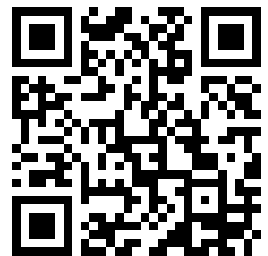


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**Journal**  
**of**  
**The American Asiatic Association**  
**VOL. VI.**

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# Journal of The American Asiatic Association

VOL. VI.

 February, 1906  
 PUBLISHED MONTHLY.

NUMBER I

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

THE progress through the United States of the Imperial Chinese Commission, headed by their Excellencies Tai Hung-Chi and Tuang Fang, has been very well timed and excellently managed. The commissioners have seen a great deal in a short time, and should leave the country with a realizing sense of the true foundations of its greatness and prosperity. But what has probably struck them most of all is the extreme cordiality of the welcome they have received everywhere they have gone. The illiberality of our Chinese Exclusion laws and the brutality with which they have been administered may, in the light of their own experience, be less comprehensible to our distinguished visitors than before, but they have at least learned that the business and professional men of the United States are as much disgusted with this chapter of our legislation as the most critical of Chinamen can possibly be. They have also learned that an honest and earnest effort is being made to amend these laws, so as to rob them of all possibility of becoming instruments of insult and wrong. The frankness with which they have heard the Chinese Exclusion policy of the United States denounced by men of light and leading among our people must have been somewhat of a revelation to the keenly observant gentlemen who head the commission. The alert and accomplished secretaries who have constantly and copiously interpreted for the chief commissioners the words that fell from their hosts have reduced to a minimum the disadvantage under which their Excellencies have labored owing to their ignorance of the language. It is quite safe to assert that nothing of importance has been said in their hearing, at formal or informal feasts or receptions, of whose significance the heads of the commission have not been made cognizant. It is hardly necessary to add that the demeanor of the entire commission, even toward attentions that must have proved somewhat embarrassing, has been marked by the most perfect courtesy and good nature, and that the whole tone and tenor of their public utterances have been tactful, intelligent and in most excellent taste.

THE bill amendatory of the Chinese Exclusion Acts, which has been introduced in the House of Representatives by Mr. David J. Foster, of Vermont, and which is now in the hands of the Committee on Foreign Affairs, is reproduced in another column. It will be observed that the bill confines itself, as suggested in the President's

Message, to the definition of the excluded class of Chinamen, leaving everyone else entitled to admission to the United States and its island territories. The passport or certificate which shall be the evidence of the right of the exempt class to free admission here is to be issued by an officer duly authorized by the Government of China and viséd by the consular representative of the United States at the port or place from which the person named in the passport or certificate is about to depart. In this way all detention and humiliating segregation at the port of entry may be avoided. The definition of the excluded class is made comprehensive enough to include both skilled and unskilled manual laborers, including those "employed in mining, fishing, huckstering, peddling, laundering, or those engaged in taking, drying or otherwise preserving shell or other fish for home consumption or exportation." This ought to be sufficiently sweeping to satisfy the most exacting of labor agitators or Pacific Coast politicians. It happens to be the only sensible solution of a vexed question, and relieves the whole exempt class of Chinamen from the onus of proving to the satisfaction of American immigration officials that they are not coolies.

BUT simple and obvious as the solution is, it is certain to meet with determined opposition in both Houses of Congress. How easily the whole subject may be misrepresented is fairly illustrated by some comments in the *Washington Star* of February 1, in an interview given by the Secretary of the Association to a representative of that newspaper. The high grade of intelligence, impartiality and judicial fairness on which the *Star* has been and is conducted makes this article all the more singular and serves to illustrate more clearly the difficulties in the way of those engaged in the attempt to amend the Chinese Exclusion Acts. The *Star* seriously argues that we could easily pay China too much for the privilege of doing business with her, since, to quote its own words, "if by tinkering with the Exclusion law, so as, intentionally or unintentionally, to play into the hands of the wiliest of the Orientals, and their coadjutors in this country, we should find America in a few years filling up with undesirable people, the damage and the regret would be great." The *Star* goes on to assert that the present law works well where there is no conspiracy to evade it. It declares further, that all that is needed to redress any of the hardships growing out of the existing law is to combine to defeat Chinese perjury in connection with immigrant certificates. As a matter of fact, it is mainly due to the corrupt connivance of consuls of the United States that fraudulent certificates have been issued to Chinamen not entitled to receive them, and it would surely be a most humiliating attitude for the United States to occupy before the world to plead that it could not afford to do an act of simple justice to a friendly power because of its inability to find agents sufficiently honest and capable to administer its laws. It is somewhat of a waste of time to attempt to convince individuals or newspapers as to the need of a change in the existing law who deny that it has been, in

