practical help in the way of money. In fact, I know of no other undertaking in China to which Chinese have given more liberally, and this should be a stimulus to foreigners to give similar help. If it should be said that the Chinese might be allowed to do it all, I would say in reply that this is not the plan of the Institute, but it is one of co-operation and mutual benefit.

The first idea was to locate the Institute in Peking as the greatest political center, but after the return of the Court, on consultation with the leading Chinese officials in Peking, when it seemed very doubtful if either foreigners or Chinese would contribute for buildings to be erected in Peking, it seemed best that the location be transferred to Shanghai as the next best center, and where in the erection of buildings financial aid could be expected, while still possible to extend the work of the Institute, without buildings of our own, to other centers, even to Peking.

There have been two opportunities to arise, and to be neglected. The one was in 1893, when after a long contest we secured in the city of Chinanfu property for the American Presbyterian Mission, by the help of the officials and the final consent of the gentry. Our circle of official acquaintance was already large, and both the Mission and the Presbytery designated us to special work in the province among this class. We had an idea of having apparatus for lectures, and of a Christian Institute. The home Society would grant no appropriation, and it disapproved of the idea so much as to say, that if we wished to work among the higher classes, we had better withdraw and do it independently. A splendid opportunity was passed by, only to be taken up within the last year by the English Baptist Mission.

A second opportunity arose in 1897. The Foreign Office had already formally sanctioned our plan of an Institute of learning. We had made the acquaintance of 300 of the Peking officials, including the very highest, and over 200 had sent banners and scrolls on hearing of the death of my father. The Grand Secretary, Li Hung-Chang said to me, "Even if you cannot raise the whole Tls. 100,000 but have only a half or a third, come back in a year's time." In a few months we raised one-fifth of the amount in Shanghai and other places in China, but when we tried America, no money was promised, except on the condition of subscriptions for the whole amount. If we had returned in 1898, it would have been the time when reform was on the throne, and much could have been done to help on in a right way. But by delaying to return till 1899, reaction had already set in, culminating in the Boxer uprising and war.

We now have a third opportunity. In 1903 prominent Chinese in Shanghai said they would purchase a site for the Institute, on the understanding that foreigners would put up the main building.

PHILIPPINE EXPORTS.

PREPARED IN THE BUREAU OF INSULAR AFFAIRS.

The export wealth of the Philippines is and has been almost wholly dependent on the agricultural products of the islands. Of the existence of rich mineral resources there seems to be little question, and the record of companies organized throughout the past to exploit them is a long one, but owing to mismanagement and labor difficulties they do not seem to have borne much fruit in production, and still less in export production. Of manufactured exports of the islands there has always been a small showing. Textiles of the native fibres and products of the native loom have been in some demand in foreign markets. Cordage manufactures of Manila hemp in earlier years amounted to several hundred thousand dollars annually, while manufactured tobacco has represented a fairly constant trade throughout. With these exceptions of relatively little value, the exports have been agricultural, and made up practically during the past half century of hemp, sugar, tobacco, coffee and copra, though the distribution of the aggregate exports among these five commodities has shown considerable fluctuation, arising from varying stages in the productive development of each industry, and from other causes.

Hemp and sugar have been the leading features in the exports of the islands for the past half century. The lead was slightly in favor of sugar in pre-Suez days, the two together representing over half of the \$10,000,000 average total of the period, and in the increasing totals of succeeding years making up a larger proportion of the export trade. The lead of sugar before the opening of the canal was greatly increased during the following period down to 1885, embracing the greatest values and prosperity in the history of the industry, when average exports of sugar are \$9,000,000 a year to \$5,000,000 for hemp in a total trade of slightly less than \$20,000,000. But thereafter to the end of the Spanish recorded period, hemp makes steady gains, while sugar values decline in the unequal competition with the European beet product, and the averages of these years show hemp and sugar exports of about equal value, amounting to about seven and a half million each in a total that shows but slight increase over the earlier average. In the American period the heavy decline in the value of sugar exports, combined with the unprecedented stimulation in hemp production, has operated to end this earlier rivalry, and with the hemp average \$18,000,000, while sugar is only a scant \$3,000,000 in a total of twenty-seven and a half million dollars, hemp exports now constitute two-thirds of the total, and relegate sugar to the rank of a minor export.

Of these minor exports, tobacco in its combination of leaf and manufactured has been generally the chief, and has maintained a nearly uniform export value of about \$2,000,000 throughout the fifty years. Coffee, with its present virtual disappearance from the last of exports, in 1889, the banner year of its export values, amounted to

nearly \$2,000,000, while copra, the latest of the islands' chief exports to develop, and dating its importance practically from the American period, has in the averages of that period a value of two and a half million, making it of superior importance to tobacco and its manufactures, and a close rival to sugar.

Among exports of still less importance is indigo, which, in the earlier years of the half century represented annual values considerably exceeding a hundred thousand dollars, but this trade has since declined steadily to present insignificant proportions of but a few thousand dollars. Dye-wood exports have had a somewhat similar experience, for many years after the opening of the Suez Canal being valued at considerably above a hundred thousand dollars also, but declining in recent years to about a third of that sum. Another export item is ilang-ilang oil, an essential oil, the product of a Philippine flowering tree, that finds high favor among the French perfumers, who in recent years have been the chief purchasers. Resins of the islands, variously classified as almaciga and copal, also figure in the export trade, but neither ilang-ilang oil nor these varnish resins reach a value of a hundred thousand dollars, and though they represent an export asset of unknown possibilities in the future development of the islands' resources, are relatively negligible items in a survey of the past and present export trade.

HEMP.

Manila hemp merits peculiar prominence in a review of Philippine exports. It occupies a unique place among the products of the islands, and enjoys a place in trade that other leading exports, such as tobacco, copra, sugar and coffee cannot lay claim to. The commercial world has long since recognized its peculiar merits, as it has recognized the exclusive source of the product in giving it the name of the chief city of the archipelago. Other hems may be found possessing widely different qualities, which for the most part have drifted far from their original habitats, and are profitably cultivated in widely separated areas, but Manila hemp, after being an article of world commerce for the greater part of a century, and after being the subject of many attempts at culture elsewhere, remains to this day exclusively the product of its native land, and has become with the lapse of time the leading source of its export wealth.

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Fifty years ago hemp exports did not amount to 20,000 tons; in the present year, with a total of 121,637, they have increased more than six fold, and a review of the annual figures for this half century, in as far as we have them, shows them to be characterized by a very evenly distributed growth in trade. While there are irregularities from year to year they have but little bearing on the general increase. The most exceptional case is in 1890 when

the trade falls off nearly half of that of preceding and succeeding years, but we learn from the British consul's report that this was due to a phenomenally dry season, and the lesser irregularities of other years are doubtless due to local and transitory conditions in a sheltered industry that is in the main progressing as a result of its natural opportunities.

By the end of the fifties exports had increased to 25,000 tons, and they fluctuate around this figure for the next ten years. The opening of the Suez Canal makes 1870 an era in the hemp trade as it was in Oriental commerce generally. The opening of a shorter route to the European market seems responsible for the swell in hemp shipments to 40,000 tons, and this becomes the prevailing figure up to 1880. From 1880 to 1886 50,000 tons about represents the yearly trade; 1887 witnesses another marked advance when the trade amounts to 72,518 tons, and if we except the serious decline of 1890 above noted, the exports mount toward six figures as the end of the Spanish régime approaches.

In the American period this growth has been well sustained, though naturally with some fluctuations in the earlier years. But the slightness of such export declines, in view of the extensive disorganization of labor and commerce attending the insurrectionary agitations of the closing years of Spanish rule and the inauguration of the American era, is noteworthy, and no doubt finds its explanation in the peculiarly elementary character of the industry, and the readiness with which it could be plied as a source of income even in troublous times. From 1901, however, exports react, and since then a new record average has been established of about 125,000 tons per year, with unprecedented figures of 137,752 tons in 1903.

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The relative share in this trade held by the United States and the United Kingdom has been subject to wide fluctuations. In the closing fifties, and until 1861, the preponderance of the United States was great, ranging from three to nine times the exports credited to the United Kingdom. With the latter year, however, Great Britain suddenly takes the lead and retains it by small odds for the next two years. This great shifting of the trade from the United States is coincident with the Civil War, and is doubtless due to that. In 1864 the United States again forges to the front, and in 1865, 1866 and 1867 is credited with three times the volume of exports to the British.

It would seem that the opening of the Suez Canal operated against the United States in this trade, at least in the interval of five years embracing that event for which figures are not available, the United States lose her earlier pre-eminence, and though she still generally leads down to 1890, it is by a narrow margin. In the greatly reduced total of 1890 the United States falls far behind Great Britain, and remains so for the three succeeding years. In 1894 American trade is again slightly in the lead, but there is absence of official data for entering into a discussion of the trade in the closing years of Spanish rule, while there is little of significance in the first American figures.

In 1900 the situation becomes clearer with the United Kingdom in receipt of more than half the total, and the United States with less than half the trade of the British—proportions that become even more disparaging to American trade in the next year. The act of March 8, 1902, by giving to the American importer the benefit of the export duty, has operated to alter this situation from that year to the present, giving to the United States a distinct lead in each year. In this manner ends a half century review of the hemp trade of the Philippines, with these two countries still monopolizing the exports of this excellent fibre, as at the beginning, and engaged in the keenest rivalry for the

possession of the islands' output. The purpose of the legislation above referred to was, by giving the American cordage manufacturer an advantage in direct purchases of hemp from the Philippines, to put an end to the anomaly of a British market for the supplying of the United States with this product of her dependency, and to save the American the expense of transshipment and the fees of the British middleman.

This dependence of the American manufacturer on British stores of hemp is a condition of long standing, and no doubt the existence of these stores is the outgrowth of the traditional British supremacy in the Philippine export trade. We find considerable American purchases of Manila hemp in the British market as far back as 1885, and it is probable that this dependence dates from the serious decline in American supremacy in the hemp export trade of the islands previously referred to as coincident with the opening of the Suez Canal. In 1892 nearly half of the raw hemp imports of the United States came from the United Kingdom, and in succeeding years this country is an important source of American supply, furnishing in 1901 considerably more than that received direct from the Philippines, and evoking in the next year the legislation above referred to. With the passage of this legislation American purchases in the British market have declined to an inconsiderable part of the total imports, and no doubt with the strengthening of commercial relations between the United States and the islands, this purchase of hemp at second hand with unreasonable profit to the British trader will eventually become a thing of the past.

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The outlook of this leading export of the islands is decidedly favorable. The fibre still enjoys its exclusive position in the markets of the world, and the Philippines the exclusive production of it. The demand for a fibre of its exceptional strength and durability is assured, and the indications are that with uncultivated lands in the islands still adapted to its culture, future exports will continue to grow as the trade has grown throughout the past. There is but one disturbing factor, and that lies in the deterioration or the quality of the fibre due to careless and bad methods in its preparation for market, tending to degrade its exceptional possibilities to a competitive level with inferior fibres. This is not a new evil, and as far back as 1894 we find the British consul alluding to the deterioration in quality and the united action of the merchants to force the producers to reform their methods and produce a higher grade. In recent years there has been a recurrence of this evil in such serious form as to receive the attention of the Government. There is no doubt that the future of the industry may be gravely affected if the reputation of the fibre is persistently compromised by careless preparation for the market. But in view of the traditional American policy of non-interference in such matters, the Government has not seen fit to resort to the drastic methods used by Spain under similar circumstances. The condition, however, will doubtless be energetically met by the merchants as in the past, and there is even the promise of better things ahead for the industry in the invention of a machine that will greatly improve the present method of stripping the fibre and at the same time yield a much superior product—results which if realized will mark a new era in the production of hemp and increase exports beyond all records of the past.

SUGAR.

In a historical review of the sugar industry of the Philippines in the light of its export trade we are confronted by figures altogether different—the outgrowth of conditions altogether different—from those of hemp.

While hemp, with the strong position of a natural monopoly, grew with a steadily increasing output from year to year, the sugar of the islands with no other distinction in the markets of the world than the discrediting one of its generally inferior quality, has shared to the full in the losing struggle that has been the lot of cane sugar throughout the world during the past quarter of a century, and besides has suffered from the many changes of conditions peculiar to the Philippines, which have combined to make the history of the industry in more recent times a gloomy one indeed, and the export figures amply bear out the general report of the Philippine sugar industry being in a serious state of decadence.

In earlier days, however, when beet sugar was yet unknown as a factor in the world market, when the cane product of tropical countries had no competition, and when crude and wasteful methods were the rule—it was then that the Philippine industry prospered. But with the coming of the powerful and unequal competition of European bounty fed sugars that has all but forced into bankruptcy so many tropical sugar producing countries, the Philippine industry lingered on in a struggle for existence. Growth ceased, the old primitive and wasteful methods largely persisted in a competition grown so keen that only the greatest economy in production made success possible, and the way was paved for the collapse that has overtaken the industry in the past few years.

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The exports of the early eighties were in the neighborhood of 200,000 tons, but in the meantime changes were coming about on the other side of the world to set a limit to the further expansion of the Philippine industry. Germany was nearly doubling her exports on beet sugar yearly and paving the way to what is known as the sugar crisis of 1885, and to the establishment of a new low record of prices which would prove disastrous to the insular industry and make the succeeding years a struggle for existence.

Prices had begun to fall before 1885, and the three succeeding years, according to consular reports, were characterized by great depression in the industry, with further declines in prices and persistently diminishing exports. Reaction followed and prices and exports fluctuated throughout the closing years of Spanish rule, but never again reached the figures that prevailed prior to 1880, and though much has been said of the heavy exports of 1893 the banner year of the industry amounting to 257,389 tons, it should be stated that in a crop as uncertain as sugar, which often shows a doubling or halving of exports, due to climatic conditions, the significance of a single year's figures are to be discounted. An averaging of quinquennial periods from 1880 shows that while there was a slight increase down to the close of the Spanish régime it was relatively slight, and 200,000 tons may be taken as a rough but fair approximation of the annual trade throughout.

A shrinkage of over half in sugar exports coincident with American occupation has been generally credited to insurrectionary disorders. Much stress has been laid on the actual destruction of sugar plants and equipment; great weight has been attributed and no doubt justly to the scourge of rinderpest leaving the islands without draft animals; but in view of the general condition of the industry above stated it would seem that the ultimate reason lies deeper and that these, however immediately cogent, are only incidental and subsidiary to it.

With the industry characterized by primitive and wasteful methods and based on Oriental labor conditions and yet for a period of years scarcely more than holding its own against the bounty fed and scientifically produced article of Europe, it is easy to see how with any disturbance

of labor conditions it must inevitably perish. The advent of the United States in the islands is considered to have marked a new political era, but that it should at the same time inaugurate a new industrial era was inevitable. That the new era should manifest itself most forcibly in the primitive but at the same time the most highly organized industry of the islands was only natural; and that its effect should be disastrous is unfortunate, but it is the general penalty that extreme cases for regeneration must be preceded by destruction, and the Philippine sugar industry seems simply to be undergoing the drastic preliminaries of a reorganization on a modern basis.

From all sides comes the report that wages have doubled in the islands under American rule. On the other hand a study of sugar exports shows no such increase in prices, and for result we have the above noted shrinkage in exports to half their former volume. Consular reports and other information for the years succeeding 1885 are all to the general effect that sugar, once a profitable industry, no longer pays more at best than a bare margin above cost of production and interest on investment, and the fact of the slight increase in exports would seem to indicate that the planter found little encouragement to extend his acres and increase his output, but was rather merely clinging on to his investment—keeping his machinery in order and his land from growing up in brush—while he hoped and waited for better times.

With the so called "demoralization of labor" attending the American occupation that perhaps might be better named "increase in wages," the sugar planter has found it impossible to cling longer to his antiquated method of production and keep his mill going. There is not enough margin of profit with which to meet the new scale of wages, hence the dismantled mills and overgrown plantations frequently referred to, with the corresponding shrinkage in exports. While no doubt there were haciendas devastated during the insurrection and there was a scarcity of caraboa to start the old mills revolving again, the real cause of the situation seems to be economic and the future of the Philippine sugar industry depends on its reorganization upon a modern basis to meet the new standard of wages.

That Philippine sugar cane would be entirely adequate under other conditions to this increased demand upon its output, and could compete with the beet and cane product of other countries, admits of no doubt. In an interesting survey of the Philippine industry by United States Consul Webb in 1889, he states that with the stone and wooden mills of the islands only about 40 per cent. of the weight of the cane is expressed in juice, and shows how the low grade Philippine sugar could be doubled in value by the use of the improved methods of his day. By all accounts the conditions which he described have not since greatly mended, and it is obvious that between the sugar that is thus burned up in the bagasse, and what is lost by unintelligent production of what is one of the lowest grade sugars on the world market, there would be ample to pay the laborer his increased wage as well as to restore the industry to some measure of its former prosperity.

The future of the Philippine sugar industry, in spite of the discouraging figures presented during American occupation, is not without its encouraging aspects. It is quite probable that the industry will never again figure as the leading source of the islands' export wealth, as it did prior to the last decade of the Spanish occupation. The lead taken from that time by hemp, which has since grown to represent two-thirds of the total exports of the islands, is too strongly rooted in the exceptional nature of the commodity to ever again

suffer serious rivalry from sugar. But that there will be a reaction from the present desperate condition of the industry and that it will ultimately be placed on an even more prosperous basis than during the closing years of the Spanish régime, is not only a matter for hope but for reasonable anticipation. The recovery of the industry from its present unfortunate condition may not be until many years and a hard struggle, especially if no aid is extended to it, but so long as sugar cane flourishes in Negros, Panay and Batangas as it does, the extinction of the industry by force of untoward conditions in the face of its natural advantages seems scarcely possible.

A very encouraging factor in the situation is the result of the Brussels Convention in putting an end to the artificial advantages given beet sugar under the bounty system of Europe. This does away with the disadvantage under which cane sugar has labored for many years, which arrested the development of the Philippine industry in the latter years of Spanish rule and which paved the way to its collapse in present times. At no time since the competition of beet sugar became a factor has the outlook of the cane industry of the world been brighter than it is at present.

It is a well known fact that the tropical cane sugar producer, under the disadvantages of cruder methods, but with the benefit of a cheap labor market, is in a position to meet the beet sugar manufacturer with his highly organized art and asks only for a fair field and no favor. The Brussels Convention would have given a great impulse to the Philippine industry in the eighties and nineties, but, as has been previously said, conditions are no longer the same. The cheap labor market has undergone a change in American times, and may be expected to show further advances under the influence of the higher American ideals and standards of living more and more down among the people. For this reason the changes produced by the Brussels Convention seem scarcely adequate even to put the industry upon a basis to exist under its new conditions, still less to stimulate it to the measure of its former productiveness. A realization of this by the friends of the islands and those with a keen sense of our national honor being pledged to see that the archipelago and its industries fare at least as well as under Spanish rule has led them to turn elsewhere for a further stimulus to rehabilitate the suffering industry.

This rehabilitation can only come through a reorganization of the industry on modern lines that will save present waste to meet advancing wages. The burning of a large part of the yield in the bagasse, and the production of one of the most inferior sugars of commerce when care and additional capital would transform it into a superior quality, are things that must end in the face of wages that are beginning to cease to be tropical and Oriental.

For this reorganization a large outlay of capital is necessary. Much of the existing plantation equipment must be discarded, and a general remodelling take place in an industry that under modern conditions requires an excessive capitalization for economic production. This need of capital was a constant cry in Spanish times, and the rates of interest exacted from an industry so precariously situated absorbed what should have been its legitimate profits. This seems to be the condition today. We hear of short loans at enormous rates, and of long loans for improvements practically unobtainable for an industry that is at present in such a precarious condition.

The relief for such a state of affairs is to be found in measures for the restoration of confidence in the industry, and thus far the only adequate method offered lies in the extension of further tariff concessions to Philippine sugar, thus granting it an assured profit

in the world market, interesting the capitalist, reassuring the money lender and making possible the payment of higher wages by the planter, and the installation of improved machinery and inauguration of economic production.

This plan seems to meet with general approbation apart from the American sugar producer, whose supersensitiveness of the results in a sharing of the protection he enjoys, and whose fears at the shadow of a possible competition are the natural consequence of the special privileges he has long enjoyed. But while it is not necessary to inquire into the merits of this overdrawn apprehensions of the pressure of the Philippine product upon American sugar, it may be noted that the present United States consumption of foreign sugar is more than six times the total exports of the archipelago in its best year, and about twenty times the present exports, while, on the other hand, there is the reasonable assumption that under further tariff concessions the demands of the Oriental market, will still be a factor in the appropriation of the islands' exports, but with the benefit of higher prices to the producer. With every reasonable allowance for an exceptional development in the Philippine sugar industry as the outcome of tariff favors extended to it, it is difficult to conceive how it could increase its output so as to take the place of present American consumption of foreign sugars and begin to press upon the domestic product within the generation which has been set as the probationary period of American occupation, and to the next generation, who will have to pass upon the ultimate destiny of the islands it seems we may leave the present fears of the American sugar interests.

In the meantime the figures under review raise an immediate question. Many criticisms have been made of the Spanish policy in the islands and one has been of that policy which operated to discourage their industrial development and the growth of manufactures that would militate in any way against those of the mother country. In the face of these export figures in American times and the above mentioned opposition, the question is whether with American responsibility for the welfare of the islands it will be American policy, at the demand of powerful domestic interests, to sacrifice these rich natural possibilities of the islands to the vague fears of these interests, and let the sugar industry sink still farther below the moderate degree of prosperity and productiveness enjoyed under Spain.

TOBACCO.

The tobacco industry of the Philippines has enjoyed the unique, but not very enviable, distinction of having been during its development under the special care of the Government and its protégé to a degree that has been the lot of no other insular industry. From 1781, for a period of 101 years, the industry was a Government monopoly, and its growth a matter of constant attention through official channels. There is the distinction, however, between this form of earlier governmental patronage of an industry and the modern one of tariff benefits, that the product and not the producer was the object of solicitude, but though the object was to powerfully stimulate production, it may be questioned whether the tobacco industry even from the standpoint of production showed any appreciable gain through this forced development under the monopoly above what there might have been under free conditions.

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The export figures of both leaf and manufactured tobacco during 1880-1884, the years immediately preceding and succeeding the abolition of the monopoly, show such extreme fluctuations as might be expected in a transition period of this significance to the trade. One writer tells of extensive manipulation of the market by the Govern-

ment, and the problem before the administration of disposing of its warehouse stock preparatory to going out of business, combined with schemes for auction sales, explain the unreliability of the figures in these years.

1885 may be taken as the date when the disturbances of the transition period disappear and the date for the beginning of the analysis of export figures under the normal conditions of free production and a free trade.

The leaf trade opening with exports of 12,855,858 pounds in 1885, shows a general increase, and in 1892, the best year since monopoly times, reaches 26,755,841 pounds. In American years these exports show a slight decline in quinquennial average and 20,000,000 pounds may be taken as the leaf export trade of recent years.

Leaf exports under free conditions still follow the channels of tradition, and Spain continues to absorb the great bulk of the total, though there is a general decline in the proportion of her purchases down to the present. In 1885-1889 she took nearly nine-tenths of the whole, but in the next five years her relative purchases of the insular leaf were less, while in the American period her share has been only 70 per cent., with also an absolute decline in her purchases.

The leaf trade with British East Indies, noted as appearing in 1873, was between 1885 and 1887 second in importance to that of Spain, and presented an annual average of nearly three-quarters of a million pounds. Under the country classification, beginning with 1888, however, most of these shipments are credited to China, including Hongkong, which in American times has but a small proportion of the trade. The United Kingdom, with a historical place in this trade, shows among some erratic yearly figures an average of approximately a half million pounds during the Spanish decade, but from 1901 her purchases suffer a heavy and continual decrease, and in the present year amount to but 17,840 pounds. French East Indies as a market for the Philippine leaf has its beginnings in 1885, and shows a rapid increase in the next few years, with a total of about 400,000 pounds, but shipments disappear in 1894 and in American times are either absent or very small. A new factor, however, in the islands' export market to offset these losses has appeared in Austria-Hungary, which has no place in Spanish figures, but has in recent years been a purchaser of Philippine leaf through her state monopoly, second only in importance to that of Spain. These purchases aggregating four and a half millions in 1900, in succeeding years are between two and four millions, but show a decline in 1904 to 1,303,640 pounds.

The United States, the largest world producer of tobacco and with a market only for special foreign grades, has quite naturally figured to no extent in this trade. A minor exception is, however, to be noted in the year 1902 when she is credited with 235,420 pounds in a trade that in previous years did not exceed 5,000 pounds; but as brought out in the recent hearings before the Ways and Means Committee of the House these figures represent experimental shipments in anticipation of an improved market due to tariff legislation, and proved so unsatisfactory that the bulk was reshipped to the Philippines. A drop in these exports to 9,168 in the succeeding year and their total disappearance in 1904 would seem to confirm this.

The total exports of manufactured tobacco since 1885 are characterized by great uniformity, remaining close to \$1,000,000 in value throughout, the only noteworthy exception being those of the year 1901, when values reach \$1,883,456. In fact the striking feature of these exports is their uniform value for the past half century. While more irregularities are to be noted from year to year during the monopoly period, no doubt due to market manipulation and

the carrying over of annual production, it is singular that, viewed as a whole, there has been only a barely perceptible increase in the islands' manufactured tobacco for the world market in the past fifty years.

"British Possessions," otherwise Singapore and Hongkong, continue to be the leading importers of Philippine manufactured tobacco that they were in the closing years of the monopoly. This becomes largely Chinese trade from 1888-1894, and with the substitution of British East Indies and Hongkong in the American period, still hold this foremost place. This lead, however, that represents almost the total exports in the closing seventies, shows a falling off during 1885-1889, and during the next five years this Oriental market takes only about half, though from 1900 there is a slight increase in the proportion.

The decline noted in British imports toward the end of the monopoly shows since then a general reaction, but much irregularity, with an average of about \$100,000 down to the American period. In the heavy exports of 1901 the United Kingdom is credited with manufactured tobacco valued at \$601,164, and with about a third of this sum in preceding and succeeding years, but with credits of \$100,044 in 1903 and \$94,355 in the present year she seems to be falling back to her figures under Spanish rule.

Spain, who seems to have been a consumer of Philippine leaf only in monopoly days, from 1885 becomes an importer of the manufactured article to the value of about \$50,000 yearly, with the exception of the phenomenal sum of \$430,791 in 1888, and some small irregularities in other years. Spanish imports show a decline from this average in 1900 and 1901, and in succeeding years have ceased to be of any weight in the trade, amounting to but \$5,811 in 1904.

In the confused state of the figures for the transition period the United States is credited with manufactured tobacco exports of the unparalleled value of \$960,091 in 1880, and her share in the trade was generally higher in the monopoly period than it has been since, though never approaching even a quarter of this sum in but one year. The largest shipments credited to her under free conditions were in 1889 and amounted to \$17,559; yet this is an exceptionally large sum, and in most years the trade does not amount to \$5,000. 1902 is the banner year of United States imports of the manufactured product in the American period, showing values of \$11,006, due no doubt to favorable tariff legislation of that year, but these figures have not been maintained, and the figures for this year are only \$1,037.

Among new factors in this trade worthy of mention are China and Australasia. This country figured largely in manufactured tobacco exports from 1855, but had about disappeared before the end of the monopoly. Australasia figures only intermittently in the trade from 1885, to reappear continuously in American times. In the large figures of 1901 Australasia was a purchaser to the extent of \$399,664, and in succeeding years her credits have been very near to \$92,037—her figures for the present year.

In the general survey of the tobacco industry as it now exists, the manufactured product presents little of special note beyond the fact previously referred to, of practically stationary exports for the past fifty years. This, however, does not indicate that production has made no progress. On the contrary it seems probable that domestic consumption has made great increases under free conditions. It is said that at present so general is the use of the cigar and cigarette among the islanders that six-sevenths of the population aid in a local consumption that exceeds half the tobacco production of the islands; and in the face of such a demand stationary exports would be consistent with enormous increases in the manufactured tobacco during the half century. Why manufactured tobacco ex-

ports have not increased would seem to depend on economic and other questions in an industry of which the native leaf forms but a relatively small part of the cost. It is to be noted that in those countries which are the heaviest consumers of Philippine tobacco, and where the taste and demand for it are most fully developed, the Regie system prevails and the demand is rather for the leaf to the exclusion of the manufactured, and where the government monopoly does not prevail the general policy is to give the advantage to the raw material, and thus place at a disadvantage all but the highest grade wares—a distinction that the Philippine product can scarcely claim.

A review of the leaf exports from 1885 in comparison with values brings to light the fact that though exports have increased two-thirds, the actual value of the trade is now less than it was twenty years ago, while a study of intervening years reveals a general falling off in the pound price of the leaf. This is the depressing feature of the present state of the industry, and has been attributed to a gradual deterioration in quality with free production and the absence of the exactions of the monopoly for a high grade product from the natives. This explanation seems reasonable, but causes are generally easier to discover than cures, and this is especially true of an industry almost entirely in the hands of the independent small producer, the most inaccessible of all producers. The depression of low prices seems to be upon the industry, and it no doubt explains to a large degree the decline in export figures since the banner year 1892.

THE OPENING OF THE SEOUL-FUSAN RAILWAY.

The completion of this important line of communication is an event of international importance, for it marks a definite period in the construction of a through line that will connect Fusan with the whole of Europe. The trip from Tokyo to London will then require but a few hours of sea travel. The Korean Straits and the Straits of Dover are the Eastern and Western sea barriers which separate the two island empires from the great continent. To think that only a few miles of track require to be laid before this stupendous piece of work is completed is almost enough to take one's breath away. A few years ago it was laughed at as being the dream of a fanatic. Today it is an accomplished fact. The dreams of yesterday are the realities of today.

The formal opening of this branch of the through line called for appropriate ceremonies. No other one thing has done so much to strengthen Japan's hold upon the peninsula, and the way Japan has poured money into Korea to complete it shows how confident she was of ultimate victory in this present conflict. Of all known things capital is the most timid, and the unreservedness with which money was handed out for this purpose is a measure of Japan's confidence in herself.

For weeks before the opening ceremonies took place the broad space acquired by the railway for terminal facilities outside the South Gate of Seoul was being prepared for the occasion. Enormous arches of evergreen were erected, a score of temporary buildings of various kinds were put

up. The steep hill to the east was laid out with care, and many forms of curious and beautiful ornamentation were devised to please and interest the guests of the occasion.

In honor of this occasion Prince Fushimi came from Japan to act as chairman of the opening ceremony. He is the son of Prince Fushimi who has lately been traveling in America. In preparation for his coming, the city went through a species of spring house cleaning and all the main thoroughfares were covered with a thick coating of fresh red sand.

On the momentous day a large company gathered about 9 o'clock in the morning. Special trains had been run from Fusan and Chemulpo, and besides the great number of Japanese and Korean officials there were upward of fifty Europeans and Americans present. Gathered under a spacious awning the company had not long to wait before the exercises began. On the platform, Prince Fushimi for Japan and Prince Eui Yang for Korea occupied the places of honor. Various addresses were made in Japanese and in Korean, and the Prince declared the railway open. Hon. H. N. Allen made an appropriate speech in English. It was partly reminiscent in character, and carried his hearers back to the time when even between Seoul and Chemulpo there was nothing more than a bridle path.

After the formal exercises were over the audience were treated to excellent samples of Japanese histrionic art. Poems were acted in character, and though the words were lost upon some of the audience the acting was fully appreciated.

About 11 o'clock an elaborate banquet was served in a long pavilion where 1,000 guests were seated. After this was concluded and the toasts had been drunk the guests wandered about the extensive grounds and listened to the excellent music discoursed by the Imperial Korean Band, or examined the curious objects of interest which had been prepared by the hosts. In one part of the grounds a company of jugglers drew the attention of many of the guests, and in another part trained Japanese wrestlers were exhibiting their skill.

Late in the afternoon the guests dispersed, but only to return in the evening and witness the fine display of fireworks, which closed with several set pieces of great beauty.

Among the guests of the company was Mr. E. W. Frazar, of Yokohama, the head of Frazar & Co., who furnished the line with a large part of the rails and the rolling stock. He is the son of Everett Frazar, who was for so many years the Consul General for Korea in New York. He expressed himself with great satisfaction over the fact that the Japanese had adopted the American system throughout, in their Korean railways, contrasting it with the heterogeneous system found in Japan itself.

The guests from Fusan were enthusiastic over the new 120 ton Baldwin engines that are being put on the road, and over the fact that soon we shall see a nine hour schedule between Fusan and Seoul. This will be an average of 30 miles an hour, including stops. The road bed, the bridges, the culverts and tunnels are all of the most substantial character, and do great credit to the constructors.—*Korean Review*.

COUNT OKUMA ON MANCHURIA AND KOREA.

Count Okuma's views with regard to the future exploitation of Manchuria and Korea are as follows:

The war has brought the question of exploiting Manchuria and Korea into the sphere of practical politics. The visit of influential business men and members of both houses to Manchuria and Korea, and the organization of various associations, with a view to business enterprise there, are testifying to the tendency of the times.

The present war has been caused by a political question, involving the existence of this country, but which will have far reaching effects on the national economics. In addition to the 1,300,000,000 yen which the Government has already spent on account of the war, the nation is suffering a considerable loss from the draft of hundreds of thousands of able bodied men from the industrial world, and we have to solve the question as to the manner in which these losses can be made good.

The Japanese population is increasing at an extraordinary rate. At the time of the opening of this country to foreign trade, the population was about 30,000,000; it is now more than 50,000,000. In view of the fact that this increase is mainly due to the improvement of public sanitation, we must expect population to increase more rapidly than ever.

This increase of population has fundamentally altered the economic conditions of Japan. Before the China-Japan War our country seldom imported foreign rice, except in years when the rice crop was exceedingly bad. But after the war Japan had to import rice not only in bad seasons, but even in years when the crop was extremely abundant, and it is almost impossible for the increase of agricultural produce in Japan to keep pace with the increase of population. Agriculture failing to feed the people, we must therefore look to commerce as the source of the subsistence of the nation. As a field of commercial activity for Japan, no country could be more fit than Korea and Manchuria, where our influence is rapidly being established.

Korea and Manchuria taken together have an area thrice as large as Japan, and a population about half that of the Japanese. They produce so large a quantity of food stuff that we can mainly depend upon them for the supply of beans and barley and other cereals. Their productive power can be greatly increased by the application of modern machinery, improvement of communication facilities, and introduction of Japanese workmen. Not only cereals, but meats and fruits can be also obtained from those countries. A prosperous commerce will thus be established in the Far East, by Japan importing raw material from and exporting manufactured goods to the continent. If the trade should not appear to be lucrative for the individual merchant for the present, the national benefits to be derived from it are great and necessary.

Korea, being a hilly country, will not be fit for agriculture as expected, but in Manchuria the vast basins of the Liao and Sungari are extremely fertile everywhere. The wheat produced there is said to be superior in quality to

that produced in Canada. We have recently been importing a large amount of wheat, flour and barley from Germany and America, but hereafter we can, if necessary, obtain these commodities from Manchuria. The most promising enterprise in Manchuria will be the growing of beets for the manufacture of sugar, this plant now being abundantly cultivated in Germany. The Manchurian climate being similar to the German, the cultivation of sugar beets in Manchuria will be feasible. Japan consumes about 250,000 tons of sugar a year, and these figures are rapidly increasing. In the event of the successful cultivation of this plant in Manchuria, we shall be able not only to dispense with the importation of sugar Germany and tropical regions, but to export refined sugar to Manchuria. Again, the people of North Manchuria are fond of alcoholic liquors, and if the Japanese start the brewing business on a large scale, they will find a profitable market there. The vast plains of North Manchuria and Mongolia are noted for their pasturage. The natives are extensively engaged in this work, but they lack technical knowledge, and in consequence have so far failed to make the industry a conspicuous success. This industry affords also a very promising field of activity for the Japanese. In view of the fact that Japan is importing annually 10,000,000 yen worth of wool, she will be greatly benefited by this enterprise. In addition to the resources above mentioned, there are in Korea and Manchuria extensive forests on the banks of the Yalu and Sungari, and also coal and other mines in Manchuria. In order to work these resources we must have an extensive system of railways, which, however, could be better worked with the large capital of the state finances. What the authorities must bear in mind is that they should not meddle with the merchant class going to the continent with the object of starting business there. These men ought to be allowed to carry out their business without interference. They may incorporate their trade either with foreigners or with natives. The principles of the "open door" must be maintained always and everywhere.

The object of the war is the "open door" and not territorial occupation. The suzerainty of Manchuria must be returned to China under certain conditions, but not until order has been restored and future safety is guaranteed. When peace and order shall reign in Manchuria we may expect great industrial prosperity to take place there. The economic loss sustained by us on account of the war will be more than balanced by the profit to be derived from the exploitation of Manchuria. This will form a basis for the solution of the population problem of Japan.

In conclusion, the opinion attaching primary importance to the occupation of Korea and Manchuria, in order to push forward our economical enterprises there, is mistaken. Japan, by the war, has obtained a predominant position in the economics there, and the present is the moment when the question of exploiting those countries ought to be economically solved.

OOLONG TEA TRADE.

Practical tea men in the United States are taking an unusual interest in the Oolong tea trade at present, and in Chinese teas in general. Previous reports, especially of teas from Anhui and Chekiang provinces, have brought a surprisingly large number of inquiries, and it is plain that if there is to be a revival of the lagging industry there will be a cordial co-operation in the United States.

At present the prospect is far from satisfactory. The tea raising of China is burdened with taxation and a system of revenue restraints which can but discourage the people who have been producers. Shipments abroad have decreased from year to year. A few years ago tea was one of the products by the export of which China paid its foreign debts, but it has so far lost its place now that it is no more important than commodities which a few years ago were not exported at all. China still sends the bulk of its tea crop to the United States and Asiatic Russia, but it is permitting teas from other countries to invade its markets. Undoubtedly there would be a change for the better in the trade if the present tax was removed. The Government has so far refused to remove the tax on the ground that it produces revenue which cannot be dispensed with in the present state of Chinese finances. While this may seem to be the case, it looks to an outsider as though it is a question as to whether the Government will do without this revenue willingly for a time until the tea raising industry is again upon a firm foundation, or whether it will be compelled to do without it in a very few more years by the simple fact that the industry has practically disappeared. The situation certainly demands some heroic remedy.

At first view it looks as though it made no difference whence Americans bought their tea, and that if the commodity can be supplied from India or from Formosa better than from China there is no occasion for complaint. It is plain, however, that with Chinese tea continuing in the world's markets the supply of cheap tea is to that extent increased. With improved methods of tea raising in China prices will certainly be reduced everywhere.

The loss in the exports of tea is less absolute than relative. For instance, in 1864, when the Chinese tea trade had not yet reached its maximum, out of a total value of exports amounting to about \$35,000,000 gold, silk contributed 24 per cent; tea, 58 per cent; raw cotton (an exceptional export, owing to the Civil War in the United States), 12 per cent., and all other goods 6 per cent. In 1904, out of a total export trade valued at \$167,300,000 gold, silk contributed 33 per cent.; tea, 12½ per cent.; raw cotton, 10½ per cent.; and other goods 44 per cent., and tea, silk and cotton exports were all exceptionally large in proportion as compared with recent years. In line with this general trend of figures it is very significant to note that when the tax on tea was reduced in 1902 there was an increase in the exports of 9 per cent. black tea, 19 per cent. green tea, and 8 per cent. brick tea, notwithstanding that the tea crop for 1903 was

on the whole much inferior to previous crops, and notwithstanding that prices ranged from \$2.75 to \$5 gold per 100 pounds, with silver prices ranging much higher, owing to the state of silver exchange.

In speaking of the general tea situation in China in 1904, Mr. H. B. Morse, the statistical secretary of the imperial maritime customs, in his annual report, says:

In the enunciation of exports tea is still given first place, on account of its past importance. The total shipments of all kinds amounted to 1,451,249 piculs (193,466,500 pounds), a decrease of 226,281 piculs (30,170,800 pounds). Black leaf shows no diminution; green leaf fell off 60,474 piculs (8,063,200 pounds), fairly distributed over all of the consuming markets, and brick tea—black and green together—accounts for the rest of the reduction, being less by 170,763 piculs (22,768,400 pounds). The lessened export of brick tea left a larger quantity of dust for shipment. The maintenance of the figures for black tea will teach the Chinese growers and packers a false lesson in leading them to believe that they can retain their trade in the face of careless and unscientific methods of growing and preparation; they should remember that the restriction of the market for brick tea left more of the crop free for packing as leaf. Large shipments of green tea in the two previous years lessened the demand during the past year, and the reduction in the export of brick tea is explainable by the difficulties of transport to the consuming area in Asiatic Russia.

The general trend of the Chinese tea trade, even allowing for the most promising districts and for every favorable prospect, is downward. The history of the export tea trade of Amoy perhaps fairly represents the change all over the old tea growing area of the empire, although, of course, some new districts have been opened. Thirty years ago the Amoy district exported to the United States alone 12,000,000 pounds of tea each year. Last year the district exported only 915,800 pounds, which went almost altogether to Singapore and the Straits Settlements for Chinese who have emigrated there, and who insist upon having the tea to which they are accustomed. Last year there was packed and shipped in and from Amoy 13,393,000 pounds of Formosan tea, raised in Formosa, picked, packed temporarily, and shipped across the Formosan Channel, then repacked and exported. There is no reason why Formosan tea should be better than the Amoy district product of the same classes and varieties, but the refusal of the Chinese growers and packers to turn to modern methods of cultivation, preparation and handling, and the refusal of the authorities to do away with the burdensome taxation, which falls upon the industry at every turn in the progress of the tea from the small garden patch of the average grower to the coast, combine to make the decrease in the export inevitable. At the same time the immense increase in the exports of Formosan tea demonstrates that the old time market of the Chinese grower and packer is where it has always been if he can reach it with the right product. The decline in the Amoy shipments of Amoy Oolong, Pouchong and Souchong speaks for itself in the following table, covering the exports of tea from this port for the past ten years:

EXPORTS OF AMOY OOLONG, POUCHONG AND SOUCHONG TEA
FROM AMOY, CHINA, 1894 TO 1904.

Year.	Oolong. Pounds.	Pouchong. Pounds.	Souchong. Pounds.	Total. Pounds.
1894	3,908,300	.....	18,100	3,926,400
1895	2,109,600	.....	16,800	2,126,400
1896	3,959,500	374,500	12,400	4,346,400
1897	1,174,400	426,800	15,700	1,614,900
1898	940,900	300,800	18,700	1,259,400
1899	826,500	432,800	16,900	1,276,200
1900	490,500	380,700	31,100	902,300
1901	525,600	389,200	20,800	935,600
1902	471,700	372,000	26,500	870,200
1903	450,400	445,200	26,100	921,700
1904	408,700	482,100	20,100	910,900

The following table of exports of Formosan tea from Amoy does not show how the Formosan tea has cut into the Chinese trade in their own teas, but the figures are interesting and pertinent. The rise in direct exports from Formosa tells the full story:

EXPORTS OF FORMOSAN OOLONG AND POUCHONG TEA FROM
AMOY, CHINA, 1894 TO 1904.

Year.	Oolong. Pounds.	Pouchong. Pounds.	Total. Pounds.
1894	22,653,062	1,500,108	24,153,170
1895	14,754,716	1,415,505	16,170,281
1896	23,256,400	799,000	20,055,400
1897	16,283,400	1,355,400	17,638,800
1898	17,427,000	1,269,600	18,696,600
1899	16,489,200	1,294,000	17,783,200
1900	16,782,900	1,463,800	18,246,700
1901	15,155,800	1,383,300	16,539,100
1902	16,640,500	1,186,900	17,827,400
1903	14,362,000	1,295,100	15,657,100
1904	12,234,100	1,203,800	13,437,900

It is not necessary to dwell upon the reasons for this preponderance of Formosan Oolong, for they are thoroughly appreciated by every practical tea man. The Japanese, in their development of the Formosan tea trade, have adopted labor saving devices and modern methods of curing and handling the leaf. They have employed cheap labor just as the Chinese have employed it; in fact much of it is Chinese labor from Amoy, but they have discarded the ancient methods to which the Chinese cling. For many years Amoy had the tea trade of all the country hereabouts without a rival. In time Amoy tea men investigated Formosa as a general trade proposition, and made the experiment of growing tea. The Oolong grown was highly satisfactory, and the business was at once begun upon an extensive scale. The plan was, and continued to be for years, to grow the tea in Formosa and ship it in temporary packing to Amoy, where it was prepared for export and permanently packed in the large establishments in this place. Gradually the production of tea on the hills about Amoy diminished, while the production of tea in Formosa increased by immense strides. At first all this Formosan tea was handled in Amoy. In time some of it was permanently packed in Formosa and shipped direct. The proportion of tea shipped direct has increased from year to year, and is shown in the foregoing table of exports of Formosan tea from Amoy in view of the fact that the yearly shipments from Formosa on the whole have increased. The natural deduction from this course of general increase, while shipments from Amoy have decreased, is that the Amoy trade in Formosa tea is of short life.

There are enthusiastic Formosa men who say that this Amoy trade will disappear in less than a decade. On the other hand, there are a number of reasons why it will be maintained at about its present stage, assuming that the demand for the Oolong teas remains the same. One is that the firms engaged in the tea trade in Amoy have large establishments and considerable investments in this port, and they will continue to use these establishments even if com-

pelled to do so on a smaller margin of profit than tea is handled from Formosa direct. Another reason is that Formosan harbors are very poor, and it is difficult for ships to enter and load, and this is to be of increasing importance in the immediate future, since the size of trans-Pacific vessels is constantly increasing. Before long such vessels will be able to load only at deep water harbors like that of Amoy. Perhaps the most cogent reason of all is that the policy of the Japanese in Formosa is such as to keep foreign firms out of business on the island by the development of Japanese firms in the same line of business on a lower cost scale. The tea market both in America and in Europe is one which must be handled to a great extent through established channels. Firms now in the business have an advantage which it will take years of effort to overcome, if it can be overcome at all. If the business of foreigners in Formosa is to be confined to the buying and selling of tea it is quite probable that the tea will be purchased in the tea season and shipped out of Formosa to be distributed later as it is from Amoy at the present time.

In the meanwhile, so far as the United States is concerned, the trade in Chinese Oolong is absolutely dead. There is no reason why the hills in the Amoy district should not now be producing immense crops of the best grades of Oolong. So long as the present tax on tea remains this will not be the case. There are tea men who say that even now it is too late to save this trade to China, but the recuperative power of the average Chinese industry is marvelous. The widespread knowledge of tea raising among the people, the fact that tea is produced in China mostly in small patches, and the ability of the Chinese people to turn readily to something which promises profitable returns combine to make it probable that when the raising of tea will be again profitable to the growers the Oolong tea trade of the Amoy district will revive. Possibly the present low state of the industry may be beneficial in that if a revival comes it will enable those interested to insist upon the use of modern methods and labor saving devices and the preparation of the leaf in accordance with scientific rules, instead of in the time honored but very imperfect methods of the ancient Chinese. So long as the Chinese cling to their costly way of preparing the better grades of tea, and to their careless and indifferent ways of preparing the cheaper grades, there need be no expectation of any great improvement. At the same time the Chinese, with present methods, can produce tea fully as cheaply as Indian teas can be produced, and in some cases with even less expense. With improvement in the methods of growing and preparing tea must come a more modern system of disposing of the crop and stimulating the demand for it.

People interested in the Amoy tea trade are not oversanguine at the prospects, but they are better satisfied with them than they have been. The actual state of the business seems to be better understood, and they seem to have more confidence than they have had. Whether this new confidence will result in an organized, systematic effort to develop the Chinese Oolong trade and to maintain the Formosan trade remains to be seen.

The prospects for a large Amoy trade this year are unusually bright, since the presence of the Baltic fleet of the Russian Navy in the South China Sea at the opening of the tea season, and the action of the Japanese Government in closing the port of Kilung, in Formosa, for war purposes, practically shut off direct exportation from Formosa, and will therefore force things into the old time channels of Amoy. There is a possibility, of course, that the war will interfere with trade by way of Amoy, but this is not expected. The tea season so far has not been very satisfactory, owing to continued wet weather at a time when an abundance of sun is needed.

AMOY, China.

GEORGE E. ANDERSON, Consul.

WOOD OIL AND WOOD OIL TREE OF CHINA.