the language of the President of the United States, the source of grave injustice and wrong. But, unfortunately, the most blatant specimens of this type of objector are to be found in the Congress of the United States.

FROM our monthly returns of Chinese trade it will be perceived that the exports of cotton piece goods for the calendar year have reached the unexampled total of \$33,514,818; that the export of mineral oils to the Chinese Empire has decreased by about \$1,000,000, and to Hong Kong by \$1,500,000. The gross amount of our exports to China for the calendar year has been \$58,574,793, against \$27,921,033 for 1904. To Hong Kong the gross value of exports has been \$8,080,826, against \$11,279,353 for 1904. The imports from China remain practically stationary, at a little over \$28,000,000, while those from Hong Kong show an equal lack of elasticity, though the figure of \$1,685,063 is somewhat ahead of the returns of recent years. The exports to Japan for the calendar year are, for the first time, somewhat less in value than those to China, though they reach the hitherto unprecedented figure of \$55,747,868, against \$31,656,037 for 1904. Our imports from Japan, also for the first time, are slightly below the figure of the exports, though they have reached the considerable total of \$50,702,527, against \$49,788,504 during the year preceding. There is perhaps no more remarkable department of our foreign trade than this of which the greater part is represented by our commercial dealings with these two countries. In 1895 the sum of our exports to Asia and Oceania was \$33,073,633, while for the year ending last December they reached a total of \$168,083,041. There has been no such notable increase in imports from that section of the world, though the figures of 1895 show a value of only \$105,252,034, against \$198,830,950 for the last calendar year. It will be perceived that while ten years ago what is called the balance of trade with Asia and Oceania was against us to the extent of \$72,000,000, the adverse balance today is but a little over \$30,000,000.

THE singular incapacity of some representatives of the Pacific States in the United States Senate to appreciate the significance of figures like these was illustrated the other day in speeches made by Senator Dubois, of Idaho, and Senator Teller, of Colorado. The latter was quite certain that the time was not far distant when there would be no market in China for cotton goods from the United States; he was equally convinced that the difference between what we import and what we export to Asia would grow greater and greater every year, and with the eye of the seer he saw "the great industrial horde of Japan" seizing and controlling the trade of 400,000,000 Chinamen. The bogey that most affrighted Senator Dubois was that of the Trade Guilds, whom he found unanimous in demanding the admission of the Chinese coolie to the United States. The airing of stuff like this in a body which is supposed to be the fountain head of legislative wisdom is well calculated to give the Oriental student of our institutions pause in the indulgence of a disposition to imitate them.

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, 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
November.....	36,956,424	2,012,842	4,507,001	421,799	5,182	18,137
December.....	40,598,280	2,241,047	4,778,060	402,000	9,830	39,967
Total.....	248,671,197	\$13,911,566	70,781,295	\$7,302,467	61,754	\$228,748

Months. 1905.	Cotton Cloths.		Mineral Oils.		Wheat Flour.	
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
November.....	52,705,432	3,212,585	5,780,919	351,928	9,694	34,859
December.....	48,525,998	2,896,758	5,500,971	545,659	20,747	77,192
Total.....	562,732,721	\$33,514,818	76,968,639	\$6,485,587	121,390	\$445,053

## EXPORTS TO HONGKONG.

Months. 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
November....	701,363	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

Months. 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.....	30,004	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
November.....	4,761	904	229,861	24,622	154,321	531,685
December.....	2,646	590	979,013	104,860	83,375	301,473
Total.....	455,675	\$63,047	10,197,600	\$956,393	789,732	\$2,903,884

DEPARTMENT OF COMMERCE AND LABOR,

Bureau of Statistics.

WASHINGTON, D. C., January 30, 1906.

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# Imports of Tea and Silk into the United States for the twelve months ending December 31, 1903, 1904 and 1905.

## TEA.

	1903.		1904.		1905.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
Imported from						
United Kingdom.....	6,190,806	1,263,513	7,226,071	1,527,874	7,382,613	1,630,597
British North America....	2,341,793	524,529	2,197,299	494,308	2,002,758	484,927
Chinese Empire.....	43,952,049	6,221,545	46,076,303	6,161,530	38,814,095	5,155,840
East Indies.....	6,540,698	970,402	7,886,033	1,157,133	6,741,188	942,905
Japan.....	43,491,073	8,001,006	42,762,357	7,402,554	41,338,766	6,707,128
Other Asia and Oceania ..	542,876	64,571	366,081	46,801	333,500	45,029
Other countries .....	23,903	4,888	276,978	67,079	166,225	37,162
Total.....	103,083,198	17,050,454	106,791,122	16,857,279	96,779,145	15,003,588

## RAW, OR AS REELED FROM THE COCOON.

## SILK.

	1903.		1904.		1905.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
Imported from						
France.....	354,774	1,401,123	664,609	1,912,120	643,313	2,086,956
Italy.....	2,358,511	10,316,844	3,550,134	13,261,725	3,975,784	15,144,613
Chinese Empire.....	2,649,761	7,671,465	3,527,377	9,972,386	3,245,402	9,500,589
Japan.....	6,206,347	23,449,845	7,924,977	27,141,103	7,486,120	27,529,731
Other countries .....	85,940	295,920	910,908	2,591,942	164,099	550,405
Total.....	11,655,333	43,135,197	16,578,005	54,879,276	15,514,718	54,812,294
Waste .....lbs. free..	2,835,512	1,238,964	4,200,979	1,568,943	3,987,869	1,410,682
Total unmanufactured .....		44,384,916		56,448,246		56,239,380

## CORRESPONDENCE.

AMERICAN ASSOCIATION OF CHINA,  
SHANGHAI, 27th December, 1905.

John Foord, Esq., Secretary American Asiatic Association,  
78 Beekman Street, New York:

SIR—Carrying out the instructions of the committee of this Association, I enclose to you herewith signed duplicate of a letter which was written yesterday to Consul-General Rodgers.

It is the hope of this committee that you will pass this enclosure on to the Government at Washington, with an earnest recommendation that the request of this Association for the constant presence hereafter in Shanghai of an American man-of-war be complied with.

I am, sir, your obedient servant,

JAS. N. JAMESON,  
President of the American Association of China.

AMERICAN ASSOCIATION OF CHINA,  
SHANGHAI, 26th December, 1905.

Hon. J. L. Rodgers, American Consul General, Shanghai:

SIR—In the letter which this committee had the honor to address to you the 7th of November last attention was called to the continued unchecked boycott agitation in Central and South China, and to the dangers to be feared therefrom. That letter you kindly forwarded to our Minister at Peking, and this letter also we ask you to pass on to H. E. the American Minister.

The uneasiness and the anti-foreign feeling which for many months past have been kept alive and augmented in this community by the continued boycott agitation culminated in Shanghai the morning of Monday, the 18th instant, by a preconcerted invasion of the Anglo-American settlement by mobs of lawless Chinese bent upon plunder and destruction. Rioting followed in some of the central and most important business streets of the town; any foreigner that was met was mobbed—among others the Acting Consul-General for Germany and also the American Assessor of the Mixed Court; the Town Hall was attacked and the Louza police station was sacked and burnt.