The oil from the nuts of the tung shu tree (best known to foreigners as wood oil or nut oil) has within the past six years become one of the chief articles of export from Hankau to the United States. Reference was made to its value and uses in the annual report of this consulate, published in the Commercial Relations of the United States, 1899, and since then from all parts of the United States; also from Canada, Africa and Europe inquiries have been received as to where the oil can be procured, how the trees can be grown, etc. I have endeavored to collect information on the subject by sending out a list of questions to Americans in the different provinces in Central China. They have kindly given me the facts they could obtain, and I have also received valuable information from Rev. J. S. Adams, from native merchants, and from exporters.

The tung shu or wood oil tree has been styled, and worthily so, "the national tree of China," because of its stately appearance, with its green, smooth bark and spreading branches, which make it one of the finest of shade trees. It has many local names throughout the provinces in which it grows, but it is agreed generally that it belongs to the family of Euphorbiacæ. Doctor Legge calls it *Elæococca dryandra*; Doctor Williams, in his dictionary, speaks of it as *Elæococca sinensis*; Henry calls it the *Paulounia imperialis*; Thunberg and Bretschneider call it the *Dryandra cordata*, and Doctor Barchet says the oil is from the seeds of the *Elæococca* and *Jatropha* trees.

The tung shu flourishes more or less in every province in the Yangtse Valley. It extends from latitude 25 degrees to 34 degrees north, and from the coast to near the western part of the province of Szechuen, including an area of over 750,000 square miles, or over 600 miles north and south, and 1,250 miles east and west. While it grows as far north as 34 degrees, and perhaps farther, the trees growing in the places that I have heard from in these higher latitudes are sheltered by mountain ranges on the north, so that it is hardly probable that the tung shu would bear nuts farther north in the United States than Northern Georgia or Alabama unless under favorable conditions.

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There are several varieties of wood oil trees in China, but the tung shu appears to be the only one known in many localities, and from the best information I can obtain most of the wood oil exported is produced from its seeds. Other varieties are: Tung yio; the tsi tree, yielding oil from wood, bark and nut; the muh oil tree, flourishing best along streams; the chow oz shoo, limited to good soil and having a white flower; hai tung, or sea oil, a spinous variety, the bark of which is used for medicine; ts'ing tung, or green wood oil tree; peh tung, or white wood oil tree; chi tung, or red wood oil tree; wu tung, a local name; yin tung, or oil tree and pai yu. Mr. Kilen informs me there are five varieties of wood oil tree, namely, mu-tsi shu, trou-tsi shu, tung-tai shu, whang-min-si shu and tong-tsi shu, in the northwestern portion of this province (Hupeh). The oil of the tong-tsi shu is used in paints and is burned in candles and lamps. The color of the flowers and not of the oil is referred to in the names given. As nearly every locality uses different terms for the varieties, it is difficult to learn anything definite regarding their properties from the natives.

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On the tree the fruit, about the size of a small orange, resembles large shellbark hickory nuts, and when ripe the hulls, which have five segments, bust open, especially if there is a frost, and one or more of the seeds fall out. The husk has three fibrous partitions, each containing a seed

which resembles somewhat the triangular Brazil nut in shape and color, but is much smaller. The shell of the seed is slightly thinner and the meat is similar to that of the Brazil nut. When gathered and dried the nuts are put in large iron pans, called kwoo, about 2 feet in diameter, and are stirred about over a good fire until parched. This causes the husks to open and the seeds are easily extracted, after which they are ground into a fine meal by hand or by rollers. As I am informed, the usual way of doing this is as follows: The nuts are placed in a stone trough, built in sections, several feet in diameter, and are ground by a heavy stone roller, turned by a buffalo, cow, or ass. The meal is then collected and put into a press, somewhat similar to the old fashioned cider press, wedges being driven in to increase the power and heavy stones piled on top to make the press more effective.

The oil is collected in vessels, is heated (if the weather is cold it thickens or congeals), and after being freed from sediment by straining through coarse grass cloth is ready for market. Steaming the meal is practiced by the natives in order to extract the liquid more easily. The oil is of a light straw color; it becomes dark brown if boiled, and if the process is continued becomes black and as thick as New Orleans molasses. Obtaining the oil could be greatly facilitated by the use of proper machinery. The commodity is brought from the interior in plaited baskets, which are lined with putty and varnished paper, and have large wide mouths and four loops plaited in the bamboo. The oil is extremely poisonous when fresh. A simple native remedy for persons poisoned by it is to boil a quantity of pine shavings in water and bathe the poisoned parts repeatedly. This gives immediate relief and a rapid cure. Wood oil poisoning is worthy of special study.

The refuse of the nut is used as a fertilizer, or after the oil is extracted the meal is burned to a fine ash or soot, which is mixed with wood oil to make a paste or chuman, used as a kind of cement for calking native boats, especially the decks; it is also commonly used in preparing floors for the first coat of paint. So called Chinese or India ink is made from the soot. In the West of China (Szechuen, Kueichau, Yunnan) the people spin thread from the fibre of the tung tree and make a kind of fabric that resembles woolen cloth. It is very common in Central China and is also well known in Japan. There is also a kind of bastard wood oil tree from which strings can be made, probably *Sterculia plantanifolia* (Henry).

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The light straw colored or light yellow oil is the only kind that has been exported from this market to any extent; but the two other grades, the brownish colored oil and the black oil, are used quite extensively in some localities here. The oil is used in polishing the woodwork on native boats of all kinds, as they are not painted. It is a preservative, giving the wood a bright, clean, light yellow appearance and making it impervious to moisture. The oil mixed with quicklime makes a very good glaziers' putty, used extensively by the natives. It is used as a dressing for leather, and in lamps, but not nearly so much as the peanut or tea oil. It is also used as a varnish for fine furniture and for soap making, and is mixed with color for various kinds of painting.

The oil is finding a ready market in the United States, and no doubt experience will prove it to be useful in many other lines than those mentioned.

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L. S. WILCOX, Consul General.

HANKAU, CHINA.

COTTON MILLS OF CHINA.

By Mr. J. W. Jamieson, British Commercial Attache in China.

The spinning of cotton into yarn, and the weaving of that yarn into cloth, are industries which, while not anterior to the manipulation of silk and of hemp fibres, have existed in China for over 1,000 years. Carried on practically throughout the whole Empire, their great centre has for centuries been the country where cotton is grown to the best advantage, that is to say, the seaboard round the mouth of the Yangtzu and the Hangchow Bay, and the level plains of the Provinces of Hupei. And it is there where have been established the various mills for treating raw cotton by means of steam driven machinery. The initial experiment on modern lines was made in 1891, when a semi-official Chinese syndicate started at Shanghai—the Chinese Cotton Cloth Mill and the Chinese Cotton Spinning Company. Its originators, among whom the then Superintendent of Northern Trade, H. E. Li Hung-Chang, was said to be included, claimed for themselves a quasi monopoly, and prohibited outsiders who were not prepared to pay a fixed royalty for the privilege from engaging in similar undertakings. Although certain Chinese accepted this onerous condition, foreigners resented it as an undue interference with their treaty rights, and it was only when Japan, in 1895, after her war with China, inserted in the treaty of Shimonoseki an article providing for the freedom of Japanese subjects to engage in all kinds of manufacturing industries in the open ports of China, and permitting them to import machinery for such purposes, that outsiders were afforded an opportunity of exploiting the rich field for commercial development thereby thrown open. Accordingly, so soon as the Japanese treaty came into force no time was lost in turning this particular clause to account, and the erection of no less than eleven mills—Chinese and foreign—was taken in hand. At that time the pioneer mill, which was burned to the ground in October, 1893, but subsequently rebuilt, and other Chinese owned mills were together working some 120,000 spindles and 850 looms. Since then little inclination towards expansion has been displayed, and the following is a list, believed to be approximately accurate, of all mills running in 1904, and of such extensions as are contemplated in the near future.

LIST OF MILLS IN CHINA AND HONG-KONG SPINNING YARN OR WEAVING CLOTH BY MEANS OF STEAM DRIVEN MACHINERY.

Name.	Situated at—	Number of—	
		Spindles.	Looms.
1. Hong-Kong Cotton Spinning, Weaving and Dyeing Company, Limited.	Hong-Kong . .	55,000	..
2. E-wo Cotton Spinning and Weaving Company, Limited.	Shanghai . .	50,000	..
3. International Cotton Manufacturing Company, Limited.	Shanghai . .	40,000	..
4. Sey-chee Cotton Spinning Company, Limited.	Shanghai . .	40,000	..
5. Laon Kung Mow Cotton Spinning and Weaving Company, Limited.	Shanghai . .	32,000	..

Name.	Situated at—	Number of—	
		Spindles.	Looms.
6. Shanghai Cotton Spinning Company, Limited.	Shanghai . .	20,000	..
7. Hua Sheng Cheong Cotton Cloth and Yarn Company	Shanghai . .	63,000	750
7A. Ta Sheng Cheong Cotton Cloth and Yarn Company	Shanghai . .	23,000	..
8. Hupei Cotton Spinning Company	Wuch'ang . .	80,000	1,000
8A. Hupei Cloth Weaving	Wuch'ang . .	..	..
9. Yu-Yuan Cotton Spinning	Shanghai . .	42,000	..
10. Ta Sheng Cotton	T'ungchou . .	40,400	..
10A.* Branch of No. 10	Island of Ch'ung-ming	15,000	..
11. Su-lan Cotton Spinning Company	Soochow . .	18,200	..
12. T'ung-i	Hangchow . .	18,000	..
13. T'ung-chiu-yuan Cotton Spinning Company	Ningpo . .	17,048	300
14. T'ung hui-kung Cotton Spinning Company	Hsiao-shan (Shaoching Prefecture) . .	16,000	..
15. Chinese New Cotton Spinning Company	Shanghai . .	15,000	200
16. Yeh ch'in Cotton Spinning Company	Wuhsi . .	10,000	..
17.* Chi-t'ai Cotton Spinning Company	T'ai-tang . .	25,000	..
Total		619,648	2,250

*Proposed new installations.

No. 1 was started in 1898 with a view to catering for the wants of Southern China, and hoped to find in Borneo a source of supply of raw material. Such hopes, however, were not realized, and in 1900 it got into serious difficulties. A reorganization, on the basis of writing down its \$100 shares to \$10 each, followed, and it has succeeded in paying a dividend on its reduced capital. As against an import duty at the rate of 0.60 Haikuan tael perpicul,* payable by the Chinese mills on cotton from abroad, this mill obtains its supplies duty free. The counts it spins are low, chiefly 10's, and such of the output as is not disposed of locally goes principally to Amoy and Foochow. The Chinese customs statistics record the imports of Hong-Kong yarn into China as having been 694,400 pounds in 1901, 816,800 pounds in 1902 and 1,230,400 pounds in 1903.

Nos. 2, 3, 4 and 5 represent £500,000 of European capital sunk in cotton mills after the Japanese war, on the assumption that, with the aid of cheap labor, skilled management and abundant supplies of excellent cotton a handsome profit thereon would be earned. To inspire confidence they all paid small dividends in 1897-98, but have been struggling hard to keep their heads above water ever since. In 1902 Nos. 2 and 3 found it expedient to write down their capital, the one by 50 per cent. and the other by 25 per cent., and still are shareholders waiting for interest on the money subscribed. These mills are all limited liability companies, registered under the company laws of Hong-Kong, and their general managers are local foreign firms largely interested in the importation of textiles.

No. 6 is under Japanese management and control, the present owners having bought it at half the cost price from a foreign bank, into whose hands it fell through inability to discharge its financial obligations. It was originally Chi-

nese owned, and afterwards converted into a semi-foreign company.

Nos. 7 and 7A are the reconstructed mills of the semi-official syndicate alluded to above, and Nos. 8 and 8A are ventures of the provincial government of Hupei, erected in 1898. After some years of unsatisfactory working they have been leased to a combination of Cantonese capitalists for a period of twenty years.

The rest are companies formed by private and official Chinese, with regard to which little or no information is obtainable.

Nos. 9, 11, 12, 13 and 15, being situated at treaty ports, are more or less under foreign observation, but as to Nos. 10, 14 and 16 recourse can only be had to vague native reports.

No. 10, situated on the north bank of the Yangtzu, in the heart of the best cotton growing country in China, in close touch with Hai-mên and Ch'ungming, both renowned for the quality of their cotton, was started in 1895. In terms of an Imperial Charter, no competitor may invade that particular district for a period of fifteen years commencing from the year 1900, and its success warranted it in acquiring, in 1902, 24,000 spindles, which were imported in 1896 for a mill at Wuch'ang, and lay unopened in their cases at Shanghai, as they could not be utilized by the original purchasers. It now intends to set up a branch mill, No. 10A, on the island of which Ch'ungming is the principal town.

Nos. 11 and 16 commenced work in 1897, and the former has experienced many vicissitudes at the hands of fortune. It has never called in the assistance of Indian cotton, and, as it relies for its supplies on T'ai-ts'ang, No. 17, when completed, will deal it another serious blow.

Nos. 12, 13 and 14 are located in another province, Chekiang, of which the best cotton grows in the Yü-yae district, and which exports large quantities of the raw fibre to the adjoining province of Fukien by junk. Neither No. 12 (1898) nor No. 13 (1896) have been conspicuous successes, but No. 14 (1901) is said to have done exceedingly well. It and No. 13 have been engaged in fighting an attempt on the part of No. 9 to encroach on their preserves by creating a rival establishment at An-ch'ang. No. 12 was designed for 25,000 spindles, and in 1900 built an oil mill for extracting oil from cotton seed, but a financial crisis supervening, the project had to be abandoned. (The accompanying rough sketch makes clear the relative positions of the various places above mentioned.)

In the report of the China Mission of the Blackburn Chamber of Commerce, which visited Shanghai about the time when mills under foreign management were in their infancy, will be found certain speculations with regard to their future, and to the manner in which they are likely to affect imports from abroad. One of the conclusions at which the members of the commission arrived was, that while the new mills could not be considered as directly competing with the productions of the United Kingdom, so favorable were the surrounding circumstances and conditions to the expansion of trade, that Lancashire must eventually suffer serious indirect loss.

As experience has demonstrated that in the majority of cases cotton mills in China have, from a financial point of view, far from fulfilled expectations, there is small likelihood of additional capital being embarked therein until some means of making them pay shall have been discovered, and the part they have hitherto played in the displacement of cloth by yarn, at present so noticeable, is insignificant when compared with the influence of other contributing factors. No detailed figures of their sale or output are available, but, assuming that each spindle is capable of spinning $8\frac{1}{2}$ ounces of average 13's yarn per working day, that there are 350 working days* in the year and

that in 1903 500,000 spindles were continually at work, their aggregate production may be put down at 93,000,000 pounds (equal to 9,403,570 hundredweight of raw cotton). The producing power per spindle varies greatly. Hangchow spins 7.3 ounces per diem, Ningpo only 4.9 ounces (formerly 7.5 ounces) and Hsiao-shan 8 ounces, but the above is a fair average for the Shanghai mills. China's imports of yarn in 1903 exceeded those of 1902 by 38,730,250 pounds, and amounted to 365,126,400 pounds as against 132,242,800 pounds in 1893. The trade in coarse yarns having completely passed out of Lancashire hands, it can matter little to her whether this demand for yarn is supplied by Indian, Japanese or Chinese mills, her interest being confined to its effect on the demand for cloth. And, as far as cloth is concerned, it may be taken for granted that the trade in the lower grades of gray goods is bound to fall off, as the native finds it more economical to weave the material for his everyday requirements himself. In 1872 yarn constituted 6 per cent. of the total value (currency of all cotton products imported, in 1882 it had risen to 42 per cent., and in 1903 it reached no less than 52 per cent., valued at £8,814,500. Of the value of foreign imports into Western China, 78 per cent. (£1,869,090) has to be credited to yarn, and in addition Ch'ungking purchased £271,270 worth of native steam factory twist. Spinning and weaving of cotton are in China entirely entrusted to women; silk, on the other hand, being woven by men, and the finer and more even thread of machine spun yarn, as compared with home spun yarn, is doubtless a strong recommendation in its favor. Ample supplies of cheap and good yarn having relieved the female population from the necessity of spinning, they have all the more leisure to devote to weaving, and, as their hands are not allowed to remain idle for long, it stands to reason that their capacity for producing cloth is largely increased. Moreover, home woven cloth has been found to be more durable and absorbs native dyes more readily than machine woven cloth, and can be made in such lengths and widths as are desired by the weaver. Some explanation as to the reasons why native woven cloth should possess this superior absorbent capacity would be very welcome, because it is a factor which has to be reckoned with. Its freedom from antiseptic chemicals, combined with the rough, soft surface of hand spun yarn, which enters largely into its composition, may assist in imparting to it this peculiar virtue.

It would also be a matter of great interest to ascertain what qualities of native cloth the eighteen provinces actually produce, but the conditions under which weaving is carried on render this an almost impossible task. A customs official stationed at Shasi has estimated the annual export from that great cloth weaving centre to be 19,995,000 pounds.

Newchuang's imports of native cloth by junk average 20,000,000 pounds per annum, and Shanghai exports by steamer on an average 7,500,000 pounds a year.

Incidental note may here be taken of an entirely new departure in home weaving, reported from Ssuch'uan. Three Chinese firms at Ch'ungking manufacture, entirely from British yarn, a cloth in imitation of grey shirting—the length and breadth of a piece being exactly copied—which is said to find a ready sale. For this purpose they imported 38,800 pounds of yarn in 1892 and 40,200 pounds in 1903.

The outturn of foreign spindles and looms finds its market practically at the doors of the mill, some native mills taking in raw cotton from the country people and delivering a stipulated quantity of yarn in exchange. Exports to a distance pay a duty—in the nature of excise—on the basis of the import tariff of 1898, which, in the case of yarn, amounts to 70 Haikuan taels per picul. In the course of the five years (1899-1903) Shanghai exported by steamer 179,920 pieces of native machine made cloth and 129,523,600

* The mills in Shanghai do not work on Sundays; those up-country presumably do.

pounds of yarn. For Hankow the figures are 34,980 pieces, 16,017,200 pounds, and for Ningpo 1,312,000 pounds.

At Ningpo a small company was formed four years ago, who turn out a blue striped cotton material, intended for underwear, which, in cheapness and durability, excels Japanese fabrics of a similar nature. They obtained a monopoly for a period of ten years, but success led to imitation, and they have instituted legal proceedings to protect their rights. Their *modus operandi* is to distribute the work among the villages in the country—said to contain 4,000 looms—and the yarn, one-half of which is native spun and one-half spun on the Sulun mill, is dyed, weighed and the colors carefully matched at the head establishment before being given out. Each piece is some 117 yards long, takes about twenty days to complete, and the weaver receives the not extravagant remuneration of 0.10 dollar (\$1=2s.) per diem. When the work is finished the company's agents collect it and make up the cloth in pieces of 20 yards, which sell for \$3.50 double texture and \$2.80 single texture. In 1902 10,500 pieces were exported, but owing to a strong local demand the export fell to 8,727 pieces in 1903.

At the Wuch'ang Cloth Mill only 300 out of 1,000 looms are running, weaving two grades of plain grey shirtings, 40 yards by 36 inches, weighing about 15 pounds. Their value is 9s. 9d. to 10s. 2d. per piece, and in 1903 100,000 pieces were turned out, of which 9,570 pieces came under the cognizance of the maritime customs.

When account is taken of the large quantities of yarn which China annually imports from abroad—a not inconsiderable proportion thereof being spun from her own cotton—of the excellent quality of her home grown fibre, and of the natural aptitude for spinning which her people possess, it is indeed surprising to find how unremunerative cotton spinning by machinery has, in this country, proved to be to those engaged in it. China's imports of cotton yarn since 1898, the year in which the increased spindle power first commenced running, have been as follows:

	Quantity.		
	1898.	1899.	1900.
	Lbs.	Lbs.	Lbs.
British	9,145,333	7,827,100	4,122,100
Indian	186,657,333	254,190,100	131,465,200
Japanese	64,699,200	103,960,000	82,870,800
Hong-Kong . . . . .	..	..	..
Tongkinese . . . . .	..	..	..
Total	260,501,866	365,977,200	198,458,100

	1901.	1902.	1903.
	Lbs.	Lbs.	Lbs.
	Lbs.	Lbs.	Lbs.
British	7,007,500	4,313,500	2,244,000
Indian	228,931,000	251,611,467	250,788,000
Japanese	66,415,467	69,654,400	110,854,000
Hong-Kong	694,400	816,800	1,230,400
Tongkinese . . . . .	..	..	10,000
Total	303,048,367	326,396,167	365,126,400

Japanese yarn first appeared in the customs statistics in 1894 with an import of 4,147,200 pounds, and China has since been, and must continue to be, the dumping ground for whatever quantities of yarn the Japanese mills produce in excess of the home consumption. Japanese cotton being of inferior quality, having a short coarse staple and very little of it being grown, supplies of raw material have to be derived from China (vide table on page 11).

These are then mixed with Indian cotton, and return in the form of yarn, principally 16's.

Cotton, on leaving China, pays an export duty at the rate of 0.70 Haikuan tael per picul, and yarn on re-entry an

import duty at the rate of 0.90 Haikuan tael per picul. Freight and insurance both ways constitute additional charges, and, if taken into the interior, it pays a further half duty. Were it spun in its country of origin it would have to pay an excise of 0.70 tael per picul only, and could circulate freely thereafter. Cheap coal and the difference in the monetary standard of the two countries are items in favor of Japan, as the Chinese mills have not yet taken to native coal, and, when exchange is low, the gold yen has a higher purchasing capacity.

In the matter of climate and labor Japan enjoys no advantages over China, and as China's cotton grows at the doors of her mills, it is difficult to see why she should rely to so great an extent on Japanese assistance.

The counts with which India supplies the Chinese market are 20's, 16's and 10's, and here again on reckoning up the pros and cons the balance would appear to be in China's favor. The staple of her cotton is superior to that of most Indian cottons; it is much whiter in color and much cleaner, and as a consequence it spins with less waste, produces a brighter yarn which absorbs dyes more readily, and, count for count, commands a price 6 to 7 per cent. higher than that of Indian yarn.

A rough calculation of the cost of coal per spindle would seem to give China a gain of 5 to 6 per cent., and, speaking generally, the climate is more suitable for spinning than the Indian climate. China's chief advantage, as compared with India, is the cost of labor, which, striking an average between the wages paid at Bombay and in Southern India, would appear to be 8 per cent. against China. The longer period during which it has been at work may also have imparted a certain amount of hereditary efficiency to Indian labor, as yet lacking in the case of Chinese labor.

Indian yarn suffers in the matter of duties, of freight and of other charges from the same disabilities as Japanese yarn.

Another caterer for the wants of the Chinese market has recently come forward in the shape of the two new yarn mills in Tongking, which, for the time being, spin Indian cotton and are making an effort to capture part of the Yunnan trade, which consists mainly of 10's and 20's. The old mill at Hanoi, started in 1894, contains 10,363 spindles; in 1900 a mill was put up at Haiphong with 20,000 spindles, and in 1902 a third commenced work at Namdinh with 20,736 spindles. In 1903 one of the two latter increased its spindle power by 15,000, and good reports are received as to the prospects of expansion in the cultivation of local cotton and the improvement of its staple.

The main factor which, by common consent, is said to have adversely affected the fortunes of the Chinese mills, has been their failure to obtain supplies of raw cotton at reasonable prices and in good condition. The estimates made at the time when foreign capital was about to embark on the new enterprise were founded on the belief that cotton would never go beyond 11.50 taels per picul, as for years its price had remained stationary at 11 taels. In cherishing an expectation of this kind those responsible were, however, grievously in error, as rings and combinations on the part of Chinese middlemen have gradually forced up prices, until now cotton has to be bought at 90 per cent. over the figure on which the original calculations were based.

As cotton possesses a "world value," the fall in the price of silver has, of course, materially contributed to this rise, there being a difference of 24 per cent. between the prices of 1896 and 1903.

The best Chinese cotton is known as steam ginned, and the following are the average prices of that article during the last six years:

Year.	Price Per Picul. Tael.
1899.....	14.70
1900.....	16.70
1901.....	17.90
1902.....	18.95
1903.....	20.45
1904*.....	21.90

* Six months to June 30.

The high prices which Indian and American cottons commanded, owing to failure of crops and other causes, led to an urgent and increased demand from Japan, and frustrated all attempts to break the bull tactics of the native holders.

It may be of interest to note that the limit of the amount of Chinese cotton available for export is asserted to be 1,250,000 hundred weight per annum, and that this limit having now been reached, no greater quantities can go forward.

When local mills cannot obtain a sufficiency of native cotton, they are forced, in self defense, to procure supplies from India, and the anomaly is presented of a vast cotton growing country being an importer of cotton from abroad, diverting her own mills from the purposes for which they were started and lowering the quality of the yarns produced.

Since 1896 China has imported the following quantities of cotton:

Year.	Quantity. Cwts.
1896.....	118,000
1897.....	190,790
1898.....	272,620
1899.....	331,390
1900.....	160,420
1901.....	303,400
1902.....	295,920
1903.....	70,834

The 1903 returns shows a most gratifying decrease, and may indicate that this unnatural state of things is coming to an end.

Another very serious drawback with which the mills have to contend is the dishonest practice of adulterating cotton with water, and few of the mill owners' complaints are louder than those with regard to watered cotton. An attempt has been made to stamp out this evil with the aid of official support, but the inculcation of morality by legislative action is nowhere an easy matter. Seeing how Chinese officialdom in the past has neglected to protect the vital commercial interests centering in tea and silk, it is almost too much to hope that they will take any steps to encourage intelligent methods of fostering the cotton industry by extending areas of cultivation or of improving the quality of the fibre by devoting care to the selection of seeds and the use of fertilizers. Nor is there much prospect of their freeing it from the incidence of vexatious imposts and petty interference. Their time honored attitude of regarding industrial development simply as an additional means of extracting revenue is, unfortunately, not likely to undergo a change.

Other reasons why the cotton spinning industry in China has hitherto proved a comparative failure are to be found in lack of experience, everything at first being more or less in the nature of experiment; in the absence of skilled management, because, as was pointed out by the Blackburn Commission, a specific knowledge of the internal economy and working of a large manufacturing concern is essential if the best results are to be obtained; in the severe competition of India and Japan, which countries, the latter more especially, can place their surplus production on the market to advantage; in financial difficulties, the result in some instances of undercapitalization, whereby earnings, which

would otherwise be devoted to the payment of dividends, go to defray interest on overdrafts, and, in the case of the European companies, to their inability to write off anything for depreciation.

In the beginning ill advised competition to secure competent labor proved very harmful, and it is satisfactory to know that this obstacle has at length been successfully overcome.

Chinese labor is becoming more efficient year by year, it is more amenable to discipline and shows a greater disposition to keep steadily at work. Although it commands higher remuneration than before, its increased productive power makes a reduction of the aggregate number of hands employed possible, and brings about a corresponding diminution of the wages bill. In Shanghai 70 per cent. of it is female labor, but in the country most of the operatives are boys.

Considering the class from which they are drawn, the hands display great intelligence, and with practice acquire remarkable dexterity. Were it at all practicable to employ Cantonese an even higher standard might be attained, as the facility with which the Southern Chinese grasp the uses of machinery is more marked than in the case of the natives of Central China.

The working day lasts thirteen and one-half hours, night shifts working ten hours extra. From an economical point of view it is said to be better to confine the hands to day work only, and but few mills work day and night throughout the year. As is not unreasonably to be expected, there is a slight falling off in efficiency during the summer months. Many mills in Shanghai pay by "piecework," and the average amount earned is 28 cents (say 6d.) a day. Elsewhere much lower rates of wages obtain. Roughly speaking the Shanghai mills spend \$20,000 weekly in wages, and, as they are at pains to house their hands properly, the lot of the worker has been greatly improved.

With regard to the number of hands employed estimates vary, Shanghai according to one authority employing 9,000, according to another 15,000. The latter is possibly meant to include those engaged on nightwork. The Hangchow mill, with 18,000 spindles, employs 1,400; the Soochow mill, on the other hand, with the same number of spindles, only 800.

The average count of yarn spun by Chinese mills is between 12's and 13's, some of it made from pure cotton and some from cotton and waste mixed. The percentage of loss at the engine head is about 11 per cent.—3.40 piculs of cotton equal 3 piculs of yarn, equal to 1 bale of 400 pounds. Yarns for export are press packed in bales, those for local consumption are distributed at the mills. Certain mills pack in weights suitable for conveyance by pack animal or coolie, and, as up-country business extends, this is a point which ought not to be lost sight of.

To illustrate how prices have advanced in sympathy with cotton, the following quotations of a press packed bale of 14's yarn, spun from pure cotton and weighing 400 pounds, are given. Yarn, not press packed, and which does not pay duty, costs 3 taels per bale less:

Year.	Prices. Tael.
1899.....	68.40
1900.....	72.50
1901.....	78.00
1902.....	83.10
1903.....	90.20
1904*.....	92.40

* Six months to June 30.

If one wishes to institute a comparison between these prices and the prices which Indian and Japanese yarn fetch, one is confronted with the difficulty that there is, so to speak, no common denominator, inasmuch as India and Japan export no 14's to China. Their principal business

lies in 16's; but, assuming the most of spinning 13's to be 2 taels below the cost of spinning 16's, the following average prices may be of interest. (It should be borne in mind that the comparison is farther defective, in that variation in price between different qualities and "chops" is very great.) The averages are based on a bale weighing 400 pounds or (a) Indian 16's, James Grevaes' spinnings. (b) Japanese 16's, Hirano Mill, "Horse" chop:

Year.	—Average Price.—	
	(a)	(b)
1899.....	62.65	66.00
1900.....	70.50	73.60
1901.....	74.00	81.50
1902.....	82.65	88.00
1903.....	87.00	91.50
1904*.....	88.00	94.10

* Six months to June 30.

The more rigid methods in force in mills under foreign supervision must, beyond question, result in the outturn of a superior article, maintain the plant in a very high state of relative efficiency, and, all around, cause a standard more elevated than that of the native mills to prevail, even though they may have nothing left over at the end of the year wherewith to solace their shareholders. Hence it may be that, for the time being at least, the shareholders in the latter may have greater reason to be satisfied with the return they receive on their capital. The mills in the country are undoubtedly more advantageously situated than the mills of Shanghai, their expenses are very much lower, the absence of any provision for depreciation or insurance does not weigh heavily on the minds of the management, and, consequently, they may feel justified in declaring dividends under circumstances when the cautious European would never dream of doing so. Until a year of cheap cotton and abnormal profit shall have enabled the foreign mills to shake off their present incubus of debt there is, however, little hope for them of any amelioration of existing conditions.

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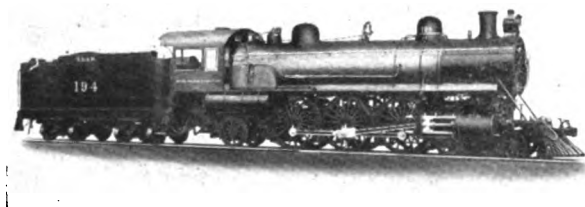
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New York City.

By the friends of Japan the terms of peace have been received with a feeling of disappointment, strongly tempered by one of pride. It was disappointing that all the substantial sacrifices should have had to come from Japan, but there remains the proud distinction of being capable of surrendering in the cause of peace so much that was rightfully hers. Some exception has been taken to the use of the word "magnanimity" in connection with the final decision of Japan, but it would be hard to find in all history a finer example of national greatness of soul and elevation of sentiment than are involved in the resolution to spare the pride of a vanquished adversary by humbling oneself; in the acceptance by the Government of the conqueror of a responsibility for needless slaughter to which the Government of the conquered was cynically indifferent; in the determination to follow the impulse of humanity even when it demanded the putting aside of the fruits of victory. The critic who, under such circumstances, questions the title of Japan to the respect and admiration of the world, must have a spirit too mean or a prejudice too invincible to make his opinions worthy of regard. Whatever else may come out of the peace settlement, it will stand as a shining example of the highest order of international morality, whose brilliance is likely to be enhanced the more intimately we become acquainted with the circumstances which called it forth. And among the nations of the earth who will derive benefit from the fact that Japan was magnanimous enough to spare the foe whom she had at her mercy, the one for which the future holds the most profound reason to be eternally grateful, is the people of Russia.

It seems like the irony of fate that John Hay was not spared to see, in the Peace of Portsmouth, the assured triumph of the principle for which he labored so patiently and so earnestly. But the spirit that inspired his work lives after him, and it has had its full share in directing the efforts of the President of the United States to arrest the progress of a war which had become merely a trial of endurance. The President was, happily, able to appeal to both combatants in a spirit of absolute disinterestedness, and could plead the cause of peace at St. Petersburg and Tokio unhampered by any fear that his motives might be misconstrued. It was possible for him, moreover, as it could have been for the foremost representative of no other of the great Powers, to disregard the conventions of diplo-

matic reserve, since the only purpose he had to serve was that of advancing the interests of humanity. Speaking as the head of a great nation to the rulers of two friendly Powers, the president's words carried the more force inasmuch as they expressed the united sentiment of a free people. The universal acclaim with which the culmination of the President's efforts has been greeted, is not more a testimony to the nobility of spirit and purpose which prompted him to seize the propitious moment to bring the representatives of Russia and Japan together, than it is to the part which a free Republic may play in shaping to pacific ends the destinies of the world.

WE must take occasion to renew the protest expressed in the August number of the JOURNAL against continuing the boycott agitation in face of satisfactory evidence that this Government has done all that it possibly can do in advance of the meeting of Congress to redress the grievances of the exempt classes of Chinamen visiting this country. The efforts of the friends of China here to secure a more liberal immigration treaty and a more enlightened administration of our immigration laws, must be seriously hampered by persistence in an agitation which has confessedly accomplished all that could immediately be expected. It will strike most people as being a senseless proceeding on the part of the Chinese student class and the mercantile guilds to go on passing resolutions against the purchase of American goods without plainly stating what are the conditions on which they desire a new treaty to be negotiated between China and the United States. The first draft of the proposed substitute for the treaty which expired last year included a general definition of the word "Laborer," and provided that all Chinamen not coming within the terms of that definition should be regarded as free to enter this country at pleasure. Due precaution seems to have been taken, in other provisions of the draft treaty, against a continuance or renewal of the inquisitorial methods adopted by our immigration officers at the various ports of entry. As we understand the matter, the treaty thus outlined failed to meet the approval of the head of the Department of Commerce and Labor, and his subordinate, the Superintendent of Immigration. It is extremely probable that these officers have seen a new light since the interview between the President and the representatives of Chinese trade here. In any case, it is difficult to believe that there would be any trouble in the negotiation of a treaty on the lines indicated or in its ratification by the Senate. But it would obviously be futile to call upon all the interests concerned to organize for the promotion of such a purpose, if the Chinese themselves have come to the conclusion that such a treaty does not go far enough, and are resolved to go on boycotting things American whether they secure such a measure of justice or not.

WHILE acquitting the Central Government of China of any but the most sincere intention to check the progress of the anti-American boycott, there are indications that local officials have not uniformly displayed the same spirit as we assume to prevail at Peking. But it must be obvious to

those who have to direct the destinies of China that at no time in the recent history of the empire has it been more necessary that the Central Government should demonstrate its ability to command capable and loyal service from its subordinates. There is no question before the world today which overshadows in importance the question whether China is able to stand alone. Her integrity has been secured without any effort on her part, and a truly imperial domain which was being frittered away by the incapacity and corruption of her rulers, is about to be restored to her. Unless China is to pass under some kind of international tutelage—to be an infant and a ward among nations—there must be an immediate quickening of the sense of international responsibility. The disregard which has been manifested at Peking and among the great viceroys for some of the most important provisions of the new commercial treaties, constitutes a flagrant example of the kind of ineptitude which must come to an end in China if her government is to be treated with ordinary respect by the rest of the world. One of the most discouraging aspects of a movement like the boycott is its pure childishness, and the proof it affords of how very rudimentary are the conditions which go to the making of public opinion in China, and how little real intelligence there is in regard to the conduct of affairs which affect the interests of other nations.

THE transfer by the American China Development Company to the Chinese Government of its concession to build a railroad from Hankow to Canton, and of all the property acquired during the somewhat slow and feeble execution of part of that enterprise, has been happily effected. There can be no question about the injury which the failure of this scheme will inflict on American prestige in China, but that injury was, unfortunately, done when a Belgian syndicate was allowed to secure control of a corporation whose American name and nationality was its chief asset. Though the Belgian control of the stock was finally surrendered or modified, Mr. J. P. Morgan, into whose hands had passed the direction of the affairs of the corporation, took the perfectly sensible ground that it would be inexpedient to go on with the construction and operation of the Hankow-Canton Railroad in the face of continued Chinese opposition. Chang Chih-tung, to whom the throne had confided full power to treat with the American holders of the concession, had set his mind on recovering it for China, and has apparently been able to secure the money, without resort to foreign borrowing, needed to reimburse the owners of the railroad property and franchises. The amount agreed on by way of indemnity is the very respectable one of \$6,750,000—said to be sufficient to pay every stockholder in the company three times the par value of his shares. Public opinion here has viewed the entire transaction with comparative indifference, and the paucity of information in regard to matters Chinese has been painfully illustrated by the extraordinary blunders which the daily press has perpetrated in recording the details of the final bargain. Perhaps the most humorous phase of the whole proceeding is to be found in the fact that the man most profoundly agitated about the prospective injury to American prestige was the King of the Belgians.

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the seven months ending July 31, 1904 and 1905.

EXPORTS TO CHINA.

Months. 1904.	Cotton Cloths. Yards.		Mineral Oils. Gallons.		Wheat Flour. Barrels.	
January.....	8,906,813	\$476,609	3,772,243	\$447,712	6,303	\$ 24,019
February.....	13,806,414	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	\$3,667,968	32,354,700	\$3,680,571	36,287	\$131,763

1905.						
January.....	28,480,261	\$1,626,920	8,867,873	\$903,403	9,713	\$37,589
February.....	45,011,364	2,498,418	1,711,363	182,683	6,386	26,000
March.....	45,717,073	2,576,523	10,042,765	883,960	9,072	34,830
April.....	48,014,580	3,103,367	7,017,894	661,062	9,900	38,130
May.....	51,456,621	3,318,804	8,297,150	577,430	4,570	18,175
June.....	53,445,070	3,316,453	9,422,218	828,682	13,529	49,604
July.....	36,166,763	2,724,181	4,577,172	246,800	1,110	4,892
Total.....	308,291,732	\$19,164,666	49,936,435	\$4,284,020	54,280	\$209,220

EXPORTS TO HONGKONG.

1904.						
January.....	5,877	\$ 994	955,320	\$112,700	155,130	\$574,431
February.....	26,000	2,027	34,244	5,223	189,308	694,139
March.....	37,919	7,538	54,365	5,801	58,718	232,270
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

1905.						
January.....	59,046	\$10,355	764,808	\$78,334	29,180	\$115,690
February.....	71,738	8,116	504,756	42,094	34,293	133,638
March.....	34,958	4,815	34,588	5,039	42,217	169,454
April.....	18,886	2,690	2,489,270	231,586	18,630	73,715
May.....	54,498	8,993	1,743,107	164,784	77,959	305,443
June.....	30,094	3,494	666,659	51,973	42,896	157,140
July.....	30,064	3,177	712,246	73,254	108,132	384,254
Total.....	299,284	\$41,640	6,815,434	\$647,064	353,307	\$1,339,334

DEPARTMENT OF COMMERCE AND LABOR,
Bureau of Statistics.

WASHINGTON, D. C., August 30, 1905.

Imports of Tea and Silk into the United States for the seven months ending July 31, 1903, 1904 and 1905.

TEA.

Imported from	1903.		1904.		1905.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	3,416,386	729,190	3,831,737	863,665	3,803,626	834,334
British North America....	1,485,222	335,178	1,362,261	305,980	1,101,383	263,351
Chinese Empire.....	12,381,034	1,565,713	21,557,053	2,580,201	17,504,338	2,166,839
East Indies.....	3,348,903	480,475	4,315,235	654,380	4,371,627	589,134
Japan.....	16,710,417	3,208,928	15,352,099	2,807,970	12,541,768	2,117,300
Other Asia and Oceania ..	279,238	31,145	186,016	23,037	462,467	66,102
Other countries	11,518	2,990	117,989	30,920	89,483	20,432
Total.....	37,632,718	6,353,619	46,722,390	7,266,153	39,874,692	6,057,492

RAW, OR AS REELED FROM THE COCOON.

SILK.

Imported from	1903.		1904.		1905.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France.....	239,559	952,886	286,515	800,571	424,240	1,298,654
Italy.....	1,699,343	7,292,138	1,528,355	6,000,136	2,570,234	9,488,808
Chinese Empire.....	1,365,794	3,972,923	2,173,340	6,301,948	1,751,781	5,056,560
Japan.....	3,069,619	11,577,227	3,575,776	12,449,769	3,920,919	14,125,664
Other countries	27,866	93,138	21,716	65,947	109,810	341,489
Total.....	6,402,181	23,888,312	7,585,702	25,618,371	8,776,984	30,311,175
Waste .....lbs...free..	972,097	523,846	2,355,696	1,007,471	2,705,270	894,675
Total unmanufactured		24,412,218		26,625,844		31,213,700

THE INTERNATIONAL RED CROSS SOCIETY OF SHANGHAI.

The following appeal has been addressed to the president of the association, through the American Association of China, by Mr. F. Anderson, president of the International Red Cross Society of Shanghai:

SHANGHAI, July 26, 1905.

SIR—I have the honor to make an appeal to you and through you for American support on behalf of the International Red Cross Society of Shanghai, which for more than eighteen months has been engaged in relieving some of the distress and suffering in Manchuria occasioned by the war between Russia and Japan.

The Chinese inhabitants of the districts which form the seat of war have suffered terribly; many of their towns and villages have been occupied by the belligerent armies, houses have been pulled down for fuel; there has been throughout the country much enforced cessation of work, and great mortality from exposure, pestilence and famine.

Over 100,000 refugees have been sent to their native districts; the Chinese railway and steamer companies have co-operated generously in the work, either granting free passages or accepting greatly reduced fares. The Chinese telegraph administration send all telegrams free of charge. About 150 cases of hospital supplies, thousands of piculs of grain, and last winter over 15,000 suits of wadded garments have been forwarded from here. Food and shelter have been provided for a constant stream of refugees, and for thousands of women and children who are utterly destitute. Branch societies engaged in active work have been established in Chefoo, Tientsin, Newchwang and about a dozen other places in Manchuria, including Liaoyang and Mukden.

Experienced and competent foreigners and Chinese are in charge everywhere. The Scotch and Irish Presbyterian missions have placed their hospitals and men at the disposal of the society.

Her Imperial Majesty the Empress Dowager has contributed \$100,000 toward this work, half of which was given to form a Chinese Red Cross Society and the other half to this society. The total amount of Chinese subscriptions up to the present time is close upon \$400,000, of which over \$150,000 has been placed at the disposal of the Rev. Dr. Webster and his brother missionaries in Manchuria. Dr. Webster has devoted the whole of his time to the work of the society, and as a small recognition of his invaluable services the Chinese have made a contribution to the Presbyterian mission of the amount of his salary. Foreign subscriptions in Shanghai amount to about \$17,000; it is hoped that further assistance will be forthcoming in response to an appeal which it is proposed to make at a public meeting to be held later on. Hitherto funds in hand have been sufficient to meet the demands made upon us by our branches, but we have just received a telegram from Newchwang in which the committee there unanimously appeal for 100,000 taels for relief of great and widespread distress, and as it is evident to the executive committee that as the winter approaches there will be further urgent appeals for aid, to which it will be impossible to respond if we rely solely upon our local resources. We therefore look with confidence for the sympathy and support of Americans at home, who are interested in China, in our endeavors to relieve the widespread destitution and suffering among the inhabitants of Manchuria in the area directly affected by the war. I have the honor to be, Sir,

Your obedient servant, F. ANDERSON,
Chairman International Red Cross Society of Shanghai.

CHINESE MONETARY REFORM.

In the August number of the JOURNAL is a most interesting article by Mr. George E. Anderson, American Consul at Amoy, on "Chinese Exchange and Chinese Foreign Trade." While I find myself in entire accord with the main positions taken in the article, there are one or two statements regarding the plan for a new currency which I had the honor to propose to the Chinese Government on behalf of the American Commission on International Exchange that call for a brief comment in order to avoid misconception.

On page 201 Mr. Anderson states that he believes that eventually some such plan as the one proposed will be adopted in China, with one or two marked modifications. He then speaks of the present monetary system as being based upon copper and not upon silver, expresses some doubt as to the ability of the Chinese Government to control the value of the copper and brass currency on the present provincial system, and states that if the value cannot be controlled one of the chief ends of the proposed reform is lost. I find myself in hearty accord with this statement, but I should like to add that this point was also made very emphatic in the discussions with the Chinese officials. In fact the first important argument both with the commissioners in Shanghai and with the Monetary Commission in Peking had to do with the necessity of establishing a fixed rate of exchange between copper and silver and with the methods by which this rate of exchange could be established and kept absolutely fixed. It was assumed, however, that this point would, of course, be understood by all foreigners and by all those who were interested in any thorough reform of the currency, and in consequence little was said on that point in the discussions which were published, the main emphasis naturally being laid upon the proper methods of establishing the parity between the new silver currency and gold, as that was the position most in controversy and on which the greatest differences of opinion were found.

Mr. Anderson next says that it is out of the question to build up a gold reserve out of the coinage of such money, and calls attention to the fact that copper and brass cash cannot be minted as at present, and have any profit accrue to the Government from such minting. He then adds: "To disturb the present cash system until there is an adequate system to take its place—a system which will allow the Chinese coolie to buy his little comforts with less than the value of the modern 1 cent or 10 cash pieces—is to invite a cataclysm in Chinese affairs for which neither the Chinese Government nor those with whom it does business are prepared. It is to be remembered that to the mass of the people these new coins, the 1 cent pieces, are not as cents but almost as 10 cent pieces are to the people of the United States. A new system of coinage must supply to the Chinese what 1 cent pieces and pence supply to American and British retail trade. On a gold basis, and all authorities seem to agree that only a gold basis will

suffice for the needs of China, even at this time, there must be allowance for maintaining an unusually large proportion of copper and brass coinage on the gold level." With all this also I find myself in hearty agreement. In fact the American plan as proposed in China expressly provides for this. When, however, Mr. Anderson adds: "Copper in China's new system will probably be a liability instead of an asset in building up and maintaining a gold reserve," I think that he is mistaken.

In the report presented by the commission, on page 159 as well as in several other places, it will be noted that provision is specifically made for the coinage of pieces as small in value as the present 1 cash pieces, say one-twentieth of an American cent. In order to be sure with reference to the probable profits from coinage specific statements regarding the cost of coinage in Japan were secured from the Japanese Government, and very careful estimates were made by men connected with the mint in Tientsin, both Chinese and Americans, regarding the cost of coinage of pieces of various weights and composition. The conclusion was reached that 1 cash pieces of the kind mentioned in the report (not the present pieces, of course) could probably be coined without a loss, or if there were a loss it would be only a slight one. On the other hand, as everyone knows, 5 and 10 cash pieces are coined at present at a profit of 30 per cent. and upward, and if they were coined by modern methods with a strict system of accounting they might readily be issued at a profit of about 50 per cent. Of course they could be made even more profitable if it seemed best.

While at the present time the Chinese use mainly 1 cash pieces, the great popularity of the 10 cash pieces, as well as the universal experience of the world, shows that while 1 cash pieces should be provided, a very much larger proportion of the change used, so far as value is concerned, would be 5 and 10 and 20 cash pieces, on which there is a very large profit.

I quite agree with Mr. Anderson that there must be "an unusually large proportion of copper and brass coinage in China on the gold level." The proportion in value of copper coins in most civilized countries is very small. We are apt to judge by their frequency in circulation, not their value. In our introduction of our new system into the Philippines, for example, the proportion, in value, of copper coins is less than 4 per cent. of the whole. In most countries the proportion is still less. In China I should expect that for a considerable time it would be much larger; but the highest estimate that I have ever heard placed upon the copper circulation in China as compared with the silver circulation even at the present day, counting the cash used in the interior, where the common people use nothing else, and counting silver, both in the form of dollars and of sycee (bullion), is that one-third of the value of the metals now used is in copper cash, two-thirds in silver. This estimate was given by

an experienced Chinese banker, one of the most important in China, on the authority of other Chinese bankers; but he himself judged that estimate too high. If we bear in mind the high percentage of profits on 10 cash pieces as compared with 1 cash piece, and also the high percentage of profit on subsidiary silver as compared with silver \$1 pieces, we can see that the larger the percentage of copper in the circulation might prove to be and the proportion of subsidiary silver as compared with dollars, the higher the profit would be on which one might build up a gold reserve. Surely neither Mr. Anderson nor any other person wishes to have the new currency of China like the present cash system, with the coins, all of presumably the same weight and value, on strings! No Chinese official or business man with whom I discussed the matter, who was familiar with the system of 10 cash pieces, ever advocated any such thing. There must be a system, it is true, that will provide for all the 1 cash pieces for which there is any demand; but there must be a series of coins, 1 cash, 5 cash, 10 cash and upward, and the larger copper pieces will yield a large profit.