To protect life and property the volunteer military force of the settlements had to be called out to aid the police, and parties of armed bluejackets were promptly landed from the British, German and Italian men-of-war in port.

To the presence of these men-of-war in harbor and to their promptness in landing armed forces it is probably due that the loss of life and property has not been greater. Certainly the 991 American citizens now living in the Anglo-American settlements must gratefully acknowledge the protection afforded to their lives and property by the wise presence in Shanghai of these European ships of war.

That there was no American man-of-war in port at this time of emergency, especially as trouble had been threatening for months, was a disappointment and humiliation to our nationals, and this committee now brings before you and before our Minister at Peking, for the consideration of our government at Washington, the importance of having an American man-of-war in this port at all times.

Shanghai as a great seaport (daily growing greater) is worthy of every regard from a business standpoint only, which is quite enough to warrant our government in providing its share of the foreign naval force constantly watching the interests of the place; but the business view aside, there is to be considered the continuously increasing number of American citizens (a large proportion women and children) living in or visiting this port whose lives and property our government, we know, is ever anxious to protect.

That danger to foreign life and property in Shanghai may arise easily and quickly from unrestrained Chinese mobs has now again been shown; and it is hoped the suggestion herein urged will have the prompt approval of our government, and that the Americans of Shanghai may feel assured that an American man-of-war will hereafter be at hand in time of need.

A copy of this letter is being sent to the American Asiatic Association in New York.

I have the honor to be, sir,

Your obedient servant,

JAMES N. JAMESON, President.

## BREAKFAST TO THE IMPERIAL CHINESE COMMISSION.

A delegation from the Imperial Chinese Commission headed by Their Excellencies Tai Hung-Chi, Vice President of the Imperial Chinese Board of Revenue, and Tuan Fang, Viceroy of Min-Che, who were the guests of honor of the occasion, was entertained at breakfast by the members of the Association at the Merchants Club, 106 Leonard Street, New York, on Saturday, February 3, at 1 P. M. There were 120 members and guests present.

The chair was occupied by the President of the Association, Mr. Silas D. Webb, the guests of honor being seated on his right and left. At the President's table were also seated Sir Chentung Liang-Cheng, Mr. Woo Kuang Kien, Mr. Sao-K. Alfred Sze, Mr. Teng Pang Shu, Hon. David J. Foster, Hon. Charles Denby, Gen. Stewart L. Woodford, Consul General Shah, Prof. J. W. Jenks, Mr. James B. Reynolds.

The occupants of the other tables were seated as follows:

## TABLE A.

Henry G. Woodruff,  
Hon. Judge Geo. R. Gray,  
Arthur E. Dowler,  
Charles M. Higgins,  
W. T. West,  
Richard Deeves,  
Melville Smead,  
Charles E. Perkins,  
John C. Eames.

## TABLE B.

S. D. Brewster,  
Mr. Wan Bing Chung,  
G. H. Milliken,  
H. A. Hatch,  
P. A. Baldwin,  
C. A. Reed,  
E. Tomes,  
Frank V. Shonnard,  
Albert C. Hall,  
John T. Williams.

## TABLE C.

E. P. Smith,  
E. C. Boteler,  
Wm. R. Webster.

## TABLE D.

A. G. Mills,  
D. A. Tompkins,  
Geo. G. Ward.

## TABLE E.

E. P. Cronkhite,  
Robert Christie,  
A. O. Probst,  
John Porter,  
Hon. David D. Duncan,  
Herbert M. Lloyd.

## TABLE F.

G. L. Montgomery,  
T. E. Jevons,  
W. H. Baldwin,  
C. A. Green.

## TABLE G.

Howard Ayres,  
E. V. Skinner,  
James A. Twohey,  
W. J. Steel.

## TABLE H.

Albert Cordes,  
Elliot Stone,  
John Foord,  
Mr. Kwan Mien Chun.

## TABLE I.

Henry A. Haines,  
T. J. Hickman,  
E. H. Wonham,  
William S. K. Wetmore.

## TABLE J.

John W. T. Nichols,  
Joseph A. Jones,  
Geo. Fredk. Victor,  
Adolph L. Bernheimer.

## TABLE K.

Louis Capen,  
K. T. Iwashita,  
M. G. Psiaki,  
B. D. Blyth,  
Alfred Richter,  
H. S. Quick.

## TABLE L.

D. A. Aldridge,  
Thos. N. Myrick,  
J. W. Howe,  
George Wilson.

## TABLE M.

Laurus Loomis,  
Dr. Joseph Bryan,  
Geo. Clinton Batcheller,  
Rev. Charles M. Giffin, D.D.

## TABLE N.

William S. Brown,  
Charles E. Thorn,  
Otto H. Hinck,  
A. Norden, Jr.

## TABLE O.

T. A. Sparks,  
J. P. Wade Gardiner,  
C. A. Tomes,  
W. A. Redding.

## TABLE P.

Isaac Stiebel,  
Samuel J. Stiebel,  
Eugene Galland,  
Richard P. Messiter.

## TABLE Q.

James R. Morse,  
Francis E. Dodge,  
James Bloss.

## TABLE R.

James S. Fearon,  
George H. Macy,  
F. Hellyer,  
Thomas A. Phelan.

## TABLE S.

Charles A. Conant,  
K. J. Imanishi,  
Charles E. Sampson,  
I. N. Seligman.

## TABLE T.

Townsend Rushmore,  
Wallace Peck,  
Fernwood Mitchell,  
George Nichols.

## TABLE U.

Charles F. Wreaks,  
Percy S. Mallett,  
C. C. Baldwin,  
Joseph Eastmond.

## TABLE V.

Robert A. Suffern,  
Ira B. Downs,  
Thomas W. Slocum.

## TABLE W.

Charles A. Moore,  
Charles A. Moore, Jr.,  
J. H. Barry,  
Alexander T. Leftwich.

## TABLE X.

F. B. Thurber,  
Charles A. Stone,  
P. H. Sheridan,  
J. A. Farrell.

The breakfast was composed as follows:

## MENU

## OYSTERS

Cotuits

## SOUP

*Amontillado*

Clear Green Turtle in cups

Celery

Olives

Radishes

## FISH

Filet of Sea Bass, White Wine Sauce

*Carbonnoux*  
1889

Cucumber Salad

Parisienne Potatoes

## ENTREE

Noisettes of Lamb, Bonnefoy

*G. H. Mumm's*  
*Selected Brut*

Fresh Artichokes, Sauce Hollandaise

## ROAST

Roast Squab

Chicken

Salad Romaine

## DESSERT

Ices

Assorted Cakes

Cheese

Fruit

Coffee

President Webb proposed the toast, "The President of the United States," which was received with enthusiasm and drunk standing.

President Webb then proposed the toast, "The Empress Dowager and Emperor of China," which was similarly greeted with applause.

## PRESIDENT WEBB'S ADDRESS.

YOUR EXCELLENCIES—I take great pleasure in adding to the words of welcome already addressed to you in this country the very cordial greetings of the American Asiatic Association.

The chief purpose of this Association has been to promote relations of closer friendship between China and the United States. It has been the constant endeavor of this Association to impress on our government and people that the unimpaired integrity of the Chinese Empire concerned no nation in the world more than it did the great American Republic. As a necessary sequence to this, it has been part of the work of this Association to demand that our treatment of your fellow-countrymen coming here as visitors, or remaining here as residents, should be in strict accord with treaty obligations contracted between two great and friendly Powers. (Loud applause.)

We have had the honor of entertaining a representative of the imperial house of China, His Imperial Highness Prince Pu' Lun; we have the privilege of consulting, on a footing of mutual confidence, with the able and distinguished Minister of China, Sir Chentung Liang-Cheng, on matters of common interest. There is, therefore, a special fitness in the introduction you have had today to our members, and in the assurance which I have the honor to tender you, that among no body of men in this country is there a more sincere and earnest desire to maintain the best possible relations with China than exists among those assembled in this room. (Applause.)