The most important difficulty to which Mr. Anderson calls attention, and it is a serious one, is found in the statement that he does not "believe it safe to assume that there will be a reliable profit on silver coinage in China where the Government is divided to such a great extent upon the provincial and viceregal basis." If the new monetary system is to be controlled by the governors and viceroys acting independently all will agree; but I must also add that so long as the monetary system is controlled independently by the governors and viceroys there will be no uniform monetary system for China and no monetary reform.

Not merely foreigners in China, but Chinese officials from top to bottom and Chinese business men agree on that point. There must be a centralized control for a uniform monetary system. This gives emphasis to Mr. Anderson's point that one chief difficulty in the way of monetary reform is that the Chinese officials do not seem to want it, for fear it will take away from their profits. That is doubtless true. On the other hand, some, a few, of the higher Chinese officials are patriotic enough to be willing for the sake of a good monetary system to risk a present loss; and these same more intelligent viceroys and governors see also that a thoroughgoing monetary reform would so add to the prosperity of their provinces that after a comparatively short time their revenues from other sources might well be much larger than the revenues they now derive from their present system. A letter just received from one of the leading American business men in Shanghai mentions the present depreciation in 10 cash pieces, and then continues: "It is quite possible that the final mix up will be a strong argument for the central government to take the currency of the empire into its grasp and adopt the gold standard. Two or three years should do it."

I wish to comment briefly on the statements in the article concerning the attitude of the bankers and business

men in China. In the main I quite agree with Mr. Anderson's positions, but certain distinctions should be made between different kinds of banking business. The keepers of cash shops would all be opposed to a uniform monetary system on a sound basis. It would ruin their business. On the other hand, many Chinese banks make large profits from loans. Rates of interest are very high, often 12 per cent. or more, and many Chinese have the speculative spirit. Bankers whose chief business is making loans will favor a monetary reform as soon as they understand it, because, as the president of one of the most important Chinese banks has said, there will be fewer failures in business and losses from bad debts will be greatly lessened. Moreover, other great Chinese banks whose business consists largely in selling bills of exchange on branches in other parts of China have no particular reason for opposing a good system. They make their money now on commissions for transferring credits, doubtless making also something on the exchange from one kind of tael to another; but if this transfer business were increased largely in amount, as it would be with the added prosperity coming from a sound and especially a uniform monetary system, their profits would be larger than the present ones. Some of the more intelligent of the great Chinese bankers have called attention specifically to this advantage which they would gain, while others, whose business was chiefly exchanging from taels to cash and vice versa, do not hesitate at all to say that their business would be hurt, and that they would oppose any change.

I am glad to see that Mr. Anderson believes, as I do, that the active and earnest co-operation of the business men of China would establish a reserve for the needed reform of the currency on the gold basis. I share also his belief that that co-operation is not to be had now, but there is another reason for their failure to co-operate besides that indicated in his letter. The leading Chinese business men and bankers will not hesitate to raise several million dollars for a bank or a gold reserve, provided they trust the persons who are to administer it. Their chief reason for failure to co-operate now is that they distrust the Chinese Government. They believe that the reserve would not be safe in the hands of the officials; that it would be diverted to other purposes, or possibly come more or less indirectly into the officials' private pockets. Neither do they trust the skill of the officials in the management of a monetary system or a national banking system. Leading Chinese, however, whose responsibility and whose trustworthiness under the circumstances could not be questioned, have stated repeatedly that they would furnish money in ample quantities for a national bank on a large scale in connection with a new monetary system, provided the management of the bank should be left to the business men themselves who contributed the money and to foreign advisers, under general regulations laid down by the Government; but that they would not furnish one tael for a bank which was to be managed by the Chinese officials.

Mr. Anderson also says there are "indications of secret international influences at work to prevent a change in the

monetary system of China until such time as will best serve the interests of those responsible for them." Unfortunately such indications were observable a year ago, and I fear that this influence will be powerful for some time to come.

So far as the leading foreign banks are concerned, high as their profits are now, and also the leading Chinese banks whose main business is money loaning, there is reason to believe that they have already reached the point indicated in the latter part of Mr. Anderson's letter, that "a broader view of their own interests" will lead them to give the aid which will make the change possible. Some of the great European banks know from their own experience that, great as were their profits under the system of fluctuating exchange in Japan before the Japanese monetary reform, their profits were even greater after Japan was placed on the gold basis. What they lost in exchange was more than made up in other ways, and the head men in those banks, the men who really shape their policies, are willing to believe that they would have the same experience in China. The smaller men do not see it yet; but Mr. Anderson is clearly right in intimating that even they will be forced by present conditions there to reach that conclusion in the not distant future, and certainly his appeal to the business interests of the United States is thoroughly sound.

I do not wish to be understood to be criticising Mr. Anderson's positions. I wish merely to call attention to the fact that the arguments which were presented in China by the American Commission are largely along the line of his own arguments, and that the views are not opposing ones, and I wish likewise to urge, as does he, the necessity of co-operation among all those interested in the reform of the Chinese currency.

JEREMIAH W. JENKS.

THE THREATENED CHINESE BOYCOTT.

The following correspondence explains itself:

NEW YORK, August 14, 1905.

The President, Oyster Bay, N. Y.:

SIR—I beg to submit to you the following copy of a cablegram received from the American Association of China, and dated today at Shanghai:

"Fully approve President Roosevelt's demands on China; boycott enforced; business checked; foreign merchants view situation anxiously."

I may be permitted to add that private advices received by members of this association are of similar tenor.

I have the honor to be, Yours respectfully,

JOHN FOORD, Secretary.

OYSTER BAY, N. Y., August 15, 1905.

MY DEAR SIR—By direction of the President I beg to acknowledge receipt of your letter of 14th inst., and to state that its contents have been noted.

Very truly yours,

B. F. BARNES,

Acting Secretary to the President.

Mr. John Foord, Secretary American Asiatic Association.

CHINESE STUDENTS IN JAPAN.

Chinese students continue to reach Japan in ever-increasing numbers. It is said that scarcely a steamer brings less than a hundred, and that 300 or 400 are always waiting in Shanghai for an opportunity to come. Looking back to the beginnings of this movement the first entry in the record shows that two students were sent from Chehkiang by the Chinese Government in April, 1897. These were the pioneers. Now in their eighth year of education they are studying at the Engineering College of the Imperial University. Thereafter the arrivals became more frequent, some students coming at their own charges, others at the charges of the Government, and it appears that among all the eighteen provinces of the Middle Kingdom Kansu is the only one which has not hitherto contributed to the total. Dividing the students according to localities the following table is obtained:

Chihli	172
Shensi	3
Shantung	60
Hupei	400
Chehkiang	191
Kiangsi	52
Kwangsi	26
Kwangtung	175
Yunnan	126
Shansi	56
Honan	12
Hunan	363
Kiangsu	406
Anhui	84
Fuhkien	76
Szechuan	321
Kweichow	38
Manchuria	80
Total	2,641

There are three classes of students, those sent at Government expense, those sent at public expense and those that defray their own expenses. "Public expense" means simply that the charges are defrayed locally. For example, if a student, having graduated with distinction at a provincial college, desires to proceed to Japan for further education but is too poor to meet the outlay himself, then the faculty of the college, if they consider him worthy of such aid, may arrange to assist him out of the local funds.

It would be interesting to know exactly how many students of each class are in Japan, but the information is not furnished in any return that we have seen. As to the disposition of the principal students the figures are:

Tokio University.....	Students. 5
Kioto University.....	2
Waseda University.....	23
Tokio Law University.....	23
Keio Gijuku University.....	1
Meiji University.....	3
Law University.....	296
Tokio High Normal School.....	12
First High School.....	45
Second High School.....	1
Third High School.....	22

Many others are to be found in minor educational institutions. Then there are the men studying military and naval matters, namely:

Seijo Gakko.....	151
Shimbu Gakko.....	305

The greatest number of all are in Mr. Kano Jigoro's Kobun Gakuin, namely, 1,100. It must be understood that these students are not all young men. One of them is sixty-four and one sixty. None is younger than twelve, and by far the largest majority are between twenty and thirty.

OUR CHINESE TREATIES, AND LEGISLATION, AND THEIR ENFORCEMENT.

BY STEPHEN W. NICKERSON, IMPERIAL CHINESE CONSUL AT BOSTON, MASS.

(From the *North American Review* for September.)

To understand properly the present attitude of the Imperial Chinese Government and of intelligent Chinese as to commercial and other relations in the future between China and the United States, we must review the history of the past relations of the two countries, by glancing at the treaties that have been made, and by examining the legal status of Chinese persons as to citizenship and residence in the United States; next, we must look at the legislation by Congress affecting these treaties, and the Chinese within our borders; then we must pay some attention to the regulations made by administrative officers, by authority of Congress, relating to the exclusion of the Chinese; and, finally, some of the judicial decisions about the exclusion laws and the regulations made by the United States Supreme Court should be considered.

I. THE TREATIES MADE.

The first treaty, made in 1844, contained mutual declarations of peace and friendship, with stipulations about commercial intercourse at certain Chinese ports, and for protection for Americans while peaceably attending to their affairs in China. The second treaty, made in 1858, reiterated the pledges of peace and amity between the two nations. But neither of these two treaties touched upon the migration and immigration of the citizens and subjects of the two nations.

The third treaty—that of 1868, known as the “Burlingame treaty”—by its Article V cordially recognized “the inherent and inalienable right of man to change his home and allegiance, and also the mutual advantage of the free migration and immigration of their citizens and subjects from the one country to the other for purposes of curiosity, of trade, or as permanent residents.”

Article VI provided that:

“Citizens of the United States visiting or residing in China shall enjoy the same privileges, immunities or exemptions in respect of travel or residence as may there be enjoyed by the citizens or subjects of the most favored nation. And, reciprocally, Chinese subjects residing in the United States shall enjoy the same privileges, immunities and exemptions in respect to travel or residence as may there be enjoyed by the citizens or subjects of the most favored nation.”

The fourth treaty, known as the “Supplementary Treaty,” of November 17, 1880, by its Article I provided that:

“Whenever, in the opinion of the Government of the United States, the coming of Chinese laborers to the United States, or their residence therein, affects or threatens to affect the interests of that country, or to endanger the good order of the said country or of any locality within the territory thereof, * * * the Govern-

ment of the United States may regulate, limit or suspend such coming or residence, but may not absolutely prohibit it. The limitation or suspension shall be reasonable, and shall apply only to Chinese who may go to the United States as laborers, other classes not being included in the limitations. Legislation taken in regard to Chinese laborers will be of such a character only as is necessary to enforce the regulation, limitation or suspension of immigration, and immigrants shall not be subject to personal maltreatment or abuse.”

Its Article II declares that:

“Chinese subjects, whether proceeding to the United States as teachers, students, merchants or from curiosity, together with their body and household servants, and Chinese laborers who are now in the United States, shall be allowed to go and come of their own free will and accord, and shall be accorded all the rights, privileges, immunities and exemptions which are accorded to the citizens and subjects of the most favored nation.”

The fifth treaty, that of December 8, 1894, agreed that, “for a period of ten years, beginning with the date of the exchange of the ratification of this convention, the coming, except under the conditions hereinafter specified, of Chinese laborers to the United States shall be absolutely prohibited.” Its Article III continued the rights of the privileged classes of coming to and residing in the United States. Its Article IV gave to all Chinese, even laborers, “for the protection of their persons and property all rights that are given by the laws of the United States to citizens of the most favored nation, excepting the right to become naturalized citizens.” This treaty was terminated by China at the expiration of ten years, in accordance with terms of its Article VI applicable to both countries.

The sixth treaty was signed at Shanghai on October 8, 1903, the ratification being exchanged at Washington on January 13, 1904, and was designed to “extend further the commercial relations between ‘the United States and China,’” and otherwise to promote the interests of the peoples of the two countries. By its Article IV the Chinese Government undertook to abolish the system of taxation known as “likin,” on a date to be agreed upon, when the provisions of that article had been accepted by the Powers having treaties with China. Article V fixes the tariff duties to be paid by citizens of the United States on goods imported into China, as set forth in the schedule annexed to the treaty; and provides that citizens of the United States are at no time to pay other or higher duties than those paid by the citizens or subjects of the most favored nation, and that Chinese subjects are not to pay higher duties on their imports into the United States than those paid by the citizens or subjects of the most favored nation.

A number of other very valuable and important provisions are contained in this treaty, which we have not space to enumerate, the agreement on the part of the Chinese Government to establish a system for the protection of trademarks, copyrights and patents being of the number.

II. STATUS OF CHINESE IN THE UNITED STATES.

The first question to arise, when considering the status of persons of Chinese descent in the United States, is whether such persons can be American citizens. The answer is: Yes, by birth here; but not by naturalization. In the case of *Wong Kim Ark* (169 U. S.), a majority of six of the eight sitting justices of the United States Supreme Court decided that:

"A child born in the United States, of parents of Chinese descent, who at the time of his birth are subjects of the Emperor of China, but have a permanent domicile and residence in the United States, and are there carrying on business, and are not employed in any diplomatic or official capacity under the Emperor of China, becomes at the time of his birth a citizen of the United States, by virtue of the first clause of the XIVth Amendment of the Constitution, which says that 'all persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the State wherein they reside.'"

Chinese persons born in China cannot be naturalized, like white or African aliens, by proceedings under the naturalization laws. This is for want of any statute or treaty authorizing or permitting such naturalization. And, indeed, by the treaty between the United States and China, made in 1868 and promulgated in 1870, the Burlingame treaty above mentioned, it appears that "nothing herein contained shall be held to confer naturalization upon citizens of the United States in China, nor upon the subjects of China in the United States."

Only whites could be naturalized, until later in the year 1870, when Congress for the first time extended the naturalization laws "to aliens of African nativity and to persons of African descent." This extension, as embodied in the Revised Statutes, took the form of providing that those laws should "apply to aliens, being free white persons, and to aliens of African nativity, and to persons of African descent."

Moreover, the act of 1882 expressly provided that "hereafter no State courts, or courts of the United States, shall admit Chinese to citizenship." In the case of *Fong Yue Ting* the Supreme Court said: "Chinese persons not born in this country have never been recognized as citizens of the United States, nor authorized to become such under the naturalization laws" (149, U. S.).

The next question arising as to Chinese persons is: Can they be excluded or expelled at will by the United States? The answer is: Yes, subject to certain exceptions. So a majority of the Supreme Court decided in the case of *Fong Yue Ting*. Six of the nine justices thought that, under the acts of Congress known as the "Chinese Exclusion Acts," the United States has rightfully exercised the power to exclude and to expel from this country Chinese persons,

born in China and still subjects of the Emperor, and of persons of Chinese descent, wherever born, owing allegiance to whatever government, and this despite the acquisition by such persons of a commercial domicile here, for reasons which are applicable to all alike, and inapplicable to citizens, be their race or color what it may.

Thus it was said by the Supreme Court that the right to exclude or to expel all aliens, or any class of aliens, absolutely or conditionally, is an inherent, inalienable right of every sovereign and independent nation; that the power, being a power affecting international relations, is vested in the political departments of the United States Government, and is to be regulated by treaty, or by act of Congress; and that the power to exclude and the power to expel are but parts of one and the same power.

This case was decided correctly so far as the power to exclude is concerned; but the powerful reasoning of the three dissenting justices seems to throw doubt on the power to expel. Justice Brewer dissented, and spoke of the facts that a Chinese person, arrested in one district, may be taken to another district, as has been done, and put upon his examination at a great distance from his residence, and that the act made no provision to enable him to compel the attendance of witnesses. Justice Field, also dissenting, asked: "What assurance have we that it (Congress) may not declare that naturalized citizens of a particular country in the United States, after a certain day, unless they have in their possession a certificate, etc.," may be expelled? Chief Justice Fuller, also dissenting, said: "It (the act of 1892) contains within it the germs of the assertion of an unlimited and arbitrary power, in general, incompatible with the immutable principles of justice, inconsistent with the nature of our Government, and in conflict with the written Constitution by which that Government was created and its principles secured."

III—LEGISLATION.

We come next to the legislation by Congress affecting the Chinese treaties and the Chinese. In 1882 Congress passed an act, entitled "An act to execute certain treaty stipulations relating to Chinese." The treaty meant was that of 1880—a treaty unwillingly made on the part of China—which, we have seen, expressly states that the limitation of Chinese immigration "shall be reasonable, and shall apply only to Chinese who may come to the United States as laborers, other classes not being included in the limitation," for such are the words of the solemn treaty. This act of 1880, among other things, executed the treaty by entirely forbidding, for ten years, any Chinese laborer to come to the United States, or, having come, to remain here. It provided that laborers already in the country might go to China and return only after obtaining certain certificates of identification from collectors of customs; and that the privileged classes under the treaty—teachers, students, merchants, etc.—must obtain certificates of identification from the Chinese Government in the English language, or accompanied (if in Chinese) by an English translation, containing many requirements; it also provided for the deportation of any Chinese person found unlawfully here.

An act was passed in 1884 to amend (i. e., to make more harsh) the act of 1882; it also forbade any Chinese laborer to come into the United States for ten years. Both acts bore heavily against the Chinese, the latter act being made applicable to all subjects of China and every Chinese person, whether subjects of China or of any other foreign power; and the word "laborers," by the terms of the 1884 act, was made to include both skilled and unskilled laborers, as well as miners. The certificates of returning laborers, and the certificates required of the privileged classes, were made the sole evidence of their rights, respectively, to return and to enter.

In September, 1888, Congress passed "An act to prohibit the coming of Chinese laborers to the United States." It narrowed down the return of laborers to those who left wife, child or parent in the United States, or property or debts due them therein to the amount of \$1,000, besides increasing the requirements of the return certificates.

In October, 1888, Congress passed an act, supplementary to the act of 1882, which "executed" the treaties then in force with a vengeance, by entirely prohibiting the return of all Chinese laborers to the United States, and by explicitly declaring void and of no effect the return certificates already granted under the act of 1882. No more return certificates could thereafter be given, no Chinese laborer could thereafter lawfully return; and even American citizens of Chinese descent, born here, were excluded under this act, which remained in force until the treaty of 1894 came into effect. Let it be remembered that the treaty then existing forbade the United States to prohibit the coming of Chinese.

The next act—that of May, 1892—was entitled "An act to prohibit the coming of Chinese persons into the United States." It made still more rigorous the legislation then existing, for it laid the burden of proof upon the Chinese—i. e., it presumed them guilty—a presumption contrary to the common law; it ordered that a Chinese person convicted and adjudged to be not lawfully entitled to be or remain in the United States should be imprisoned at hard labor for a period not exceeding one year, and thereafter deported from the United States; it enacted that on an application by a Chinese person seeking to land in the United States, to whom that privilege had been denied, for a writ of habeas corpus, no bail should be allowed; it commanded all Chinese laborers within the limits of the United States at the time to apply to the Collector of Internal Revenue within a year for a certificate of residence, and made it the duty of United States officials to arrest and deport laborers without such certificates, unless they could establish to the satisfaction of a judge, by at least one credible white witness, certain facts difficult to prove as an excuse. It authorized the Secretary of the Treasury to make rules and regulations for the efficient execution of this act; and that official made some rules and regulations that certainly did not lighten the incidence of any of the legislation upon the Chinese, whether laborers or of the privileged classes.

In November, 1893, Congress passed some more anti-

Chinese legislation, in the form of an act to amend (make more rigorous) the act of 1892; for, by the definition of the word "laborer," Congress included with skilled and unskilled manual laborers and miners, fishermen, hucksters, peddlers, laundrymen, and those engaged in taking, drying, or otherwise preserving shell or other fish. The Chinese word in the Chinese copy of the treaties meaning "laborers" justified no such interpretation.

A returning merchant, to enter the country thereafter, had to establish, by two credible witnesses other than Chinese, certain facts difficult of proof, or be refused entrance. Orders of deportation of all classes of men were to be executed by holding the prisoners in the custody of the United States marshal without bail, until deportation actually took place. Many poor Chinamen, not all laborers by any means, have languished in jail for months at a time under this provision of the law.

In August, 1894, Congress legislated that an alien (this included Chinese, of course), excluded from admission to the United States under any law or treaty then existing, or thereafter made, by the decision of an immigration or customs officer, had only an appeal to the Secretary of the Treasury. This meant that the decision of a single minor United States official was final, unless the busy Secretary of the Treasury, away off in Washington, should reverse it.

By joint resolution in 1898 Congress forbade further immigration of Chinese into the Hawaiian Islands, and forbade Chinese to enter the United States from the Hawaiian Islands.

In June, 1900, the Commissioner-General of Immigration was put in charge of the administration of the Chinese exclusion law, under the supervision and direction of the Secretary of the Treasury. This, the writer thinks, was wise.

In March, 1901, Congress passed an act supplementary to the prohibiting act of 1892, which provided:

"That no warrant or arrest for violations of the Chinese exclusion laws shall be issued by United States commissioners, excepting upon the sworn complaint of a United States district attorney, assistant United States district attorney, collector or inspector of customs, immigration inspector, United States marshal, or deputy United States marshal, or Chinese inspector, unless the issuing of such warrant of arrest shall first be approved or requested in writing by the United States district attorney of the district in which issued."

How this law has been obeyed by United States officials, and how carefully the spirit of it has been observed, is plain from the fact that, on a Sunday evening in October, 1903, about 300 Chinamen were dragged from their homes, restaurants, clubrooms and shops, in the city of Boston, Mass., by police, under the control of United States Chinese inspectors, under the orders of the Immigration Commissioner of the port, arrested and imprisoned in the Federal Building—and all without any warrant at all, unless one or two warrants first issued can be said to have justified the proceeding. The next day warrants were sworn out for the men the officials dared to hold—about 100 in num-

ber. A United States district judge surprised the able counsel who took the matter before him on behalf of the Chinese by deciding that this raid was lawful, and that the arrests were lawful, though without warrants for all but possibly two of the arrested persons, although Article IV of the treaty of 1894 was then still in force. Let it be remembered that Chinese persons were at the time entitled by treaty to the protection of the United States; and that Section 1977 of the United States Revised Statutes said that "all persons within the jurisdiction of the United States shall have the same right * * * to the full and equal benefit of all laws and proceedings for the security of persons and property, as is enjoyed by white citizens, and shall be subject to like punishments, pains, penalties, taxes, licenses and executions of every kind, and to no other."

It is permissible to conjecture whether the judge in question would have decided that such proceedings were legal, if 300 British or German subjects or French citizens had been raided and arrested without warrants.

In April, 1902, Congress passed another act "to prohibit the coming into, and to regulate the residence within, the United States" of Chinese and persons of Chinese descent. This act continued in force the anti-Chinese laws then in existence, "so far as the same are not inconsistent with treaty obligations." It transferred all the power possessed by the Secretary of the Treasury under the Chinese laws to the Secretary of Commerce and Labor for the future, the Commissioner-General of Immigration becoming a subordinate also of the latter Secretary.

IV.—REGULATIONS BY ADMINISTRATIVE OFFICERS.

Some new and much more drastic regulations were made by the new Secretary in July, 1903. Some of the enormities which can be legally perpetrated under these regulations were pointed out in this *Review*, in the number for March, 1904, by Mr. Wong Kai Kah, the deputy commissioner of the Imperial Chinese Government to the late Louisiana Exposition at St. Louis, Mo. The limits of this article forbid any attempt here to discuss them.

V.—JUDICIAL DECISIONS.

We turn now to the consideration of a few of the decisions of the United States Supreme Court bearing upon the Chinese. In the recent case of the United States vs. Sing Tuck (194 U. S.), a majority of the justices of the Supreme Court decided that the petition, by Chinamen, for a writ of habeas corpus in order to regain their liberty, ought not be entertained, the case being one in which certain persons of Chinese descent who sought to enter this country had been detained at the border by a Chinese inspector. The Chinamen in question claimed to be native born and asserted American citizenship. The majority of the court said that the act of August 18, 1894, gave the executive officers in the case (Chinese inspectors and inspectors of immigration) the right to determine the question of citizenship; and that, because in this case the adverse decision had not been reversed on appeal to the Secretary, the writ of habeas corpus would not lie.

Justice Brewer, in his dissenting opinion, reminds the majority of the court that it had previously described American citizenship as an "inestimable heritage." He criticises the opinion of the majority in admirable words, and evidently believes that the nature and theory of our Government, and the principles upon which it ought to rest, do not leave room for the exercise of purely personal and arbitrary power. Among other things, he says: "I never supposed that courts could deny a party a hearing on the ground that they did not believe it probable that he could establish the claim which he makes." The Apostle Paul was permitted to appeal to Cæsar.

In the Japanese immigrant case (180 U. S.) a majority of the court—the same justices, Brewer and Peckham, dissenting—had previously denied a writ of habeas corpus in the case of a woman about to be deported, after arrest and imprisonment, by the decision of a single minor executive official, although the poor creature was entirely ignorant of the English language, was unaware of the nature of the proceedings against her, and had had no opportunity to be heard. Of course this decision under the immigration laws foreshadowed the Sing Tuck decision above mentioned. We are reminded of the proclamations which the Spanish conquistadores of the sixteenth century used to read from King Carlos to the birds, the trees and the Indians, in order to lay a legal foundation for their acts. "Due process of law" was necessary then as now.

But, in the case of the United States vs. Ju Toy, decided May 8 last, a majority of the court held (the Japanese case being used as a precedent) that a Chinese person who alleged he was a native born American citizen, and who had just been decided to be such a citizen by a United States district court, was not entitled to a writ of habeas corpus to regain his liberty and his country, because immigration officials had previously decided he was not a citizen. In this case the majority did not have an excuse for refusing the writ such as they had in the Sing Tuck case, for an appeal had previously been made to the Secretary of Commerce and Labor from the immigration official's denial of the right to enter. Mr. Justice Brewer dissented, in an opinion that every lover of liberty should read, and Justices Peckham and Day joined in the dissent.

SUMMARY.

This hasty review of the treaties, legislation and of certain judicial opinions affecting the Chinese, shows that the United States Government by the Burlingame Treaty of 1868 virtually invited the Chinese to come to this country; that the invitation may be said to have been recalled by the treaty of 1880; that all subsequent legislation has been in derogation of Chinese treaty rights, much of it being deliberate violations thereof; and that the decisions of the United States Supreme Court have progressed in their harsh interpretation of the rights of persons of Chinese descent, until the last decision of the majority of that body is a grave menace to the liberty of the native born white American citizens.

TRADE CONDITIONS IN INDIA.

An American gentleman traveling in foreign countries for the purpose of inquiring into trade conditions with a view of promoting American commerce has written an interesting letter to the Bureau of Manufactures giving the result of observations in India. India is nearly equal in importance to China as a market for manufactured goods of almost every description, and American enterprise should not neglect the opportunities that are there presented. Following is the letter to which allusion has been made:

General trade conditions in India seem quite as discouraging as in Egypt, and for reasons quite similar, namely, that Americans are making no proper effort to get their share of the trade. The total imports of India in 1904 amounted to \$300,000,000, which included \$25,000,000 of Government stores. Of the amount stated, cotton goods constituted \$100,000,000; iron and steel in various forms, \$42,000,000; kerosene, \$10,000,000; chemicals, drugs and dyes (chiefly patent medicines), \$7,500,000; copper, \$7,000,000; clothing, \$5,500,000; jewelry, \$5,000,000; liquors, \$5,000,000; books, \$4,000,000; window glass and glassware, \$3,500,000; cigarettes, \$1,500,000; matches, \$1,500,000, and coal, \$1,000,000. Thus two-thirds of the entire imports were of classes of articles of which the United States is the largest producer, yet the Indian official statistics show that imports from the United States in 1903, the latest year for which detailed figures are available, were only \$4,028,000, as against \$5,795,000 in 1890, an actual reduction of nearly \$2,000,000 in thirteen years.

The official reports show that in the same thirteen years imports into India from Germany increased over \$5,000,000, Austria-Hungary over \$6,000,000, Belgium, \$7,000,000; Russia \$8,000,000, while from continental Europe as a whole the imports increased about \$32,000,000. Practically all of the exports of continental Europe to India are, with the exception of a small quantity of sugar, of the classes produced in the United States, and many of them are manufactured from raw material supplied from the United States.

While the fact that India is a British colony suggests that conditions would naturally favor British trade, the fact that India has increased her imports from continental Europe \$32,000,000 since 1890 and increased those from the United Kingdom but \$12,000,000 at the same time, shows that there is no such discrimination against non-English goods as to offer any excuse for our failure in the Indian market. True, two-thirds of the imports are from the United Kingdom, but in the past thirteen years Great Britain's imports have increased but 8 per cent., while those from continental Europe were increasing 250 per cent., hence our own loss of 31 per cent. meantime cannot be charged to British influence or control, since the same influence would naturally be as strongly adverse to continental European merchandise as it would be against that from the United States.

This increase in the imports of India from continental

Europe seems to be due to vigorous business methods on the part of European manufacturers and exporters, and the failure of growth in imports from the United States seems to be due to absence of effort and absolute indifference on the part of our own manufacturers and exporters. The merchant or manufacturer who expects to do business, even in countries and home markets where the local conditions and requirements are well known, sends out his salesmen or establishes branch houses, or both; and this is the more necessary in attempts to make sales in markets where customs and requirements differ from those of the country in which the goods are manufactured. The Europeans recognize this necessity and have their salesmen and branch houses in all parts of India, and they succeed. The Americans have neither, and they fail.

Two American concerns, dealers in miscellaneous merchandise—the New York Export Association and the American Import and Export Association—have their salesmen and branch houses in India, and are doing a good business, selling at wholesale to the native dealers as well as others, while Heinz, the pickle and jam manufacturer, has his traveling men in India, and is doing well there. There are a few other instances where manufacturers of specialties (Sen-Sen, Scott's Emulsion and others) are pushing for business through personal agents or branch houses, or both, and are doing well, but they are very few. Besides this lack of effort to show or sell American goods our dealers and manufacturers demand cash, since they have no way of determining the standing of their customers or assuring themselves that credits will be met, while the Europeans, having their men in the field, can and do give long credits with business safety and success.

I do not think that the failure of American goods or the success of Europeans is at all due to local prejudices on the part of dealer or consumer. I am told by an English dealer that probably 90 per cent. of the merchandise imported into India is consumed by natives, and I am also told that fully one-half of the importations are by non-English houses, many of them Parsees, Indians and other Asiatics, whose trade instincts and habits are probably not controlled by any prejudice in favor of England or the English. I do not find in India the favorable sentiment in behalf of American goods that was noted in Egypt, but I find no adverse sentiment and no adverse laws or regulations.

Cheapness seems to be an extremely important requisite in the markets of India, more important than quality. This fact is recognized by the people of continental Europe, who are constantly increasing their sales in India at the expense of England and the United States. Belgian iron and steel are being furnished at extremely low prices and on long credits, and of rather poor quality, and this is true of the various manufactures sent in by Germany and Austria. The manufacturers and exporters of those countries seem to realize that they must make some temporary sacrifices

to build up a trade in India, and they are doing it while the manufacturers and merchants of the United States are making no effort, and therefore gaining no trade, but losing the little they had, and allowing the Europeans to get such a foothold that our prospects of getting into the market are growing less daily.

Of the \$100,000,000 of cotton goods imported into India last year the United States, although the chief cotton grower and a large manufacturer, supplied but \$500,000. Of the \$42,000,000 worth of iron and steel imports we supplied but \$1,500,000; of the \$10,000,000 worth of mineral oil imported we supplied but about \$2,000,000 worth, or one-third less in value than we supplied ten years ago. Our own imports from India are steadily increasing, while our sales in that market as shown by Indian figures are not only decreasing but are a trifle compared with our purchases from her. The Indian figures of trade with the United States show exports to the United States from 1890 to 1903, \$247,000,000; imports from the United States, \$61,000,000.

In connection with the foregoing the following statement of India's commerce is pertinent:

United States manufacturers should not lose sight of the fact that commercial men in India recognize that the United States is one of the best customers for Indian staples, and that there is increasing disposition to meet American manufacturers more than half way in any efforts made to extend our trade there. The total import trade of India in normal years averages about \$250,000,000, while the total exports rarely average much below \$400,000,000. Great Britain supplies about 66 per cent. of the total imports and takes about 25 per cent. of the exports.

The principal exports from India to the United Kingdom are: Tea, \$25,000,000; jute, \$15,000,000; dressed skins, \$6,500,000; wheat, \$7,500,000; linseed, \$7,000,000; rice, \$5,000,000; wool, \$3,500,000; jute manufactures, \$2,000,000, and coffee, \$2,500,000. Of the imports into India from Great Britain the most important is cotton goods, which approximates \$87,500,000 per annum. Of iron and steel England supplies \$6,500,000; cutlery, \$4,000,000; woolen fabrics, \$3,500,000. In wearing apparel, manufactures of leather, glass and glassware, and vehicles of various kinds, the prevailing tastes are largely favorable to British styles and products. It is probable that energetic efforts on the part of American manufacturers might result in our getting a foothold in some of the lines mentioned. In the relatively new industries, such as typewriters, cash registers, sewing machines, electrical machinery and supplies, Americans might enter the field with reasonable assurances of success.

Germany is next to Great Britain in sharing in India's trade. The exports to Germany are about \$30,000,000 annually, and the imports from that country \$6,500,000. The principal items of exports to Germany are jute, raw cotton, raw hides, linseed, grape seed and til seed, the last being used chiefly in the manufacture of margarine. Beet sugar is the principal commodity imported by India from Germany, which reaches \$1,000,000 per annum. Woolen goods to nearly the same value, and hardware and cutlery about \$500,000, are also received from Germany.

The United States ranks next to Germany, India exporting to this country about \$25,000,000 per annum and importing a little over \$4,000,000, according to Indian official returns. Exports to the United States from India consist almost entirely of manufacturers' material, namely, raw skins and hides to the value of \$8,000,000; jute manufactures, \$7,500,000; raw jute, \$3,500,000; lac and tanned skins nearly \$2,250,000, and indigo, \$800,000. Of the \$4,000,000 exported by the United States to India about one-half is petroleum, the remainder being made up of manufactured goods in great variety, but relatively small amounts in each line.

France occupies about the same position in the foreign trade of India as the United States.

JAPAN'S FOREIGN TRADE.

The general figures of Japan's foreign trade during the first half of the current year are as follows:

Exports	Yen. 142,099,000
Imports	283,949,000

Excess of imports..... 141,850,010

As to the movements of specie at Yokohama, Kobe, Osaka and Nagasaki, they were:

Exports of specie, gold.....Yen.	6,417,000
Exports of specie, silver.....	430,000

Total 6,847,000

Imports of specie, gold.....	16,756,000
Imports of specie, silver.....	6,119,000

Total 22,875,000

Excess of imports, gold.....	10,339,000
Excess of imports, silver.....	5,689,000

Total 16,128,000

It is observed that the three great events of the year have been the fall of Port Arthur, the Battle of Mukden and the Battle of the Japan Sea. The economic condition of the country, depending largely as it does on the war, should show a great change under the circumstances. Until the close of last year many people took a gloomy view of the future, and that there should be a corresponding restoration of activity is inevitable. The cotton spinning and other industries show this clearly, and so do the rates quoted on the exchange market, which are, in many cases, almost the double of what they were at the close of last year. It is not to be pretended, of course, that the above figures show a satisfactory growth of the country's foreign trade. Exports have increased by only some 5,000,000 as compared with the corresponding period of last year, and imports present a sudden and excessive growth. At the same time any increase of exports in the very acme of such a great war is matter for congratulation, and in the case of imports there is the special consideration that merchants have been laying in large stocks in anticipation of the increased tariff rates which went into operation from the 1st of July. Moreover the first six months of every year are notable for a marked excess of imports and in the second six months the conditions are generally more or less reversed. Of course the inflow of specie is not due to commercial operations: it must be attributed to the Government's special financial transactions.

FUTURE OF THE UNITED STATES IN CHINA.

The following letter from Consul George E. Anderson, of Amoy, dated July 12, in which he describes prevailing conditions in China, the progress that has been made by the United States manufacturers in its markets, and what must be done by our manufacturers to extend the sale of American goods in the Orient, seems likely to provoke discussion:

The foreign trade of the Empire of China, as stated in the returns of the imperial maritime customs for 1904, amounts to over \$408,482,403 gold (583,547,291 haikwan taels), this sum measuring the value of foreign goods at the moment they enter or leave Chinese territory. This value represents the whole value of foreign and Chinese goods of every description entering or leaving China, with the exception of goods of small value, comparatively speaking, which enter by native ports not included in this customs report. An examination of this foreign trade of China in detail indicates that the business men of the United States fail to take advantage of their opportunities in many lines. A detailed examination of the exports, on the one hand, indicates that China is selling goods, or at least has goods to sell, which the United States could handle with great advantage. This is true, especially in the line of raw and waste silks and in teas. An examination of China's imports, on the other hand, indicates that American business men are not selling even a reasonable percentage of what they ought to sell. This is especially the case in cotton manufactures, machinery, and prepared and preserved provisions. Indeed, it may be said of all those articles of foreign manufacture the introduction of which in China is to make the change of China from old to new things. Yet while this is true, it is a fact that American trade with China has been growing in great circles of development, and this, too, in spite of a lack of attention heretofore on the part of American manufacturers, the men most interested.

It is a marked indication of the strength of America's position economically that a very large portion of American trade in China at the present time is in the hands of foreigners, notably citizens of Great Britain. The natural disposition of such men is to deal in British goods. Most of them commenced business in the East by dealing in British goods exclusively. Their interests, prejudices, and business connection, as a rule, lead them to prefer British goods where possible. But in spite of this fact many of them have generally been forced to take up with American lines to hold the trade with the Chinese they have built up after years of effort. The quality and price of American cottons, for instance, have compelled recognition. American manufactures like sheetings are better goods than British factories have sent out for the same money, and the Chinese consumer has realized this fact. What is true of sheetings can and ought to be true of finer

grades of cotton goods. What is true of cotton goods, can and ought to be true with other American manufactures.

In America the profit and loss account of such staple lines as manufactures of cotton, machinery and provisions are held in balance by the general law of supply and demand, and interest charges. If cotton can succeed abroad, therefore other manufacturers can also succeed in the same manner. America has no reason to question its ability to successfully meet foreign competition in the markets of China. In short, the reason why the American business men have no greater share of the Chinese trade lies with the American business men themselves, not with the economic position of the United States, its relations in trade and politics to China, or any other element. American business men have their own prosperity in Chinese trade within their own control. It is rather unfortunate that many of them seem to think that already the United States has the bulk of Chinese trade. Chinese statistics show that the United States has about 10 per cent. of Chinese trade as compared with about 60 per cent. possessed by Great Britain. It is probable, however, that the real American portion of the trade of China is something like 20 per cent.

The first great fact of the general trade situation in China which must be thoroughly realized by American business men is that the vast bulk of the trade is British, Great Britain having about two-thirds of the entire foreign trade of China. In addition to this is to be noted the fact that much of the trade in the goods of other nations, as, for instance, American cotton goods, is in British hands, through British firms, and in British vessels. Great Britain has 51½ per cent. of the shipping in Chinese waters, and the proportion of British shipping to the total has increased rather than diminished. That this is the case is not due to the fact that Great Britain can make and sell goods to China better than other nations, at least not better than the United States, but that British merchants have appreciated the value of foreign trade in China, and have been working for it for more than half a century, not to mention the trade in Chinese goods with some shipping from England to China for several hundred years previous to the partial opening of China to foreign trade.

Having been the first of the great powers to give attention to Chinese trade, Great Britain has never ceased to work for it and protect it when once secured during all the years since the beginning was first made. On the other hand the United States has really given the subject of trade with China very little attention, and is today giving it comparatively little attention. The number of concerns in America interested in trade with China, as compared with the whole of American interests, is infinitesimal. The American producer has worked for his home market,

next for the European market, a little in a half hearted way for a South American market, and even for a market in Africa, with little regard for the immense possibilities of trade in the East, for which America is the most favorably situated of all Western nations. When once Eastern trade has been considered the average American producer has regarded it as something which will be American anyway because of this favorable relation of the United States to the Orient. This mistaken notion is passing away, and a beginning of an aggressive campaign for American trade in China has been made. But as yet it is really in the beginning. While shipments of American goods to China show a great increase, the increase is really more with the East as a whole rather than with China. As yet American trade is nothing compared with what it ought to be, considered from an international economic standpoint. The United States has the means to dominate the trade of the East if it will properly employ them.

The difference between American business methods and the methods which obtain in the East is marked. If Americans expect to secure trade where trade is established they will naturally have to meet their competitors upon even ground. Moreover, if the people of the United States expect to trade in the East they will have to be making preparation to that end. They are already at a disadvantage in the lack of territorial concessions where concessions mean prestige and actual trade advantage. Their policy in international policies has been such as will avoid international complications, but which will likewise avoid some of the beneficial results of political engineering. In China trade and international politics cannot well be separated. The reforms now necessary to Chinese trade are dependent upon political reforms. Trade treaties with China are of little moment if their provisions are not carried out, and China is not living up to its promises in trade treaties, nor will it do so until there is such political reform that there will be responsible authority in such matters, and until the country is really able to make good the promise it has made.

There are methods of actual business, too, which must be regarded. As a result of the uncertainties of exchange, wherein a purchase of goods abroad has become a matter of speculation as to whether or not exchange will rise high enough to wipe out all prospective profits on the goods handled, merchants in China have taken to auction sales, commission transactions, and the like. In his efforts to avoid the result of exchange fluctuations the average jobber in China at the present time sells his goods before he buys them, the transaction being little different from a purchase abroad on commission. Many of them have taken to the plan of receiving consignments upon commission for sale by auction. It is a little difficult for the average American manufacturer to adjust his business methods to such ways of doing business, but it is difficult to see how he will get business done in many lines unless such methods are adopted. After all, as a trade man has shown, the commission system leads to the manufacture and sale of goods which suit the market, goods which are wanted, and not goods which some one thinks are wanted. And the auction system is far more reliable in securing the highest market price for goods than similar sales would be in the United States. The British auction system is in reality much the same sort of buying and selling as that which controls the price of grain or provisions on American boards of trade. The Anglo-Chinese system, while different from the American system of selling, after all depends upon the same principles and has practically the same results.

The American business man also needs to regard permanent trade as his object, not the mere attainment of temporary advantage and present sales, even though the latter may be very large and satisfactory. The present trade

efforts of Americans are calculated to secure present trade rather than to lay the foundation for years to come. The policy of the men who have built up the foreign trade of China has been to work for the future, and the policy has paid, and paid well. Men who are doing the most trade in China at the present time have for years devoted a certain portion of their annual earnings to the extension of their trade. Every corporation of good standing doing business in China—and a very large portion of business is done by corporations rather than by individuals—carries on its books an ample reserve, which is designed not only to protect the company against bad seasons, but also for an aggressive trade campaign as well. In a country in which trade is more or less experimental, according to modern rules, profits are figured large on an average, and there cannot be as close figuring either in the matter of extending trade or in the general use of money in a business as there is in America or Europe. This does not necessarily imply that a business is unsafe, but it is due to the fact that conditions are not so well defined.

It is perhaps needless in this connection to speak of the importance of carrying on American trade in the East in American vessels. American trade in this part of the world will never be upon an equal basis with that of other nations until American goods are carried here in American vessels, until there is that transportation service which goes with regular vessels from the United States to the Orient, that advantage to trade which is possible with direct co-operation on the part of shipper and transportation interests, and that prestige which goes in a foreign market with a dominance of shipping. Even that slight increase in American shipping in Chinese waters which is represented by the rise in its percentage of the whole of shipping entering Chinese waters to 1½ per cent. is acceptable. While American trade in the Orient is rapidly increasing, the increase of shipping is not keeping pace with it. Nor do Americans get credit for the trade they actually have, because of the lack of American shipping to make a proper display of it.

The nation which has the most shipping naturally is given the popular reputation of having the most trade, and the nation having the most trade is regarded most favorably for new trade. American interests out here suffer unduly by reason of the fact that British interests have credit for much trade that is in reality non-British. This is but a radical aspect of the one great drawback to the proper advancement of American trade and interests in the Orient under present conditions—the fact that much of American trade is British owned, and the American goods get to the Chinese consumer mostly through British or other foreign hands. With Americans handling American goods with characteristic American energy, the increase in American trade in China would be far more rapid than it now is.

American traders need not expect to realize immense profits upon a business in China from its inception. The firm which will make a success is the one which comes to the country prepared to lose money for several years, if necessary. It by no means follows that money will be lost, but provision therefor should be made, and profit will come in due time. American interests have given China more attention in the past five years than in many years previous. This attention is having a most gratifying result in a rapid increase in American trade and a betterment of American interests. American manufacturers have commenced to properly study the Chinese market, and having studied it they will commence to manufacture for it. When American goods suitable for Chinese consumption are made upon that margin of profit which is counted as acceptable in international trade generally, American manufacturers will dominate the market of China. I believe their economic position is impregnable.

THEODORE B. WILCOX ON ORIENTAL TRADE.

The Trans-Mississippi Commercial Congress held its annual meeting this year at Portland, Ore., from August 16 to 19, in the auditorium of the Lewis and Clark Exposition. Mr. Theodore B. Wilcox, of the Portland Flouring Mills Company, was president of the congress, and at the session of August 17 delivered the following notable address on "Oriental Trade":

I am invited to speak here today on Oriental trade, because for eighteen years past I have taken a part in its growth and development, and while I know that from our Atlantic ports large quantities of American products are shipped to the Orient by way of the Suez Canal and around Cape Horn, I have been more interested in establishing better markets for the products of the Pacific Coast and transportation for other American products through our Pacific ports, and it is from this standpoint I shall speak.

I pass over the period of early Oriental trading, when merchants fitted out vessels in New York and London with ventures of American and European goods and went bargaining through the various ports for Oriental products, in charge of the old time supercargo, although even then, a century ago, Oriental trade had its attractions and its possibilities. Not until 1867, and in view of the completion of the first railroad across the American continent, was there established a steamer service across the Pacific. Small carriers, slow and infrequent, but during the following twenty years the trade grew to a fleet of several steamers, with a total carrying capacity of some 30,000 tons. In 1887 the Canadian Pacific Railway established the Empress line from Vancouver; in 1889 the Union Pacific a line from Portland; in 1890 the Northern Pacific a line from Tacoma, and in 1896 the Great Northern Railway established a line from Seattle. These various steamship lines have been increased from time to time with more and larger steamers, many of them of the largest and finest types afloat, until the carrying capacity of the fleet now employed is more than 300,000 tons, exclusive of lumber carriers. This will show you the growth of Oriental trade from Pacific ports better than any other statistics could do.

The dead weight base of nearly all of these cargoes has been flour, made from wheat grown on the Pacific Coast. Now it is not an easy thing to turn a people like the Chinese, who have followed the same customs for centuries, to new articles of food. Their accustomed diet is rice, and long before Confucius established the religion of the Empire the Chinese had adopted the same articles of food that have sufficed for centuries past. The establishment of a flour trade with such a people has necessarily been slow and an educational process. But in catering in every way to their oftentimes seemingly peculiar notions of what they want and how they want it, much, however, like the buyers in other countries, an annual trade of 150,000 tons—6,000,000 bags of flour, and requiring 7,000,000 bushels of wheat—has been built up with China alone. This trade has, how-

ever, suffered during the past year. Owing to the high prices of wheat in America, the active competition of Australia and other causes, it has fallen off nearly one-third, whether temporarily or otherwise remains to be seen.

With Japan it has been different. Beginning the import of flour in quantities only in 1897, this trade has grown rapidly, and though it has been fostered and cultivated but half the time, it already equals the volume marketable in China; and while doubtless some of it supplies the requirements of the war at present, the growth of the trade and the manner of its growth point to a constantly increasing volume. The Japanese have already realized that wheaten foodstuffs as employed by other peoples make for a better physical manhood, and that strength of bone and muscle begets a higher mental development. Eventually, we are told, much of the cereal foods of both China and Japan will come from Manchuria. But Manchuria will remain a part of China, and be but slowly colonized by Japan, and its production of wheat will not overtake the demand established for many years to come. But the rapidly increasing population of the United States, and especially of the Pacific Coast States, makes it very problematical what our surplus wheat crop may be, long before China and Japan produce their own supply in Manchuria. The total exportable surplus of the Pacific Coast at present would feed but ten or twelve millions of people, as we use flour. From this must be deducted the increasing requirements of Central and South America and the Pacific islands; and unless our wheat production increases more rapidly than our increasing population may require, the limit of our ability to feed the Orient will soon be reached, and they must look to Australia, to the territory east of the Rockies, to Manitoba or Manchuria. Meanwhile the fact remains that the development of the Oriental flour trade has taken approximately one-third to one-half of the surplus wheat of the Pacific Coast, at prices above a European basis, at prices which have been remunerative to the producer, and at prices which have advanced the value of farm lands in ten years from \$10 per acre to \$40 and \$50 and even more. It is not a great matter in bushels or dollars compared with the millions of Atlantic and Gulf exports, but it is enough to bring prosperity and happiness to the thousands of Pacific Coast farmers.