On behalf of those here present, and of the entire membership of the Association, it is my privilege to welcome your coming as the promise and the earnest that these relations will become more intimate, and that any causes which now tend to disturb them will be quickly removed. We recognize the fact that the people of no two nations can fully understand each other without free and frequent personal intercourse, and the coming of Your Excellencies with your associate officials, literati and gentry, affords the best possible assurance that China can give of her desire to understand the United States. On our part, we shall continue to promote and expand the desire of Americans to know more about China and her people, and to remove the causes of friction which have been the product of imperfect knowledge or ignorant prejudice. (Applause.)

It is with great pleasure, therefore, that I propose the toast of "Welcome and Success to the Imperial Chinese Commission," and that I call upon our members and American guests to rise and drink to it.

The toast was drunk standing, amid great applause.

## TAI HUNG-CHI'S REPLY.

His Excellency Tai Hung-chi, Chinese Imperial High Commissioner, then delivered the following address in Chinese:

情嗜好則大略相同若一以公  
理為衡使各得其所應得則  
意見之消融無待言矣

貴會所辦之事凡關心兩國者  
無不力表同情特舉一觴為  
諸君賀

深敝國人胥同此意夫兄弟尚有閭牆翩反之時況在鄰國然意見之參商終憲有無形之損礙不如互相輔益之為效宏也本大臣深知兩國之人風俗衣服語言法律各有不同而性

皇太后

皇上胞與為懷遐邇一體僑寓海外商  
民無日不繫

深宮軫念商民得梁大臣之善為調  
護梁大臣復得

諸會友之竭力勸助豈非幸事至  
於消融兩國意見有益於國際至



有不能已於言者兩國彼此歡迎  
往往趨重儀文不盡將以實意  
貴國迭次盛會無不出於肫誠殆  
非忠敬愛友曷克臻此本大臣  
秉奉使命專為攷察政治而  
來於外交本無所涉然傳宣  
德意固職分所當為我

本大臣與 端大臣蒙

貴會總理及在座諸君歡迎款待  
至為感謝藉此機緣又得與  
羣賢相見曷勝榮幸本大臣常  
稱自抵

貴國以來所見無一非新奇可喜之事  
諸君已稔聞之固無庸再贅也然尚

The address was thus translated by Secretary Woo Kuang Kien:

GENTLEMEN AND MEMBERS OF THE AMERICAN ASIATIC ASSOCIATION—We thank you for your kind greetings and hospitality, and we are glad to learn from you that you entertain such friendly feelings toward our people, which we in turn heartily reciprocate. We also highly appreciate the opportunity given us to meet so many distinguished people assembled around this board today.

Our mission is non-political. Every nation has her problems to solve, and we have ours. We believe a study of the institutions of other countries will help us much. It is due to the pleasure of their Imperial Majesties, the Empress Dowager and Emperor of China, that we should begin our studies in this mighty and progressive country. We shall not bore you by stating that we have seen everything up to date and among them many wonders in this country. We want to remark on one thing, that international greetings are sometimes apt to be a little diplomatic, but the good will which the American people entertain toward our nation is genuine and spontaneous (cheers), and you have succeeded in convincing us that you have nothing more at heart than the welfare of the millions of subjects scattered at home and abroad in our empire; and it is our duty and pleasure to inform our people abroad that they are constantly in the anxious care of both their Imperial Majesties, the Empress Dowager and Emperor, and we are glad that the duty of looking after the interests of our people in the United States has been put into the hands of so excellent a representative as Sir Chentung Liang-Cheng, and we are glad also that our representative has the cordial support of the American Asiatic Association.