The demand of the Orient for American cotton goods is not new, but it has grown in volume until for the year ending June 30 last the total value of our exports was nearly \$30,000,000, of which China alone took \$28,000,000—a pretty fair amount of money from people working for 6 to 15 cents per day.

With the close of the war between China and Japan in 1894 Japan took up more extensively the manufacture of cotton goods for her own people and for Chinese and Korean markets. To produce goods that would compete

with American goods she wanted American long fibred cotton to mix with the cheaper grades of India and China, and her purchases of American cotton in 1904 amounted to 315,000 bales, valued at \$17,000,000. Not a great trade in volume, nor a great part of our cotton crop, but great enough, with the requirements for manufactured cotton sent to the Orient, to remove the surplus and reduce the supply below the usual demand, with higher prices and greater prosperity throughout the South.

The demand for American lumber has amounted in the past year to 55,000,000 feet, valued at \$600,000. Not a large part of the total output of Northwestern mills, amounting to some 4,000,000,000 feet, but a thriving, profitable and growing trade.

There is a long list of American products sent to Oriental markets—clocks, watches, typewriters, bicycles, sewing machines, locomotives and other machinery, nails, leather, copper, tobacco and oil. In all these articles your American merchant and manufacturer has spent time and money educating the Oriental buyer in their various uses, creating a want and then filling it. The trade in no one of these articles is great, but in the aggregate our exports total some \$12,000,000 to \$15,000,000 per month; not much when compared with the enormous total of American exports, but the building up of this Oriental trade has been the hope and the early future growth of the Pacific Coast, and the Southern cotton grower and the Eastern manufacturer have not been unmindful of its possibilities.

It is estimated that there are in some portions of China readily accessible to trade relations somewhere near 400,000,000 people, more than all the United States and Western Europe combined, but with little or no purchasing power, which is in fact the keynote to the slow progress that has been made in the development of the trade. With the ending of the present war, and the settlement of the political status of China, there will be an influx of foreign capital to build and equip railroads and waterways, mines will be operated, factories will spring up, trade and commerce will be done on modern lines, labor will be in demand at advancing rates, and the purchasing power will rapidly increase, as it has done in Japan since her awakening, and will continue to do as she establishes and maintains herself as one of the great nations of the earth. What man can measure the possibilities of trade with the Orient, or even of China alone, during even the next ten years? Other nations than ours are alert to its possibilities, and its development is not for us alone, nor are its fruits. England has her Hong Kong, France her Saigon, and Germany has planted herself on the Shan-Tung peninsula. We have planted ourselves on the Pacific Coast, and in the Philippine Islands, from which somewhat remote bases the lamented John Hay had tried to hold open the door to this Pandora of trade, while the underlings of Government, the petty officeholder and hanger-on, have subjected Chinese merchants, students and travelers of high character, and for whose proper and courteous treatment our treaty stipulates and our national honor demands, to humiliating and physically uncomfortable treatment, of such character and

frequency that Chinese of the privileged class, men of importance and influence in their communities, have returned home and spread abroad among their people that we are violators of international courtesy, faithless to our treaty obligations, and naught but western barbarians, unfit and unworthy of even commercial cultivation.

But further than this we have given to other nations, to our competitors for this trade with China, such a weapon against us as will prove our undoing if not quickly destroyed. We have been guilty of such offenses against a friendly nation, against a buyer of our products, that we may look for sharp retaliation, possibly instigated by competing nations, possibly only the turning of the worm. Already from Shanghai, the centre of foreign influences, comes the boycott of not only American goods but of American vessels, and doubtless of Americans themselves. But I want to say here that the boycott is a two edged sword, and agitation against Americans may not stop with the American in a land where all foreigners are "devils." Whether a boycott of American goods and American people by the Chinese merchants combined in the guilds or chambers of commerce may or may not meet with the approval of the Chinese Government is immaterial. Gentlemen will tell you that China must have American products, but there is nothing now supplied by us which cannot be procured from other sources. The Chinese Government cannot force her merchants to buy American goods, and while the attitude remains as it is, and if a general boycott is established, Australia will furnish the flour, India the cotton, British Columbia the lumber and European nations the balance of their requirements. Causes which lead to such interference with trade may be removed, but a trade once interfered with by such causes can only be regained, if at all, by long years of work and sacrifice of profits.

The situation must be met and satisfied without delay. The President of these United States has undertaken to secure proper treatment at our entry ports for the privileged classes of China, but so long has this been delayed, so flagrant have been our offenses, that it is doubtful if this will now suffice to restore our proper trade relations. It may suffice with the Chinese Government, but will it satisfy the Chinese merchants, will it destroy the weapon we have given our competitors—will it remove the boycott against American products?

I am a laboring man, born of working people. I am a believer in the right of all true and honest laborers to combine their strength to secure proper wages and conditions under which they labor. I do not hold organized labor responsible for the errors or crimes of the individual, and I have tried to do my part in upholding the dignity of labor by laboring myself, by paying good wages, by helping my employees to secure their own homes. I have befriended them in times of sickness and trouble, and I am not willing to offer any suggestion, or knowingly join in any plan, which will prove a menace to the best interests of true and honest labor; but the dignity and prosperity of the American farmer, the American cotton grower and the

American manufacturer must not be sacrificed or jeopardized in the solution of the difficulties that confront us.

I have never employed a Chinaman, except in my kitchen, but as a man who loves his country and his fellow men, who wants to see the United States the first, the best and the greatest in all times and in all places, I say—if it shall become necessary in the negotiations of a new treaty with China, to satisfy the Chinese Government, or to satisfy the Chinese merchants and remove the boycott in order to protect American trade, that we consent to the admission of a limited number of Chinese coolies, I shall favor such action to such extent as Chinese coolie labor can be employed within our domain without serious detriment to our own American laborers. Chinese coolies to perform the labor on sugar plantations are a pressing need in the Hawaiian Islands, and the prosperity of that portion of our country demands them. On the Pacific Coast there is a dearth of laborers to perform work which in their absence remains undone. There is the clearing of lands, cultivation of sugar beets, fruit raising, hop growing and common labor that will not pay the wages which white labor demands, and if it becomes a bone of contention, or a necessity to the solution of the question, I am in favor of admitting a sufficient number of Chinese coolies to supply our own needs and satisfy the requirements of the case.

In the early stages of agitation for the exclusion of the Chinese coolie, the one port of arrival and departure was San Francisco, and it was here that the Oriental first became obnoxious. But today, with the five ports of entry, a limited number will be distributed over a far greater territory and be found far less offensive than formerly, and a limited number can be used to advantage. Terrifying spectacles of race riot and bloodshed, by reason of the admission of the coolie, have been held up to us by newspapers and politicians, but I question whether there have ever been cases of such disturbances of the peace in the past where the Chinaman has been the aggressor, but always the inoffensive, unoffending worker, upon whose head has been visited the vengeance of individuals, for whom I do not hold organized labor responsible; but I believe that a moderate number sufficient to cover our own necessities could be easily assimilated and absorbed in the interests that require that kind of labor, and would be of vast benefit in the growth and development of the western country. I am confident, moreover, that white labor that commands good wages would not be injured or disturbed in any way by such a course; and it is as necessary today for the laborer and the politician as for serious thinking, progressive men, to join in hastening a solution of the problem of protecting and maintaining American-Oriental commerce. Heedless and unjustified exclusion of the Chinese will inevitably mean the coupling with it the exclusion of the Japanese. Already an organization known as the Japanese and Korean League has been formed in California, for the purpose of procuring legislation that will bar from our shores even the Japanese, but there are few politicians, or even laborers, who will care to assume the responsibility of striking the first blow at this newly discovered nation, and our amicable and friendly relations with them.

It seems to me that the solution of this question lies in

a revision of our immigration laws. It is too late to raise the cry of America for Americans, but it is not too late to demand that every citizen of this republic shall be Americans in all that the word implies, and that no other nation of the world may longer utilize the United States as a place to deport their criminals under the guise of emigration or colonization. It is high time that the gateways of international travel be closed against the undesirable element of all nations. The most pressing problem before the American nation today is not Chinese exclusion but the exclusion of the undesirable class of every nation and every clime from the United States in future. Paupers with the instincts of poverty and misery through generations, criminals of any sort or description, renegades and the irresponsible are not desired from any country.

Not a word of objection should be raised against any man, whatever his nationality or his race, so long as he is worthy to become a citizen of this great nation, but it is our duty as citizens of this republic to stop the influx of elements that can never be properly fused and assimilated with true American citizenship. It is not class consideration but a question that concerns the man with the pick and the shovel, with the saw and the plane, as much as the man in the counting room, for it concerns us all equally, and our children and our children's children. Earnest, honest, far sighted champions of the cause of laboring men have sounded the note of alarm long ago, but not until the events of recent years in industrial centres imprinted their scars did the people of the nation awake to a realization of its importance. There will be opposition to any movement of this character. Politicians have not found it prudent to uphold any radical changes in the laws affecting immigration; Atlantic steamship owners will fight to protect their traffic, and although in the past the immigration question has been deemed one that the East should settle because its problems had not become of consequence to the West, the time has come when the West has a vital and immediate interest at stake, and we must get together and act while we have a national Executive great enough and broad enough and brave enough to settle our questions with the world without hesitancy or fear or favor. What shall be the qualifications to determine whether a foreigner may be admitted or not is a matter too grave and too important to decide without the most careful consideration, but I believe that we should not only call upon the President to appoint an immigration commission to investigate and report to Congress, with recommendations for a comprehensive law, stringent and studied, to cover every undesirable person from every country, but we should see to it that the members of Congress, representing 30,000,000 of American citizens, give their time and effort to the accomplishment of something that should have been done a score of years ago, and cannot now be too soon concluded.

Population is desired in States and Territories of the Trans-Mississippi region, but not mere numbers or quantities irrespective of character or quality. Let the immigration laws be remodeled, with a view to excluding the undesirable elements from every nation, but let them apply with equal force and effect to every nation whose people desire to join us. Let them apply alike to the hordes of southern Europe, to Chinese and Japanese, and if the European immigrant cannot comply with their requirements let him be excluded, and let the Chinaman or the Japanese enter or be excluded upon exactly the same terms and conditions.

Pending such action as this, who shall cavil at the losses sustained because of a boycott on the part of China, or any other nation whose interests, individual or collective, shall stand for a moment in the way of a course of action which shall be for our country's good and the preservation of the greatest free and enlightened form of government the world has ever seen?

CHINESE CREDIT AND TRADE BALANCE.

Consul Anderson writes from Amoy concerning China's export trade. He points out pertinently that as trade depends upon the power to purchase, China will cease to buy unless she can sell. He says:

It is a notable fact that those nations which are doing the most at the present time to develop their trade with China are doing little, comparatively speaking at least, for the development of China's export trade. So long as China buys foreign products, the end of all trade efforts, according to a strongly marked disposition on the part of some commercial circles, has been reached, yet at the same time there has been a fear, often expressed, that China would not always be able to buy foreign goods since the balance of trade has been so long against the Empire.

As a matter of fact the balance of trade has not been against the Empire; for while the surplus of imports over exports last year (1904) was that of 344,060,608 haikwan taels (imports over 239,486,683 haikwan taels, a difference of 104,673,925 taels, or \$73,271,747 gold), the difference is more than made up from year to year by movements of treasure representing Chinese earnings abroad, by money expended in China by foreigners for one purpose or another, and by exports to the west and north, of which no account has been taken in the above figures.

At the same time, it is easy to see that if a nation so poor as China has been, which is still poor as regards foreign credit and conditions which go to establish a nation in foreign commercial dealings—if such a nation cannot sell goods it cannot buy them. Nations pay for their imports by their exports, and the gold or silver which changes hands across international boundary lines is never a very great factor in international trade except where it is transferred as a commodity, like any other article of production, rather than as money. China most assuredly is no exception to this general law of international trade. If, therefore, Western nations expect to sell goods to China in constantly increasing amounts, an expectation both natural and reasonable in view of recent history and apparent possibilities, these same nations must have full regard for China's export trade.

China's export trade is not greatly on the increase. On the other hand, there are constantly expressed fears that it will not grow in the near future as it should. The most notable feature of the export trade of the Empire at the present time is in the rise in importance of exports other than tea and silk. The relation of tea and silk to the export trade of the Empire has been discussed heretofore in reports to the Department. Generally it may be said that while both tea and silk show something of an absolute increase over the tea and silk exportations of forty years ago, they have fallen in comparative importance from 58 and 24 per cent. of the total exports in 1864, as compared with 12 per cent. of cotton and 6 per cent. of other goods, to 12½ per cent. for tea, 33 per cent. for silk and 10½ per cent. of cotton and 44 per cent. of other goods in 1904.

The new exports include articles of many varieties. Bean cake for Japan amounts to from 3 to 5 per cent. of the total exports yearly. Enormous quantities of eggs are exported for their albumen; also opium, cotton and rape seed; minerals, straw braid, sugar, oils of various sorts, hides, feathers; manufactured goods like fans go abroad in increasing quantities, as do mats, rush and chip hats, hides, hemp, grass cloth, timber, tobacco. The list of articles now

exported by China, in addition to the old exports of tea and silk, is a long one, and needs to be carefully studied by the American manufacturer who desires to widen his own trade so as to include China among his customers.

The encouragement of the consumption of the Chinese products in the United States is one of the best ways of getting at the Chinese trade situation. The tea trade of China is threatened, indeed, it may almost be said to be on its last legs, because of competition in other countries, and yet China can produce the finest tea in the world and is now shipping to the United States, as its best customer, grades of tea which India and Ceylon are ineffectually attempting to imitate. China's silk industry is threatened. It needs modern science to supplement the wonderful advantage China has in the silk business naturally. At the present time the United States is not using Chinese silk products to the extent it may profitably use them, especially raw silk and waste silk for raw materials. The American silk men are investigating the situation, and they will find it profitable to do so.

While the development of trade in other lines shows that China no longer depends totally upon its tea and its silk to pay its foreign bills, the tea and silk exports of the Empire are not what they ought to be and what they will be with proper development and care. It should be impressed upon the business men of the United States that it is their business as well as that of China to support these drooping industries and to give encouragement to efforts made to revive them. The business men of the United States have a vital interest in the development of Chinese export trade. The greater the export trade of China the greater will be its consumption of foreign goods. China at the present time does not measure its consumption of foreign goods by what it wants, but by what it can afford to buy.

The development of China's export trade means the development of Chinese import trade. The more money the Chinese producer receives for his goods sent abroad the more money he will have for the purchase of foreign goods. It may be safely relied upon by all nations that the Chinese consumer will not buy until he can produce and sell. He has little or no surplus to draw upon for what he wishes to buy, and the natural result is that he must pay for his purchases in goods of his own production. This, indeed, is a great law of international trade, and it applies with more than its usual force in the trade of China. American trade interests looking to Chinese markets must expect to buy as well as sell, to take as well as give. There is no reason why China should not have a constantly increasing share of the trade of the United States as the United States is to have of China's foreign trade. It has much to offer, and can offer what it does have at attractive prices. The constantly increasing disposition of the manufacturers of the United States and other nations to look to China for their raw materials, which is to be traced in the increased exports of egg albumen, hides, oils for paints and varnishes, cheap paper, skins, wool, and similar goods, is one of the most encouraging features of the Chinese trade situation. With more attention to Chinese tea, and especially to Chinese raw and waste silks, American business men can work to their own advantage not only in the purchase of these goods for their own use, but in the increase in the buying power of the Chinese which such purchases will effect.

PROSPECTS IN MANCHURIA.

Consul Sammons, of Niuchwang, furnishes an interesting report regarding the commerce and agriculture of Manchuria. He says:

American goods in Manchuria are sold on their merits. American cotton goods are the best in the market; so is the kerosene oil, and hence the large sales. America sells more to and Japan buys more from Manchuria than any other nation. Chinese consumers say American cotton goods are not made for looks or show. On the other hand, some of the Chinese and Japanese goods in a similar line are found to be a sort of imitation of the American product, and this adds to the popularity of the fabrics that will wear. At the same time, however, the Japanese and Chinese methods of manufacture are improving. This fact must be kept in mind in considering future business. In the Far East, as elsewhere where there is an open market, the consumer is looking for the best bargains.

The Chinese of northern China are very much like those of southern China—they are careful, close buyers. They will buy to the best advantage, provided there are no restrictions placed upon trade. One of the largest dealers in American cotton goods here or elsewhere in the Orient informs me that the manner of wrapping a bale of cotton goods may decide its sale, quality being equal or almost equal. For instance, if the Chinaman who buys the bale observes that in wrapping it the manufacturer or packer has put in plenty of covering he may purchase that particular bale in preference to another stock which has been wrapped in a manner that will give the man who breaks the package but a very slight "squeeze" in the way of coarse cloth wrapper.

The American cotton goods sold here are handled through Shanghai almost entirely, and therefore the movement to boycott American goods on account of our treaty relations has been felt in this port in two ways: The strongest influences originated with Shanghai parties, and were largely beyond the control of local, Niuchwang, counter-acting arguments. Other influences were of local origin, resulting mostly from Tientsin newspaper agitation. Several meetings were called for the purpose of securing united action among Niuchwang merchants in opposition to American goods, but in all instances leading Chinese merchants, who had expressed favorable opinions regarding those articles of American manufacture that are sold here, were present. They strongly opposed any agitation, and although the Chinese circulars issued on these occasions, and originating in Shanghai, called for some immediate and positive action, no organized movement in the nature of a boycott has followed. Many leading Chinese merchants state positively that no boycott on American goods will be sanctioned by them, and that the anti-American agitation will die out. While it is true that few, if any, of the northern Chinamen seek to migrate to America, the major part of the aggressive Chinese merchants in northern China come from southern China, and therefore it is, presumably, easier than otherwise would be the case to enlist their sympathies in a movement originating among their former friends or acquaintances. Briefly stated, the American cotton fabrics sold here are in the lead, because the purchasers find them the best the market affords.

It is noticeable that the cotton goods that may yet enter into active competition with the American article—viz., the Japanese and Chinese products—are improving in quality. Therefore with better methods and greater skill in Japan, and with the Chinese cotton mills free from the obstacles that have heretofore crippled them, the American manufacturer will have to be alert. When the Chinese cotton

mills started it was predicted that they would eventually supply the needs of the Oriental market. The Chinese cotton producers, in resorting to various methods of squeezing, virtually killed the goose before it began laying golden eggs. They attempted to obtain high prices by cornering methods, they utilized unfair methods in attempting to increase the weight of the bale, and such methods, coupled with the fact that the Chinese cotton product did not equal that of the United States, crippled the industry in China, at least temporarily. Now, however, these defects and obstacles are being removed, some Japanese manufacturers are becoming interested in the Chinese mills, better methods prevail, and with markets favorable and friendly to the Oriental product the outsider will necessarily have to offer, in due time, additional inducements.

With the Russians removed from this market, the American kerosene oil has a practically clear field. For a time during Russian occupation the American product was threatened through influences that were brought to bear on the local trade in favor of the Russian product. With oil coming without breaking cargo direct from Philadelphia to Niuchwang, the unprecedented receipts of 1904 will be outdone, and the oils of eastern Asia will have little chance to compete with the American product. American lumber, canned goods, flour, cigarettes, sewing machines and cooking and heating stoves find a market in Manchuria, and the demand at present for these and similar articles is steady and continuous in a limited way.

It is known that there are valuable mineral deposits in Manchuria. Coal has been mined for several years in a primitive way, and the operations of the Russians in this direction attracted attention near Mukden. Gold, both in quartz and placer, is found, as are copper, silver and other minerals. But just what the field offers in the way of practical mining possibilities is, as yet, subject to careful investigation. Many agree, however, that Manchuria is one vast field of mines and rich farming and grazing lands. Indeed, some of the samples of ore promise fabulous results, but as a rule the question entering into the operation of, and as yet, indeed, the securing of title to, good properties are indefinite and too nebulous at this particular time to prove attractive to capital. With war at an end and ample and well defined government regulations in force the exploitation of mining enterprises in Manchuria will be open to serious examination. The indications, or "croppings," certainly warrant thorough prospecting of undeveloped properties and expert opinions where capital seeks investment in mines that have a right to be called such. Manifestly all matters pertaining to the development of mining properties are practically at a standstill in Manchuria. In many parts of China, as well as in various countries of the world, there exists a belief that the mineral deposits of Manchuria are fabulously rich. This belief may, in part, be accounted for by the popular idea that an unknown mineral or gold district possesses great wealth.

Previous to the present war several coal and a number of gold quartz prospects held out inviting inducements, although the Chinese in a primitive way have for years been taking gold out of the country. But, as a rule, there has been comparatively little thoroughly scientific prospecting or investigation. With favorable conditions following the war the mineral resources of Manchuria will no doubt warrant thorough prospecting; without favorable conditions foreign capital will very likely proceed with great caution. Applications for mining concessions covering apparently valuable areas in eastern Manchuria have been put aside for the time being, for one reason and another, but in the

main on account of the war. The natives are doing some prospecting, mining and development work in Manchuria, but foreigners are not thus engaged, and, as pointed out above, nothing will be done until the present unsettled condition is at an end. The war has temporarily at least paralyzed mining enterprises. Under what conditions they may be revived remains to be seen. However, in concluding this subject, it may be said the samples of ore exhibited at Niuchwang and elsewhere in Manchuria indicate the presence of highly valuable deposits in the various minerals, with several, such as iron, coal and copper, in similar districts covering wide areas.

Galena ores recently assayed, show, for instance, 1.14 ounces in gold and 1.18 ounces in silver per ton. Various

quartz samples assayed showed an average of .54 ounce in gold, and as high as 1.25 ounces in silver. Most of the coal has an abundance of slate and ash, although coal of a quality without superior in the Far East has for years been mined in a small way in the Liao Peninsular district. Twenty years ago, for instance, foreign residents of Niuchwang bought their winter's coal supply from the but partially developed mines of Manchuria. Some of these mines have been filled with water, and others have been temporarily abandoned. This coming winter it is probable the bulk of the Manchurian coal supply for domestic purposes will come from Japan or elsewhere in the Far East, and the price to be paid will be in the neighborhood of \$16 Mexican or \$8 gold, per ton.

THE PERRY MEMORIAL RELIEF FUND.

YOKOHAMA, July 21, 1905.

John Foord, Esq., Secretary the Perry Memorial Relief Fund, New York:

DEAR SIR—I have the pleasure of enclosing you herewith a sheet from one of our local papers, referring to the turning over by our committee the sum so far received from subscribers to the Perry Memorial Relief Fund, thinking that perhaps you might wish to publish it in your JOURNAL.

In this connection I would add that I have had the honor to receive a verbal acknowledgment from His Imperial Majesty the Emperor, through Viscount M. Tanaka, in which His Majesty expressed his high appreciation and gratitude to the American public for the substantial token of their sympathy and aid in behalf of his suffering subjects.

Our secretary, Professor Swift, will furnish you later with notices to be passed around through your good self to the New York subscribers, a copy of which I hand herewith, and remain, dear sir, Yours faithfully,

N. F. SMITH.

THE PERRY MEMORIAL RELIEF FUND.

To Subscribers:

We beg to inform you that, complying with the instructions given us as your committee, we have placed in the hands of the Minister of the Imperial Household 103,000 yen for the purpose of giving assistance to destitute families of Japanese soldiers and sailors called to the front. The distribution of said sum to be under the command and direction of His Imperial Majesty the Emperor of Japan. Your committee also beg to renew their appeal to the American public for further subscriptions to this fund, the pressing need of augmenting which is daily becoming more apparent. We have the honor to be

Your obedient servants,

N. F. SMITH, President, Yokohama.
 AISUKE KABAYAMA, Vice President, Tokio.
 B. C. HOWARD, Treasurer, No. 4 Settlement, Yokohama.
 JUICHI SOYEDA, Treasurer, Industrial Bank, Tokio.
 J. T. SWIFT, Secretary, No. 5 Tsukiji, Tokio.
 D. H. BLAKE,
 J. W. COPMANN,
 V. W. HELM,

Executive Committee.

YOKOHAMA, July 5, 1905.

(From the Weekly Box of Curios, July 8, 1905.)

On Wednesday morning of this week Mr. N. F. Smith, as president of the committee of the above fund, proceeded to Tokio to present to Viscount M. Tanaka, at the Im-

perial Household Department, an address, together with the substantial sum of 103,000 yen to be distributed for the relief of the destitute families of the Japanese soldiers and sailors. The address, which was handsomely engrossed on vellum and signed by the members of the committee, was as follows:

To His Excellency Viscount M. Tanaka, Minister of the Imperial Household, Tokio:

YOUR EXCELLENCY—On the fiftieth anniversary of the signing by Commodore Perry of a treaty between the United States of America and Japan a joint meeting of Americans and Japanese was convened at Tokio, when it was unanimously decided that the occasion could not be better commemorated than by organizing "The Perry Memorial Relief Fund" for the purpose of giving assistance to the destitute families of Japanese soldiers and sailors called upon to sacrifice their all for the public weal and their country's cause.

To promote this end the undersigned committee were appointed; and to guarantee the proper use and administration of moneys contributed to the fund the committee were instructed to place the same at the disposal of the Minister of the Imperial Household under the command of His Imperial Majesty the Emperor of Japan.

In compliance with these directions and in behalf of the American and Japanese subscribers to the fund, we now have the honor and satisfaction of placing in Your Excellency's hands the sum of 103,000 yen, to be devoted to the object named under His Imperial Majesty's direction.

Through the good offices of Your Excellency we beg to assure His Imperial Majesty that this fund not only represents a combined labor of love between Americans and his Japanese subjects, but also in a small measure the unbounded interest and sympathy that Americans have felt and still feel for Japan in the trying ordeal that the present war has imposed.

With sentiments of the greatest respect,

We have the honor to be

Your obedient servants,

(Signed)

N. F. SMITH,
 AISUKE KABAYAMA,
 B. C. HOWARD,
 JUICHI SOYEDA,
 J. D. SWIFT,
 D. H. BLAKE,
 J. W. COPMANN,
 V. W. HELM.

Viscount Tanaka, after receiving the address and a check for 103,000 yen, expressed his great appreciation of the very substantial sum presented and the great good its distribution would accomplish.

LIST OF MEMBERS.

Corrected to September 1, 1905.

HONORARY MEMBERS.

- Hon. John Barrett, Envoy Extraordinary and Minister Plenipotentiary of the United States to Colombia.
 Hon. William W. Rockhill, Envoy Extraordinary and Minister Plenipotentiary of the United States to China.
 Morris K. Jesup, President of the Chamber of Commerce of the State of New York.

MEMBERS.

- Abbeville Cotton Mills, Abbeville, S. C.
 Allen, George Marshall, Morristown, N. J.
 Allmon, George S. (Union Spring and Manufacturing Company),
 Wilmington, Del.
 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.
 Anderson Cotton Mills, Anderson, S. C.
 Ansonia Clock Company, New York.
 Appleton, Herbert (insurance), New York.
 Arnhold Karberg & Co. (exporters and importers), 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 Com-
 pany), New York.
 Bliss, Fabyan & Co. (dry goods comm.), New York.
 Borden's Condensed Milk Company, 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.
 Brown & Co. (lumber), New York.
 Browne & Co. (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.
 Camera, L., care Jardine, Matheson & Co., Shanghai, China.
 Capelle, Herman, Company, The (Egyptian cotton), New York.
 Capen's Sons, A. W. (exporters and importers), New York.
 Carl, Francis A. (Imperial Maritime Customs), Shanghai, China.
 Carleton, I. Osgood (commission merchant), New York.
 Carlowitz & Co. (exporters and importers), New York.
 Carter, Macy & Co. (tea importers), New York.
 Cary, Clarence (lawyer), New York.
 Cary, John C. (cotton mill), Lockhart, S. C.
 Catlin & Co. (dry goods comm.), New York.
 Cattus, John V. A. (commission merchant), New York.
 Caughey, Clemens J. (wholesale grocers), 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.
 Chiquola Manufacturing Company, Honea Path, S. C.
 Cholwell & Co., George C. (tea brokers), New York.
 Chubb & Son (marine insurance), New York.
 Clafin 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.
 Coster, Maurice (Westinghouse Electric and Manufacturing Com-
 pany), 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.
 Duer, Edward Rush (shipping and export), New York.
 Easley Cotton Mills, Easley, S. C.
 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. (banker), New York.
 Fleitmann & Co. (dry goods commission), New York.
 Flint, W. K. (importer of teas, coffees and spices), Milwaukee, Wis.
 Foord, John, New York.
 Forbes, Francis Blackwell, Boston, Mass.
 Forbes, W. Cameron (Philippine Commission), Manila, P. I.
 Fraser, Alfred (merchant), New York.
 Frazar & Sale, Ltd. (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.
 Gerrish, W. L. (warehouseman), New York.
 Gossett, J. P. (president Williamston Mills), Williamston, S. C.
 Grant, W. Henry (secretary Canton Christian College), New York.
 Green, C. A. (Dun's Mercantile Agency), New York.
 Guggenheim, Daniel (American Smelting and Refining Company),
 New York.
 Guggenheim, Isaac (American Smelting and Refining Company),
 New York.
 Gurley, W. & L. E. (instrument makers), Troy, N. Y.
 Haines & Bishop (dry goods comm.), New York.
 Hall, Albert C. (umbrellas), 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.
- Heinsheimer, Louis A. (banker), New York.
- Hellyer, F. (tea importer), Chicago, Ill.
- Hess, R. P. (city fire department), New York.
- Hewlett & Lee (tea importers), New York.
- Hickman, T. I. (president and treasurer Graniteville Manufacturing Company), Augusta, Ga.
- 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.
- Houlder, Rowatt & Co., Howard (steamship agents), New York.
- 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.
- Isaqueena Cotton Mill, Central, S. C.
- Jacobs, M. R. (cotton goods broker), New York.
- Japanese Fan Company, New York.
- Jenks, J. W. (International Exchange Commissioner), Ithaca, N. Y.
- 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.
- Law, William A. (Merchants National Bank), Philadelphia, Pa.
- 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.
- 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.
- McCook, John J. (lawyer), New York.
- 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.
- May, Frederick (real estate), Washington, D. C.
- 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.
- Mitsui & Co. (exporters and importers), 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.
- Moore, Chas. A. (railroad supplies), New York.
- Morewood & Co (commission merchants), New York.
- Morgan, Edwin (United State Minister to Korea), Seoul.
- Mosle Brothers (importers), New York.
- Motley, Green & Co. (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.
- Norris Cotton Mills, The, Catechee, S. C.
- Oakes, Walter (Alaska Steamship Company), Seattle.
- 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.
- Orr Cotton Mills, The, Anderson, S. C.
- 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.
- Pantasote Leather Company, The, New York.
- Parker, Wilder & Co. (dry goods comm.), New York.
- Parsons, William Barclay (consulting engineer), 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 Maritime Customs), Shanghai, China.
- Phelps, Dodge & Co. (importers of metals), New York.
- Philadelphia Museums, Philadelphia, Pa.
- Phoenix Silk Manufacturing Company, New York.
- Piedmont Manufacturing Company, Greenville, S. C.
- Poe Manufacturing Company, The, Greenville, S. C.
- 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.
- Reid, David C. (car builders), Wilmington, Del.
- Ripley, Daniel (cotton broker), Galveston, Tex.
- Robbins & Appleton (watch manufacturers), New York.
- Rockhill, Clayton (essential oils), New York.
- Roe, Livingston (export oils), New York.
- Rogers, Brown & Co. (pig iron), New York.
- Rogers Locomotive Works, Paterson, N. J.
- Roome, William P. (teas and coffees), New York.
- Rosenberg Brothers & Co. (importers, exporters and commission merchants), San Francisco, Cal.
- 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.
- Schwab, Chas. M. (iron and steel), 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. (retired), New York.

Sherman, C. W. (Central Car Wheel Company), Pittsburg, Pa.
 Sherman, Charles E., Lawrence, Nassau County, N. Y.
 Shewan, Tomes & 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, A. W. (cotton manufacturing), Woodruff, S. C.
 Smith, Hogg & Co. (dry goods commission), New York.
 Smyth, E. A. (cotton manufacturing), Pelzer, S. C.
 Spartan Mills (cotton manufacturing), Spartansburg, 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.
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 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.
 Yungmann & Schneider (stamp manufacturers), New York.
 Zalinski, Capt. E. L. (consulting engineer), New York.

THE PANAMA CANAL AND THE PHILIPPINES.

The effect upon distance is the paramount factor in the bearing of the Panama Canal on commerce, and the traffic it will accommodate will be largely governed by the nautical miles saved over pre-existing sea routes. The advantages that will accrue to some sections will be great; but with regard to the Philippines the significance of the canal is singularly equivocal, since from the standpoint of mileage, the distance to the American North Atlantic seaboard, which alone is at present concerned in Philippine trade that is in any degree affected by the canal, would remain about the same as it is now via Suez. There would be an advantage in favor of Gulf ports, and in the shifting of traffic to these ports in the anticipated readjustment of trade channels that would follow the opening of the canal the average commercial distance between this section of the United States and the Philippines would be somewhat in favor of Panama. With the advantage of lower tolls, however, and with the extension of the American coastwise laws to the islands, which will give to an American vessel exclusive carrying privileges throughout, and permit also of a coasting trade embracing the whole American seaboard, Atlantic and Pacific, from Boston or New York to Puget Sound virtually along the direct line of route to the Philippines, it seems that such advantages would accrue to the Panama route as to throw the great bulk of American-Philippine trade via Panama in spite of equal advantages in distance by way of Suez.

The following extract from the recently published report of the Isthmian Canal Commission is of interest in this connection, and succinctly indicates the commercial bearing of the canal on the Philippines:

The effect of the isthmian canal upon the routes followed by the trade between our Eastern seaboard and the Philippines will be to divert a considerable share of the traffic from the Suez to the American canal. Steamers now use the Suez, and after the American canal has been opened the choice will lie between the two canal routes. The distance by the Cape of Good Hope is too great to permit that route to compete with the canals for the traffic handled by steamers. The distances from New York to Manila by the two canals are nearly equal—11,601 miles via Suez, 11,585 by way of Panama, San Francisco and Yokohama, and 11,675 via Honolulu and Guam. From our South Atlantic and Gulf ports the distance to Manila will be much less by the American canal than by way of Suez. Chartered vessels outbound from New York will doubtless go sometimes by one route and sometimes by the other. The chief attractions of the American canal route will be the coasting trade of both seaboard of the United States—the shortest route from Central America to Manila being by the great circle which passes close to San Francisco—the large volume of exports from the United States to Asia, the Asiatic coasting trade of Japan, Shanghai and Hong Kong, and the cheap coal obtainable in the Caribbean and Japanese coaling stations. The inducements of the Suez route will be the large volume of exports from the United States to Europe, and the possibility of trading at numerous intermediate ports in the British, Dutch and French East Indies. Likewise chartered vessels returning to the United States from Manila will sometimes come by way of Hong Kong, Shanghai, Yokohama (or other Japanese ports), Puget Sound, San Francisco, Central America, etc., and sometimes by the East Indian ports, the Suez Canal and Europe. Line steamers plying under the American flag between our Eastern seaboard and the Philippines would probably be operated through the isthmian canal, and would participate in the trade between the Eastern and Western coasts of the United States.

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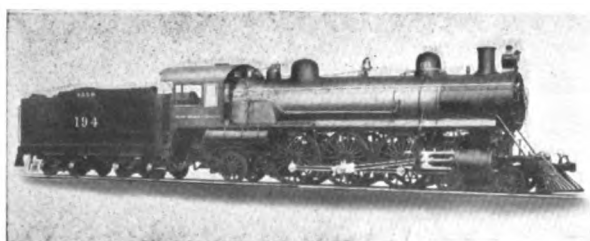
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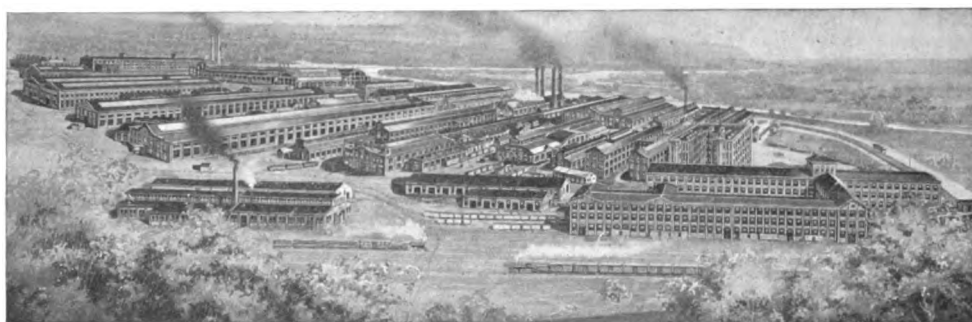
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THE date of the annual dinner of the Association falls this year on Saturday, December 2, and the ballroom at Delmonico's has been engaged for the occasion. Mr. Kogoro Takahira, the Japanese Minister, will be the guest of honor, on the eve of his departure for a visit to his native country. The distinguished ability with which Mr. Takahira has discharged his duties as representative of Japan in Washington and at the Portsmouth Conference, as well as his constant and earnest sympathy with the work of the Association, will secure for him a reception of no ordinary warmth. The dinner will naturally serve as a celebration of the conclusion of a peace by which a new and lasting security has been given to the principles which this Association was organized to maintain and promote, and whose triumph was made possible by the sacrifices of Japan. The convictions held by our membership on this subject are those which have been so frequently expressed in these columns, and the sincere feeling of obligation to Japan and her envoy which pervades the Association will assure the certainty of a very large attendance at the dinner, whose primary purpose is to do him and his country honor.

SOME interesting side-lights on the Chinese boycott movement will be found on another page, and it will be perceived that the situation is still one of considerable delicacy and difficulty. There is abundant evidence that the real authors of the boycott are so much enamored of their work as to be disposed to demand concessions from this Government which public sentiment cannot, as yet, be relied on to support. It would, no doubt, be a desirable solution of the whole question that the Chinese laborer should be placed under no greater restrictions as to his entrance here than are imposed on laborers from other countries. If these restrictions are not sufficiently rigid, say the advocates of this policy, let the laws be so amended as to exclude all undesirable immigrants of whatever nationality, but treat all alike, and do not single out the Chinese for special discrimination. Unfortunately, there are some perfectly sound arguments to sustain the policy of rigid exclusion of Chinese labor, which are likely to give way only before a demand from some considerable section of the country for the right to import a certain number of Chinese coolies every year to do work which no other people can do so well. But as that is not even a present probability, it can have no practical bearing on the terms of the new treaty. Urgent as is the demand in Hawaii for Chi-

nese labor, it may even be doubted whether a modification of the exclusion law can be made operative there. A similar remark applies, with still greater emphasis, to the Philippines, where it is held by Secretary Taft that the American policy of elevating the Filipino in the scale of humanity would be seriously interfered with if the native laborer had to hold his own against Chinese competition. This impression may be a profound mistake, and there can be little question that the shutting out of the Chinaman from a field which he occupied hundreds of years before our acquisition of the Philippines is a serious bar to its development. But there are enough people here who share Secretary Taft's view to render the letting down of the Philippine bar highly improbable.

THERE remains the simple solution of defining the excluded coolie class and allowing all others to enter as freely as people of other nationalities. That is certainly the minimum of the concession which we should offer the Chinese Government; it is also the maximum which there seems any chance of getting through the Senate of the United States. As will be perceived from a report elsewhere of the President's speech at Atlanta, this solution of the question is the one which he favors. His formula is a sufficiently simple and satisfactory one: "Our laws and treaties should be so framed as to guarantee to all Chinamen, save of the expected coolie class, the same right of entry to this country and the same treatment while here as is guaranteed to citizens of any other nation." Had that view been accepted by the Department of Commerce and Labor a year ago the whole boycott agitation might have been avoided, and a treaty on these lines been actually in operation. During the lifetime of Secretary Hay the Government at Peking and our own were in entire accord as to the terms on which a more liberal treaty could be negotiated, and only the trades union sentiment which is so firmly entrenched in the Department of Commerce and Labor interfered with the making of a satisfactory agreement. When the President awakened to the importance of the issue involved the tone of the Department of Commerce and Labor underwent a sensible change, both in regard to the administration of the existing law and the terms on which it was possible to conclude a new treaty. Unfortunately, we have to deal now with a different condition of Chinese sentiment, and while it is extremely probable that a treaty conceived in the spirit indicated by President Roosevelt may satisfy the Government at Peking, it is extremely doubtful that it will be deemed sufficient by the agitators and sympathetic officials who are still keeping alive the boycott in Canton, and through whose efforts it is making itself felt in some of the Yangtze ports.

THERE is a certain ingenuousness about Major General Corbin's article on "Manila, the Trade Centre of the Orient," which we reproduce in another part of this issue. The General feels quite sure that the city's geographical situation, her great harbor, and the new dock system all indicate that Manila will be the trade centre of the Orient within the next few years. It is true that he discerns the

existence of a large sized "if" as a supplement to this statement, and that is "if sufficient encouragement was given to commercial interests." It would be interesting to know just what kind of encouragement General Corbin and his committee "appointed some time since with a view of extending the importance of the port of Manila as an international distribution point for Oriental trade," are looking for. The Congress of the United States has endeavored to encourage them by applying the navigation laws of the United States to the commerce of the Philippines, and has virtually placed a premium on the exports of Manila hemp to this country. Congress has not yet abolished the Dingley rates on Philippine sugar and tobacco imported into the United States, though one probable result of the visit of the Taft excursion party will be a reduction of the customs duties on these articles to 25 per cent. of these rates. All this is calculated to stimulate and promote the trade between the Philippine Islands and the country which counts them as one of its possessions. But it is hardly the kind of legislation under which Manila will develop into a "shipping centre of the Far East." A gleam of the kind of intelligence needed to provide a great future for Manila appears in General Corbin's suggestion for the establishment of a free zone in Manila harbor, "a certain portion of which would be designated as a free port, and into which vessels might enter with cargo intended for reshipment to ports or places outside of the Philippine Islands." If the General and his friends will start a movement to make the entire port of Manila as free as Hongkong, they may possibly be able to emulate the growth of that emporium of Far Eastern trade, a large portion of whose business they assert "belongs by natural right to Manila."

ONE more security for the permanence of peace in the Far East has been afforded by the beginning of an era of constitutional government in Russia. Whatever else may come out of the Czar's manifesto, it is plain that the era of an irresponsible autocracy served by an unscrupulous bureaucracy is at an end, and that hereafter there must interpose between the ruler of the Russian Empire and his people some kind of constituent assembly. It may safely be predicted of any such body that its policy will be precisely the reverse of that of the adventurers who precipitated the war with Japan; that a policy of Asiatic adventure will be entirely contrary to its spirit, and that a good understanding between Russia and the two great allied powers of Asia will meet with its emphatic support. The evidences of a rapprochement between Russia and Great Britain were sufficiently numerous before the outbreak of the recent disturbances to give every friend of peace cause for satisfaction. The issue of what was practically an uprising of the Russian people is, happily, calculated to make the diplomatic understanding which seems to be well under way more easy of accomplishment. It is not too much to say that no achievement in the field of diplomacy in our time would be of happier augury for the welfare of the human race and the rapid advancement of the greater portion of it along the lines of freedom and progress.

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the nine months ending Sept. 30, 1904 and 1905.

EXPORTS TO CHINA.

Months.	Cotton Cloths.		Mineral Oils.		Wheat Flour.	
1904.	Yards.		Gallons.		Barrels.	
January.....	8,906,813	\$476,609	3,772,243	\$447,712	6,303	\$ 24,019
February.....	13,806,414	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	2,457,609	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

1905.						
January.....	28,480,261	\$1,626,920	8,867,873	\$903,403	9,713	\$37,589
February.....	45,011,364	2,498,418	1,711,363	182,683	6,386	26,000
March.....	45,717,073	2,576,523	10,042,765	883,960	9,072	34,830
April.....	48,014,580	3,103,367	7,017,894	661,062	9,900	38,130
May.....	51,456,621	3,318,804	8,297,150	577,430	4,570	18,175
June.....	53,445,070	3,316,453	9,422,218	828,682	13,529	49,604
July.....	36,166,763	2,724,181	4,577,172	246,800	1,110	4,892
August.....	63,411,726	3,519,840	5,102,675	372,815	1,028	4,046
September....	49,969,790	2,881,780	6,812,489	534,576	2,770	9,963
Total.....	431,673,268	\$25,566,286	61,851,599	\$5,191,411	58,078	\$223,229

EXPORTS TO HONGKONG.

1904.						
January.....	5,877	\$ 994	955,320	\$112,700	155,130	\$574,431
February.....	26,000	2,027	34,244	5,223	189,308	694,139
March.....	37,919	7,538	54,365	5,801	58,718	232,270
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

1905.						
January.....	59,046	\$10,355	764,808	\$78,334	29,180	\$115,690
February.....	71,738	8,116	504,756	42,094	34,293	133,638
March.....	34,958	4,815	34,588	5,039	42,217	169,454
April.....	18,886	2,690	2,489,270	231,586	18,630	73,715
May.....	54,498	8,993	1,743,107	164,784	77,959	305,443
June.....	30,094	3,494	666,659	51,973	42,896	157,140
July.....	30,064	3,177	712,246	73,254	108,132	384,254
August.....	83,435	11,328	71,338	10,352	59,660	231,092
September....	15,608	2,375	2,093,430	168,400	56,935	206,244
Total.....	398,327	\$55,343	8,980,202	\$825,816	469,902	\$1,776,670

DEPARTMENT OF COMMERCE AND LABOR,
Bureau of Statistics.

WASHINGTON, D. C., October 28, 1905.

Imports of Tea and Silk into the United States for the nine months ending September 30, 1903, 1904 and 1905.

TEA.							
Imported from	1903.		1904.		1905.		
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	
United Kingdom.....	4,149,431	873,534	4,882,248	1,080,559	4,796,655	1,057,266	
British North America....	1,834,712	402,280	1,735,153	390,563	1,484,923	354,623	
Chinese Empire.....	23,714,344	3,359,970	29,963,717	3,884,743	23,365,882	3,034,547	
East Indies.....	4,571,219	660,028	5,579,926	838,584	5,118,986	696,363	
Japan.....	29,595,958	5,743,648	27,794,686	5,051,872	25,692,315	4,385,223	
Other Asia and Oceania ..	384,969	42,407	233,795	28,959	529,010	75,583	
Other countries	14,370	3,603	141,950	36,142	101,960	23,332	
Total.....	64,265,003	11,085,470	70,331,475	11,311,422	61,089,731	9,626,937	
SILK.							
Imported from	1903.		1904.		1905.		
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	
France.....	267,944	1,071,497	383,996	1,086,326	509,842	1,564,233	
Italy.....	1,939,244	8,385,819	2,244,388	8,600,009	3,087,154	11,520,957	
Chinese Empire.....	2,056,954	6,003,797	2,534,662	7,192,134	2,483,510	7,154,011	
Japan.....	4,630,920	17,455,727	5,208,284	17,853,095	5,662,825	20,692,586	
Other countries	51,601	181,858	49,272	154,726	131,457	423,871	
Total.....	8,946,663	33,098,698	10,420,902	34,886,290	11,874,788	41,355,658	
Waste .....lbs...free..	1,942,111	756,722	3,216,530	1,229,222	3,136,376	1,006,233	
Total unmanufactured .....	.....	33,860,820	.....	36,115,539	.....	42,369,741	

TRANSPORTATION IN CHINA.

By GEORGE E. ANDERSON, UNITED STATES CONSUL AT AMOY.

There is not the least doubt but that the development of other countries, industrially and socially, which has always followed the development of transportation stage by stage, will be paralleled in China. More than this, it may even be said that there will be no great development of China commercially until there is an adequate system of transportation provided for some branches of its commerce. The transportation system of China at the present time is inadequate for its present needs. There are three means of transportation now in use. The first and most general is by water; the second means of transportation is by railways; the third by coolies and carts.