There is no task more honorable than the removal of causes of friction between any two nations, and we are glad to say that it is as much the desire of our people as it is of yours to do this, and no effort has been spared to bring about this most desirable end. The best of friendships may have differences, and so may two nations, but let us see each other more and know each other better; let the enlightened preach to the ignorant; let the courageous speak what they believe and do what they think is right; and instead of striving to see which can do the most harm to the other, let us see which can help the other most. The day shall not be far distant when we shall see a genuine brotherhood of mind on earth. (Applause.) We believe that, however much two peoples may differ in dress, differ in language, differ in form of government, yet each has the same passions, the same purposes, the same faults, the same virtues, the same likings and dislikings, and so let us try to understand each other, and it is to be hoped that if there should be causes of friction between the two nations they may be quickly removed.

The noble work that this Association has done and will do in the future deserves the closest attention and the widest sympathy, and no one having the interest of the two nations at heart can believe otherwise.

We therefore propose the toast of "Success to the American Asiatic Association." (Loud applause.)

#### ADDRESS OF SIR CHENTUNG LIANG-CHENG.

MR. PRESIDENT AND GENTLEMEN OF THE AMERICAN ASIATIC ASSOCIATION—I take pleasure in adding my testimony in regard to the good work that has been done by the American Asiatic Association in promoting friendly intercourse between China and the United States. It is the chief purpose of this Association to advance American interests in the Far East, and my official duties require that I shall look after the interests of the Chinese in this country. I am glad to say that I have always found by experience that there are not only no differences between us, but we can always work amicably together. The reason is very obvious. Our aims are the same, to promote closer and more friendly relations between China and the United States, and when the ends are identical the means cannot be very different. (Applause.) Mutual help should be the keynote of intercourse between our two countries. In matters of commerce, the conditions that prevail in China are essentially different from those that prevail in the United States. The United States can furnish China with cotton and flour, and in turn China can give you tea and silk. The exchange of these commodities will benefit both states, and it may be said of other things that the freest commercial intercourse will bring untold benefits to the people of both states and will tie our two countries together more closely. (Applause.)

In conclusion, I cannot refrain from expressing our high esteem, as a representative of the Chinese Empire, of the gentleman on my right, the Hon. David J. Foster (cheers), for the part he has taken in securing Congressional legislation in order to secure a more liberal treatment of my countrymen. The very spirit of the bill will go far toward settling the present disturbed mind of the Chinese in the Orient, and I am sure that, though our relations are thought by some to be temporarily disturbed—though I am the last to acknowledge it—they will be even more friendly and closer than ever. (Applause.)

#### THE SECRETARY'S ADDRESS.

MR. PRESIDENT AND GENTLEMEN—It gives me great pleasure to make this response to the compliments which have been thrown at this Association by our Chinese friends. The conditions of mutual good-will that now exist are, we know, very much the result of our work, and we are very glad to know that they know it is the result of our work. (Applause.) Mr. Woo, copiously interpreting his chief, has said that he has found the sentiment of the American people to be one of cordial and earnest good-will. Now, the Chinamen may very easily ask, "Why do you dissemble your love by kicking us down stairs?" We propose that that kind of thing shall cease if it is at all possible. The President of the United States, in a few brief sentences in his annual message, made a very timely protest on this matter, which was the sequel to another protest that we had made to the President of the United States—you see I am fond of bringing in the Association, it being part of my business to see that we do not lose our credit in this work. The President said, very justly,