The amount of goods transported in China by coolies, and in the northern portion of the empire by carts, is beyond the belief of those who have not had occasion to investigate the subject. In the interior of the greater portion of the country coolies and canals carry all freights, and what this means can be understood to a fair degree perhaps when it is realized that there is practically no railroad service at all in the more populous and richest portions of an empire containing 400,000,000 of people or more. In most of the empire there are no roads worthy of the name. In the northern provinces the traffic in carts of a rough sort dominates the entire movement of goods in the districts concerned to the seaboard. Where waterways are frozen a great portion of the year this is of necessity the case, and there are roads in Manchuria, Shantung, and several other provinces which are not to be found and for which, indeed, there is no use in the economy of the central and southern provinces. Over these roads the heavy, rough carts, drawn by horses, mules, oxen and even men, carry immense loads, and their number is stupendous.

In the necessity of the trade of China in the immediate future foreign traders agree that such methods of transportation must go. As a matter of fact they are going very slowly, if at all. It is in that portion of the empire where waterways are frozen much of the year that the first hold of the railroads has come. The greater portion of the empire is served by waterways where it is served at all. Along the Chinese coast there is a series of navi-

gable rivers coming down from the interior, a series which has few equals, all things considered, in all the world. From the Yalu and Pei-Ho at the north to West River, passing through Canton, in the south, these rivers seem to be formed to reach inland from the coast, connecting not only the coast cities with the interior cities, but the interior cities with each other by way of the coast as well. About midway between the north and south the great Yangtze reaches far into the interior, navigable almost to the western border of the empire, and by its tributaries offering still further connection with interior points. The rapids of the Yangtze have been and still are a drawback to the development of the upper portion of the Yangtze Valley. But these rapids probably can be subdued at an expenditure ridiculously small compared with the enormous benefits to follow. That this will be done in the near future and that steam navigation, regular and safe, with Chunking and the upper river will be established and maintained is beyond question. But still the Government holds back.

The most interesting and in some respects the most important feature of the waterway system in China, however, is the canal system. Running more or less parallel to the seacoast from Hangchow to Peking, through a very rich portion of the empire, certainly the most important portion, commercially, to the United States at the present time is the Grand or Imperial Canal of China. Connecting with this at either hand are smaller canals. These in turn connect with still smaller waterways, and still farther are smaller streams, until the whole Yangtze and Yellow River plains are a vast network of waterways, designed originally for irrigation very largely, but used at the present time both for irrigation and transportation. To get at Chinese commercial conditions one must thoroughly understand this system of streams and canals. It is a characteristic part of the life of the Chinese people. There will be no system of railroads to supplant it in its close relation to life here, and any commercial system or theory which disregards it will fall short of success. The rivers and waterways of the empire are the basis for heavy transportation and traffic for years to come, and the railroad system for which there is hope will not supplant but merely supplement them.

THE ANNUAL MEETING OF THE ASSOCIATION.

The eighth annual meeting of the Association was held in the rooms of the Chamber of Commerce of the State of New York on Thursday, October 19, 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.

During the interval that has elapsed since we last met for our annual reports and election much has occurred to make the year one of almost unprecedented interest.

As to the war between Japan and Russia, little comment is required. We are all thankful that it is over, and while the results have not been all we had hoped for, yet we can but believe the best interests of the whole world were conserved by the compromise settlement on the part of the Imperial Japanese Government.

For several months of this year the Chinese boycott has been a very disquieting proposition to many of us, but happily the matter has now come to a promising stage of diplomatic negotiation. Your officers and executive committee have been able, they think, to do much to bring about an amicable understanding, and have strong hopes that during the coming session of Congress an agreement can be reached on a basis of justice and equity to all concerned.

In conclusion, the president has the pleasure to refer the members to the usual able detailed report of the secretary, only mentioning one more subject for congratulation, that is, that during the coming year we are promised direct cable communication between our Pacific Coast and Japan and China.

The report of the secretary was then read, as follows:

SECRETARY'S REPORT.

At this time last year the successive victories of the arms of Japan had already brought within reach the attainment of the objects for which the war with Russia was begun. Under the terms of the Peace of Portsmouth, safeguarded as they are by the treaty of alliance between Great Britain and Japan, the most important of these objects must be held to have been placed beyond reach of further challenge. To us, as to the other great commercial nations of the world, the chief danger of the continued occupation of the Manchurian provinces of China by Russia consisted in the fact of its being the first step in the dismemberment of the Chinese Empire. To the political consequences of such a process the United States could not possibly be indifferent; its commercial consequences could only be detrimental to our interests. Had Russia been disposed to make good her oft repeated promise to evacuate Manchuria there would have been no war, and while the war was primarily one of self defense for Japan, it was none the less waged in defense of the cause which this association was organized to promote and maintain—the open door for commerce in the Far East.

In the final triumph of Japan the United States is certainly not one of the least of the gainers. The immediate effect of that triumph on American commerce has been sufficiently notable; its proximate results bid fair to exceed the most sanguine expectations. The revival of our trade with China, of which the end of the Russian occupation of Newchwang appeared to be the signal, has continued without sensible interruption. In the fiscal year ending with last June the trade of the United States with China and Hongkong reached the unprecedented total of \$92,913,799. The largest total of any previous year was \$55,086,600 for 1902. The exports of last fiscal year amounted to \$63,257,730, and the imports to \$29,656,069. In the chief item of export, that of cotton cloth, the quantity reached the imposing aggregate of 475,418,432 yards, valued here at \$27,834,322. Judging from the total of the eight months of the calendar year already recorded, the total exports of American cotton cloth to China will show for 1905 the unprecedented amount of \$34,000,000.

It is matter for serious consideration by this association that the only danger which has threatened the development of this trade during the year has been due to adverse conditions for which our domestic legislation is primarily responsible. Our Chinese exclusion laws were conceived in a spirit of demagogism, and have been administered in pretty thorough accord with the character of their origin. When the forces of progress began to work in China, it was inevitable that resentment at the humiliating treatment accorded to Chinese merchants, students and professional men visiting this country should manifest itself. Special causes of provocation were unhappily forthcoming, by way of furnishing added reasons for the agitation which was started to place a boycott on American merchandise till the American Government saw fit to accord better treatment to the exempt classes of Chinese immigrants. Acting on the urgent request of the American Association of China, the executive committee of this association addressed the President of the United States last May, calling his attention to the serious consequences which the then threatened boycott might have on American trade with China, and particularly on the prosperity of the cotton textile industry of the United States. On the 12th of June, a delegation from the executive committee, reinforced by a considerable number of cotton mill owners from the South, who are members of the association, waited on President Roosevelt and lodged a formal protest against the unnecessary severity of the administration of the Chinese exclusion laws. The attention of the president was directed to the fact that the United States was being debarred from either moral or material participation in the progress of China by persistence in a policy which was wrongly made to appear to be that of this Government by the interpretation placed on the law by some of its agents. The President declared himself to be in entire sympathy with the general character of the thesis which

the delegation had come to maintain. While insisting on the exclusion of the coolie class of Chinese, he declared himself to be entirely opposed to any regulations which impede the coming here of Chinese merchants, students or travelers for pleasure. He recognized the fact that our commercial intercourse with China cannot be maintained on a satisfactory basis unless we extend a welcome to the better classes of Chinamen and admit them with as few conditions as are compatible with the exclusion of the class we do not want.

The President followed up this declaration with the issue of directions to the State Department and to the Department of Commerce and Labor calculated to remove some of the grievances of which complaint had been made, and calculated to secure the fullest courtesy and consideration for all Chinese persons of the exempt classes seeking admission here. It has taken some time to bring home to the minds of the mercantile and commercial classes in China the fact that our Government was prepared to recognize the justice of their demand for more liberal treatment on entering the ports of the United States. The boycott accordingly continued after all that was immediately possible had been done to improve the conditions which provoked it. Representations by the American Minister at Peking, seconded by appeals made on behalf of this association to the Chinese Minister in Washington, finally resulted in the promulgation of an Imperial decree, under date of September 2, "clearly explaining matters, so that all misunderstandings shall be cleared away." In so far as a movement primarily organized by traders, students and others, in their private capacity, can be stopped by an expression of official disapproval, there is every reason to believe that the boycott has suffered at least a temporary arrest.

The fact remains, however, that a permanent understanding on the question of Chinese immigration has yet to be reached between the two Governments, and that powerful forces are at work here to render this impossible. The Imperial Decree expressly recognizes the present state of the relations between the two countries as a merely temporary one. Its exact words are: "Since, therefore, the United States Government has consented to confer with us in a friendly and amicable manner regarding the revision of the unjust clauses of the former Exclusion Treaty, it behoves all to quietly await the result of the Waiwupu's endeavors to settle matters equitably, and not to use a boycott on American goods with the intention of opposing the proposed Treaty. For since such steps endanger the good relations and understanding between our respective countries, they are also greatly harmful to the Chinese people and their trade." The position of this association in regard to such a treaty has been repeatedly declared, and is well known to all its members. But the strength of the opposition to a simple definition of the excluded coolie class, leaving all other classes of Chinese as free to enter the country as people of other nationalities, is, perhaps, not so well understood, and there should be no illusions in regard to the earnest and arduous efforts which will be needed to secure either

the ratification of a new Treaty of Immigration or the amendment of the existing law on the lines already indicated. Your executive committee have assurances of the ready co-operation of the chief commercial organizations of the country in this work, and they will probably find occasion, in the course of the next few months, to point out to the members of the association in what way they can be most useful in bringing the importance of the subject to the notice of their Senators and Representatives in Congress.

The seventh annual dinner of the association was held on December 12, and was rendered memorable by the presence as the guest of honor of His Imperial Highness Prince Fushimi of Japan. While the dinner was in progress, congratulations were exchanged by cable with the Emperor of Japan, and a very impressive illustration was thus given of the closeness of the ties of sympathy between the two countries, as well as of the rapidity and comparative directness of the telegraphic intercourse which has been established between them. It is matter of special satisfaction to members of this association who have, from the first, given zealous support to the enterprise of the Commercial Pacific Cable Company, that in a few months this directness will cease to be comparative and become absolute.

A large number of members of the association enjoyed the pleasure on the 25th of March last of meeting at luncheon the Hon. William W. Rockhill, then newly appointed Envoy Extraordinary and Minister Plenipotentiary of the United States to China. As a mark of special respect to Mr. Rockhill and to the association, the Minister of China and the Minister of Japan to the United States came on from Washington to participate in the luncheon. The Hon. Edwin Morgan, newly appointed Minister of the United States to Korea, was also present as a guest of the association. The Chinese Minister took special occasion to testify to the unremitting efforts which the association has continually devoted to the improvement of the commercial and friendly relations between the peoples on both sides of the Pacific, and to the value of the campaign of education which it had conducted among the American people in order to make them realize the importance of their interests in the Far East.

Your executive committee have to express the satisfaction with which they have noted the evidences of renewed vigor in the management of the American Association of China. The publications issued by this body during the year have been replete with valuable information, and its timely counsel in regard to the boycott agitation enabled your committee to act with a degree of promptitude and decision which would not have been otherwise possible. The relations of the parent organization with the American Asiatic Association of Japan, always cordial and intimate, have continued to be of the most satisfactory character. In the establishment and maintenance of more intimate relations between the United States and Japan, the work of the association in Yokohama is likely to assume new importance in the near future.

The Treasurer's Report was then presented as follows:

TREASURER'S REPORT.

My last (seventh) annual report was dated October 20, 1904, and showed funds in hand of \$1,509.46 Since that date receipts have been as follows:

To dues collected from members.....	2,760.00
	<u>\$4,269.46</u>

The disbursements by the Treasurer during the same period have been as follows:

1904.			
Dec. 22.	By paid deficiency of Seventh Annual Dinner.....		\$254.73
1905.			
Oct. 3.	" Printing.....	97.57	
" 3.	" Expenses of Secretary's Visits to Washington, D. C.....	69.00	
" 16.	" Secretary—52 weekly payments of \$50.00 each.....	2,600.00	
" 19.	" Cost of collecting out of town checks.....	2.10	
" 19.	Balance in National Bank of Commerce in New York.....	1,246.06	
			<u>\$4,269.46</u>

The arrears of unpaid dues amount to \$610.

Vouchers for disbursements herein itemized are attached as part of this report.

Respectfully submitted,

JOSEPH R. PATTERSON,

Treasurer.

per L. V. KENDRICK.

NEW YORK, Oct. 19, 1905.

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, 1905.

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 for 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.; F. Hellyer, 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 1908—William T. West, New York; A. G. Mills, New York; D. A. Tompkins, Charlotte, N. C.; Stephen W. Baldwin, Sparrows Point, Md.

Yours respectfully,

THOMAS A. PHELAN,
THOMAS E. JEVONS,
JAMES S. FEARON.

CARELESS SHIPPING METHODS.

Special Agent Crist writes from Yokohama, Japan, about the evil effects of careless trade methods. He says:

A representative of an English agency, which has been handling American bicycles for over fifteen years, told me that during the present year his trade in American bicycles had almost entirely ceased, while the demand for English wheels has rapidly increased. He has been unable to get American bicycles for less than \$40 gold. Even at that price the delivery is so slow and unsatisfactory as to practically prohibit their sale. One order of \$45,000, of which he spoke, placed in April by cable, accompanied by a letter of credit, did not result in securing any more prompt delivery than an order made the latter part of July. On the other hand, a cable order to England the last part of July for 100 bicycles brought a prompt cable response giving the date of shipment, steamship line and charges. This consignment is expected within the next few days. This cable order was forwarded by the agency above referred to as handling American bicycles, as they are also agents for an English machine, both machines being standard, well known makes. The dealer was so well pleased with the English treatment that he immediately forwarded a letter of credit to cover an order for 200 bicycles, one-half the number for September delivery and the remainder for October. These machines are delivered, including cartage, insurance and freight, at Yokohama for \$28.12 each. The duty, formerly 25 per cent. ad valorem, is now 35 per cent. ad valorem. The retail prices of the best bicycles vary from \$62.50, at Yokohama and Tokyo, upward.

The dealer referred to has decided to place no more orders in America. The order given in April was for delivery at regular intervals throughout the present year, and constituted the lion's share of his business. The English order was given to ascertain what could be expected from that source. Delay in filling orders almost invariably results in disastrous loss. This is particularly true of goods that are wanted during a certain season. In spring and early summer it is necessary for bicycle dealers to be well stocked in order to meet seasonal demands. An order cabled any time in April should bring delivery within the next month, certainly not later than thirty days, if goods are shipped via Pacific ports. This special case of delay not only caused unusual embarrassment, but involved an increase of 10 per cent. import duty by reason of the new rate which went into operation on July 1 last.

The attention paid to the details of packing, freight, cartage, insurance, bills of lading, invoices, and to everything that is intended to produce promptness, by the English, who have the bulk of Oriental trade, and by the Germans, who are strenuously endeavoring to increase theirs, is remarkable. The success they have achieved is in a very great measure the result of that attention. In this market the praises of American goods are sung on every hand and a disposition is manifested to favor those goods wherever possible; but profits are what count, and while the margin between purchase and selling prices cuts a great figure, it is not the sole standard by which to calculate profit and loss. The element of time figures greatly in the equation. Time saved means money in pocket as much as margins do. When it takes from two to three weeks, and even longer, to find one's merchandise, when as many hours, or at most as many days, should suffice, it does not take very much effort to see that care in details, which in great measure saves much to the importer, is very essential.

TEXT OF THE TREATY OF PEACE.

SIGNED BY THE EMPEROR OF JAPAN AND CZAR OF RUSSIA ON OCTOBER 14.

The Emperor of Japan, on one part, and the Emperor of All the Russias, on the other part, animated by a desire to restore the blessings of peace to their countries, have resolved to conclude a treaty of peace and have for this purpose named plenipotentiaries, that is to say, for his Majesty the Emperor of Japan, Baron Komura Jutaro Jusami, Grand Cordon of the Imperial Order of the Rising Sun, his Minister for Foreign Affairs, and his Excellency Takahira Kogoro, Imperial Order of the Sacred Treasure, his Minister to the United States, and for his Majesty the Emperor of All the Russias, his Excellency Serge Witte, his Secretary of State and President of the Committee of Ministers of the Empire of Russia, and his Excellency Baron Roman Rosen, Master of the Imperial Court of Russia, his Majesty's Ambassador to the United States, who, after having exchanged their full powers, which were found to be in good and due form, have concluded the following articles:

ARTICLE I.

There shall henceforth be peace and amity between their Majesties the Emperor of Japan and the Emperor of All the Russias and between their respective States and subjects.

ARTICLE II.

The Imperial Russian Government, acknowledging that Japan possesses in Korea paramount political, military and economical interests, engage neither to obstruct nor interfere with measures for the guidance, protection and control which the Imperial Government of Japan may find necessary to take in Korea.

It is understood that Russian subjects in Korea shall be treated in exactly the same manner as the subjects and citizens of other foreign powers; that is to say, they shall be placed on the same footing as the subjects and citizens of the most favored nation.

It is also agreed that in order to avoid causes of misunderstanding that the two high contracting parties will abstain on the Russian-Korean frontier from taking any military measure which may menace the security of Russian or Korean territory.

ARTICLE III.

Japan and Russia mutually engage:

First—To evacuate completely and simultaneously Manchuria except the territory affected by the lease of the Liaotung Peninsula in conformity with the provisions of the additional Article I, annexed to this treaty, and

Second—To restore entirely and completely to the exclusive administration of China all the portions of Manchuria now in occupation or under the control of the Japanese or Russian troops with the exception of the territory above mentioned.

The Imperial Government of Russia declare that they have not in Manchuria any territorial advantages or preferential or exclusive concessions in the impairment of

Chinese sovereignty or inconsistent with the principle of equal opportunity.

ARTICLE IV.

Japan and Russia reciprocally engage not to obstruct any general measures common to all countries which China may take for the development of the commerce or industry of Manchuria.

ARTICLE V.

The Imperial Russian Government transfer and assign to the Imperial Government of Japan, with the consent of the Government of China, the lease of Port Arthur, Ta-Lien, and the adjacent territory and territorial waters and all rights, privileges and concessions connected with or forming part of such lease, and they also transfer and assign to the Imperial Government of Japan all public works and properties in the territory affected by the above mentioned lease.

The two contracting parties mutually engage to obtain the consent of the Chinese Government mentioned in the foregoing stipulation.

The Imperial Government of Japan on their part undertake that the proprietary rights of Russian subjects in the territory above referred to shall be perfectly respected.

ARTICLE VI.

The Imperial Russian Government engage to transfer and assign to the Imperial Government of Japan without compensation and with the consent of the Chinese Government the railway between Chang-chun-fu and Kuan-chang-tsu and Port Arthur, and all the branches together with all the rights, privileges and properties appertaining thereto in that region, as well as all the coal mines in said region belonging to or worked for the benefit of the railway. The two high contracting parties mutually engage to obtain the consent of the Government of China mentioned in the foregoing stipulation.

ARTICLE VII.

Japan and Russia engage to exploit their respective railways in Manchuria exclusively for commercial and industrial purposes and nowise for strategic purposes. It is understood that this restriction does not apply to the railway in the territory affected by the lease of the Liaotung Peninsula.

ARTICLE VIII.

The Imperial Governments of Japan and Russia, with the view to promote and facilitate intercourse and traffic, will so soon as possible conclude a separate convention for the regulation of their connecting railway services in Manchuria.

ARTICLE IX.

The Imperial Russian Government cede to the Imperial Government of Japan in perpetuity and full sovereignty the southern portion of the island of Sakhalin and all the islands adjacent thereto and the public works and properties thereon. The fiftieth degree of north latitude is adopted

as the northern boundary of the ceded territory. The exact alignment of such territory shall be determined, in accordance with the provision of the additional Article XI annexed to this treaty.

Japan and Russia mutually agree not to construct in their respective possessions on the island of Sakhalin or the adjacent islands any fortifications or other similar military works. They also respectively engage not to take any military measures which may impede the free navigation of the Strait of La Perouse and the Strait of Tartary.

ARTICLE X.

It is reserved to Russian subjects, inhabitants of the territory ceded to Japan, to sell their real property and retire to their country, but if they prefer to remain in the ceded territory they will be maintained and protected in the full exercise of their industries and rights of property on condition of submitting to the Japanese laws and jurisdiction. Japan shall have full liberty to withdraw the right of residence in or to deport from such territory any inhabitants who labor under political or administrative disability. She engages, however, that the proprietary rights of such inhabitants shall be fully respected.

ARTICLE XI.

Russia engages to arrange with Japan for granting to Japanese subjects rights of fishery along the coasts of the Russian possessions in the Japan, Okhotsk and Bering Seas.

It is agreed that the foregoing engagement shall not affect rights already belonging to Russian or foreign subjects in those regions.

ARTICLE XII.

The treaty of commerce and navigation between Japan and Russian having been annulled by the war, the Imperial Governments of Japan and Russia engage to adopt as a basis for their commercial relations, pending the conclusion of a new treaty of commerce and navigation, the basis of the treaty which was in force previous to the present war, the system of reciprocal treatment on the footing of the most favored nation, in which are included import and export duties, customs formalities, transit and tonnage dues, and the admission and treatment of agents, subjects and vessels of one country in the territories of the other.

ARTICLE XIII.

So soon as possible after the present treaty comes in force all prisoners of war shall be reciprocally restored. The Imperial Governments of Japan and Russia shall each appoint a special commissioner to take charge of the prisoners. All prisoners in the hands of one Government shall be delivered to and received by the commissioner of the other Government or by his duly authorized representative in such convenient numbers and at such convenient ports of the delivering State as such delivering State shall notify in advance to the commissioner of the receiving State.

The Governments of Japan and Russia shall present each other so soon as possible after the delivery of the prisoners is completed with a statement of the direct expenditures respectively incurred by them for the care and maintenance of the prisoners from the date of capture or surrender and up to the time of death or delivery. Russia engages to repay to Japan so soon as possible after the exchange of statement as above provided the difference between the actual amount so expended by Japan and the actual amount similarly disbursed by Russia.

ARTICLE XIV.

The present treaty shall be ratified by their Majesties, the Emperor of Japan and the Emperor of All the Russias. Such ratification shall be with as little delay as possible, and in any case no later than fifty days from the date of the signature of the treaty, to be announced to the

Imperial Governments of Japan and Russia respectively through the French Minister at Tokio and the Ambassador of the United States at St. Petersburg, and from the date of the later of such announcements this treaty shall in all its parts come into full force. The formal exchange of ratifications shall take place at Washington so soon as possible.

ARTICLE XV.

The present treaty shall be signed in duplicate in both the English and French languages. The texts are in absolute conformity, but in case of a discrepancy in the interpretation the French text shall prevail.

In conformity with the provisions of Articles III and IX of the treaty of peace between Japan and Russia of this date the undersigned plenipotentiaries have concluded the following additional articles:

SUB-ARTICLE TO ARTICLE III.

The Imperial Governments of Japan and Russia mutually engage to commence the withdrawal of their military forces from the territory of Manchuria simultaneously and immediately after the treaty of peace comes into operation, and within a period of eighteen months after that date the armies of the two countries shall be completely withdrawn from Manchuria except from the leased territory of the Liao-tung Peninsula. The forces of the two countries occupying the front positions shall first be withdrawn.

The high contracting parties reserve to themselves the right to maintain guards to protect their respective railway lines in Manchuria. The number of such guards shall not exceed fifteen per kilometer, and within that maximum number the commanders of the Japanese and Russian armies shall by common accord fix the number of such guards to be employed as small as possible while having in view the actual requirements.

The commanders of the Japanese and Russian forces in Manchuria shall agree upon the details of the evacuation in conformity with the above principles, and shall take by common accord the measures necessary to carry out the evacuation so soon as possible, and in any case no later than the period of eighteen months.

SUB-ARTICLE TO ARTICLE IX.

So soon as possible after the present treaty comes into force a commission of delimitation, composed of an equal number of members, is to be appointed, respectively, by the two high contracting parties, which shall on the spot mark in a permanent manner the exact boundary between the Japanese and Russian possessions on the island of Sakhalin. The commission shall be bound, so far as topographical considerations permit, to follow the fiftieth parallel of north latitude as the boundary line, and in case any deflections from that line at any points are found to be necessary, compensation will be made by correlative deflections at other points. It shall also be the duty of said commission to prepare a list and a description of the adjacent islands included in the cession, and, finally, the commission shall prepare and sign maps showing the boundaries of the ceded territory. The work of the commission shall be subject to the approval of the high contracting parties.

The foregoing additional articles are to be considered ratified with the ratification of the treaty of peace to which they are annexed.

Portsmouth, the fifth day of the ninth month of the thirty-eighth year of Meiji, corresponding to the twenty-third of August, 1905 (September 5, 1905).

In witness whereof the respective plenipotentiaries have signed and affixed seals to the present treaty of peace.

Done at Portsmouth, New Hampshire, this fifth day of the ninth month of the thirty-eighth year of the Meiji, corresponding to the twenty-third day of August, one thousand nine hundred and five.

THE NEW ANGLO-JAPANESE AGREEMENT.

The following "Despatch to His Majesty's Ambassador at St. Petersburg, forwarding a copy of the agreement between the United Kingdom and Japan, signed at London, August 12, 1905," has been issued as a Parliamentary paper:

THE MARQUESS OF LANSDOWNE TO SIR C. HARDINGE.
FOREIGN OFFICE, September 6, 1905.

SIR—I inclose, for your Excellency's information, a copy of a new agreement concluded between His Majesty's Government and that of Japan in substitution for that of January 30, 1902. You will take an early opportunity of communicating the new agreement to the Russian Government.

It was signed on August 12, and you will explain that it would have been immediately made public but for the fact that negotiations had at that time already commenced between Russia and Japan, and that the publication of such a document while those negotiations were still in progress would obviously have been improper and inopportune.

The Russian Government will, I trust, recognize that the new agreement is an international instrument to which no exception can be taken by any of the powers interested in the affairs of the Far East. You should call special attention to the objects mentioned in the preamble as those by which the policy of the contracting parties is inspired. His Majesty's Government believe that they may count upon the good will and support of all the powers in endeavoring to maintain peace in Eastern Asia, and in seeking to uphold the integrity and independence of the Chinese Empire and the principle of equal opportunities for the commerce and industry of all nations in that country.

On the other hand, the special interests of the contracting parties are of a kind upon which they are fully entitled to insist, and the announcement that those interests must be safeguarded is one which can create no surprise, and need give rise to no misgivings.

I call your especial attention to the wording of Article II, which lays down distinctly that it is only in the case of an unprovoked attack made on one of the contracting parties by another Power or Powers, and when that party is defending its territorial rights and special interests from aggressive action, that the other party is bound to come to its assistance.

Article III, dealing with the question of Corea, is deserving of especial attention. It recognizes in the clearest terms the paramount position which Japan at this moment occupies and must henceforth occupy in Corea, and her right to take any measures which she may find necessary for the protection of her political, military and economic interests in that country. It is, however, expressly provided that such measures must not be contrary to the principle of equal opportunities for the commerce and industry of other nations. The new Treaty no doubt differs at this point conspicuously from that of 1902. It has, however, become evident that Corea, owing to its close proximity to the Japanese Empire and its inability to stand alone, must fall under the control and tutelage of Japan.

His Majesty's Government observe with satisfaction that this point was readily conceded by Russia in the Treaty of Peace recently concluded with Japan and they have every reason to believe that similar views are held by other Powers with regard to the relations which should subsist between Japan and Corea.

His Majesty's Government venture to anticipate that the alliance thus concluded, designed as it is with objects which are purely peaceful and for the protection of rights and interests the validity of which cannot be contested, will be regarded with approval by the Government to which you are accredited. They are justified in believing that its conclusion may not have been without effect in facilitating the settlement by which the war has been so happily brought to an end, and they earnestly trust that it may, for many years to come, be instrumental in securing the peace of the world in those regions which come within its scope.

I am, etc.,

(Signed)

LANSDOWNE.

Inclosure.

*Agreement Between the United Kingdom and Japan,
Signed at London, August 12, 1905.*

PREAMBLE.

The Governments of Great Britain and Japan, being desirous of replacing the Agreement concluded between them on the 30th of January, 1902, by fresh stipulations, have agreed upon the following articles, which have for their object:

(a) The consolidation and maintenance of the general peace in the regions of Eastern Asia and of India.

(b) The preservation of the common interests of all Powers in China by insuring the independence and integrity of the Chinese Empire and the principle of equal opportunities for the commerce and industry of all nations in China.

(c) The maintenance of the territorial rights of the high contracting parties in the regions of Eastern Asia and of India, and the defense of their special interests in the said regions:

ARTICLE I.

It is agreed that whenever, in the opinion of either Great Britain or Japan, any of the rights and interests referred to in the preamble of this agreement are in jeopardy, the two Governments will communicate with one another fully and frankly, and will consider in common the measures which should be taken to safeguard those menaced rights or interests.

ARTICLE II.

If by reason of unprovoked attack or aggressive action, wherever arising, on the part of any other Power or Powers either contracting party should be involved in war in defense of its territorial rights or special interests mentioned in the preamble of this agreement, the other contracting party will at once come to the assistance of its

ARTICLE III.

ARTICLE IV.

ARTICLE V.

ARTICLE VI.

ARTICLE VII.

ARTICLE VIII.

[L.S.]

LANSLOWNE.

[L.S.]

TADASU HAYASHI.

"Our laws and treaties should be so framed as to guarantee to all Chinamen, save of the excepted coolie class, the same right of entry to this country and the same treatment while here as are guaranteed to citizens of any other nation. By executive action I am as rapidly as possible putting a stop to the abuses which have grown up during many years in the administration of this law. I can do a good deal, and will do a good deal, even without the action of the Congress, but I cannot do all that should be done unless such action is taken, and that action I most earnestly hope will be taken. It is needed in our own interest and especially in the interest of the Pacific Slope and of the South Atlantic and Gulf States; for it is short sighted indeed for us to permit foreign competitors to drive us from the great markets of China. Moreover, the action I ask is demanded by considerations that are higher than mere interest, for I ask it in the name of what is just and right. America should take the lead in establishing international relations on the same basis of honest and upright dealing which we regard as essential as between man and man."

THE BOYCOTT MOVEMENT AGAINST AMERICAN GOODS AND AMERICANS IN GENERAL.

The leader of the boycott movement, one Tseng Shao-ching, otherwise known as Tseng Chu, is a prominent man from the Fuhkien Province, though his adopted home is now Shanghai. He is a merchant of some standing, dealing in goods from Singapore and other places adjacent to the Straits Settlements. He does not deal in American goods; he has a European in nominal partnership with him—a Dane. He has the purchased rank of a Haotai. He is a very energetic person and likes to take the lead generally in good objects; for instance, he was a leader in securing a contribution of 35,000 taels from Chinese for the International Institute, giving as his own contribution 1,500 taels, though not equal to many other subscribers in wealth. He has always been regarded as a generous man with his money when it is for philanthropic objects. He is one of the trustees of the International Institute. He has also been a leader in the Red Cross work, taking a prominent part in that movement inaugurated in China during the war between China and Japan, and the recent conflict between Russia and Japan; and he has been one of the leaders in the anti-footbinding movement. He is regarded by his countrymen as being a little vain, and likes to have his good deeds sounded abroad. In this respect he is not unlike many Americans. He is a member of the Chinese Chamber of Commerce at Shanghai, and, being a leader, he naturally took a lead in not only proposing but carrying out the recent boycott of American goods. Formerly a great friend of Americans, he has now worked up a feeling of hatred toward Americans. He has more than once, since the inauguration of the boycott movement, in spite of his statements to the contrary, showed a very anti-American feeling, and he even does not feel toward the International Institute—which is presided over by Rev. Dr. Gilbert Reid, an American—as before. He has from the beginning of the boycott movement agitated for not buying American goods, though the Chinese Chamber of Commerce merely voted for not making any new contracts. At the first meeting held of the Shanghai Chamber of Commerce, when the boycott was first proposed, many of the members—though approving of the movement as a retaliatory measure against the harsh treatment which the exempt classes of Chinese have been subjected to in America—were afraid to take the lead in the movement; but Mr. Tseng announced that he would take the lead in the movement; that he would telegraph to all the Treaty ports, to the various native commercial guilds, asking their assistance, and furthermore that he was willing to pay all of the expense of telegraphing himself. The members of the Chamber of Commerce agreed to this proposition; hence Mr. Tseng was named as the leader and a sort of general manager of the boycott movement in China. He has had various conferences with the American merchants, as well as the American consular officers, on the subject of this boycott; but he has been immovable. He has declared his intentions of carrying the boycott to the bitter end, and this he would have succeeded in accomplishing were it not that peace had been concluded between Japan and Russia, which thus opened the Northern, and particularly the Manchuria, market, for American cotton goods, and which resulted in the boycott practically ceasing about the 14th of September last.

TRANSLATION OF AN ARTICLE WHICH APPEARED IN THE "SHIH PAO" (EASTERN TIMES), A NATIVE NEWSPAPER IN SHANGHAI, SIGNED BY TSENG SHAO-CHING.

In the present movement of restraining the use of American goods the two months' limit has already expired, and you, the American merchants, have now seen some of the effects. Upon seeing such effects you have planned to administer medicine in accordance with the nature of the disease. But although you know the disease to be feverish you yet give heating medicines. Ordinarily you are reasonable, and we have already met on certain occasions. Therefore I cannot but direct you rightly, lest you lose your way, and, proceeding onward, become further from the right road.

Now your Minister, Mr. Rockhill, has been moving our Government to suppress us; but none of us are the same as we were three years ago. For example, let us ask what nation under the sun would force its people to buy the goods of some other nation? Now, although China is the most despotic of all the nations, even she does not now dare to issue such a ferocious order. Therefore, although your Minister has used the strength of nine oxen and two deer, the result was the prohibition of the *forbidding* of the use of American goods. But do we not know that the clause "forbidding the use of American goods" was on the seventh of the fourth moon suspicioned to have some fault, and was therefore changed to "restraining the use, etc."?

The Government says it is not permitted to forbid the use of American goods. The people reply, "We would not dare so to do." We are merely restraining the use of American goods.

Your Minister is now at the end of his resources. Since he has exhausted his resources (in this method of treatment) it becomes necessary to use cooling medicine. The cooling medicine is treaty revision. But not only must the treaty be revised; the Hawaiian and Philippine Islands must be thrown open to emigration before our desire is fulfilled. If you do not act as indicated above you can revise your treaty as you will, but we will continue our boycott. If hereafter you again wish to revise your treaty it will work harm to our international interests. If hereafter you do not revise the treaty your trade will still suffer. Therefore, since in the future there are these two difficulties, it would seem best to devise some plan at present. Although you merchants in Shanghai have not suffered much, your capitalists at home may hereafter suffer heavily.

In favoring the labor party in the United States you are injuring the whole country. I do not understand how your President can have such a love for the laborer and such a hatred for the merchant. If there is any injustice under heaven it will make itself heard; your capitalists have suffered such injustice; you merchants have not explained the conditions to them, so that they might calculate (losses) and plan (remedies). This was unwise; but it is not the capitalists only who will have to calculate and plan (i. e., the merchants will also be put in this predicament).

Having been indisposed these few days, perspiring and unable to eat, I have looked into the treaty, and now advise you accordingly. Whether you take notice of this or not I will not inquire.

(Signed) TSENG SHAO-CHING.

TRANSLATION OF AN ADDRESS DELIVERED BY
THE DAUGHTER OF TSENG SHAO-CHING
AT A NATIVE CHINESE MASS MEET-
ING IN SHANGHAI.

The first month of the year is fragrant with the fragrance of the plum tree flower.

On the western side of this world there is a great calm sea.

In that sea there is set the country of the flowery banner.

The affairs of that country are controlled by men of the labor union.

The second month is beautiful with the beauty of the flower of the red apricot.

We, men of China, who went forth to labor suffered many hardships.

We successfully opened many mines of silver and gold.

For the American people we built and completed all the roads whose rails are of iron.

The third month opens with the opening of the flower of the peach tree.

The men of the labor union, forgetting the work we had done in the past, devised other and newer ways.

They consumed with fire the street of Dong Sung Ka.

They burnt us natives of China until the weeping of both men and women was pitiful to behold.

The fourth month is the month of all the flowers and plants and herbs.

As for us, we men of China, we thought upon the bitterness of our lot.

We too have been sent into the world by heaven; why should the treatment accorded to dead pigs be meted out to us?

The fifth month is the month in which the flower of pomegranates flourishes.

As for the men of the labor unions of America, they carried out the scheme of injustice which they had planned.

On their coasts they built prisons of wood.

In them they confined us, the natives of China.

The sixth is the month in which the flower of the lily takes on its tint of red.

After taking us into the prisons of wood which they had built, they scorched us in fires of sulphur.

Officials of all grades and students of all ages received the same measure of abuse. They were treated without mercy.

In the seventh month the hyacinth begins to bloom.

Hardships such as these we have suffered for more than twenty years.

It is a great pity that we men of China, whose numbers are 10,000 times 10,000 four times over, are not equal in value to the half of the smallest of a copper cash.

The eighth month is the month when the cinnamon sheds its sweetness.

Among the members of the native Chamber of Commerce is one who bears the name Tseng Shao-Ching. This man planned a most civilized method. He spent money on it, advanced the righteous cause, and his fame has gone forth.

The ninth month is the month of the yellow chrysanthemum.

Let us all assemble together and discuss its details.

It is best not to use American goods.

To oppose America is our safest course.

The tenth month is the month when beautiful flowers become green.

We advise you men, women and children of China, if you want to eat your rice in the future in peace, attend to and realize the importance of this movement.

In the eleventh month the flower of the reed is blown about by the wind.

We all of us must remember and not forget too soon the pinhead cigarettes and the scented soap of the American

Trading Company. Furthermore, let us remember not to use again the American piece goods.

In the twelfth month the flowers of the hindl are many. All you gentlemen who have listened to my song, be civilized.

Do not learn or imitate the barbarous ways of the Boxers of Peking.

If we do any act which is wrong or mischievous we shall eat our own bitterness.

STOPPING THE BOYCOTT.

AN IMPERIAL DECREE SPECIALLY TRANSLATED FOR THE
"NORTH CHINA DAILY NEWS."

We have received a memorial from the Censor Wang Pu-ying stating that the movement against the proposed treaty with the United States by the handicraftsmen and merchants of the various provinces of our Empire has now culminated to such a point that there is fear that troubles may arise, and therefore praying that an Imperial edict be issued commanding the high officials of the Empire to use extra precautions to preserve the status quo.

The other day the Prince and Ministers of the Waiwupu informed us in person with reference to the proposed exclusion of laborers treaty with the United States that they, in conjunction with Liang Ch'eng, our Minister at Washington, had had repeated consultations with the members of the United States Government on the question, and that the United States Government had consented to give the most favorable treatment to Chinese merchants, teachers, students and travelers, and had further promised that as soon as Congress had reassembled the utmost endeavors would be made to settle matters in a perfectly just and equitable manner. All these are on record. In the said Censor's memorial it was also stated that since the indignation of our people against the unjust treatment (of the Americans) was so unanimous and unfavorable, and opinion against the proposed treaty so united, that none can guarantee that wicked and evil disposed persons will not take advantage of the crisis to create disturbance against the public peace whereby the good order of the country might be endangered, etc.

We consider it, therefore, to be of the greatest importance that an Imperial decree should be issued clearly explaining matters, so that all misunderstandings shall be cleared away.

Now be it known that China and the United States have always been most friendly toward each other, and never have we had occasion to oppose one another. Since, therefore, the United States Government has consented to confer with us in a friendly and amicable manner regarding the revision of the unjust clauses of the former exclusion treaty, it behooves all to quietly await the result of the Waiwupu's endeavors to settle matters equitably, and not to use a boycott on American goods with the intention of opposing the proposed treaty. For since such steps endanger the good relations and understanding between our respective countries they are also greatly harmful to the Chinese people and their trade. The Waiwupu has already repeatedly instructed the viceroys and governors of provinces to issue proclamations exhorting the people to continue their daily avocations and business as usual, so that peace may be assured to all. We now command the said board to once more send instructions to the various viceroys and governors to use their most earnest endeavors to exhort the people by proclamation and to keep watch over matters, so that our people may enjoy the blessings of peace and continue happy in their daily avocations. Let no one fail in their obedience to our sincere and earnest commands, and if any ignorant persons seek to stir up strife by taking advantage of the present state of things, such must be immediately arrested and severely punished, so that trouble may be nipped in the bud. Let this our command be made known to all our people. Respect this.

TWO YEARS OF GOLD EXCHANGE STANDARD IN THE PHILIPPINES.

By E. W. KEMMERER, CHIEF OF THE DIVISION OF THE CURRENCY IN THE PHILIPPINE ISLANDS.

Two years ago the 23d of July the first peso of the new Philippine currency was placed in circulation. At that time the currency of the islands was upon the silver standard, and consisted of upward of 29,000,000 pesos of Mexican and Spanish-Filipino coins. Today finds the country securely established on a gold standard, with the old currency entirely eliminated from circulation, and with over 27,000,000 pesos of the new currency circulating in its place. In other words, the currency of the islands has been completely transformed within the short period of two years.

The history of this transformation, which has been characterized as one of the most unique and interesting chapters in monetary history, is too long a story to be told here. Its principal features, moreover, are familiar to all readers of this paper.

When the American troops first entered Manila in the summer of 1898 the currency of the islands was on a qualified silver standard. Favored by a comparatively steady silver market during the first three years of American occupation, the Philippine Government was enabled to keep the currency of the country relatively stable at a rate of \$2 local currency to \$1 gold, or 2 to 1, as it was commonly called. By the fall of 1901, however, the price of silver became exceedingly unsteady, and by the end of the year the Government was compelled to give up the attempt to keep local currency at anything like a fixed ratio with gold. Between December, 1901, and February, 1903, the market rate of exchange between gold and local currency varied from 2 to 1 to 2.70 to 1. Fluctuations of 3, 4 and even 5 per cent. in a month were not uncommon.

From January 1, 1902, until the final establishment of the gold standard, the Philippines suffered, in an extreme form, the evils of an unstable silver currency. The bulk of the islands' business was transacted by means of heavy silver coins. Mexican dollars weigh about eighteen to the pound; a Government clerk needed a horse and carriage to carry home his month's salary. A familiar sight was that of carabao carts loaded down with a few thousand pesos of local currency, moving slowly through the streets.

The heavy weight of local currency was, however, a slight inconvenience as compared with the evils resulting from its unstable value. The Insular Auditor estimated the Government's loss from the depreciation of local currency during the period from January 1, 1902, to October 25, 1902, at \$956,750. Americans and Europeans receiving their pay, whose savings were transmitted to the home land in gold, and whose expenditures were to a considerable extent for goods imported from gold standard countries, often saw large percentages of their salaries eaten up by the depreciation of silver. The principals of local currency debts often varied in their gold values by many times the amount of the interest charged, on account of fluctuations in the value of the currency. Trade with gold standard countries was fraught with heavy risks by reason of the instability of exchange. Such risks, it is true, in the case of the larger merchants, were to a considerable extent eliminated by the practices of covering purchases and sales, and of fixing forward exchange. These recourses, however, were not at the disposal of the great mass of small merchants, and at best were available only at a consid-

erable expense. A spirit of speculation pervaded business, and the frequent characterization of many classes of trade, in those days, as gambling enterprises was often not far from the truth.

THE PHILIPPINE COINAGE ACT OF CONGRESS.

In the fall of 1900 the Commission recommended to Congress the introduction of the gold standard in the islands on a plan similar to that which a few years before had been successfully inaugurated in Japan. On March 2, 1903, the Philippine Coinage Act, commonly known as the Lodge Bill, became law. The act as passed was, with some alterations and amendments, the embodiment of the plan recommended by the Commission in 1900, and later worked out in some detail by Mr. Conant. A theoretical gold peso consisting of 12.9 grains of gold nine-tenths fine was made the unit of value, a silver peso consisting of 416 grains of silver nine-tenths fine, representing this gold unit, was made to constitute the principal money of account, and provision was made for suitable subsidiary and minor coins, and for an issue of silver certificates similar to that of the United States. Gold coins of the United States and the new Philippine silver coins were constituted the sole legal tender money of the islands after December 31, 1903. The Philippine Government was authorized to issue certificates of indebtedness to an amount not to exceed \$10,000,000, the proceeds thereof to be used for the purchase of bullion and for the establishment of a gold reserve. The act further authorized the Philippine Government to adopt such other measures, consistent with law, as it might deem proper "to maintain the value of the silver Philippine peso at the rate of one gold peso."

On October 10, 1903, the Commission passed the "Philippine Gold Standard Act," an act intended to fill in the details of the plan outlined by Congress, to establish the proper machinery for the administration of the new currency, and to provide in detail a method for the maintenance of the parity. By this act all the proceeds of the certificates of indebtedness, all seigniorage profits and all other incomes of the Insular Government incident to the introduction and maintenance of the new currency were segregated into a trust fund known as the "gold standard fund," to be used solely for the maintenance of the parity of the new currency, and to meet other expenses incident thereto. This fund was to be divided between New York and Manila.

The system adopted for the maintenance of the parity placed the islands upon that form of the gold standard commonly known as the "gold exchange standard." The only important demand for gold, which it is necessary for a government to supply, in the redemption of its money, in order to maintain the parity, is that of providing a medium for the settlement of its foreign trade balances—a demand to which so called "token" money, or money not possessing its full value in bullion, cannot be applied. A draft, however, upon a gold standard country is equally valuable with gold bars or gold coin to meet that demand. Under the gold exchange standard, as it exists in the Philippines, the Government has no more to do with the ordinary exchange operations of the banks than has the Federal Government in the United States; when, however, exchange rates reach the gold export point the Government does not furnish gold bars or gold coin for exportation, but gives the would be gold exporter a draft on New York (or in other words the gold laid down in New York) and charges him as a premium simply the amount that he would have had to pay in transportation charges

had he exported gold bars. The process is reversed when exchange reaches the gold import point, by the sale in New York of drafts on the gold standard fund in Manila. By this means the parity is maintained without the necessity of keeping gold bars or gold coin in the islands; the currency is rendered just as stable and just as automatic as it is in strictly gold standard countries like the United States; the Government is enabled to earn interest on a large part of its reserve fund, as it otherwise would not be able to do; while the premiums realized on exchange, although causing no extra expense to trade, represent a real profit to the Government.

The new currency was first placed in circulation the latter part of July, 1903. The reception accorded it by the public was at first not a hearty one. The new peso was no larger than the Mexican peso, upon the basis of which prices had been adjusted for generations, and the Chinese and natives could not see why it should be worth any more. During the period from August 1, 1903, until the end of the year, a Philippine peso could be exchanged at the banks or the Chinese exchanges shops at anywhere from 1 peso and 4 centavos to 1 peso and 18 centavos, local currency. The great majority of merchants and shopkeepers, however, accepted the new peso simply as the equivalent of the old. It was but natural, therefore, that the old money should be preferred to the new by all persons who had money to spend in the islands. It cost less and went as far. Being the cheaper money, it tended quickly to drive the new money out of circulation in accordance with the principles of Gresham's familiar law. Persons receiving the new money from the Government promptly exchanged it at the banks or the shops of the Chinese money changers for the old currency, and thereby realized a profit of from 4 to 18 per cent. The banks and money changers in turn brought the new currency so received to the Insular Treasury and exchanged it for United States currency or for drafts on the gold standard fund in New York, to be shipped out of the country in settlement of the heavy unfavorable trade balance existing at the time. The Philippine currency paid into the Government in this way was immediately withdrawn from circulation in accordance with the provisions of the Gold Standard Act. Almost as rapidly as the new currency was paid out during August, September and October, 1903, it came back to the Government through these channels. From the beginning of the year 1903 until November, each month had witnessed a heavy net exportation of Mexican currency from the islands. In November the tide began to set in the other direction, and between November 1, 1904, there was a net importation of local currency into the islands of over 600,000 pesos. Heavy demands were at the same time being made upon the gold standard fund for exchange on New York, while the month of December, 1903, exhibited an actual decrease in the Philippine currency circulation of the islands. The situation at the end of the year was not encouraging.

The transition period in any currency reform is liable to be a time of unsettled business conditions. The Philippines were not an exception to this rule, although, as it will soon be seen, the policy adopted by the Government reduced the disturbance in the Philippines to a minimum. Business men were extremely anxious to have the reform quickly accomplished. They were heartily sick of continual exchange fluctuations, of a dual currency and of generally unsettled business conditions; they dreaded, however, any positive measures on the part of the Government to put an end to these conditions, much as a patient dreads a dangerous surgical operation.

The Commission, after a careful study of the situation, concluded that the existing unfavorable condition of affairs would probably dawdle along indefinitely unless they took some positive action to prevent it.

On January 14, 1904, a law was accordingly passed

prohibiting the further importation of local currency into the islands, and on January 28, in spite of the almost unanimous opposition of the business community, the "Local Currency Taxation Act" was passed. This act imposed an ad valorem tax upon contracts or other written instruments payable in local currency drawn or negotiated after September 30, 1904, and upon bank deposits of local currency held after December 31, 1904, and required a special license tax of all merchants doing business in local currency after the latter date. Numerous exceptions were made in the act for the protection and equitable adjustment of contracts payable in local currency entered into prior to September 30, 1904. The taxation provisions of the law did not begin to become operative until October 1, 1904, and the law did not come into full effect until the end of the year. The public were thus given from eight to eleven months "to set their houses in order." Ample provision was made for the purchase by the Government, at equitable rates, of all kinds of local currency. The banks of the islands rendered the Government most valuable assistance in its efforts to remove the old currency from circulation.

The local currency taxation act proved to be a success even beyond the expectations of its strongest supporters. Long before the date set for the imposition of the tax the new currency was well established and the old had ceased to be an important factor in the trade of the islands. The transition, moreover, was accomplished with comparatively little disturbance to business. There never was a better illustration of the truth of the old adage, "To be forewarned is to be forearmed."

The bulk of the islands' trade has now been carried on with the new currency for nearly a year. No defects of any moment have yet been discovered, and the present outlook is exceedingly favorable. Three criterions by which a currency system is generally judged are those of (1) expensiveness, (2) elasticity, and (3) security and stability.

For the purpose of providing a gold reserve fund for the maintenance of the parity of the new currency, it has been noted that Congress authorized the Philippine Government to issue certificates of indebtedness not to exceed \$10,000,000. Six million dollars of these certificates were actually issued, and the premiums realized thereon, together with the interest earned on the proceeds, proved to be almost sufficient to pay all interest charges. In May this year the outstanding certificates were reduced from \$6,000,000 to \$3,000,000, and an act recently passed by the Commission will reduce the latter amount to \$1,500,000.

If the same rates are realized on the new series as were realized on the one about to be paid, its net expense to the Government will be about one-tenth of 1 per cent. per annum. The Government's profits on the sale of exchange are many times over more than sufficient to pay all current expenses connected with the administration of the new coinage. The seigniorage profits to date amount to upward of \$1,250,000. The new currency system, it will therefore be seen, has so far proven to be a source of profit to the Philippine Government rather than an item of expense.

The gold exchange standard system is even more elastic than a strictly gold standard system like that of the United States. In the Philippines a deficient currency supply is increased by the sale in New York of drafts on the gold standard fund in Manila, under exactly the same conditions as that of the United States would be increased by the importation of gold, and a redundant currency supply is decreased by the sale in Manila of drafts on the gold standard fund in New York, under the same conditions as that of the United States would be reduced by the exportation of gold. In the United States the currency supply is regulated by the importation and exportation of gold; in the Philippines, by the locking up of currency in the Treasury vaults in times of redundancy, and its release in times of

scarcity. The fact that the gold standard fund exchange can be sold by means of cable transfers renders Philippine currency somewhat more elastic than that of the United States. The Philippine gold standard act, moreover, provides for the interchangeability of all denominations of Philippine coins on demand at the insular treasury and at the treasuries of every one of the thirty-nine provinces in the islands, thereby making the denominations of the money in circulation readily adjustable to trade demands.

It would be difficult to imagine a better secured and more stable currency than that of the Philippines. Against every peso of silver certificates in circulation there is a silver Philippine peso held in a special reserve fund in the treasury vaults. At today's market price of silver a Philippine peso contains over ninety-four centavos' worth of pure silver. There is a reserve fund of between \$2,500,000 and \$3,000,000 gold, held as security for the islands' circulation of 27,460,628 pesos; while back of this is the Philippine Government's excellent credit, and its authority from Congress to issue certificates of indebtedness up to \$10,000,000, if need be, for the maintenance of the parity of its currency. The Government's exchange rates mark the same limits to fluctuations in the value of the currency that "gold points" do in countries like the United States. A currency thus supported, and which is redeemable in gold exchange on demand, need give rise to no fears for the security and stability of its value.

MANILA, P. I., August 2, 1905.

MANILA THE TRADE CENTRE OF THE ORIENT.

Under the title of "Manila, the Trade Centre of the Orient," Major General Henry C. Corbin contributes an interesting article to a recent issue of the *Manila Bulletin*, which receives additional weight from the fact that the writer is chairman of a committee appointed some time since with a view to extending the importance of the port of Manila as an international distribution point for Oriental trade; and the timeliness of the consideration of the matter is emphasized by the nearing completion of extensive harbor works which will put Manila in an unrivalled position for successfully bidding for the trans-shipment trade of the East. The text of the article is as follows:

The importance of Manila as a shipping centre depends not alone on the agricultural and mineral resources of the country, but on the facilities at this port for handling goods with the object of trans-shipping them to America, China, Japan, Cochin China, the Straits Settlements, Java, Borneo, India and the islands of Oceanica and Australia.

The city's geographical location, her great harbor and the new dock system, which, when completed, will permit the largest ocean going steamer to tie up alongside, all indicate that this port will be the trade centre of the Orient within the next few years, if sufficient encouragement is given commercial interests.

Manila is two days from Hongkong, five from Shanghai, five from Singapore, eleven from Colombo and thirteen from Sydney. Navigable waters wash the shores of a thousand cities and towns through which pass the entire overseas traffic of the most densely populated portions of the world, and Manila stands at the gateway of this vast trade. In little more than a half century, Hongkong, nourished alone by the trade which passed from ship to ship in her harbor, has grown to be a great commercial city. A large portion of that business belongs by natural right to Manila.

Within a very short time this port will be provided with modern docks. These will make much greater economy in the handling of cargo and this city will be the only one along the China coast possessing such facilities. At Shang-

hai, the metropolis of Northern China, the large steamers cannot approach within 15 miles of the city and the cargoes must be trans-shipped by junks, launches or river steamers. At Hongkong the steamers must lie out in the harbor, the city not being provided with docks, and conditions are the same at Singapore. But with the completion of the new docks here conditions will be materially different. The ships may then go alongside and take their freight with the same facility they could in New York or Liverpool. What is most needed here is a system of bonded warehouses, the large firms of the United States shipping their goods to these warehouses on storage, while their salesmen cultivate the trade of Asia and Oceanica. A large stock of goods should be kept on hand here, and should Hongkong, for example, require a shipment of American goods, merchants of that city would be able to secure a supply within sixty hours, instead of thirty days, the shortest possible time they can now be had from San Francisco on cable order. The fact that large stocks of American made goods were on storage here would operate greatly in favor of American trade in the Orient.

It is important to further these interests to establish in Manila harbor a "free zone," a certain portion of which would be designated as a free port and into which vessels might enter with cargo intended for reshipment to ports or places outside of the Philippine Islands, and such entrance should be made without payment of dues prescribed for vessels entering other ports of entry. The cargoes carried by these vessels should be discharged and stored under the supervision of customs officials without the formalities which now prevail in regard to the bonding of merchandise, and its exportation made without the payment of the wharfage and harbor charges now specified, and without the formalities which are now prescribed for the exportation of goods stored in bond. The committee of which I have the honor to be chairman, recently appointed by the Governor General to consider the shipping interests of this port, will at an early day submit a report favoring the establishment of this free zone. This is being delayed only by the time necessary to perfect the plans for the scheme.

With the development of Manila into the shipping centre of the Far East would come a great increase in the business of the smaller lines of vessels.

Logically Manila should be the terminus of the big trans-Pacific liners, which should come directly here, and would probably do so if Manila was the distributing centre. The trip could be made in from thirteen to sixteen days, in itself no inconsequential detail, bringing us, as it would, so much nearer the markets of the United States. With the mammoth liners now on the Pacific bringing freight to Manila for distribution to other Asiatic ports, it may readily be seen how the business of the smaller shipping lines would be greatly increased.

The improvement of the port of Manila means much for the future commercial prosperity of the Philippine Islands. Experience with the transport service, the system of light-erage in vogue, and many other awkward details in the problem of getting goods and army supplies from ship to shore, showed plainly in the very first months of American occupation that the importance of this city as shipping port would remain comparatively low unless modern docking facilities were provided. The money that has been paid for this great work is but little compared to the good that will result to the commerce and shipping of the United States and the Philippine Islands, to say nothing of savings to the government and revenues resulting in the commercial activity here.

The full development of this harbor, with reasonable rules for the government of shipmasters, will have a significance of very great importance and be far reaching in effect, both here and at home, and give our people advantages in the Orient that will make our commerce the first of all the nations.

AMERICAN GOODS IN THE PHILIPPINES.

(From the Bulletin of the Bureau of Insular Affairs.)

There has been a tendency in certain quarters to minimize the growth of American trade in the Philippines during the period of American occupation and to dwell upon the laggard way in which the products of the United States have followed the flag into the islands.

This criticism seems to overlook two important elements in trade extension to colonial possessions in its application to the case under consideration. In such instances which give an axiomatic coloring to the dictum that trade follows the flag it is to be generally noted that trade has already to some measure preceded the flag and indicated a marked tendency—if not actually inducing the presence of the flag; and further, that special privileges are usually enjoyed by the ruling country in the markets of its colonial possessions.

American trade has enjoyed neither of these advantages in the Philippines. Immediate commercial considerations played but a slight part in the fortuitous circumstances leading to the advent of the flag, and the fact that by treaty the United States renounced any special trade privileges in the islands for a period of ten years gives emphasis to commercial conquest not being the leading motive of American occupation, and therefore not the fair measure of American success in the islands. Then, too, in the Spanish era the demand for American goods in the Philippines was of insignificant proportions and without any definite tendency to increase, while with the change of régime the American exporter has found no special trade privileges to induce him to follow the national flag; and under such conditions it should be no matter for surprise that he has not after seven years appropriated entirely to himself the island markets and radically diverted trade from its long established channels.

In fact, apart from the stimulus of patriotism—which is not to be accounted a very active force in things commercial—and the demand created in the islands for American goods by the presence of army and civil employees of the Government, the presence of the flag has thus far brought no special advantage to the American exporter, and such development of trade as he has effected in the islands is more justly to be measured by the terms of trade expansion in a foreign country than under the glamour associated with the flag.

Measured by this general American export, standard American goods make an exceptionally favorable showing in the Philippines since the termination of the Spanish régime. In the unprecedented export activity of the United States since the earlier nineties, in a total that has nearly doubled, it appears that with European consumption of American products increased by about one-third, exports to the Orient have trebled, and yet, with such a rapid American trade development generally throughout the East, increased shipments to the Philippines have far outstripped the Oriental average.

Owing to the Russo-Japanese War the fiscal year figures for 1905 represent a disturbed condition of Eastern trade unsuitable for comparative purposes, but a study of United States export returns for the previous year in comparison with preceding periods in these countries where trade conditions prevail most analogous to those of the Philippines is of interest in connection with a showing of what the American exporter is doing in our new insular possessions—a showing not without credit except to those anticipating a commercial conquest of the islands in a few years that is unwarranted by the measure of benefit that the presence of the flag has conferred on him.

Exports to China are too irregular from year to year to admit of generalization, but those to Japan show a more uniform growth from the early nineties to the beginning of the war, and the figures reveal a seven-fold increase; exports to Hongkong—that great warehouse of the Orient—in the same period have more than doubled; whereas exports credited to the Philippines during the latter years of Spanish rule were practically stationary and of nominal proportions, but since 1898 have increased approximately thirty-fold, showing a growth unexampled by those to other countries during the same period.

That the present \$5,000,000 worth of American exports to the islands, which has raised the United States from an insignificant rank to a foremost place in the Philippine trade, is in considerable measure due to the presence of the American flag with its contingent of Government employees having preferences for American goods is no doubt true, but in the large increase there is still enough left to indicate an active and healthy export interest, and matter for satisfaction at the record made by the American exporter in a brief period against established competitors in a new field.

The prestige recently won by American wares in the world markets is such as to establish their competitive worth beside those of other countries. In the Philippines they enjoy the special advantage of free advertisement at the hands of the many resident Americans, even though the flag confers no direct favor, and the outlook of the American exporter is full of promise in the new field provided he shows his usual enterprise and a careful attention to details and local conditions.

Upon this latter point, however, there are a few words to be said, and among these details may be mentioned the matter of packing goods for export. The weakness of the American shipper in this particular seems to be a matter of general report, but with reference to goods destined for the Philippines it has been so conspicuous as to have become the basis of an active propaganda for three years past, both by the American commercial press and the customs officials of the islands, with a view to improved packing methods. The testimony of officials on the wharves at Manila is of special weight upon this point,

and this testimony is uniformly to the effect that American goods arrive in a worse condition than those of other prominent exporting countries. This point has been repeatedly dwelt upon in the pages of the Summary, but that much is still to be desired in this respect is evidenced by a recent statement from the insular collector of customs.

American shippers should not lose sight of the fact that their wares must face a 10,000 mile journey with repeated handlings, and such rough handlings by stevedore and hoisting tackle over ship's side as have no parallel in domestic shipments of freight. Perhaps the crowning experience in this long and rough journey is to be found upon arrival at the port of Manila, and the completion of the harbor works at that place in a short time, by which direct wharf landing will supersede the trying lighterage conditions prevailing there, will no doubt operate to the advantage of the defective packing of American goods, but the shipper of the United States should see to it that his wares are as well prepared for all contingencies as are those of other countries.

The detrimental effect of defective packing on the American export trade is palpable and operates in various ways. The normal attitude of the importer is to cater to his clientèle, and the Americans throughout the islands may be trusted to demand home products; but if the merchant's repeated experience with American orders is that they entail damaged goods, claims against transportation companies, possible losses of money and interest, petty thefts inevitably growing out of broken packages in transit, and even loss of reputation in the matter of contract orders, it is only to be expected that these will weigh heavily against any inherent merit in American goods or prices, and make the importer less eager to suit his American patrons by carrying sample stocks, as it were, of American wares, thus tending to neutralize the chief advantage that has thus far accrued to American trade by the presence of the national flag in the islands.

A further shortcoming of the American exporter as noted by the collector of customs for the Philippines is more technical in character and one on which, from his position he is eminently qualified to speak. This concerns the matter of preparing invoices and packing goods with reference to customs requirements for the Philippine trade. Here, too, he is said to fall far below the standard set by exporters of other countries.

Though the Philippines tariff contains explicit rules for the guidance of the shipper, the American does not seem to make a study of them, but bills and packs his goods in much the same way as for domestic shipment, which lends some color to the alleged popular ignorance in the United States of the existence of a Philippine tariff against American products.

The customs regulations of the Philippines with regard to imports are like those to other countries—technical and arbitrary. But experience justifies them, and being designed with a view to facilitating inspection and expediting the admission of merchandise into the islands, it is very essential that invoices are made to conform to

their requirements if delays and difficulties are to be avoided.

The tariff distinction between gross and net weight seems to be the source of much trouble in American shipments, the duty being levied upon the total weight of the package in the one case and upon the gross weight less the exterior case, crate or receptacle in the other, the interior and immediate packing or receptacle being considered for tariff purposes a part of the net weight. A careful study of the tariff by the American shipper with reference to the class of goods sent out, the packing of these goods not only securely, but with special reference to the mode of assessment of duty—whether by gross or net weight—and a full statement of all essential particulars in the invoice, tending to reduce to a minimum the opening, weighing and repacking of merchandise, would not only save much delay and irritation on the part of customs officials and importers, but would also save customers for American goods and increase their popularity among the merchants of the islands.

In both these cases of substantial packing, and packing and invoicing with reference to tariff considerations, there is evidence of the inexperience of the American shipper but recently entering foreign fields from a heretofore chiefly domestic trade, and only imperfectly adjusting himself to the new conditions involved. But these important matters of detail must be acquired by him if American products are to get the full credit due them, in competition with the established trade and export traditions of older countries.

A further hint for the promotion of American exports in the islands is offered by Mr. S. B. Shiley, of the Government Museum at Manila, in a communication to the Secretary of the Department of Commerce and Labor. The practice of American exporters demanding one-half cash with order and the balance upon receipt of goods is contrasted with the credit terms of from three to twelve months offered by European agents, and a further handicap to American goods is emphasized.

Under the conditions imposed by American merchants, as stated, the Philippine importer must advance half the purchase money from three to four months before the receipt of his goods, and, paying the balance on arrival, it is not until from one to three months later that he realizes upon his transaction. With bank loans at exorbitant rates in Manila, interest becomes a large factor in the cost of American goods to the Philippine importer with business conducted on a cash basis, and with the European practice of carrying the interest where low rates prevail, the underselling of American goods in the islands markets must follow with a corresponding failure to realize possible trade expansion, unless the American exporter takes counsel of the European and adjusts his trade terms to the conditions of this distant market with its high money rates.

The above points are submitted to the attention of the American exporter as conducive to the popularizing of his wares with the island merchant, whose preferences must be a chief factor in the growth of American exports to the Philippines. But with American products submitted to him upon the same favorable terms and under the same favorable conditions as European, the exporter of the United States must for the present rest his case, and may with some confidence look forward to rising from a leading factor in the present \$30,000,000 worth of imports to a preponderating contributor in the increasing total of the future.

JAPANESE TRADE.

In the following communication Special Agent Crist, of the Department of Commerce and Labor, deals with the larger problems of Japanese commerce:

The great bulk of the import trade of Japan is done through the medium of agents or brokers who have been long established here and who act for the jobber and wholesale merchant or the manufacturer who uses foreign materials in his plant. The native merchant in preparing to lay in his supply of foreign made goods comes to the broker's sample room and there examines the great variety of samples with which every broker and commission house is well supplied by the manufacturers whom he represents. From these samples orders for the next season's stock are made up. Upon arrival of the shipment, delivery is generally at once taken by the merchant, thereby completing the transaction. It is not absolutely certain, however, that delivery will take place. The fact that there are failures to dispose of shipments with promptness is abundantly established by a visit to almost any godown, or warehouse, of which each broker owns one or more of smaller or larger capacity, in accordance with the volume of his business.

If the market be up beyond the expectations of the merchant, he may possibly decline to accept the goods. It seldom happens, however, that a shipment is left indefinitely on the agent's hands, although that does occasionally occur. Some concession will doubtless be made whereby the conditions are made easier and more to the liking of the merchant. It may be necessary, however, to hold the shipment until the market is more propitious, or even to sell to some other merchant who may desire to purchase such goods.

It is often deemed better to compromise the terms of the contract and effect a sale than to have recourse to the courts to enforce the contract as originally made. Going to court takes too much time, money and loss of prestige to be desirable. In order to obviate such contingencies and to develop sound business relations for themselves and their principals, the commission agents make close study of the market conditions at home as well as in Japan, and acquaint themselves with the members of firms for whom they buy. By these and many other methods they familiarize themselves with the financial standing of their principals and with the many points which are essential to successful business relations.

Every commission house and broker has in addition to the sample room some place where his patrons can come in and take tea and talk shop. Through the medium of these talks he keeps himself in touch with the retail market on all lines which his patron handles, not only what he has sold him but what he has bought from someone else. He can tell whether the last pattern or style of a certain line of goods is selling well, whether it is in order to suggest some change or modification. On the other hand, a change or alteration is often suggested by the native. The live broker finds out all these points and at once notifies his

home office or the manufacturer of the particular line affected.

The English and German manufacturers pay heed to these pointers and in the shortest possible time send out great varieties of such samples for inspection. Should these meet with approval, it frequently happens that a specimen output of two or three bolts in the case of textiles may then be sent to ascertain whether the pattern in its entirety meets the desires as fully as anticipated, thereby offering a further opportunity for examination and criticism. The Germans and English go further than this in many lines, such as printing and calendering presses, metal working machines, lathes, milling and drilling machines and machines of like kinds. In these lines they are repeatedly requesting their brokers or representatives to accept numbers of machines to be sold on consignment. This is never done by American manufacturers. When it is known that an American color type press, which would be quoted at \$3,500 net under terms of cash, and a similar press made in Germany is quoted at \$1,800, with discounts for cash of 15 per cent. on a credit of two, four or even six months, it is easy to see that Germany and England are doing what America has not yet done. They are leaving no stone unturned to sell their products, and those products have been made exclusively for export. In the matter of printing presses and the further disadvantage at which Americans are placed, it might be stated here that it has been said that the duty on printing presses from England, Germany or France is 5 per cent., while on those from America it is 10 per cent. The source of this information is the 1905 edition of customs regulations, I am informed. I have been unable to ascertain the cause of this seeming discrimination.

The Japanese of small capital is entering business on a scale somewhat out of proportion to his finances, and he does not always feel able to invest a greater sum to obtain a plant that would last him for a longer period, when he can, with a smaller outlay, equip his establishment at a lesser cost with machinery which will serve him well, but for a correspondingly short, or even much shorter, time. That a cheaply equipped factory will require more attention and repairs than one of higher grade does not yet appeal to him. Labor is very cheap in Japan; the laborer's time is therefore not so valuable that delays count very seriously in the profit and loss side of the ledger. The conditions here are such that the ambitious Japanese realizes the good business opportunities that exist, and is anxious to install without delay whatever equipment his business may require and his limited capital will admit, relying on the future (which is ever bright to the optimistic Japanese), and to his thrift and economy to bring success. The commercial progress of the entire nation is a testimonial to his faith in himself as well as to his frugality, and an evidence of the fact that his optimism has not been misplaced.

Rapid lithographic presses are having a great amount of work in Japan at the present time, and the future promises even more. I am told that the Japanese are now building lithographing and collotype presses, and that within the next five years their perfection may be looked for. Calendering presses also have a market, but the price for a German made press at \$4,000, which is about as cheap as they have been sold here, does not admit of their very great sale.

In orders of this character, competition is not apt to figure, but the best prices obtainable from those concerns whose general average of prices is known are considered satisfactory. Business of this character forms quite a good percentage of the general business, and the houses profiting on these occasions are those whose terms are easiest and best. Here again it is quite evident that our American exporter does not come in very strongly.

There are some practices followed by American concerns which cause great embarrassment to importers who have endeavored to build up an American trade. Several instances have been cited by commission houses who have English and German as well as American connections. The following will serve to illustrate: An immense business has been done by importers in heavy machinery of all descriptions during the past year, and Americans have participated to a most flattering degree. One concern, which has the sole agency in Japan for an American machine manufacturing house, has obtained the trademark registration for this country, and is legally protected from infringement upon the part of any other person in handling these articles. The American manufacturer, intending to be alive to business, answered a request for quotations received from another broker in the same city where his agent was established. As a result of this correspondence, the new broker placed an order with the manufacturer, who stated that he had no sole agent representing him. This is doubtless his understanding of his relation with his agent. Upon the arrival of the shipment the matter at once came to the attention of the original broker, who served notice upon the new broker that he had a sole agency and he would prosecute any person taking delivery of the goods.

Such transactions as this do not tend to develop a friendly feeling for American methods or manufactures. All parties concerned are more or less damaged—the persons for whom the commodities are purchased, the middleman in both cases, and the manufacturer as well. It also evidences an ignorance in America of the most approved methods of building up a solid and lasting market.

If a German or an English concern receives a request for prices on the commodities which they manufacture, they at once refer the inquiry to their agent on the ground, who transacts the business to the satisfaction of all concerned.

Americans have the reputation of being ready at the first opportunity to cut out the broker and do business direct. This greatly deters established commission and brokerage houses from building up a market for American exporters.

Such practice almost invariably results in losses, and in many instances to an abandonment of the market by the American, or a changing to some other field by the Japanese. Misunderstandings are bound to arise which should be settled at once because of market conditions, but which can only be settled by the presence of some one familiar with both markets. Time, and in all probability the size of the business, will not admit of sending a person from America to adjust matters; thus the business is diverted by the difficulties presented, and the current goes along the channel of least resistance to some other country.

German catalogues come to Japan printed in English, the commercial language. English and German manufacturers do not hold themselves hard and fast to their wholesale catalogue prices, but frequently make discounts therefrom and extend credits in addition. This deserves careful consideration by our manufacturers.

Much of the foreign trade is done on indents or contracts for definite quantities with specifications as to details of style, quality, size, etc. It is generally left to the agent to select the goods in whatever field he may elect, although at times limitations as to country are made, and in certain instances the firms from whom bids are to be asked have been stipulated, thus further limiting the field of competition. Those commission houses doing the largest amount of general importing have either branches or agents in New York as well as London, and transact their business where the prices and conditions are most favorable. (Prices on Continental goods are generally obtained through London.) There are several American commission houses established in the trade of the Orient who have their head offices in New York and maintain branches in London.

When orders are given or specifications presented requiring certain foreign goods, communication is at once had with New York and London by mail or cable giving full descriptions. New York and London prices are received and compared, and from these quotations bids are submitted by the commission agent to his principal in this market. All other things being equal the lowest price is the governing factor in the equation. From this it can be seen that through these American agents American manufacturers have as good opportunities for selling their goods in this market as those of any other country with which these commission agents are dealing. Many of these American agents have their branches in Yokohama, Kobe, Shanghai, Hongkong, Tientsin, Niuchwang and other ports in the Orient, and thus cover a broad field, coming in touch closely with all branches and phases of the business and all classes of imports.

The method of procedure above referred to to obtain prices prevails generally with commission agents of all nationalities represented here where large business is done, and it is usual in the case of orders involving large amounts to request tenders from all available sources, thereby bringing about a world-wide competition. If, however, the question of time is one of importance American manufacturers successfully compete with all of the nations of the world. How strong an influence the matter of time has been in the past year may be shown by the fact that during the first seven months of 1905 there was imported from the United States through the port of Kobe alone over 41,250,000 yen, as compared with 15,250,000 yen for the corresponding period of 1904; while from England the values of imports for these respective periods were in round numbers 31,500,000 yen and 15,500,000 yen, American commodities having outstripped English imports by nearly 10,000,000 yen or by about \$5,000,000. There is no other country that equals the American record during that time save British India, which exported nearly 50,500,000 yen in value, over 80 per cent. of which was Indian cotton.

There are great opportunities in this market for American manufacturers to maintain the lead if they will send their representatives to this country and have them on the ground to act either as sole representatives or in conjunction with the commission agents. In this way the manufacturers can be kept advised of modifications and changes in the character of the market requirements. This is being done to a limited degree by some American concerns, and with most flattering success. In every instance of this kind that I have observed the returns to the manufacturer have proven the wisdom of the undertaking and resulted in largely increased sales. Americans and American manufactures are in high favor with the Japanese, and in view of this the present strong hold on this market should not be relaxed, when with but comparatively slight effort, expense and attention the volume of business can not only be maintained but materially increased.

As I have before stated, the question of price ordinarily governs, and where the right kind of goods can be obtained at the best prices is the place the importer will do the most business, and every commission broker strives to do as much business as is consistent with safety to himself and satisfaction to his principal. Catalogues and correspondence alone accomplish but little.

The distance from America is too great to admit of sufficient information being obtained by this method to be available in a market where others have direct personal information. And on the other hand catalogues without prices are absolutely worthless. Many manufactures are sold on such margins that quotation of prices is prohibited by the natural fluctuations in the market values of their component parts. Many commodities which to the uninitiated appear prohibitive in their price can be sold here if one who is acquainted with the many phases of their utilities should come to this market and acquaint their users with the advantages possessed over similar commodities now in use.

Much may be accomplished by intending exporters in acquainting New York agencies of importing houses in the East with the lines which they have for export and requesting notification of contracts to be filled in these lines. In transactions made through these channels the agent pays the manufacturer for the goods and directs him as to shipment. By these means American exports are brought to this market without the expense incident to maintaining special representatives in this country, and a substantial export business can be built up.

This method has its unpleasant features unless careful attention is given by the manufacturer to the shipments. Not infrequently delays occur in shipping, or in shipping by undesirable routes, or inefficient packing results in losses, en route, through damaged goods. When claims are presented to the American agent because of damaged consignment he refers them to the manufacturer, who produces evidence that the shipment left him in good condition. The agent in turn reports to his principal, who in the meantime has doubtless appealed to the steamship company and landing agent, who states that when delivery was taken their responsibility ended. The commission broker bears the loss, and in all likelihood turns to England for the next order of like goods, where conditions are such as to reduce to a minimum the occurrence of such embarrassing situations. In England the manufacturer is his own shipping agent, and attends to his export business through the well organized export department of his establishment in Manchester, where factories and docks are adjacent to each other. In America the export agent may be 500 or 1,000 or more miles from the manufacturer, and unless agent and manufacturer work in harmony in regard to details difficulty will be found in bringing about satisfactory results; while, on the other hand, attention to details will undoubtedly result in highly satisfactory increase in sales.

ECONOMIC CONDITIONS IN JAPAN.

At the semi-annual general meeting of the shareholders of the Yokohama Specie Bank, President Soma delivered a speech dwelling on the economic conditions both at home and abroad, and on the business carried out by the bank during the first half of this year. He said the year was opened auspiciously by the capitulation of Port Arthur. Subsequently our forces won a glorious victory at Mukden and annihilated the Russian Navy in the battle of the Sea of Japan. In finance, the issue of the fourth and fifth domestic loans and the recent foreign loan, amounting to £30,000,000, was a remarkable success. The prevailing tone of the economic world was in consequence enhanced and the commercial and industrial activity made manifest. The brisk trade in war materials caused a demand for money, with the result that bank rates gradually advanced. But a greater portion of the money paid into the national coffer as taxes or loans was spent at home as war expenses, and the money returned to the financial market, thus preventing the stringency of the latter. At the same time there was a marked activity in new business enterprises. Reviewing our foreign trade, the speaker said the exports during the term under review amounted in value to 142,760,000 yen in round numbers, and the imports to 286,460,000 yen. Compared with the corresponding period of last year, the exports showed an increase in cotton yarn, *noshi* silk, raw hemp, copper and porcelain; but a decrease in *habutaye*, rice, tea, coal and camphor, the total increase being only about 5,300,000 yen. The imports showed an increase in cotton, cotton and woolen goods, iron machinery, hides, rice, barley, flour and beans, and a slight decrease in sugar and coal. On the whole, the imports showed an increase of 103,820,000 yen. This was caused by the increased demand for war materials, by the importation made in order to anticipate the increase of duties, and by the commercial activity at home. The excess of the imports over exports, amounting to 143,690,000 yen, was unprecedented. In the export and import of precious metal, the exports amounted to 6,800,000 yen, while the imports were 22,990,000 yen. This was due to the financial management in issuing the foreign loans, and paying the money thus obtained for the purchase of war materials, in addition to the importation of silver in bullion. Looking abroad, commerce and industry in Europe and America made fair progress, and China not only became accustomed to the circumstances in time of war but, owing to the spending of a large sum of money by both countries, the demand for merchandise increased. The sale of Japanese yarn was brisk. The trade in India also maintained its prosperity.

Since the outbreak of hostilities the bank has found it necessary to keep a portion of its funds abroad. In order to accomplish this the bank has purchased export bills, and thus given facilities to the money market in connection with the export trade. On the other hand, we have been obliged to refuse facilities to our customers in relation to the import trade. During the term under review the excess of the imports over exports, as already stated, caused much difficulty to the bank's business. But fortunately

the issue of the foreign loans, the satisfactory condition of the export of silk and cotton yarn, and the large subscription by the foreign capitalists to our public loans benefited the exchange business. It is gratifying to note that the measures taken by the bank during this difficult period greatly facilitated the import trade, especially in connection with the importation of cotton. And as both the imports and exports increased during the same term the business of the bank also increased.

The net profit of the bank during the term was 2,109,720 yen, including 529,922 yen brought forward from the previous account. This sum shows an increase compared with that of the previous term.

In addition to the branch offices at Tairen and Liaoyang, which were opened during the previous term, we opened offices at Port Arthur and Chefoo during the term under review. The branch at Liaoyang, however, was subsequently closed, as the result of the further advance of our Manchurian army, and a new one was opened at Mukden. During the latter half of the term two more branches were opened, one at Tiehling and the other at Osaka. The opening of these branches was due to the necessity caused by the development of the situation and the condition of trade. As the business of the bank in Manchuria increased we felt it was necessary to have a man well acquainted with things Chinese. We therefore engaged Mr. Masunosuke Odagiri as adviser and placed him in charge of the bank's business in that direction.

Now, the peace negotiations between Japan and Russia have been successfully concluded, and the great war, unprecedented in the history of the world, has been brought to an end. But the enterprises after the war are just as important as those during the war. Under the circumstances it is needless to say that this bank should carry out its business with circumspection and endeavor to contribute toward the good management of the national finances. We must give this matter much consideration.

COUNT OKUMA ON WAR FINANCES.

Count Okuma, speaking on the financial phase of the peace question, says:

Japan's assets after the China-Japanese war were more than double those before that war. Moreover, the country's expenditures have suddenly increased since the beginning of the Russo-Japanese war. The last year's estimates for war purposes were 420,000,000 yen, while those for the current fiscal year were 780,000,000 yen. A portion of the above expenditures was acquired by increased taxation as well as from new taxes, but the greater part was obtained from domestic as well as foreign loans.

The amount of foreign loans floated last year was 220,000,000 yen, while the amount floated this year was about 600,000,000 yen. The ordinary administrative expenditures in Japan were decreased to some extent, but the outlays for collecting new taxes as well as for enforcing increased taxation have greatly increased. Not only have the Government's business enterprises required heavy outlays but such experiments as the salt monopoly have produced numerous undesirable results. The expenses for collecting the sugar consumption tax, the textile fabric tax, inheritance tax, etc., were heavy.

Still on the whole the nation admirably endured the burden. Whenever domestic loans were issued, the public subscribed to the loans several times over the amount of issue. Both Japanese and foreigners were surprised at the abundance of the national resources of Japan. It is an indisputable fact that the national wealth developed remarkably subsequent to the China-Japanese war. On

the whole the productive power of the nation is increasing at a quicker rate than the rate of increase of burden.

Even supposing that Japan should be unable to get funds to pay off foreign loans immediately as the result of the peace treaty—and Japan is also under the necessity of raising 500 or 600 million yen in loans to adjust post-bellum affairs, making a total debt of 2,000 million yen—still if the rate of the increase of the productive power remains as before, the nation will be in the position of discharging all obligations quite easily in less than ten years and will also be in the position of possessing further financial resources. Up to last year the nation was able to bear a burden which was three times in excess of the burden at the time of the Chino-Japanese war. Even after the outbreak of the Russo-Japanese war the Japanese economic world was in no way badly affected.

Even in England, over 2,200 million yen were disbursed in the Transvaal war, and the result was the rise of the interest rate from 2 per cent. to 6 per cent., the New York and the Berlin markets being much affected. Japan spent in eighteen months what England spent in two years, still the interest rate and prices of commodities did not rise so much as in England. This is a good omen. The nation need not be pessimistic over the financial outlook.

THE CAPTURED SHIPS.

Among the fifty-five merchant vessels, transports, etc., captured by the Japanese since the war commenced, the following seventeen have been finally adjudicated prizes of war and have received new names as indicated in the list:

Old Name	New Name	Tonnage	Nationality
Angara	Anegawa Maru.....	11,700.	Russian*
Kazan	Kasado Maru.....	—	Russian*
Sungari	Matsuye Maru.....	—	Russian*
Ekaterinoslav	Karasaki Maru.....	5,627.	Russian
Russia	Seishu Maru.....	2,312.	Russian
Argun	Rashu Maru.....	2,458.	Russian
Manchuria	Kwanto Maru.....	6,193.	Russian
Manchuria	Manshu Maru.....	2,937.	Russian
Fuhping	Chozan Maru.....	1,393.	German
George	Rotetsu Maru.....	179.	French
Severus	Shibetoro Maru.....	3,307.	German
Alexander	Rekizan Maru.....	261.	Russian
Mukden	Hoten Maru.....	1,507.	Russian
Nagatan	Nagara Maru.....	—	Russian*
Koti	Hokuyo Maru.....	399.	Russian
Veteran	Yaura Maru.....	1,199.	German
Ningta	Ikuta Maru.....	—	Russian*

Vessels marked with an asterisk were not captured but were raised at Port Arthur and Chemulpo. It will be understood that these ships are now catalogued as having been registered as Japanese property. Among the remaining thirty-eight vessels, thirty-three have been declared lawful prizes but have not yet been publicly advertised as on the Japanese register.

With regard to the nationality of the fifty-five vessels, the following list is published:

Nationality	Number of Ships	Total Tonnage
British	22	65,843
Russian	16	33,837
German	7	12,146
Austrian	2	6,231
Norwegian	3	5,411
Dutch	3	4,172
French	1	2,812
American	1	2,812
Total	55	134,721

THE FUTURE OF MANCHURIA.

(From the London Saturday Review.)

There were many reasons, besides the supreme interest of the war, why the struggle in Manchuria should be watched anxiously by nations remote from the scene. It was not only the daring of Japan in matching herself against an adversary who loomed so hugely, by comparison, on the map; nor the fact that the struggle between enemies so apparently disproportioned was between an Eastern and a Western power for supremacy in Eastern Asia. There remained behind these political considerations the question of the commercial future of a great region whose potentialities people were just beginning to perceive. The remark made some years ago by a well-known student of Oriental politics, that "in no part of the world is commercial power so directly conditioned upon political power as in the Far East," could receive no clearer illustration than from recent events. The tenor of Russia's reply some years ago to Mr. Hay's expression of hope that she would associate herself in the policy of the "open door" left her intentions at least open to suspicion. So that, besides and beyond the supreme interest of the titanic fight between a great European power and a newly arisen Asiatic power for political supremacy, there lay the question whether the door into Manchuria with all its commercial possibilities should be open or closed. We have yet to await the full text of the treaty of peace; but the synopsis which has been published of Articles 3 and 5 indicates a sufficiently clear undertaking on the part of both nations—(1) to withdraw their troops from Manchuria; (2) to put no obstacles in the way of the "general measures (which shall be alike for all nations) that China may take for the development of the commerce and industry of Manchuria"—which must be taken to imply (3) a purpose of restoring the country to China with a request that she will administer it on the principle of the "open door." That is precisely the policy which everyone in this country has desired. It has been defined otherwise as "equality of opportunity," but there will be no jealousy of the possession by Japan of so much superiority of opportunity as may be due to her propinquity and acquired prestige.

It is desirable in fact that she should possess that prestige. China has ways of her own of introducing order and settled government among her outlying dependencies; but they are not rapid ways. Her people have overflowed into Manchuria till, of the 21,000,000 inhabitants now attributed to it, nine-tenths are pure Chinese. We are in presence of the anomaly that Chinese writing, and Chinese only, is employed; even the Government proclamations, which, as Mr. Little remarks in his recent work, every self-respecting mandarin is persistently engaged in issuing, are couched in Chinese, while Manchu is practically confined to, and used perfunctorily only at, special functions of the Peking Court. But the advance has been of the character of a wave pushing before it a fringe of foam. Settled government has followed behind, and it will be well that the strong hand of a power possessing a genius for organiza-

tion should be there to help the mandarins resettle districts which must have been badly unsettled by the recent war. There has always been brigandage in Manchuria; we heard a good deal of Hung-hu-tze at the outset, and we may be sure that their numbers have not lessened. For a people orderly and easily governed when things go well, the Chinaman turns bandit with remarkable facility when they go wrong. But he will resume his peaceable pursuits with equal facility when they are put right; and the Japanese may be trusted to help put them right quickly, in the interests of the commerce to which they look forward as one reward of the efforts they have put forth. Of the potentialities of that commerce Mr. Hosie gave us a vivid picture in the work on Manchuria and its resources which was reviewed in these pages on August 31, 1901. It was some 50 miles north of Moukden and 100 south of the point where Russian and Japanese interests in the railway are to be divided that he "saw a sight which impressed him more than anything he had previously witnessed in his travels with the magnitude of Chinese trade." "Until late in the afternoon" (he writes) * * * "we met at least a thousand carts heavily laden with the produce of the interior. * * * If we take the average team to have numbered five animals we met some 5,000 animals in one day." That was before the completion of the railway, and when produce had to be carried to Newchwang either in carts or in boats down the Liao. It requires no great stretch of imagination to conceive how that trade may expand now that there is substituted for means of conveyance so cumbersome the rapid and serviceable method of steam. Carts will now act as feeders to the railway, which will be served moreover by the various waterways that Japan will take care doubtless to see opened to trade. The policy of Russia was to keep them closed. Article 1 of the treaty of Aigun (1858) lays down that "the navigation of the Amur, the Sungari and the Usuri is permitted only to Russian and Chinese craft; the navigation of these rivers shall be interdicted to those of every other State." And though the stipulation was omitted from the treaty negotiated two years later by General Ignatieff at Peking, it was expressly revived in that negotiated by the Marquis Tsêng at St. Petersburg in 1881. Diplomacy rejoices so much in language designed to conceal thoughts which may be unpleasant to anybody concerned, that plain men are sometimes puzzled to know exactly what meaning is intended. A plain man might have preferred to see those clauses abrogated, but it can hardly be that a nation so bent on extending its commerce will submit to see its ships excluded from the waterways of a great region with which it purposes to trade; so it may be assumed that the opening of these rivers comes within the scope of the "general measures which shall be alike for all nations" that China is to be persuaded to take.

Of the three provinces into which Manchuria is divided the southern, Feng-tien, which contains Moukden, is the

smallest though the most populous and fertile. The central, Kirin, contains both the point, Kwang-Chen-tze, at which the railway is to be "worked jointly between the Russians and the Japanese," and Harbin, the centre of Russian occupation and the point of junction with the Vladivostok line. North of this again lies Hei-lung-chiang, which contains half the total area of Manchuria, but only 2,000,000 inhabitants, and is the least settled or developed of the whole. But it contains, besides its capital, Tsitsihâr, the historic towns of Aigun and Blagoveschensk; and when we are told that fifteen soldiers are to be allowed as railways guards to every kilometre, it may assist our calculations to note that while Japan obtains some 440 miles from Dalny to Kwang-Chen-tze, Russia retains, besides the 150 between Harbin and Kwang-Chen-tze, some 1,050 between the western frontier of Hei-lung-chiang and Vladivostok. It will be curious to watch the resumption, by the Chinese, of authority in Harbin and throughout the great region to the north of the railway which is called after the Chinese name (Hei-lung-chiang means Black Dragon River) of the Amur. Manchuria presents indeed the aspect of a problem in solution in several important respects. Will the elimination of Russian and Japanese influence be completed with the removal of the troops, and Chinese officials be left to govern according to the methods which commend themselves to the mandarin mind? or will the influence of the Russian railway guards and

personnel at Harbin and elsewhere in the north, and of Japanese railway guards and immigrants in the south, continue to be felt? Japan entered upon the war primarily, of course, to preserve Korea as a field for the enterprise of her people, and to push back the Russian power which threatened to become a menace to her from the opposite coasts. But it is hardly to be expected that she will refrain from a measure of peaceful penetration in Manchuria as well. Her trade there was considerable before the war, and numbers of her people have flocked in behind as her armies advanced. It is not likely that in actual labor they will enter into serious competition with the Chinese, but they will certainly take part in developing the commerce, resources and natural wealth of Manchuria in other ways. Restoration, again, implies military reoccupation; and it has been suggested that in the treaty between China and Japan which will presumably formalize the change, provision may be made for the organization under Japanese auspices of the Chinese forces destined for the purpose. The great outlying dependency of China seems to offer itself, in fact, as a corpus upon which may be made immediate experiment of the influence that many predict Japan will come gradually to assert with the area of the Middle Kingdom itself. But neither must it be forgotten that Russia remains installed at Harbin, and retains a hold on the Pacific.

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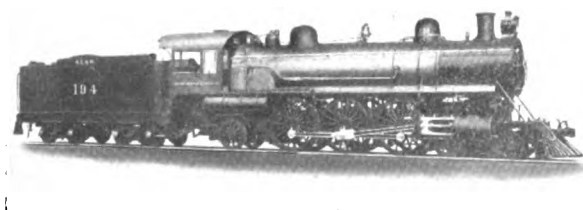
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78 Beekman Street,
New York City.

THE Annual Dinner of the Association naturally resolved itself into a peace celebration, and the early departure of Mr. Kogoro Takahira, the Japanese Minister in Washington, on a leave of absence, furnished the immediate occasion of making him the guest of honor. Mr. Takahira's reception was one of extreme cordiality, and no man has better deserved the assurances of esteem which were so plentifully bestowed on him by the members of the Association. He repaid these tributes with interest by expressions of sincere gratitude for what the Association had done toward the upholding of a cause vitally concerning the existence and prosperity of his country, and by a generous acknowledgment of his obligations to the Association as representing the genuine sentiment of the American nation. The Minister's acknowledgments to President Roosevelt were equally appropriate and sincere, and there was nothing hyperbolic in the declaration that he was only echoing the true sentiment of the whole civilized world in saying that humanity and civilization owed the President a great debt. Nor was there any note of exaggeration in his further remark that President Roosevelt's name would be immortalized in the hearts of his countrymen as well as among the people of that part of the Far East to which their influence extends. Mr. Takahira's scornful repudiation of the indictment of the "Yellow Peril" propagandists, and his no less contemptuous reply to the imputation that his country cherishes aggressive designs on the Philippines, were received with all the appreciation due to what he termed the high intelligence and wide experience of his auditors.

No more just and discriminating tributes have been paid to Japan than those contained in the speeches of General Woodford and the Rev. Mr. Johnson at the Association dinner. The former proclaimed a rudimentary truth, too often lost sight of, when he said that the new Japan is "the deliberate, the logical, the inevitable evolution of the old Japan, of its old civilization and of its old purpose, having taken unto itself the inspiration of the tremendous scientific and physical development of the modern world." Nor by those who know Japan well will there be found anything paradoxical in his further statement that the development of Japan has been characterized by the absence of imitation. General Woodford pointed out that while Japan had taken the best of the results of Western civilization where she found them, her originality had been

displayed in knowing where to look for the best—now in Germany, now in England, now in France, and now in the United States. The Rev. Mr. Johnson brought out very clearly the obligations of the world to Japan in matters regarding which she has taken the initiative, and he claimed, with the enthusiastic indorsement of his audience, that when the history of these two centuries comes to be written, the Emperor of Japan will be recognized as one of the few great rulers of the nations and of the ages.

THE views of the position and policy of Japan set forth at the Annual Dinner of the Association will be accepted by most of our readers as undisputed things; but some comments made by Lieut. General von Alten, in the December number of the *North American Review*, on "The Powers in Asia," appear to indicate that such views do not find acceptance in the highest quarters in Germany. General von Alten seems to be under the impression, not only that the rest of the world has much to fear from Japan, but that it was the fear that further advantage over Russia might make Japan unduly great and arrogant which mainly prompted President Roosevelt in trying to bring about peace. In seeking for what he calls "the reasons of the almost imperious attitude assumed by the United States," the General argues that President Roosevelt undoubtedly apprehended undesirable consequences to America from a continuance of the war. He argues that these fears could hardly have related to the possibility of the tide of war turning in favor of Russia, since, with her naval power destroyed, she could in no circumstances become, within a reasonable time, a rival of the United States. But, as the General regards the matter, "the apprehension was only too well founded that a new, perhaps still more complete, victory on the part of Japan than Mukden would have increased the Japanese demand indefinitely, and rendered her for a long time to come undisputed mistress of East Asia." Hence it seemed wise to utilize the opportunity of checking the victorious career of Nippon. All of which, coming from a man of very considerable eminence and acknowledged influence in Germany, is calculated to deepen the prevailing impression that German opinion in high places today is hopelessly out of accord with the sober judgment of the rest of the world, and that, in particular, the problems of Eastern Asia are nowhere so perversely misunderstood as in the court and diplomatic circle of Berlin.

IN his Annual Message to Congress President Roosevelt alludes to the fact that in the effort to carry out the policy of excluding Chinese laborers grave injustice and wrong have been done by this nation to the people of China, and, therefore, ultimately to this nation itself. He holds that our laws and treaties should be so framed as to put not only Chinese merchants in the excepted class, but bankers, doctors, manufacturers, students, professors and travelers for pleasure. The President has the correct idea that the proper phraseology, alike for our legislation and our treaties on this subject, is to define the people whom we desire to exclude, and admit everybody else without other

formula of examination than can be carried out at the port of departure from China. The President's definition of the excluded class is certainly broad enough, since he holds that all Chinese laborers, "skilled and unskilled, legitimately come under the head of undesirable immigrants to this country, because of their numbers, the low wages for which they work and their low standard of living." The President is evidently somewhat hasty in accepting the trades union definition of a coolie as including Chinese artisans however highly skilled, but perhaps the distinction is hardly worth arguing about, since any proposal to admit Chinese handicraftsmen would encounter the most determined resistance in Congress. It is equally unnecessary to inquire whether the President has not been equally misled by the information given him in regard to the standard of Chinese wages and of Chinese living, because it is agreed all round that the best which can be expected is the negotiation of a treaty under which the mercantile and professional class of China may come here with as little hindrance as similar representatives of other nations. Unfortunately, the President does not indicate that there is any such treaty under way, and he makes only the vaguest suggestion in regard to the amendment of the existing exclusion laws. He lays down the very sound general principle that we cannot expect to receive equitable treatment from China unless we render such treatment in return. "We cannot ask the Chinese to do to us what we are unwilling to do to them." Unless these admirable sentiments are to be allowed to remain barren generalities, some impetus must be given either at Peking or Washington, or at both, to the efforts which we must assume are being made toward the negotiation of a new treaty of immigration between China and the United States.

THE fact that the new ties binding the United States and Japan would shortly be increased by the completion of an all American cable connecting Guam with the Bonin Islands was appreciatively referred to by Mr. Takahira in his speech at the Association Dinner. In responding to the toast of this newest link between Japan and the United States, Mr. George Gray Ward, the vice president of the Commercial Pacific Cable Company, announced that he expected this all American cable to be completed both to Japan and Shanghai by the first of April next. He added the suggestive announcement that when this cable is completed messages will be exchanged between New York and Yokohama in less than half an hour. Mr. Ward paid a well merited tribute to the earnestness which Mr. Takahira had displayed in the midst of a very anxious time in bringing the negotiations about the cable to a successful conclusion, and he made the very just remark that but for the submarine cable it would not have been possible for President Roosevelt to have brought the two belligerents in the late war together. The testimony given by Mr. Ward to the services of the Association in connection with the initiation of the Pacific cable enterprise suggests the remark that the Association and its secretary have never engaged in better business than in dissuading the Government of the United States from engaging in a work which private capital was ready to undertake, and which it has done so well.

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the ten months ending Oct. 31, 1904 and 1905.

EXPORTS TO CHINA.

Months. 1904.	Cotton Cloths. Yards.		Mineral Oils. Gallons.		Wheat Flour. Barrels.	
January.....	8,906,813	\$476,609	3,772,243	\$447,712	6,303	\$ 24,019
February.....	13,806,414	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	2,457,609	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
1905.						
January.....	28,480,261	\$1,626,920	8,867,873	\$903,403	9,713	\$37,589
February.....	45,011,364	2,498,418	1,711,363	182,683	6,386	26,000
March.....	45,717,073	2,576,523	10,042,765	883,960	9,072	34,830
April.....	48,014,580	3,103,367	7,017,894	661,062	9,900	38,130
May.....	51,456,621	3,318,804	8,297,150	577,430	4,570	18,175
June.....	53,445,070	3,316,453	9,422,218	828,682	13,529	49,604
July.....	36,166,763	2,724,181	4,577,172	246,800	1,110	4,892
August.....	63,411,726	3,519,840	5,102,675	372,815	1,028	4,046
September....	49,969,790	2,881,780	6,812,489	534,576	2,770	9,963
October....	29,828,023	1,839,189	3,385,150	396,589	32,871	109,773
Total.....	461,501,291	\$27,405,475	65,686,749	\$5,588,000	90,949	\$333,002

EXPORTS TO HONGKONG.

1904.						
January.....	5,877	\$ 994	955,320	\$112,700	155,130	\$574,431
February.....	26,000	2,027	34,244	5,223	189,308	694,139
March.....	37,919	7,538	54,365	5,801	58,718	232,270
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
1905.						
January.....	59,046	\$10,355	764,808	\$78,334	29,180	\$115,690
February.....	71,738	8,116	504,756	42,094	34,293	133,638
March.....	34,958	4,815	34,588	5,039	42,217	169,454
April.....	18,886	2,690	2,489,270	231,586	18,630	73,715
May.....	54,498	8,993	1,743,107	164,784	77,959	305,443
June.....	30,094	3,494	666,659	51,973	42,896	157,140
July.....	30,064	3,177	712,246	73,254	108,132	384,254
August.....	83,435	11,328	71,338	10,352	59,660	231,092
September....	15,608	2,375	2,093,430	168,400	56,935	206,244
October.....	49,941	6,210	8,524	1,095	81,934	294,056
Total.....	448,268	\$61,553	8,988,726	\$826,911	551,836	\$2,070,726

DEPARTMENT OF COMMERCE AND LABOR,
Bureau of Statistics.

WASHINGTON, D. C., November 29 1905.

Imports of Tea and Silk into the United States for the ten months ending October 31, 1903, 1904 and 1905.

TEA.

Imported from	1903.		1904.		1905.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	4,846,605	1,004,439	5,534,409	1,216,210	5,443,020	1,233,799
British North America....	2,038,723	446,211	1,952,751	437,634	1,668,697	399,839
Chinese Empire.....	32,657,128	4,677,775	35,915,572	4,692,688	27,529,872	3,650,249
East Indies.....	5,333,478	784,056	6,185,415	924,016	5,699,524	780,789
Japan.....	37,311,873	7,065,538	33,726,932	6,032,495	31,692,724	5,317,801
Other Asia and Oceania ..	456,450	54,816	276,110	35,063	566,920	80,464
Other countries	19,239	4,211	177,129	49,612	111,663	25,480
Total.....	82,663,496	14,037,046	83,768,318	13,387,718	72,712,420	11,488,421
RAW, OR AS REELED FROM THE COCOON.						
Imported from	1903.		1904.		1905.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France.....	312,257	1,245,447	464,612	1,320,069	549,309	1,705,050
Italy.....	2,081,245	9,032,642	2,766,231	10,444,212	3,467,682	13,080,034
Chinese Empire.....	2,224,526	6,472,581	2,843,810	8,113,708	2,793,032	8,146,446
Japan.....	5,115,041	19,344,763	6,503,089	22,260,349	6,350,778	23,405,114
Other countries	60,858	207,767	49,716	155,262	143,306	469,083
Total.....	9,793,927	36,303,200	12,627,458	42,293,600	13,304,107	46,805,727
Waste .....lbs...free..	2,191,737	842,319	3,423,835	1,280,846	3,382,692	1,093,507
Total unmanufactured .....	.....	37,156,211	.....	43,574,473	.....	47,907,086

SILK.

AMERICAN ASIATIC ASSOCIATION OF JAPAN.

SECRETARY'S REPORT.

YOKOHAMA, Japan, October 24, 1905.

To the Members of the American Asiatic Association of Japan:

GENTLEMEN—The following is a summary of the work of the Association during the past year:

March 4, 1905.—A dinner was given by the Association at the Grand Hotel, Yokohama, at which the American Minister, officers of the American Navy, leading Japanese officials and business men, and a large representation of our members attended. A number of excellent speeches and much thorough enjoyment marked the occasion. During the evening a telegram of congratulation was sent to President Roosevelt.

April, 1905.—The executive committee discussed the subject of a consular convention between the United States and Japan, and the secretary was instructed to bring the matter to the attention of the American Minister.

April 5, 1905.—The president of the Association, Mr. N. F. Smith, reported upon the present crowded condition of the Yokohama General Cemetery, the prospect of opening a new cemetery near the former rifle range, and the work done by the sub-committee appointed to look after American graves.

May 3, 1905.—The president of the Association, Mr. N. F. Smith, presented to the Association a complete descriptive list of American citizens who have been interred in the Yokohama General Cemetery since July, 1870. This list is to be kept for the inspection of any of our members, and is to be added to should further interments of Americans be made here.

May 30, 1905.—A sub-committee, consisting of the Rev. E. S. Booth and your secretary, co-operated with the

American ladies of Yokohama in the decoration of the graves of our sailors and soldiers at Yokohama and Ikegami, and appropriate services were held at the American Naval Hospital.

July 4, 1905.—Messrs. B. C. Howard and W. L. Merriam again performed the duties of sub-committee and carried out a most successful programme in connection with the celebration of Independence Day. Yacht races, with prizes from the American Minister and this Association, a baseball match, and a splendid display of fireworks in the harbor were the principal events of the day. Subscriptions for these purposes were, as heretofore, on a generous scale.

July and August, 1905.—Through the efforts of the executive committee, substantial pecuniary aid was secured in connection with the increased supply of news telegrams from the United States, via Manila.

September 6, 1905.—The executive committee authorized our president to advance funds of the Association to assist one of our members, who, by incurable illness and business reverses, had been reduced to pressing want.

The president of our Association, as chairman of the committee of the Perry Memorial Relief Fund, in aid of the families of the Japanese soldiers and sailors, has handed over to the Imperial Household Department the sum of 103,175.41 yen.

The charity fund for the relief of destitute Americans, which we placed in the hands of our Consul General at Yokohama, has been judiciously administered, and he now holds a balance thereof amounting to 346.42 yen.

Yours respectfully,

Geo. H. SCIDMORE,

Secretary.

EIGHTH ANNUAL DINNER OF THE ASSOCIATION.

The Eighth Annual Dinner of the Association took place at Delmonico's, Fifth avenue and Forty-fourth street, New York, on Saturday, December 2, 1905, at 7 p. m. Members and guests to the number of one hundred and sixty-five sat down to dinner.

His Excellency Mr. Togoro Takahira, Envoy Extraordinary and Minister Plenipotentiary 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,
Minister Kogoro Takahira,
Sir Percy Sanderson,
Seth Low,
Hon. James M. Beck,
Stewart L. Woodford,
S. Uchida,
Geo. G. Ward,
Silas McBee,
Rev. Dr. Houghton,
Capt. Isam Takeshita,
R. Arai,
Rev. Herbert B. Johnson,
Isidor Straus,
Lowell Lincoln,
John Foord.

The occupants of the other tables were as follows:

TABLE A.

W. S. Brown,
R. v. Briesen,
Randolph A. Dowler,
Charles E. Thorn,
Otto H. Hinck,
L. J. Spence,
Alfred H. Post,
Jas. F. Capen,
Emil H. Erlanger.

TABLE B.

Wm. T. West,
Hon. Foster M. Voorhees,
Frank Bergen,
Charles E. Perkins,
Henry G. Woodruff,
Dr. W. Gill Wylie,
James J. Hooker,
Kenneth R. Hooker.

TABLE C.

Charles M. Moore,
Edward L. Young,
Anson W. Richards,
John Bottomley,
Chas. S. Eytinge,
W. Kutzleb,
Paul Lichtenstein,
L. Grumbach.

TABLE D.

K. Iwahara,
K. T. Iwashita,
K. Seko,
K. Imanishi,
W. Yanagiya,
R. Ichinomiya.

TABLE E.

J. S. Fearon,
Charles R. Henderson,
Erskine Hewitt,
Charles Day Palmer,
Harris Fahnestock,
Henry S. Manning,
W. Pannenberg,
John Hubbard.

TABLE F.

Elijah P. Smith,
Andrew D. Jones,
Wm. H. Baldwin,
E. A. Smyth,
Summerfield Baldwin, Sr.,
A. F. McKissick,
E. S. Boteler,
A. E. Aeby.

TABLE G.

Howard Ayres,
W. J. Steele,
H. St. J. Webb,
Dr. Andrew G. Foord,
Thos. N. Myrick,
W. L. Redding,
Leonard S. Webb,
W. E. Church,
J. W. Howe.

TABLE H.

Robert Christie,
John Porter,
F. A. Fairchild,
J. C. Van Cleaf,
H. M. Lloyd,
William Skinner,
D. R. Aldridge,
Wade Gard'ner.

TABLE I.

A. G. Mills,
Augustus D. Shepard,
Henry L. Stoddard,
W. H. H. Beebe,
Herbert Appleton,
Frank Appleton,
Francis H. Sloan,
J. Osgood Carleton.

TABLE J.

Thos. A. Phelan,
Wm. P. Roome,
James W. McBride,
Chas. de Cordova,
Wm. A. Avis,
Wm. H. Stevens,
Rev. Dr. Wrigley,
E. Holden Smith.

TABLE K.

S. D. Brewster,
Albert C. Hall,
H. A. Hatch,
F. S. Richardson,
C. A. Reed,
G. H. Milliken,
John C. Eames,
Maj. Louis L. Seaman, M. D.

TABLE L.

John W. T. Nichols,
J. A. Jones,
N. S. Ayer,
Lorenzo Daniels,
E. V. Skinner,
C. H. Betts,
Walter Oakes,
Edwin Farnham Greene.

TABLE M.

Elisha P. Cronkhite,
Albert Cordes,
Charles M. Brooks,
Charles Triller,
Thos. E. Jevons,
August Brauer,
R. Binder,
Benjamin D. Riegel.

TABLE N.

T. Ashley Sparks,
C. A. Tomes,
R. E. Reeves,
M. G. Psiaka,

Wm. T. Westcote,
A. O. Probst,
Ira B. Downs,
Wm. Barclay Parsons,
C. C. Baldwin,
Winslow Parker.

TABLE O.

Henry R. Towne,
Albert T. Kelley,
C. D. Shaw,
James Thomson,
L. V. Kendrick,
Geo. Nichols,
R. C. Hunt,
Geo. H. Sampson.

TABLE P.

John C. Seager,
John Lamache,
Max'n Kuznick, M. D.,
Robert A. Sewell,
J. W. Dawson Stearns,
C. F. Wreaks,
P. S. Mallett,
H. N. Townsend.

TABLE Q.

J. Thomson,
J. B. Kirkpatrick,
D. S. Schaurman,
E. L. Zalinski, Major U. S. A. (retired),
C. A. Green,
O. K. Eldrede,
D. A. Tompkins,
Henry A. Haines.

TABLE R.

Robert A. Suffern,
Edw. Vintschger,
Edward F. Pulvermann,
Percy S. Straus,
C. Howard Metz,
Frank Kidde,
Oscar Dejonge,
W. F. Stevenson.

TABLE S.

S. G. Hopkins,
A. T. Leftwich,
Lieut. Commander N. Taniguchi,
I. Yoshida,
M. R. Jacobs,
Charles W. Kahles,
F. Hanert,
Wm. R. Webster.

The dinner was composed as follows:

MENU

Graves

Oysters

SOUP

Sherry

Green Turtle Amontillado

SIDE DISHES

Smoked Goose Breast
Radishes Olives Celery

FISH

Aiguillettes of Kingfish Meunière
Cucumbers
Persillade Potatoes

REMOVE

Mumm's Selected
Brut, '98

Saddle of Mutton, English style
Japanese Crosnes

ENTREES.

Sweet Bread, Montebello style
French Peas

Terrapin Baltimore
Sherbet

ROAST

Chat. Beycheville

Red Head Duck
Fried Hominy and Currant Jelly
Celery Mayonnaise

SWEETS

Fancy Ice Cream
Assorted Cakes Pyramids
Coffee

White Rock
Liqueurs

The following is the Toast List:

TOASTS

The President of the United States
Response by THE HONORABLE SETH LOW

Our Honored Guest
MR. KOGORO TAKAHIRA
Envoy Extraordinary and Minister Plenipotentiary of Japan

The New Japan
Response by GENERAL STEWART L. WOODFORD

The Latest Link Between Japan and the United States
Response by MR. GEORGE GRAY WARD

The Pioneer of Asiatic Progress
Response by REV. HERBERT B. JOHNSON.

Letters of regret were received from President Roosevelt, Hon. Elihu Root, Secretary of State; Sir Henry Mortimer Durand, British Ambassador; M. J. J. Jusserand, French Ambassador; Baron Speck von Sternburg, German Ambassador; Baron Rosen, Russian Ambassador; Hon. Robert Bacon, First Assistant Secretary of State; Hon. Joseph H. Choate; General Horace Porter; Mr. Eki Hioki, First Secretary of Legation of Japan.

The letter from the White House was as follows:

THE WHITE HOUSE,
WASHINGTON, D. C., November 4, 1905.

*Mr. John Foord, Secretary American Asiatic Association,
P. O. Box 1500, New York, N. Y.:*

MY DEAR SIR—The President requests me to acknowledge the receipt of your favor of the 3d inst., and to thank you cordially for the invitation you extend to him to be present at the annual dinner of your Association to be held on the evening of December 2.

It would afford the President real pleasure to attend, and he regrets that he is unable to accept. He finds it out of the question to undertake any further engagements of any sort this year.

Conveying to you the President's good wishes for the complete success of the dinner, believe me,

Very truly yours, WM. LOEB, JR.,
Secretary to the President.

On the evening of the dinner there was received the following telegram from the Baron Speck von Sternburg:

I sincerely regret that an urgent engagement prevents me from honoring with you tonight your special guest, Mr. Kogoro Takahira, the Minister Plenipotentiary of Japan. His departure to Japan to me means the loss of a good friend, and I send him my hearty wishes for a pleasant visit to his native land.

The Chinese Minister, who had accepted an invitation to be present, was compelled at the last moment to send the following letter of regret:

IMPERIAL CHINESE LEGATION,
WASHINGTON, November 30, 1905.

*John Foord, Esq., Secretary American Asiatic Association,
P. O. Box 1500, New York City:*

MY DEAR MR. FOORD—Your letter of the 27th inst. regarding the dinner on Saturday has been duly received. I had occasion to go to New York Wednesday, and fully intended to stay over for the dinner. Unfortunately, I have been unexpectedly called back by an important matter which will keep me in Washington the rest of the week. It is with the most sincere regret that I shall have to forego the pleasure of being present on this occasion to bear a tribute of my regard and admiration for the honored guest of the evening, the Japanese Minister.

I have always considered myself fortunate in having Minister Takahira for a colleague in Washington. Japan has never had an abler representative. My best wishes will follow him to his own country, which he has served so well abroad. Very sincerely yours,

CHENTUNG LIANG CHENG.

ORDER OF SPEAKING.

PRESIDENT WEBB—Fellow Members and Guests: The toast of "The President of the United States" comes to us tonight with a special significance. The conference which concluded the peace over which we all rejoice was made possible mainly through his efforts. (Applause.) I might even add that the result of the negotiations at Portsmouth might have been abortive but for the confidence and respect with which the President was regarded by both belligerents. There could be no mistaking the purity of the motives that prompted his earnest and constant desire for peace. It made a kind of atmosphere around the negotiators which was eminently favorable to their agreement, and their own good sense did the rest. The President, gentlemen, is a man who plays many parts and plays them all well; but the character in which we like best to regard him tonight is that of "the peacemaker," and it is in that capacity that I ask you to drink his health, and that I call upon the Hon. Seth Low to respond on his behalf. (Great applause.)

In responding to the toast of

"THE PRESIDENT OF THE UNITED STATES"

the Hon. SETH LOW said: "It is always a gracious task for an American to respond to the toast, 'The President of the United States,' for the office represents the majesty and the might of a free, enlightened and progressive people. It is especially pleasing to respond to this toast when the personality of the President is so attractive—(applause)—and when, in his own person, he illustrates so happily many of the best traits of the American people. (Applause.) If Theodore Roosevelt had been specially trained for the illustrious part that he is playing in the history of the world today he would hardly have changed a single element of his education. Born in New York, of a father Dutch by name and descent, of a mother of English stock, he has by heredity many of the traits that have made those two races world powers for centuries. Born of a Northern father and of a Southern mother—(applause and cries of "Hear! hear!")—he unites in his own person the qualities that have made North and South alike famous. Born in the city of New York, he has acquired here, I feel sure, something of that large breadth of view that is so characteristic of him, for in this community one learns easily to be on good terms with all sorts and conditions of men—(laughter)—and here one learns the magnitude and greatness of the United States, for it is these things that have made the city of New York great; and here one is reminded also that America is only one of the great Powers of the world, for here we are in constant contact with the West and with the East, and with the East and with the West.

Then at college—he went into New England, and there imbibed, I think, something of that idealism that is so characteristic of the Puritan, whether in the old country or in this; and then he went out to the Western plains, and saw not only America but civilization in the making, and there he gathered something of the essential American spirit that has made this republic what it is despite the

storms and strains of more than a hundred years. All these things have made him the typical American that he is, and have equipped him for the great part that he has played in recent years as a peacemaker.

Just stop to reflect for a moment upon the great things he has done. First of all, he rescued The Hague Tribunal from innocuous desuetude—(laughter)—by referring to it for settlement the very first international dispute that we had after its creation. Then, when the German and the English navies were actually blockading the ports of Venezuela he had influence enough to put the tompions back into their cannon, and to refer the belligerent nations for the adjustment of their quarrels to The Hague Tribunal. Then came this great war in the East, and our chairman has pointed out how vital was his influence and his service there. He dared to do the unconventional thing, and if there is anything harder than that for a great ruler to do I don't know what it is. He dared to do the unconventional thing, and by the might of the simplicity and sincerity of his word and purpose he brought the warring nations together and they departed friends, as we trust, for all time to come. (Applause.)

Latterly, in his trip through the South—I will not say he has played once more the role of peacemaker, for there was only peace existing before his journey; but he certainly developed there a quality of good will that quite justified the statement of Governor Montague of Virginia upon this platform only last week, that he believed there was a greater sense of unity and good feeling between the people of these United States and between the States of the Union at this present time than has ever existed before since the republic was founded in 1789. (Applause.)

Now, of course, the President has not been able to do all of these things by virtue of what he is, but because he is so truly an exponent of the great country over which he is President; because he so truly understands and interprets the spirit of the American people, he has been able to make our nation influential around the habitable globe. He has made it influential in the domain of peace more strikingly than in any other field. This peace in the East which he did so much to bring about is not only the ending of the most gigantic war of modern times, but it is, I trust, the beginning of a new era in which war will be less frequent than it has been in the past. I don't know that anyone can be sanguine enough to believe that there will be no more war, but I think we may believe that there will be no more war except for cause that is believed by the belligerents to be absolutely vital to their national existence. For what was made manifest during this peace of Portsmouth? The presence of a world sentiment that had found voice. Even the United States, with all its influence among the nations, could not have been successful in its part of peacemaker had it not been that it was also the spokesman of the civilized world. It was fortunate for mankind that the victor in that struggle was able to be magnanimous in the hour of victory—(applause)—for in doing so, for in being so, it not only brought this war to an end but it set a shining example for all future conflicts. When one remembers how the world is being drawn to-

gether by the ease of communication, both physical and mental, one can realize also, I think, the significance of the open door, which is one of the fruits which this war signifies for the peace of the world. When men are in constant contact with each other and engaged in friendly relations of commerce it is much more difficult for them to resort to arms in the settlement of their disputes than when they are wide apart in feeling, in sentiment, in experience and in interest. Therefore this war, in securing the open door throughout the Orient, has done, as I conceive, in the interest of peace a service not at all uncertain, and one that we have the satisfaction of knowing was largely due to the influence of the President of the United States. I think that we may confidently hope as a result of this struggle and of its settlement and adjustment that the whole world will be more united in feeling, in sympathy, in understanding and in interest within the century that has just opened; far and away more united than it has ever been in any of the centuries that are gone. (Applause.)

"THE EMPEROR OF JAPAN."

President WEBB then asked the audience to rise and drink to the health of "The Emperor of Japan," which was accordingly done amid shouts of "Banzai!" while the orchestra played the national anthem of Japan.

THE TOAST OF THE EVENING.

In proposing the health of His Excellency Mr. Kogoro Takahira, Envoy Extraordinary and Minister Plenipotentiary of Japan, President WEBB said:

In proposing the toast of the evening, it is not necessary for me to dwell at length on the personal qualities which have commended Mr. Takahira to the respect and affection of all who know him. Still less is it necessary for me to enlarge on the very high order of diplomatic ability which has made illustrious his incumbency of the post he occupies. There are very few in this assemblage who need to be reminded of the reasons why we honor the representatives of Japan, and still fewer who have not been impressed by the earnestness and energy with which Mr. Takahira has, in speech and writing, commended the aims and the work of this Association. To the Japanese Minister the maintenance of the integrity of the Chinese Empire meant more than a mere dictate of international expediency; it had a vital relation to the future of his own people; to the preservation of their independence, the legitimate expansion of their influence, the free development of their material resources. To us a dismembered China meant merely a group of subject provinces governed by military pro-consuls from Europe, facing us on the other shore of the Pacific, with all the possibilities of future complications which so uncertain a balance of power would have implied. But to Japan it meant, if not national extinction, at least a surrender of every attribute belonging to a great power. From the very beginning of his stay among us Mr. Takahira was prompt to recognize and to press home the essential identity of interest between the United States and Japan, and to give this Association due credit for being the

foremost and most active exponent of that idea. (Applause.)

On the eve of his departure for Japan, to enjoy a well earned interval of rest, there is a special fitness in making Mr. Takahira our guest of honor tonight. The peace of which he was one of the chief negotiators marks the beginning of a new era in the history of Eastern Asia, and insures the supremacy of the principle of equal commercial opportunity which it has been one of the chief purposes of this Association to maintain and defend. It is, I think, the hope of all of us that the example and influence of Japan may prove potent in helping China to pursue the path of progress on which she has entered, and there is, I am sure, no one here who does not regard with lively satisfaction the advance of Japan to rank among the foremost nations of the world. I believe you will all echo my hope, not only that the new importance assumed by the relations between Japan and the United States may warrant the elevation of her Minister at Washington to the rank of Ambassador, but that the first Ambassador of Japan to the United States may be our friend and guest, Mr. Kogoro Takahira. (Applause.)

Gentlemen, I ask you to rise and drink to the health of His Excellency Kogoro Takahira, wishing him a pleasant voyage and an early return to these shores—the bearer of a new pledge of peace and amity between the two nations.

The toast having been drunk standing amid great enthusiasm, Mr. Takahira replied as follows:

MINISTER TAKAHIRA'S ADDRESS.

MR. PRESIDENT AND GENTLEMEN—I feel highly honored by your very kind invitation to be your guest this evening, and I greatly appreciate the courtesy extended to me in so marked a manner on the eve of my departure for Japan on leave of absence. The occasion of my going home, however, does not deserve such special courtesy, so when I received your invitation I hesitated to accept it; but I thought if I accept it I could avail myself of the occasion to express to you my cordial appreciation of what you have done for the peace of the Far East and therefore for the best interest of Japan. I decided, therefore, to accept your hospitality so that I might express to you my sense of gratitude for your great and indefatigable work done for us; but in doing so I had no idea of making myself the object of the flattering expressions just used by President Webb. I do not deserve them. Still it is gratifying to see therein more than the usual friendship you are showing toward the country which I have the honor to represent. (Applause.)

It is true I arrived in Washington in the midst of the Boxer trouble in 1900, and stayed here until the great event consequent upon that unfortunate affair terminated. It is also true that what I have experienced at your national capital for the past five years and five months will form one of the most interesting chapters of my life. But if there is anything which may be considered a personal success it is due to the wisdom and justice which characterizes the policy of the United States Government

in its international dealings, and also to the interest and energy exhibited in unusual degree by your Association in observing the Far Eastern situation in order to take, as you did, every action deemed necessary to meet it. I confess there were several instances when I was left in the dark as to the real state of public opinion in this country regarding Far Eastern questions; but at last I always found light in the actions and utterances of your Association, which I regarded as representing the genuine sentiment of the American nation—a nation I now consider as the most upright and equitable judge of the Far Eastern questions and the most sympathetic and reliable friend of the just and true. I owe you, therefore, the most sincere gratitude for what you have done, as it largely contributed to the maintenance of our avowed common policy of the "open door" and administrative entirety of the Chinese Empire; and therefore the upholding of a cause greatly concerning the existence and prosperity of my country. (Applause.)

I must also refer to the conclusion of peace in the Far East brought about through the most noble and humane action of President Roosevelt. History proves that in time of adversity a great man appears in the arena to face and meet the situation. Washington bravely conducted the American Revolution and founded this great republic; Napoleon terminated the French Revolution with his extraordinary military genius and administrative ability, but Wellington captured him with his iron hand when the French Emperor became a menace to the autonomy of Europe. Lincoln braved your great Civil War and rescued your nation from unparalleled calamities. Grant boldly took the field when the North was in danger and upheld the flag of the Union. The late war between Russia and Japan—the bloodiest in the history of mankind—was practically a fight between the elephant and the whale, and there seemed to be no end in the near future. But your great President offered his good offices and brought together the two warring nations to meet for the negotiation of peace which resulted in the conclusion of the treaty of Portsmouth. I am convinced I am only echoing the true sentiment of the whole civilized world when I say that humanity and civilization owes him a great debt. I assure you that President Roosevelt will be immortalized forever in the hearts of my countrymen as well as by the people of that part of the Far East where our influence extends, and all American citizens will always receive there a cordial welcome. (Applause.)

Considering the circumstances, and also in view of peace being restored with the "open door" secured, I believe the present time is most opportune for the American people to extend their commercial interests in the Far East. It is especially satisfactory at this moment to note that the new ties binding the United States and Japan will be shortly fastened by the completion of an all American cable connecting Guam with the Bonin Islands, an outlying possession of Japan. This enterprise will undoubtedly facilitate the extension of your commerce in Eastern Asia.

In dealing with these new markets, however, I think an account of American trade as seen from our point of view may prove to be of some interest to you. Probably your attention may have been called to it, and my observations on such matters may sound like preaching to preachers. Allow me, however, to give an outline of it, though it is of a dry nature. During the last thirty years the foreign commerce of Japan has developed from petty beginnings to quite important proportions. In that time the imports have grown from a total valuation of 28,000,000 yen in 1873 to more than 317,000,000 in 1903; and exports from 21,600,000 to more than 289,000,000 yen. It is gratifying to note the large share which the United States has in this total, and to reflect that the increase of the ties of material interest which this fact betokens cannot fail to strengthen the traditional friendship of the two countries. But what I wish to tell you is how our commerce with this country grew. In the first year of the period referred to, that is, 1873, our imports from the United States were only a little more than 1,000,000 yen; but they rose to the handsome amount of over 46,000,000 yen in 1903, which fact must be taken as quite significant when it is considered that only ten years before the imports amounted to about 6,000,000 yen, and only one year later, that is, 1904, they jumped up to more than 58,000,000 yen. The reason for this sudden growth of your exports to Japan is gratifying, as it can largely be attributed to the fact that during the last thirty years America has been constantly our principal customer as a buyer of our staples, and has fostered in that way our purchasing power, until in late years we began to import from this country many articles we formerly bought elsewhere, thus showing that as we had gained by selling you raw silk, tea and other products, so we could import rails, locomotives, plates, machinery, etc., made in America.

Sometimes we hear complaint against Japan for starting cotton mills and no longer importing the fabrics we used to buy in this country. We have also heard that complaint has been made against us for manufacturing cigarettes, instead of purchasing the American article; but while manufacturing cotton goods in our own mills, we nevertheless are buying raw cotton in America; and while we manufacture cigarettes in our own factories we import the tobacco we use from this country. Moreover, there is abundant reason to believe that solely because we make these articles in Japan, we are able to import from the United States large quantities of flour, timber, etc. In this way the importation of American articles has been increased with the growth of our purchasing power, which has been fostered for many decades by the buying in this country of our raw silk, tea, etc., and also by our manufacturing in Japan lately some articles formerly bought from America. I presume the same circumstances prevail in your trade with China and the other Far Eastern countries, and I am led to think it is the part of wisdom to foster in every way possible the purchasing power of your new markets. By so doing I believe you will lose nothing but will gain at last; in other words, you will

prepare the Far Eastern countries to grow to a position commercially helpful to your own great future. (Applause.)

We also hear charges frequently made against Japan for engaging herself in the so called "Yellow Peril" propaganda and the Philippine design. But I must withhold my remarks in respect to such erroneous charges this evening, because any statement from my lips on such matters may be looked upon virtually as the undervaluation of the high intelligence and wide experience of this great metropolis, of which your Association is composed. (Great applause.)

Now, about your great future. A certain prominent American told me some time ago that the United States is large enough to hold 600,000,000 inhabitants, and the time will come when its population will reach that gigantic figure. There is no reasonable doubt the United States will gain this enormous population when we consider that out of the total population of 433,000,000 in Europe, 106,000,000 are in the eastern part of that continent, occupying 2,095,616 square miles, at the average density of 51 to the square mile, and the rest of the European population, which is 327,000,000, are living in countries containing only 1,204,084 square miles. This shows that in the more thickly populated parts Europe has 272 inhabitants to the square mile, proving amply the possibility of this country holding 600,000,000 in the 3,000,000 square miles which is the area of the land in the United States, without counting Alaska and your insular possessions. It is entirely problematical how long the wonderful rate of the increase of population in the past will be continued hereafter, but if the increase of population in the future is to be estimated in proportion to that of the last thirty years, during which period the population of this country has been almost doubled, it is reasonable to expect that it will increase to 160,000,000 in 1935 and to 320,000,000 in 1965, and at last to just about 600,000,000 at the end of this century. It is doubtful, of course, if immigration—which swelled the increase of population in the past—will continue to flow hereafter in the same proportion as in the past and to maintain the same importance as a factor in that regard; but it can be safely said that the natural increase of population in the future will be enormous even if there should be restrictions placed upon immigration from foreign countries.

As regards the wealth of this country: It was estimated in 1900 to be \$94,300,000,000; showing an increase of more than three times as much as thirty years before, when it was only \$30,000,000,000; and although nobody can venture to play the role of a prophet as to the exact amount of the increase in the future, yet it is certain it will be marvelously multiplied in the next few decades.

If, however, past experience should argue for the future, it may be well to bear in mind that as your population and wealth increase you will have the more need for the expansion of your foreign commerce, and for that purpose I strongly believe you will find new markets more readily on the other side of the Pacific than anywhere

else. But I am often told that American commerce prospers abroad only when there is a failure at home, and that failure at home causes unexpected depression and adversity; therefore the commerce prospering abroad under such circumstances cannot be regarded as healthy and wholesome. You are, of course, better judges of the soundness of such statements than myself. But if there is any ground for such assertions it would be well to take heed and prepare for that unfortunate occurrence, which, it seems to me, would become more serious with the growth of population and the increase of wealth. To a foreigner like myself, having no chance to study the actual working of the commercial and industrial organization of this great country, it is rather a bold attempt to form any opinion as to what must be done to meet such an emergency; but at least as one of the precautionary measures I cannot help believing that the regular and continued expansion of foreign commerce must be encouraged to insure the healthy growth of your population and the solid increase of your wealth. If my belief in this respect should agree with your views, I need not say that your neighbors across the Pacific will be ready to buy the productions of your agricultural and industrial enterprises provided their purchasing power is fostered and encouraged, but not hampered; and it is hoped that in this way the chance of that unexpected occurrence in your country, as I said before, may be lessened, if not averted, in proportion to the growth of trade in the Far Eastern countries. (Applause.) It seems, therefore, as essential to your interest as to ours, to consider seriously what to do in enjoying to its full worth the benefit of the "open door" for which you and I have worked so strenuously. I presume you may agree with me in the views that as the Far East will depend upon the United States for its progress and prosperity, your great future will also be largely insured by the growing importance of your neighbors across the Pacific in commerce and industry, thus signifying the indispensableness of establishing the closest relations possible between the United States and the Far East. It is, therefore, earnestly to be hoped that any such measures as might interfere with the right of intercourse and trade between the Americans and any Far Eastern people should be confined within the proper limit and that every effort be used to promote as much as possible the mutual interest and reciprocal advantage of commerce and navigation between the two borders of the Pacific. (Applause.)

With the healthy growth of your population and the solid increase of your wealth thus insured, the United States will be vested with an enormous power, and the influence of your country, which is already very great among nations, will become still greater. It is not my desire to go into details as to how that power and influence will be applied. Nor is it within the proper sphere of my mission to discuss such a question. It may be assumed, however, that the traditional policy of the United States, as it is generally understood and the public utterances of your eminent statesmen repeatedly calling our attention, furnish sufficient evidence that fair play and a "square

deal" will be the keynote of American diplomacy, and that with the natural increase of the power and influence of your country such diplomacy is bound to exert great preponderance in the tribunal of nations. It is well said that "justice and power must be brought together so that whatever is just may be powerful, and whatever is powerful may be just." This saying seems to be as if it were intended to define the position the United States will gain among nations. A nation with such just policy, and with such great power, is exactly what is needed for the peace of the Far East, and, therefore, for the peace of the world. May the peace of the world be brought nearer to sight by the growth of the United States.

Gentlemen, I take leave of you for some months or forever. I sincerely wish you happiness and prosperity. (Great applause.)

"THE NEW JAPAN."

General WOODFORD responded to the toast as follows:

MR. PRESIDENT, MR. TOASTMASTER, YOUR EXCELLENCY—These words, the "New Japan," carry your thoughts and mine back more than fifty years to the time when the small American fleet under the command of Commodore Perry entered that marvelously beautiful bay of Yokohama. For centuries Japan had been a closed empire. There were some few Dutch settlements near Nagasaki. There was, through Holland, a little intercourse with the outer world, but Japan was closed and living within itself.

There is a story, of which His Excellency knows the truth better than I, that when Japan had been opened, somewhat against her will, young men, on their own initiative, went first to England, then to the Continent, and at last hither, that they might learn and know, and returning home be able to tell what was the force, what the purpose, and what the power that enabled a small American fleet to change the policy and the attitude, century old, of Japan. There is a story that what these men saw induced them to believe that Japan, at least in physical and scientific directions, had something to acquire, which, being grafted upon their old civilization and their old development, should enable them, too, to step into the arena of the world and make of Japan a power that should not merely rule islands but that should have its voice, its purpose, its effect in the combined civilization of the universe.

There is a story that some of these young men, some of which I believe are today living among the elder statesmen of Japan, resolved to seize the opportunity when the new Mikado came to his own and to the acceptance of his office, of restoring the old dynasty to its actual power as it had been, to its status in fact as well as in name, and that they were the instruments in that revolution which restored the Mikado, which broke the feudal power of Japan, which started Japan upon its course of constitutional monarchical government.

In 1868 the present Mikado, a young man, with the aid of these men, who had thus journeyed around the world, came to power and was restored to the ancient authority of the Imperial House. It is written on the portal in Kioto of

the pledge that the young Mikado then gave to his associates if his power should be restored. From 1868 began the deliberate, persistent and resolute purpose of Japan to evolve herself into the power which she has finally become. During those years this strange hegira took place: Every year a body of selected and intelligent and young students were sent to the universities and the technical schools of the world. From 100 to 250 intelligent young Japanese, educated in all that the schools of Japan could give, were sent to the colleges in the United States, to the universities and technical schools of England, to the universities and schools of Germany; and each year there went back to Japan at least a hundred young graduates of the universities of the United States and of Europe who were trained in the best culture of our schools, and who went back abreast with the very highest development of English, of French, of German, of American scientific education.

This went on for a period of years, until the Mikado kept the promise given to his associates when he was restored to power in 1868 and proclaimed a written constitution, a constitution which in its breadth of meaning, its accuracy of detail, probably stands abreast of any written constitution that the world today knows. That constitution was enforced by his honest and resolute will, was accepted by the intelligent classes of Japan, and without disorder in a single province, without riot, without uprising of peasantry, of labor unions or of the army. That constitution was accepted and has been as resolutely and as sedulously obeyed from that time to this as is the Constitution of our United States of America. (Great applause.)

I do not regard the present status of Japan as the creation of a new Japan. The new Japan is the deliberate, the logical, the inevitable evolution of the old Japan, of its old civilization and of its old purpose, having taken unto itself the inspiration of the tremendous scientific and physical development of the modern world. (Great applause.)

The singular thing about the development of Japan has been the utter absence of imitation. Now I know that in saying this I am saying what the average student and the average thinker of today hardly accepts as true, and yet when I tell you that in my visits and journeying through Japan, I found this singular fact, you will probably agree with me that Japan has not been imitative, but that Japan has been singularly eclectic.

Witness this. The army of Japan has been essentially German in its organization, in its movement, in its development. The navy of Japan has been essentially English. The system of land division and the system of mathematics have been essentially French. The medical system of Japan was originally essentially German; but that medical and surgical development has been on lines of its own so marvelously progressive that we have seen for the first time in the history of the wars of the world, that the most men that Japan lost in war she lost in battle, and the fewest were lost in the hospital or in their tents; while with us, with England, with France, with Germany,

with Russia, the great proportion of deaths has been deaths either under the surgeon's knife or in the hospital, and has not been of deaths by the bullet on the firing line and at the front. (Applause.)

This singular eclecticism of Japan impressed itself most upon my thoughts as I journeyed over the Empire and asked myself if the army has come from Germany, and if the navy has come from England; if the division of land and land tenure has come from France; if the medical and surgical systems have come from Germany, what have the United States furnished that Japan, from her deliberate eclectic choice, has taken; and when I went on the highways of rural Japan, when I saw everywhere in every village centre the great military barracks, then I saw buildings equal in size, superior in equipment, and I found that the common school system of Massachusetts had been taken bodily and implanted in Japan, and is making of Japan what Japan with her children is today. (Applause.)

Now, gentlemen, Japan has shown what she can do in war; Oyama has been the great teacher; she has shown what she can do at sea—Togo has been the great teacher. (Applause.) She has shown what she can do in the development of constitutional law, and Marquis Ito and the elder statesmen have been the great teachers; and now Japan, victor in war, is teaching us a lesson that with our larger pride, and with our reliance on our development we may learn, and the world may learn forever—Japan has shown the world that it is greater and mightier to know how to use the fruits of victory than to achieve the victory itself. Japan stands forever an exemplar to the entire civilized world in self surrender, the large farsightedness, the large grip of the future she demonstrated at Portsmouth; and the future will prove what we tonight may say with the half voice of prophecy, the future will prove that the modesty and the self control and the greatness of Japan in consenting to moderate terms of peace are forever a guidance to what military force should do in the settlement of strife.

And now, gentlemen, we enter on the future. Some day the Panama Canal is to be built; some day the commerce of the world, through the Isthmus, is to seek a nearer route to the far shores of the Orient; some day—yes, beginning today—you, and England, and Germany, and France, are to contest peacefully for the commercial supremacy in the Orient. Let no mere pride of race enter into this struggle; let no purpose of mere commercial selfishness enter into this struggle; let us go into this commercial rivalry of the future with this idea—each of us will do our best and let the best man win. (Applause.) That the canal will be a bond of peace, that the successes of Japan in the recent war will be bonds of peace, that the treaty between England and Japan, when rightly understood and when honestly and fairly enforced, will be a bond for the peace of the world, you and I believe. God grant that out of this struggle of the past, of the recent past; this struggle, the echoes of whose cannon are hardly dying on sea and shore; this struggle which brought two nations into rivalry, which leaves two nations, we trust,

at peace—let us pray that out of this struggle, that out of the conscience of Japan, that out of the conscience of America and Europe, that out of the physical progress of Japan, that out of the physical progress of America and of Europe, there may come a great era of commercial and industrial peace, when all men shall recognize the best in all other men, and when we shall struggle to make the many happier and freer, that through all and in all there may be a reign of peace on earth, of good will to the children of men. (Applause.)

"THE LATEST LINK BETWEEN JAPAN AND THE UNITED STATES."

The following response to this toast was made by Mr. GEORGE GRAY WARD, Vice President of the Commercial Pacific Cable Company:

GENTLEMEN—I was hardly prepared for such compliments as those paid me by our friend Mr. Foord. When the shore end of the Pacific cable was laid at San Francisco three years ago, in the course of some remarks I made to the business men of that city I intimated that it was the company's intention to extend the cable beyond Manila. We felt we must have an all American cable both to China and Japan. It has taken longer than we expected to bring this about, but I am sure you will be glad to know that the connection both to Yokohama and Shanghai will be completed, all going well, by the first of April next.

Those of you, gentlemen, who have business over the seas know better than I do that submarine cables are the arteries of trade; they increase commerce, and commerce promotes good fellowship among nations. They also play a very important part in diplomacy, as was shown in the late peace negotiations at Portsmouth. The Pacific cable during these negotiations rendered great service because it carried all the telegrams between your distinguished guest and his Government at Tokio, and you will pardon me, I am sure, if I mention that it would have been impossible for President Roosevelt, the peacemaker, to have brought these nations together had it not been for submarine telegraphy. I believe that when this country was at war with England the battle of New Orleans was fought two weeks after the treaty of peace had been signed.

The merchant who does business with the Far East will appreciate the value of a prompt service, and when this cable is completed I am confident that messages will be exchanged between New York and Yokohama in less than half an hour; but my object in speaking this evening was not to tell you what cables are capable of accomplishing, because you are all well aware of their value. My special desire was to tell this Association how much His Excellency had done to bring the negotiations for the extension to Japan to a successful issue. I had interviews with His Excellency both at Washington and New York, but we completed the negotiations through the Atlantic cable, he at Portsmouth, N. H., and I in England. I hesitated to take up his time at Portsmouth because his hands were full of other and more important affairs, but he was always ready. Therefore, gentlemen, I avail myself of this opportunity on the eve of his departure to sincerely thank

him for his co-operation and assistance in practically making the latest link between Japan and the United States an accomplished fact. I think we all owe him our gratitude. (Applause.) Before I sit down I also desire to take the opportunity of thanking the members of this Association for the aid they gave the company. When our intentions to lay a Pacific cable were questioned in Congress, you petitioned the President of the United States, and your able secretary, Mr. Foord, even went so far as to speak before the Naval Committee of the Senate, urging them to allow us to lay the cable. Gentlemen, I thank you on the part of the company I have the honor to manage, as well as myself personally, and you may depend that these latest links will prevent war, maintain good relations and increase the commerce between the United States and these two great countries of the Orient. (Applause.)

The Rev. Herbert B. Johnson made the following response to this toast:

"THE PIONEER OF ASIATIC PROGRESS."

I count myself happy to have lived nearly a score of years in the New East during this modern era of progress; also in the privilege of being present here tonight to join with you in doing honor to Minister Takahira, a diplomat justly famous throughout the whole world on account of his connection with the recent great Peace Congress.

Various nations of Asia have been pioneers along different lines. It was the people of the Celestial Empire that gave the mariner's compass, gunpowder and movable wooden types to the world. Korea, the hermit nation, took a step in advance in giving us metallic types. In this the Peninsular Kingdom was fifty years in advance of Gutenberg and Faust. Furthermore, the Koreans had a large part in the development of the porcelain industry in Japan, and her people were instrumental in the discovery of porcelain earth in Japan.

But Japan's distinction lies in the fact that she is the pioneer of progress in Asia. These other nations reached a point above which they could not rise. On the contrary, Japan has not only assimilated what both the East and the West have had to give, but in some respects she has surpassed her teachers. My limited time will not permit me to speak adequately of Japan's progress in reaching toward and attaining to the highest ideal in civilization that Western nations have had to furnish. At best I can simply refer to a few.

Japan is the pioneer in Asia of an educational system that is thoroughly up to date. A full half hour would be insufficient to properly represent it. From kindergarten to university the system compares favorably with the best to which the most enlightened states of the world have attained. It is a significant fact that 93 per cent. of the children of school age in Japan are in the public schools, a fact which should have weight with those in this country who are interested in the question of immigration.

In her constitutional government and in her laws Japan is thoroughly abreast of the age. One of the first public acts of Japan's present Emperor was to promise the

people a share in the government. Much time was necessary to develop the system and to prepare the people to successfully work it. The constitution which was promulgated in 1889 provides the fullest protection and the largest liberty, guaranteeing personal, civil and religious freedom. After a thorough study by experts of the legal systems of the great nations, the Japanese developed laws which have been the admiration of civilized people. In view of this and the marvelous progress made along other lines, while the China-Japan war was in progress, Japan was admitted to the sisterhood of civilized nations.

She thus became the pioneer in securing for Asiatic peoples the recognition of equality with Western nations. During these years not a single thing had occurred, even during the excitement of war, to bring a blot upon Japan's fair fame. On the contrary, at different times and in various ways, the people of the world have been compelled to acknowledge that the acts of this young nation have not only been praiseworthy, but some of them hardly to be expected even from Christian England or America. Furthermore, Japan has been the pioneer of the Asiatic peoples in forming an alliance with European Powers. Twice within a few years an alliance has been formed with one of the greatest of Western nations.

It hardly seems necessary to refer to Japan as a pioneer in the use of modern instruments of warfare, not to speak of the invention of some before unknown. In her army and navy, including the commissary department and the medical corps, and in the humane treatment of the enemy which has characterized her warfare, Japan is not only a pioneer in Asia, but in the whole world. Many notable and valuable lessons have been learned which will not easily be forgotten. The generous gift of the Emperor of Japan of 10,000 yen to the work of the Young Men's Christian Association, and the setting apart of the Russian cathedral at Port Arthur as headquarters for Christian Association work in Manchuria, are illustrations of the breadth of ideas and the generous spirit which permeates the ruling powers in Japan. (Applause.)

Japan is also a pioneer in diplomacy. The recent settlement at Portsmouth will in the future be regarded as one of the greatest diplomatic victories ever gained. Japan compelled Russia to publicly acknowledge that she had no cause for going to war. By keeping before the enemy the questions of indemnity and the ceding of Saghalien she secured all the things for which she justly contended from the beginning. If anything, she gained a greater victory over herself than over the enemy. By the settlement she both maintained her increasing prestige and held the friendship of the most civilized of the peoples of the world. All honor to her noble representatives, one of whom graciously favors us with his presence here tonight. And all honor to the noble Emperor so ably represented. While not claiming prophetic inspiration, I make bold to assert that when the history of these two centuries is written, Mutsu Hito, the Emperor of Japan, will be recognized as one of the few great rulers of the nations and of the ages. (Applause.) His name will justly stand with the few whom the whole world, by common consent, recognize as great. To him and to the noble men associated with him, during the Meiji era, is due the credit for the wonderful progress which Japan has made. Without their insight and ability, without the breadth of their ideas and the depth of their convictions, the progress which has been made in Japan, and which through Japan is being made in other Eastern lands, would be impossible. (Applause.)

THE BRITISH CHINA ASSOCIATION.

The annual dinner of the China Association—the sixteenth of the series—took place at the Hotel Metropole, in London, on October 31. The president of the Association, Mr. R. S. Gundry, C. B., presided, and spoke as follows to the toast of the evening:

One needs only to look round on this great gathering—considerably the greatest that has yet been held by the Association—to realize that the aspirations for its prosperity that have been expressed by my predecessors, now, for sixteen years, have been abundantly fulfilled. Yet the toast cannot but strike in our minds a note of sadness when we reflect how rapidly the ranks are thinning of those who took part in its formation. Even this year has added the names of Sir Robert Jardine and Sir Richard Rennie, former presidents; of Gabriel James Morrison, Sir Edward Ackroyd, Sir Edward Alford, Edwin Mackintosh and Attwell Coxon to the list of those who have left vacant the seats on the committee which they had so long and usefully filled. I shall also, I feel sure, interpret the feelings of every member of the Association when I express sympathy with our sister associations in New York and Shanghai in their loss of a statesman who took a keen interest in Far Eastern politics, and who stood from the first so frankly and uncompromisingly for the principles of equal opportunity and the open door which British policy, also, has consistently affirmed. (Applause.) These men saw many changes; but they have passed away at a time when the world seems by common consent to expect far greater changes as a consequence of the momentous events we have recently witnessed. It fell to my predecessor to express the sympathies of the Association, last year, while those events were in progress. It becomes my privilege now to express congratulations to our ally on their successful conclusion—(cheers)—and it was a pleasure to your committee to offer, a few days ago, congratulations to Lord Lansdowne on the conclusion of a new treaty with Japan, which we hail as of good augury for peace and successful commerce for many years. (Renewed applause.) It was predicted in our annual report for 1900 that the withdrawal of our ships from Port Arthur would prove to be a turning point in the history of the Far East. It was an easy prediction, because the importance of the issues at stake was manifest to everyone conversant with the situation; and it has been rapidly verified. One immediate consequence was the necessity of largely increasing our fleet in Eastern waters, and another was the lease of Wei-hai-Wei. One immediate consequence of the closing scene in the Straits of Tsushima was that we have been able to withdraw our battle-ships again to home waters; and the question has been raised whether we should not also withdraw from Wei-hai-wei. I am convinced that such a decision would be viewed by the Association with unqualified regret. (Applause.) We know, of course, that the friendly harbors of our ally will always be open to us; but there are considerations other than those of refuge and repair. There is, to men-

tion only one, that of prestige. It will be time enough to give up Wei-hai-wei when Germany gives up Kiao-chow, and when the whole of North China has been restored to its pristine isolation. So quickly and so easily do we change with the times that we are apt to forget how much has altered in China in a generation. How many of us remember, for instance, that Ting Jih-chang, then Taotai of Shanghai, authorized, if he did not order, forty years ago, the destruction—because of its evil influence on Fêng-shuey—of the little line of telegraph which E. A. Reynolds had put up between Pootung Point and the Kiutoan Beacon? Yet the wires run north, south, east and west now, connecting the principal cities of the Empire. It is barely thirty years since Shen Pao-chen, then Viceroy of Nanking, bought and tore up the little pioneer railway from Shanghai to Woosung, of which our old friend Morrison was engineer. Yet there are today many hundred miles of completed railway in North China, and the Chinese are displaying an anxiety to resume concessions granted for others which expresses, they declare, an intention to begin building themselves, and are subscribing largely, we are told, in various localities for the purpose. Yet the fact that the Viceroy of Hukwang has just borrowed £1,100,000 from the Government of Hongkong to enable him to buy up the concession for the Hankow-Canton line hardly looks as though the great sums required in railway construction would be readily forthcoming from Chinese sources; and what seems really likely is that the help of foreign capital will be invited in a different form. A transaction so exceptional as this has naturally excited attention. It has been surmised to imply possibilities of the employment of British capital in the completion of the trunk line. It has been surmised, even—wildly surmised—to indicate an intention on the part of the Chinese authorities to make, some day or other, or allow to be made, the little line from Kowloon to Canton. I fear there is in Hongkong a feeling that the delay in beginning work on that concession might have been overcome by a timely display of energy on the part of the London committee of the China Association. Well, gentlemen, I should be the last to deny that the Association is a powerful organization—regarded, I doubt not, with an awe tempered by affection by the departments with which it is privileged to have relations. (Laughter.) But it is not omnipotent; and I am afraid that it is credited in this case with an influence greater than it possesses. We could not, for instance, control the financial barometer and insist that it was “fair,” when the British and Chinese Corporation and the British public declared that it was “unsettled”; nor can we coerce Sheng and the Cantonese notables, if they persist, now, in obstructing the project. All we could do was to urge His Majesty’s Government to support the scheme and assist in its inauguration, and we encountered in so doing the good will which experience has led us to expect. (Hear.) If the Hongkong Government, the Colonial Office and the Foreign Office have for

the last eighteen months been pressing this matter upon the Canton and Peking authorities, and Chinese obstruction has been too much for these co-ordinated forces, is it not somewhat unreasonable to blame us?

But willingness to overrate the potential influence of the Association is not confined to Hongkong, nor to any specific shortcoming. You have been made aware of the growth, among a large section at least of our fellow members in Shanghai, of a feeling that the general committee have failed to represent with sufficient energy the great and growing interests of which it is thought, perhaps, that we of an older generation are less conscious than they who are on the spot. Well, gentlemen, it is good for all of us to be reminded that the world changes, even in China, and that a time comes when the direction of affairs should be entrusted to younger and more energetic hands. But, while fully acquiescing in a principle upon which I personally acted three years ago, I venture to believe that our shortcomings have been overrated. We may propose, but the gods dispose. The direction of British policy in the Far East does not lie in the hands of the China Association; and it is perhaps as well that it does not, or we might be tempted to lay too much stress on what is, after all, only a single feature in the great mosaic of imperial policy. You know the legend of the rainmaker who, in delegating his fancied powers to a successor, was careful to give him instructions about apportioning the supply! But to say so much is not to admit that we in China have had our proper share. Speaking at our annual dinner some years ago, from the seat occupied this evening by our friend William Harwood, I expressed, and I desire to express again, cordial recognition of the courtesy and good will displayed toward the Association by the Foreign Office—"Hear, hear!" and applause)—in all matters that come within its scope as a department. But I added that when it came to questions of high policy our influence failed, "Those are Government questions, and the Government is prone to wait on the electorate; and the electorate has been indifferent. Otherwise much recent trouble might have been averted by our intelligent appreciation of events before they occurred." There seems to be a feeling in Shanghai that we might and ought to have overcome that indifference. We in London have not thought it practicable. I for one, at least—though I was at one time more sanguine—am persuaded that there exists no sufficient body of public opinion interested in the Far East—that there exists no sufficient likelihood of creating such a body of opinion—as to justify us in risking the real influence we possess as a body of experts in the effort to attain greater influence by a policy of publicity and pressure. But, again, to say so much is not by any means to despair. When a reservoir breaks loose many things are apt to slide; and the withdrawal of those two ships from Port Arthur was equivalent to the opening of sluice gates of worldwide ambitions. ("Hear, hear!") Let us hope that the signature by Japan of treaties of peace with Russia and alliance with England indicate a clearing away of debris and a commencement of repair. We may, perhaps, if we look at the Hongkong

loan to Chang Chi-tung from that point of view, conceive it to be a presage of better things. (Applause.) The opportunity of the visit of Sir Charles Dudgeon and Mr. Bland was taken to discuss matters in committee, in public meeting and privately; and I think that, while the London committee has been led to realize more clearly the Shanghai standpoint, those gentlemen will be able to explain more clearly at Shanghai the nature of the conditions prevailing here.

There are two sides to most questions, and I am afraid that, in my desire to explain to you—as you were entitled to expect that I should explain—the two sides of this (I am happy to say) perfectly amicable controversy between branches of the Association, I have left myself little or no time to dwell upon a third side which should interest us more. However, you can easily pull me up if I weary you. ("No, no," and "Go on.") Well, gentlemen, that third side is the future, and I approach it with diffidence in the presence of men like Sir Walter Hillier and Dr. Morrison—(cheers)—who join the advantage of recent observation to previous experience; whereas my impressions are derived second hand from the proverbially incorrect statements of journalists—(cheers and laughter)—from correspondence or conversation. Sanguine people seem to anticipate that, now they have been relieved by Japan from the pressure of Russia and by the Anglo-Japanese treaty from fear of territorial aggression, the Chinese will be more hospitable to foreigners and their ways. Beyond doubt China is persuaded that she must adopt European methods to some extent if she would retain her autonomy and independence. Her efforts have been confined chiefly hitherto to the adoption of appliances which were manifestly superior to her own, and the mere possession of which must, she seemed to fancy, place her on a level with Western people and Powers. The question of supreme interest now is whether she is prepared to go deeper and adopt the fiscal and administrative reforms which we are convinced to be necessary, not only for the well being but for the very conservation of the Empire. There has, I am assured, been a striking advance in such centres as Peking, Tientsin and Nanking, not only in material progress but in the tone of Chinese thought and ideas. There seems no doubt that a considerable section of Chinese officials and a growing class of young progressive Chinese are in favor of honest reform. But against this progressive party we have to set the dead wall of opposition of the majority of the Chinese officials, who see in reform the loss of the squeezes and pickings which make life endurable in an unappreciative world. (Laughter and applause.)

We hear much of education, of colleges being created and buildings appropriated, and there seems no doubt that the obsolete system of education which has prevailed for centuries is giving place to more enlightened methods. At the head of the new movement are the Viceroy Yuan Shih-kai, the most powerful man in China; Na-tung, who seems to be the leading spirit in the Wai-wu-pu; the Viceroys of Wuchang and Nanking, and others in their

several degrees, backed by a newspaper press which is revolutionizing Chinese thought. Japanese instructors are taking an active part in drilling Chinese troops, and Japanese are filling, to a certain extent, the deficiency in qualified teachers which must alone sterilize for some time the most promising educational schemes. Officials of high rank have been ordered to go abroad to study the political and economic systems of Western countries. We find the four most powerful Viceroys in the Empire memorializing even in favor of a Parliament, and rumor has it that their Majesties intend to depute Wu Ting-fang and Shen Chia-fen to draw up a scheme of Parliamentary representation. All this portends great changes. But of the introduction of a more liberal spirit into the attitude and dealing of the Government with foreigners and foreign Powers I confess that I can see little. ("Hear! hear!") Where is the judicial reform that was promised to Sir R. Alcock in 1868, to Sir Thomas Wade in 1876, and again to Sir James Mackay in 1902? It is true that the Empress has, at the instance of Wu Ting-fang, decreed the abolition of torture, and has appointed him and Shen Chia-fen to revise the criminal code. But these, even if carried out, are very short steps toward the changes necessary to regulate the association of foreigners and Chinese in industrial enterprises, to say nothing of the complete change of system required before extra-territoriality can be abolished and the chief obstacle, consequently, to the free residence of foreigners in the interior removed. (Applause.) Every prison in China needs to be rebuilt in such fashion as to make unnecessary the manacles which now do the duty of walls. Worse needed, still, is a new type of warder, in place of the runners who now revel in cruelty and extortion. Nor must we, while criticising China, omit to take credit for a momentous reform which we have effected ourselves! Someone has seen fit to deprive the judge of H. B. M. Supreme Court in China of the title of "Chief." To those who conceived it this may seem a trivial concession to the exigencies of official symmetry. To us it may appear a senseless change. ("Hear! hear!") But Orientals are apt to imagine a meaning in things. ("Hear! hear!") Everyone in this room who has lived in China and knows how high the Supreme Court has stood as an emblem of British justice knows that this will seem to the Chinese a derogation of dignity—(loud applause)—against which, it is needless to say, this Association energetically, though vainly, protested. The delay in the commencement of conservancy operations on the Hwangpu may be attributed in no small degree to the impracticable scheme embodied in the protocol of Peking. Now that a more workable project has been devised with the consent of the Viceroy of Nanking there are better hopes of something being done. I dread wearying you, gentlemen, I have trespassed so long on your attention; so will merely mention other points of significant interest where questions of foreign intercourse are concerned. Where, for instance, are the mining regulations that were to facilitate foreign enterprise? Where is the fiscal reform which is implied in the regulation of inland

taxation? Where is the currency reform which would not only do away with complex exchanges, but abolish *ipso facto* many of the evils upon which the present corrupt system of tax gathering thrives? (Applause.) No; the prevailing idea seems to be China for the Chinese, and that is an ideal worthy of all respect if it implies a loyal desire on the part of all classes to co-operate in developing their own resources and in regenerating their administrative system. But one is apt to be less sympathetic when one fancies that what is often meant is China for the mandarins; for I do not gather that the traditional disinclination of the laity to put plums in a pie which the mandarins are to handle grows less. (Cheers.) I doubt the foreigner being any more popular than he ever was, though his value as an aid to development may be recognized, and the day of open hostility may have passed away. But I do feel certain of one thing. Whatever else may be in doubt, it will be urgently and increasingly necessary, to enable us to hold our own, that men of the rising generation who look forward to a career in China should acquire a working knowledge of Chinese (applause)—and you will be glad to know that Sir Walter Hillier begins this term with thirty students at the School of Practical Chinese which this Association called into being some years ago under the auspices of the London University—(cheers)—and which certain of its members have since liberally sustained. It may not be inappropriate to mention that their guarantee expires next year, and that it will be necessary then to consider the question of endowment. The sum needed will be considerable, but much less than would have been required, and would, I believe, have been readily forthcoming had the larger project defined in my memorandum of April 27, 1899, and which had the expressed sympathy of Lord Salisbury, been equally fortunate in conciliating the sympathy of the Senate. I thank you, gentlemen, for the patience with which you have listened to me, and will ask you now to drink to the continued prosperity of the Association. (Loud applause.)

To the toast of "Our Guests," Mr. C. S. Addis, of the Hongkong and Shanghai Bank, spoke as follows:

I gather from your chairman's speech that there may be room for diversity of opinion as to what constitutes the proper functions of an association such as this; but we are all agreed that the China Association at any rate is never more agreeably occupied, and that, too, within the sphere of its legitimate activities, than in promoting on an occasion like the present the good fellowship of its members; in linking the present with the past, the East with the West; in awakening afresh the memories of old but undying friendships; and in dispensing to its guests the traditional hospitality of the East. ("Hear! hear!") The number of our guests tonight is necessarily limited by the capacity of the apartment, but if our list be few in point of numbers it is at least comprehensive in character. It is not too much to claim for those gentlemen who have honored us with their presence here this evening that they fairly represent the many and varied interests the

China Association was founded to promote. What are these interests? If I say that they are in the main commercial I shall not be suspected of seeking to limit by too narrow a definition the usefulness of this institution. For in truth it was by commerce that this great Empire of ours was founded; it is in virtue of the power and beneficence of commerce that it was extended and is maintained. An imperial policy is essentially a commercial policy, and to resent the intrusion of politics into business is to do injury to both. It is for this reason we welcome the desire of the Prime Minister to see more business men in the House of Commons. I am glad to seize this opportunity of paying a humble tribute of respect to the public spirit of those gentlemen who have taken Mr. Balfour at his word, and who, after the day's work is done, shake off the dust of the city from their feet and pass, with energies unabated, to the midnight ardors of Parliamentary debate. The more the Government of this country is conducted on business principles the better it will be for all of us, and one may even venture to express the hope that the day is not far distant when the business members of the House of Commons, some of whom we are proud to see among us tonight, may be called up higher to assume a more direct share in the administration of their country's affairs. ("Hear! hear!") I am reminded by the presence at our board of gentlemen from the Foreign Office, the Colonial Office and the Board of Trade that there is another side to Parliamentary life. I know these gentlemen would prefer that I should refrain from mentioning them by name, but it may be permitted to express the debt we owe to the self-effacing labors of these permanent officials, who preserve amid the clash of parties the continuity of British policy, and to acknowledge the courtesy and readiness with which they are accustomed to place their ample stores of knowledge and experience at our disposal. Nor is trade, also, without its permanent departments. The guilds of mediæval times have passed away, but their place as recorders of trade conditions and arbiters of trade disputes has been filled by those great Chambers of Commerce of which we welcome tonight the Manchester and Liverpool presidents, and also representatives of the Yokohama Committee and of the Straits Association. There is one advantage which these modern chambers of commerce enjoy over their mediæval prototypes—they have behind them the power and publicity of the press. My task would be incomplete without some recognition of the enterprise and independence which have elevated the great journals to their present commanding position, and have contributed materially to the ease and efficiency of modern life. I shall not be so indiscreet as to unveil the anonymity of the members of the fourth estate whom I see around me. We bid them all welcome, whatever the color of our party, but I hope it will not be considered invidious if I say that we are especially glad to see back among us the Peking correspondent of *The Times*. (Cheers.) It has been his happy fortune, by "an intelligent anticipation of events," to shed new lustre upon an already distinguished profession, and, what I fancy he values even more, to earn for himself the respect and

gratitude of his fellow countrymen, at home and abroad, as the staunch and sturdy champion of British interests in the Far East. You may have noticed recently one of the younger generation of writers soar to fame upon the wings of paradox. Naturally he has his followers, who perceive that a short cut to literary eminence lies in contradicting as roundly as may be the theories which more commonplace people had come to regard as axiomatic. The fashion will pass. Meanwhile, I suppose we must be content to let them have their say. Commerce, they tell us, is not the peaceful vocation we had fondly supposed; on the contrary, it is commerce which is the cause of horrid war, and not, as we thought, the ambitions of statesmen and of kings. Not commerce, but the dread armaments of modern Europe, apparently in a direct ratio with the crushing burdens they impose, are, they say, the real foundations of international peace. Well, let them say. For my part I stick to the old fashioned opinion that it is a false and distorted view of commerce which implies that one nation can only gain at the expense of another, or that the real interests of international trade can ever be served by the aggressive policy of competing states. No, but while I dissent from that view with all my heart, it would be idle to deny that in the world as it is we must be prepared to hold our own, and that, if commerce is to pursue the peaceful course we have marked out for it, it demands, and must receive, adequate protection and defence. It is fitting, therefore, that I should couple this toast with the name of a distinguished officer of that arm of the imperial forces whose honorable duty it is to safeguard our national possessions and to keep open on all seas the highways of international trade. (Cheers.) But there is still another reason, to which recent events have given unusual point, why Admiral Douglas should be chosen tonight to represent our guests. I need only remind you that, amid the many and great services by which the name of Admiral Douglas will be remembered, not the least is the part he played in the formation of the Japanese Navy. We may well congratulate him on having lived to see the day when his former pupils covered themselves with undying glory and won for their country its rightful place among the nations. (Applause.) We may congratulate him still more that he has lived to see that victory consolidated and the navies of England and Japan united in defensive alliance.

THE JAPANESE MERCANTILE MARINE.

The numbers and classification of the steamers now forming the Japanese mercantile marine are as follows:

	Vessels.
From 20 tons to 50 tons.....	376
From 50 tons to 100 tons.....	219
From 100 tons to 300 tons.....	249
From 300 tons to 500 tons.....	86
From 500 tons to 1,000 tons.....	103
From 1,000 tons to 2,000 tons.....	114
From 2,000 tons to 3,000 tons.....	90
From 3,000 tons to 4,000 tons.....	37
From 4,000 tons to 5,000 tons.....	11
From 5,000 tons to 6,000 tons.....	5
From 6,000 tons to 7,000 tons.....	28
Over 7,000.....	1

The total number of ships is 1,309, and their aggregate tonnage is 882,092 tons.

RAILROAD DEVELOPMENT IN CHINA.

BY THE SECRETARY OF THE ASSOCIATION.

(From the "Iron Age.")

It will take some time fully to realize the importance of the fact that Japan's victory over Russia places a definite arrest on the dismemberment of China. The integrity of the Chinese Empire, which Japan has in one very important respect restored, is sufficiently guaranteed by the new and more comprehensive alliance between Great Britain and Japan. When in July, 1903, Japan challenged the continued evasion by Russia of her promise to restore the Manchurian provinces to China, the support which either Great Britain or the United States was willing to give to the maintenance of the principle of the open door—that is, the preservation of the Chinese Empire from foreign spoliation—did not contemplate anything more decisive than diplomatic protest. The formal proclamation of a Russian protectorate over Manchuria would not have been regarded as cause of war by either of the great commercial Powers. In our case the popular verdict would have been that there was not enough at stake, the bearing of a divided China on our place as a Pacific Power being but imperfectly appreciated. In the case of Great Britain the position of Germany as frankly in favor of the policy of Chinese dismemberment, and that of France as not averse to it, would have been decisive in regard to the expediency of being content with safeguarding what the ambitions of the military Powers might have left of the chosen sphere of British influence in the Valley of the Yangtze. Whatever else may be uncertain as to the future of a China divided into spheres of European interest and sovereignty, this much must be assumed—the customs barriers of the protecting or governing Power would have been erected without delay around its particular preserve. There would have been no equality of commercial opportunity—no open door.

THE WAR UNIQUE IN ITS COURSE AND RESULTS.

The statesmen of Japan never had any illusions about the meaning of the Russian occupation of Manchuria. The sequel of the Treaty of Shimoneseki was lesson enough for them, if lesson were needed, that the preservation of the independence of Japan was not compatible with Russian sovereignty in Manchuria. It was tolerably clear that if the Amur could not confine the ambitions of Russia, neither could the Yalu; that if the Manchurian Railway was to prove the entering wedge of Russian dominion in the three eastern provinces of China the declared intention of continuing a branch of it to Seoul would have been promptly carried out, and the menace of the Korean timber concessions would have been followed by the supremacy of Russian influence throughout the isthmus. As that very literally meant the aiming of a dagger at the heart of Japan, and as Russian arrogance was as boundless as Russian ambition, war was inevitable. In its course and its results the war will occupy in history a place absolutely unique, but in no respect does it claim a distinction so exclusively its own as in having secured for other nations

ample participation in all the advantages gained by the victors.

Chief among these advantages is, first, the certainty that the energies of the vast Empire of China will be directed along the lines of modern progress, and, second, that the commercial and industrial nations will have free and full opportunity to compete for their share in the work of equipping China with the appliances of what is known as Western civilization. China is a country where vast and undeveloped mineral wealth exists side by side with the most primitive and costly methods of transportation, where railroad construction is still in its infancy, and where, be the population 400,000,000 or 300,000,000, or somewhere between the two, the traffic has been provided in advance of the means of carrying it out. The cost of land transport in China averages over 14 cents per ton per mile. The cost of carrying coal, by means of carts, wheelbarrows and donkeys, from the mines of Shantung to a point 7 miles distant is from 39 to 50 cents per ton per mile. Anthracite, which costs in Shansi 39 cents per ton at the pit mouth, costs after being carried 80 miles on the backs of asses \$17 per ton, an additional 20 cents per ton per mile to the original cost.

THE FIRST CHINESE RAILROAD SUGGESTION.

When Sir Thomas Jackson, the then chief manager of the Hongkong and Shanghai Bank, was entertained in New York five years ago he laid great emphasis on the fact that the first great need of China was railroads, and that of all countries on the face of the earth the one showing the best field for railroad enterprise was China. At that time the entire system of Chinese railroads covered only 340 miles, and even that represented all that had been accomplished since the first rail of the line between Shanghai and Woon-sung was laid a quarter of a century before. Curiously enough, the earliest recorded intimation that the idea of railroad construction had entered the Chinese mind is to be found in the closing article of the commercial treaty with the United States, signed on our side, in 1868, by William H. Seward as Secretary of State and Anson Burlingame as Minister to China. The article reads as follows:

"The United States, always disclaiming and discouraging all practices of unnecessary dictation and intervention by one nation in the affairs or domestic administration of another, do hereby freely disclaim and disavow any intention or right to intervene in the domestic administration of China in regard to the construction of railroads, telegraphs or other material internal improvements. On the other hand, His Majesty the Emperor of China reserves to himself the right to decide the time and manner and circumstances of introducing such improvements within his dominions. With this mutual understanding it is agreed by the contracting parties that if at any time hereafter His Imperial Majesty shall determine to construct or cause

to be constructed works of the character mentioned within the Empire, and shall make application to the United States or any other Western Power for facilities to carry out that policy, the United States will in that case designate and authorize suitable engineers to be employed by the Chinese Government, and will recommend to other nations an equal compliance with such application, the Chinese Government in that case protecting such engineers in their persons and property and paying them a reasonable compensation for their services."

A DISCOURAGING BEGINNING.

That the idea did not strike very deep is evidenced by the fact that the Shanghai-Woosung Railroad of 14 miles, finished in 1876, had been opened for little more than a year before it was bought up by the local authorities and summarily removed. The next serious attempt at railroad construction in China was made in 1881, under the direction of G. E. Kinder, an English engineer, who had been placed in charge of some coal mines near Tong-Shan. Mr. Kinder found in existence a tramway over which coal was being transported on cars pushed by Chinese workmen, and, gradually extending it north and south, placed a steam engine upon it for use in the work of the mines. The Chinese, finding that the use of the engines did not bring the disaster they had anticipated, waived their objections to the steam road, which shortly developed into one for general traffic, and was extended little by little until it reached Tientsin in the south and Shanhaikwan on the confines of the Great Wall in the north. The road proved successful and popular, and was further extended from Tientsin to within a short distance of Peking, with which it was connected by an electric road. Thus was created in the face of manifold obstacles and in spite of endless discouragement the first instalment of the railroad system known as the Imperial-Chinese Railways. Under the same auspices the first southern link of the system was constructed to Paoting-fu, distant 80 miles from Peking—a line afterward merged in the Belgian concession for the road from Peking to Hankow.

THE MANCHURIAN RUSSIAN CONCESSION.

This latter enterprise marks the beginning of the initial struggle for railroad concessions in China, which has hitherto been pursued somewhat more on political than commercial lines. In 1898, to quote the language of an imperial edict: "Railroads and mines are nowadays the most important enterprises in this empire." Two years before an agreement had been concluded between the Chinese Government and the Russo-Chinese Bank for the construction and management of the Chinese Eastern Railroad—that is to say, the line traversing the two northern provinces of Manchuria and connecting Stretensk, by way of Harbin, with Vladivostok. This was the first step toward what has been called Russia's "pacific conquest" of China. But it was merely preparatory to a more significant advance, made under the terms of the convention between Russia and China in March, 1898, by which the Chinese Government agreed that the principle of the permission given in 1896 to

the Manchurian Railroad Company for the construction of a railroad should be extended to the construction of a branch line from a certain station (Harbin) on the aforesaid main line to Talienwan, or, if necessity required, that it be extended to the construction of a branch line to a convenient point on the coast of the Liaotung Peninsula, between Yang-tsu (New Chwang and the Yalu River).

CHINESE OFFICIALS DISTRUSTED THE RUSSIANS.

Chinese official opinion was by no means unanimous in regard to the wisdom of these concessions. The great Yangtse viceroys, particularly the late Liu Kun-yi, the Viceroy at Nanking, perceived the danger of the railroad conquest of China by a great military power, and did all they could to keep out of China, south of the Great Wall, the kind of enterprise which the pro-Russian clique at Peking had rendered possible in Manchuria. Accordingly, when it became a question of the extension of the Imperial Chinese Railway from Paoting-fu to the Yangtse, for which Chinese capital was not forthcoming, the representatives of the American China Development Company, who visited China in the winter of 1896-1897, were invited to undertake its construction. But, in the words of one of them: "They soon found that the concession thus offered was of no commercial avail." A Belgian syndicate took up the negotiations where the Americans laid them down, and was able to disarm the Chinese suspicion of ulterior territorial ambitions by the argument that Belgium was a weak and inoffensive power. It was discovered only after a contract had been signed that behind the Belgians were the French capitalists who had contributed to the organization of the Russo-Chinese Bank and the Russian Government, which had brought that institution into being to do its financial work in the Far East. Even then Lord Salisbury was trustful enough to declare in the British House of Lords on August 1, 1898: "As far as our information goes, derived both from China and Belgium, we have no doubt whatever that it is a complete mistake to imagine that this Peking-Hankow Railway is in the hands of Russia; it is in the hands of a number of Belgian syndicates and firms who obtained the first promise of a concession from fifteen to eighteen months ago."

THE AMERICAN CHINA DEVELOPMENT COMPANY.

Chang Chi-tung, the Viceroy at Wuchang, and Liu Kun-yi knew better, however, and they threw all their influence on the side of the American China Development Company when the representatives of that corporation showed a disposition to contract for the construction of the line from Wuchang, on the south bank of the Yangtse, opposite Hankow, to Canton. The fact that Franco-Belgian diplomacy, supported by Sheng Ta-jen, the Director General of Chinese Railways, and the pro-Russian coterie at Peking, exhausted every effort to block the American concession merely afforded a fresh demonstration of the wisdom of placing this work out of the control of the great military Powers or the Belgian middlemen. An agreement subsequently modified and expanded was duly executed in Washington on April 14, 1898, by Wu Ting-fang, the Chi-

nese Minister, and the agent of the Development Company. The legal adviser of the company said no more than the truth when he characterized it about that time as "a corporation which is promoted by a syndicate of prominent American capitalists whose business character, experience and financial standing are such as to reasonably insure the carrying out of whatever project they may finally undertake." The story of why the corporation failed to carry out this particular project is both curious and instructive, but need not be retold here. It is sufficient to say that what one Belgian syndicate failed to accomplish by diplomatic obstruction another did by buying up shares enough of the company to control its management, only to find, however, that the contract with the Chinese Government having been vitiated by a change of the nationality of its holders, they were in some danger of being left with an empty shell. The subsequent resale by the Belgians of enough stock to American holders to restore the original character of the corporation, and the transfer, for a liberal consideration, into Chinese hands of all the property and franchises of the Hankow-Canton Railroad, including the short branch line built from Canton to Samshui, is matter of very recent history.

BRITISH CONCESSIONS.

So ends for the present, but only for the present it may be hoped, the history of American railroad construction in China. Some consolation for this experience of failure may be found in the fact that our British cousins have not exhibited much more energy in the carrying out of the railroad concessions which, with a great flourish of trumpets in Parliament and elsewhere, were announced as having come to them in 1898. These included a railroad from Shanghai to Soochow and Nanking (200 miles); another from Shanghai to Hangchow, with possible extension to Ningpo (200 miles); from Pukou, opposite Nanking on the Yangtse, to Sin-yang in Honan, a station on the Peking-Hankow Railroad (270 miles), and a short line from Kowloon, opposite Hongkong, to Canton. Up to the present time the only one of these concessions on which work is fairly in progress is the Shanghai-Nanking line, and the character of the difficulties experienced in prosecuting its construction may help to explain the slow progress of active railroad enterprise in China.

THE BRITISH SHANGHAI-NANKING LINE.

According to the very well informed Shanghai correspondent of the London *Times* the beginning of work on this concession was first delayed by the reluctance of the London money market to invest capital in China after the Boxer outbreak, but the more serious obstacles encountered were due to the political intrigues which have influenced the Chinese Government in general and Sheng Ta-jen in particular to oppose British enterprise and to support the Franco-Belgian group of capitalists, supported by Russian diplomacy.

Though the concession was originally granted in May, 1898, the final contract was signed as late as July, 1903. Between that date and the actual beginning of work there was a great deal of discussion between Sheng and the concessionaires in regard to points of detail, financial and administrative, and it was only when at the instance of the British Government an intimation was conveyed to the Director General from the Wai-wu-pu (Chinese Foreign Office) that further obstruction would entail unpleasant results that the business began to advance with some degree of rapidity. Progress in China, however, is a relative term, and what passes for rapidity there would be regarded here as undeniably slow. The working theory on which this and other Chinese railway concessions have been granted is that the concessionaires undertake to build the road for the Gov-

ernment out of the proceeds of bonds issued on the security of the property, but also bearing the indorsement of the Government or its representatives. The concessionaires are left to manage the road under an agreement as to the division of the profits, and when enough of these have accrued to make it possible to cancel the bonded indebtedness the Government takes formal possession of the property, which it has only temporarily alienated. Director General Sheng and his Chinese associates on the Board of Construction are supposed to earn their salaries by seeing that the work under their supervision is conducted with economy and dispatch. Their ways of doing this are characteristically Chinese.

DIFFICULTIES ENCOUNTERED BY THE BRITISH BUILDERS.

The road between Shanghai and Nanking traverses a flat country intersected by many creeks and covered for the greater part of the distance with innumerable graves. By the terms of the contract Sheng receives \$1,250,000, in return for which he is bound to acquire all necessary land and to obtain the removal of graves within the limits required by the railway. At the beginning of last March, eighteen months after the arrival of the engineering staff, only 38 miles of the total length had been acquired, and this in isolated sections. He promised, however, to give the company full possession of all the land as far as Soochow before April, and thence to Wusieh before June, but up to a recent date continuous pressure had not succeeded in securing fulfillment of these promises. Meanwhile it is interesting to observe that as soon as the survey of any section is completed and the line definitely located a Chinese syndicate, of which Sheng's son is the reputed head, purchases the land wherever possible from the agricultural owners and holds it against the railway company, claiming a large advance on the market value. While these operations primarily concern the Chinese Government, they do delay the work of construction, and by increasing the ultimate cost of the railway tend to diminish the chances of future profit. At the Shanghai terminus in particular the necessary land has been so effectually cornered and is held at such high prices that the position of the station may yet have to be changed. Even the removal of graves is made the subject of combinations which, under the title of benevolent societies, levy a handsome profit on the railway company for their pious devotion to the remains of the numerous departed Chinese who have left no descendants to practice for them the rites of filial piety. When finally completed, as it is likely to be in a year and a half, the road cannot fail, however costly may be its construction, to be a highly profitable one, and its demonstrated success will probably give new stimulus to the investment of British capital in Chinese railroad construction.

THE PEKING SYNDICATE'S PLANS.

Outside of the system of railroads converging on Shanghai and keeping closely in touch with the coast and the Yangtse British capital is also largely interested in the roads to be constructed by the so called Peking Syndicate, a corporation formed to develop the enormous coal and iron deposits in the Province of Shansi. A partial invasion of this field was made when the Russo-Chinese Bank obtained a concession to construct a railroad about 130 miles long from Cheng-ting, a station on the Peking-Hankow Railroad, to Taiyuen, in the heart of the mineral country. The Peking (Anglo-Italian) Syndicate obtained the right to build a line from Taiyuen, in Shansi, at the northern boundary of its vast mine field, to Singan, the capital of Shensi, from which a railroad is planned parallel with the course of the Yellow River and connecting with Kaifong, the terminus of a branch line of the Peking-Hankow Railway. The Peking Syndicate is moreover pledged to the construction of a railroad from Tseh-chau, at the southern boundary of its mine field, to Siang-yang,

250 miles distant, on the Han River, a navigable affluent of the Yangtse. It would also appear that the same group of capitalists has the right to build another road from Tseh-chau, by way of Kaifong, to Pukou, on the north bank of the Yangtse, opposite Nanking.

A GERMAN CONCESSION.

In their special sphere of interest, the Province of Shantung, the Germans have acquired the concession for a railroad already built from Kiaochau to Tsinan and for another from Kiaochau to Yi-hian. It was originally proposed to make a railroad triangle out of the German system by connecting Tsinan with Yi-hian, but the scheme has been modified by the execution of the Anglo-German enterprise of a line from Tientsin to the Yangtse, opposite Chinkiang, running for the greater part of its 600 miles parallel with the Grand Canal. This latter concession was originally in American hands, but its execution was negated by the German Minister at Peking on the ground that under the treaty of 1898 respecting the lease of Kiaochan there were given to Germany exclusive rights of railroad construction in the Province of Shantung.

FRENCH CONCESSIONS.

There remain the French concessions in the extreme south, destined to connect Hanoi, the capital of Tongking, with the Chinese treaty ports of Mengtse and Yunnan on one side and Pakhoi, Nanking and Wuchow on the West River, above Canton, on the other. At the head of the shallow and uncertain navigation of the Red River, which, passing through Hanoi, furnishes a waterway of dubious value across Tongking to the sea, is Laokai, and the French have taken this as a starting point for a railway to Yunnan, a distance of 300 miles. Four years is the limit fixed on the term of construction of this road, which is already well under way. The British have long had the ambition to connect their Indian railroad system by way of Burmah with a Chinese system terminating at Kunlong Ferry. The road from Mandalay to this latter point is nearly, if not altogether, finished, but (commercially) insuperable obstacles bar the way to Yunnan, which the French have already tapped from the south. Until the British Government is prepared to back the rather costly enterprise of constructing a series of Mont Cenis tunnels between Kunlong Ferry and Yunnan the western approach to the Valley of the Yangtse would seem to be barred. This, however, is a part of a somewhat larger subject, to which another article may profitably be devoted.

CHINESE PLANNING RAILROADS THEMSELVES.

This one would hardly be complete without reference to the new found interest which the Chinese themselves are taking in railroad construction. We have already noted the resumption by the Chinese Government of the Hankow-Canton concession, and its intention has been announced to complete and manage that railroad under its own immediate auspices. A company has been formed with Chinese capital for building a short railroad line from Swatow, a port on the southeast coast between Amoy and Hongkong, to Chao-chou-fu, and work was begun on this enterprise in September, 1904. Two more ambitious native Chinese railroad enterprises are: (1) a line from Cheng-tu, in the heart of the great and populous Province of Szechuan, to Hankow, and (2) a line from Chen-chou, in Hunan, to Chang-sha, in the same province, to connect with the trunk line from Hankow to Canton. The fact that the Yangtse gorges form an insurmountable obstacle to ordinary commercial steam navigation makes the necessity urgent for the construction of a railroad right up the Yangtse Valley, and the first mentioned of these two schemes is an attempt to provide the required steel highway.

CHINA'S GREATEST RAILWAY.

Consul General Sammons, of Niuchwang, furnishes the following interesting description of the new railroad connecting Peking and Hankau, which is expected to become an important factor in the industrial and agricultural development of the section of the Empire which it traverses:

A recent trip by rail from the Yangtse River to Manchuria included passage over the 754½ miles of new railroad connecting Hankau with Peking. The journey between those cities was made in four days and three nights. No trains were then operated at night, and the average running time was from 16 to 20 miles an hour. I am assured, however, by the managers of the operating department of the road at Peking, that after the completion of the long bridge over the Yellow River in November the time between Peking and Hankau will be reduced to thirty-six hours. This service includes a fast weekly or semi-weekly train equipped with dining and sleeping cars. It will make a new departure from the usual manner of operating Oriental trains by making part of the journey at night. Even with frequent stops this Oriental flyer will not have to maintain a high average of speed.

Tourists will no doubt appreciate the inauguration in China of modern up to date train service. Thus far the managers of the new line have not encouraged travel over it. They have said they were not ready yet to handle tourists, and have at times discouraged the pressing requests of women, particularly when unescorted, to make the trip between Peking and Hankau. If the travelers who have thus far used this route chartered special cars they were allowed to sleep in them over night, and thus escape the native Chinese inn, which is usually quite unsatisfactory to the Occidental sightseer or merchant. The nightly charge for the use of the special car for sleeping purposes is \$10 Mexican or \$5 gold.

Blankets and pillows provided by the traveler are quite essential to a modicum of comfort in sleeping in these specially chartered first or second class cars. It is necessary, minus dining car service, to provide meals and to employ a cook or servant, or both. A native who can speak English and who acts as cook and servant is very helpful, but with the inauguration of the dining and sleeping car service parties of tourists will not necessarily have to resort to chartering cars. The first and second class cars have as a rule five compartments. With blankets and pillows, together with additional bedding, if desired, ten people can sleep in one car. For those desiring to see the country leisurely the slow trains, stopping at all stations and not running at night, may be favored. But in that case, unless cars are chartered, not only must the party go to a native inn at night, but the trip is quite likely to be rendered very uncomfortable by the presence of undesirable passengers. When the road is completed three days and two nights, instead of four days and three nights, will be occupied in going from Peking to Hankau by the slower trains. The regular fare is charged in addition to the charter price of the car, ranging from \$50 to \$100 gold for the entire distance; but thus far no specific number of persons is required to travel in a chartered car. In some cases two or more persons have chartered a car at the same price as was paid by a party of five or more.

That there will be a heavy tourist travel over the new line there can be little doubt. Those who have thus far only visited the treaty ports are said to have merely inspected the outer fringes of China. This new line and the one projected from Canton to Hankau afford travelers an opportunity of enjoying the three or four days' trip up or down the Yangtse between Shanghai and Hankau, which is in itself one of the most interesting of Oriental journeys. With side trips, such as are possible to Nankin, the ancient southern capital of China; to Peking, the northern capital, and to numerous other places of interest, the journey may

be prolonged indefinitely, as suits the taste or inclination of the traveler.

The bulk of the entire country between Hankau and Peking is a fertile alluvial plain. Wheat and poppies (for the manufacture of opium) are apparently cultivated on large areas. In the vicinity of Hankau there are many rice fields which are tilled in small patches and irrigated on the same general plan as in Japan. In many instances water for irrigating rice fields is pumped by hand from one level to a higher one, and, as in Japan, every available inch of ground is utilized. Only in rare instances are women seen in the fields. Many of the children under ten years of age go about naked in summer, as in other parts of China.

The extent and variety of mud walls surrounding endless Chinese villages impress the traveler. The mud walls and mud houses, the grave mounds and a limitless ocean of mostly treeless and practically fenceless farming areas, all carefully cultivated and harvested by hand with ancient implements, as in Biblical times, and teeming with human beings that huddle in villages everywhere, is one of the general impressions.

The massing of the population in villages, originating with the idea of affording protection from wandering bands of thieves, especially in times of famine and crop failures, is not the only safeguard against enemies. On the Hankau side of the mountains that separate the provinces of Honan and Houpe a number of primitive fortifications crown some of the most precipitous of the rocky heights.

The native population throughout the route has the appearance of being strong and healthy as well as contented. There were very few beggars, and these mostly what in America would be termed street Arabs. In the fields the most primitive implements are used, and, aside from some of the cotton goods worn by the men, very little of foreign imported goods could be seen.

There were no advertisements of any kind along the line of the railway. At Pao-ting-fou there was seen an American cigarette sign, the only outward prominent reminder of our trade exploitation. The piles of tin cans and bottles that line the right of way along newly constructed American railroads are not to be found by the side of the new Chinese railway, and, indeed, on one occasion where a foreigner could not buy a chicken with any amount of cash the tender of an empty mineral water bottle quickly caused the native to part with the fowl.

In some parts of the Yellow River section irrigation is necessary to save the crops, and during dry spells large numbers of wells are utilized. Many of these wells are scattered throughout a single field. Two and frequently three windlasses are used at each well, and the water is thus drawn to the surface in buckets. The contents of the buckets are deftly dumped into a gutter or small ditch as soon as the bucket reaches the top of the well, and the weight of the bucket carries it instantly to the bottom. Immediately after it fills the man at the windlass begins turning the crank rapidly. During the latter part of last May, in the vicinity of Shun-to-fou, a blinding sand storm and hot winds by day threatened the crops. All the wells were worked to their full capacity. The sand in the air caused the sun to appear much paler than the harvest moon, and this unusual sight, together with the drifting sand on unwatered areas, aroused fears of dire crop disaster. However, whether American labor saving pumps would prove less expensive than the use of cheap native labor at these irrigation wells remains to be demonstrated.

The foreign materials used in the construction of the railroad are mostly European. Both the telegraph and the telephone are used in operating trains. A telephone apparatus supplied with a long pole containing a wire is used by the train men to communicate with the nearest station when a train breaks down in the country. One

end of the wire in the pole is hooked over the telegraph or telephone wire and the other end is grounded. The train master then turns the crank and attempts to call the operator at the next station. The only test to which I saw this field telephone put proved a complete failure. The fact that the ground end of the wire was placed on the surface of a dry, dusty cart road may have accounted for this, as undoubtedly the grounding of the wire was imperfect.

The time tables of the road, as well as the tariffs of freight, etc., are printed in French, and the Mexican dollar is used in stating fares, expenses, etc., and the metric system of weights and measures is utilized. Compartments may be reserved if the company's office is given notice at least twenty-four hours in advance of the departure of the train upon which the compartments are desired. But if one to four passengers reserve compartments one extra fare must be paid. If five or more passengers make a reservation no extra charge is made. The regular rate of passage over the line is \$0.02 gold per 0.621 mile first class, and \$0.01 and \$0.005 for the same distance for the second and third classes, respectively. The third class cars are uncovered, and the minimum distance a ticket is sold for is 10 kilometres (6.21 miles). Baggage, over 133 pounds, is charged for at the rate of about \$0.0042 gold for 133 pounds per 0.621 mile. Special cars may be chartered, being paid for in addition to the regular passage rate and baggage excess. If passengers wish to sleep in the car they must pay \$5 gold per night of twelve hours, and \$0.50 gold for every hour over the twelve hours' limit. The company's office must be notified, when a special car is wanted, at least forty-eight hours in advance of the desired date of departure.

The freight tariff system is quite complicated. The articles likely to be shipped over the road are divided into tariffs, designated by a number, of fixed prices to the kilometre (0.621 mile) for the picul (133.33 pounds) and the ton. The numbered tariffs are also designated by classes.

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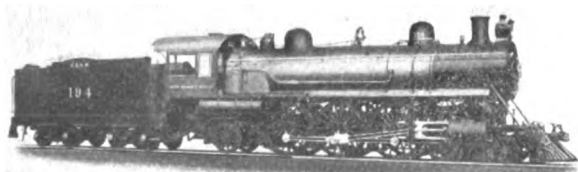
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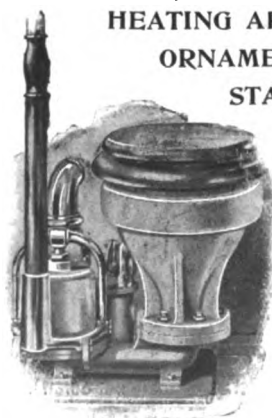
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CORRESPONDENCE elsewhere printed will indicate the general policy of the Association in regard to the amendment of the Chinese Exclusion Acts. These constitute a somewhat cumbrous and decidedly confusing body of statute law, not consistent with each other and still less so with surviving treaty stipulations on the subject between China and the United States. Some of these statutes were avowedly intended to execute treaties which have run out; others refer specifically to authority conferred upon the Treasury Department and its officials, while later statutes devolved some of these duties upon the Department of Commerce and Labor and its deputies. Apart altogether from the bearing of the question on the relations between the two countries, we owe it to ourselves that the laws bearing on Chinese immigration should be made congruous in purpose and intelligible in statement. That cannot be done by any process of amendment of the existing laws. A statutory substitute for these must be provided, and the whole subject covered in one enactment which can be readily understood and executed by the scores of minor officials who will be charged with its administration. Such a bill is being prepared under the supervision of a sub-committee appointed by the president of the Association at the request of the executive committee, and it will be introduced in both houses of Congress at an early date. The bill is drawn on the lines of the President's message, and the support of the Administration may thus be fairly claimed for it. The Secretary of State is in complete accord with the Association in the work which it has undertaken, and the support of the leading commercial and industrial organizations of the country may be confidently reckoned upon when the bill makes its appearance in Congress. Representatives of the churches and missionary societies have already exhibited a desire to exert all possible influence in securing the passage of such a measure of justice to China as the President has recommended.

THE opinion expressed by the President of the American Association of China in his letter to the Consul General at Shanghai, elsewhere published, that the negotiation of a new treaty with China should be suspended while the boycott agitation continues, may possibly be held to apply with equal force to the passage of legislation designed to remedy "the grave injustice and

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