"We have done gross injustice to China; that injustice ought to be redressed, trade or no trade." We are strong and big enough to do a simple act of justice, and the President defined that simple act of justice in these terms, that instead of trying the impossible by defining the class who are exempt, who may come to this country, and throwing on this class the onus of proof, you define the class that is excluded, and admit everybody else. Station your examining officers in China and make their visé of certificates final, and have no more humiliating examination, have no more of this inquisitorial and illegal and unconstitutional method of dealing with the people of a friendly nation. On these lines Mr. Foster's bill has been prepared. I am very glad that our friend, Sir Chentung Liang-Cheng, has mentioned our obligation to the Hon. David J. Foster, of Vermont, who is the author of the bill. (Applause.) He has honored us with his presence here today, and he has taken up this matter with all the New England conscience that is in him; with all the New England intelligence that is in him, and without any particular regard to the cotton business either, because I don't believe there are any cotton mills of any special consequence in the State of Vermont. (Laughter.) Mr. Foster speaks as the exponent of national justice, and not as advocate for the easier admission of cotton piece goods into the great Empire of China; and I am sure that this bill framed on those two simple terms, first, the definition of the excluded class, and, next, the stationing of all examining officers at the port of departure in China, commends itself to every man here present. I am quite sure, from what I heard at the dinner last night of the Associated Missionary Societies, where they arose as one man to the statement that our treatment of the Chinese immigrant had been absolutely infamous, that this is so. (Applause.) I am not taking up Mr. Foster's rôle, I trust, when I say to you that legislation is, after all, the business of the people who make the legislators. The legislators are your representatives, and they are there to speak your wants and to embody your ideas. Now, if every man of you here does not make it part of his duty and part of his business to see that every man who has got a vote for this bill is properly informed as to your opinion, then you are not doing your part as citizens. (Applause and laughter.) A man like Mr. Foster, full of conviction, can do his duty, of course; but there are influences which I need not detail to you here today that are necessarily opposed to this thing, not because they believe there is any great harm coming out of it, but because it is part of their particular business to pass nothing that makes the treatment of our Chinese friends one whit more liberal. There are men in Washington who are there for purposes alien to the spirit of this bill, and they would not be earning their living if they did not protest—they have got to protest. We must, however, recognize the fact that the great majority of the people of this great country are in favor of an act of simple justice of this character; there is nothing in it except the simplest kind of justice; there is no pretence of admitting any coolie labor. In fact, the bill goes

beyond that—the President of the United States went beyond coolie labor in excluding skilled labor, as if you would call a skilled silversmith or an artisan who works in almost any kind of artistic work a common laborer. If any labor politician or agitator could demand more than that he is essentially an unreasonable man. We are not trying to get in any coolies. China can, I think, find occupation for most of her laborers in the near future in this new development of the material resources of China; in all this I think China is going to find work for a great many laborers she cannot afford to spare, and she certainly doesn't want to flood us with laborers if we do not want them. But we do want her merchants; we do want her students; we do want her professional men; we do want everybody who can come here with open eyes and minds, and we do want to treat them as gentlemen. We don't want to put them in a prison pen, while proving their right to enter here. (Cries of "Hear, hear!" and loud applause.) A bare statement of the case ought to be sufficient to pass this bill, but as Mr. Foster knows, and as a great many of you here know, that is not always sufficient in the Congress of the United States; but the fact is sufficient that the people of the United States want it—and you are a very considerable section of the people of the United States, because there are men in this company today who can touch half a dozen States, there are men who are in touch with New England, there are men who are in touch with the South, there are men who are in touch with the Middle West, there are men who are in touch with all parts of the country, I think, except it be the Pacific Slope—I know there is a most influential member of our Association here from Chicago today, the chairman of the Foreign Affairs Committee, before which this bill now is, who is a member from the State of Illinois. I am sure I am touching a pretty large territory today when I speak to you as representatives of the great American people who have an interest in doing an act of very simple justice to China. (Cries of "Hear, hear!" and loud applause.)

I have nothing special to say further except one little thing, and that is that the bonds of contact and the bonds of union are multiplying, whether we like them or not. We are getting tied to China. I, perhaps, may diverge one moment by telling you what I said to Mr. Metcalf, of the Department of Commerce and Labor, who is a Californian, to whom I frankly addressed the question, "Have you a policy different from the policy of the President of the United States?" It is hardly necessary to say that Mr. Metcalf said he had not, but he did not quite understand our methods and could not quite believe in them. I said to Mr. Metcalf, "In all my experience with public affairs, one of the most absurd things I have ever seen is the attitude of your State and its capital city, above all, to this great question. Here you are, facing the Pacific, with the commerce of that great ocean that is going to be the highway of the nations for this century, as William H. Seward predicted sixty years ago it would. The great world of the future is right there; the commerce of the world is right there, and you are facing on it, your city

and your State, and, by thunder! you turn your backs to all this from the craven fear lest two or three hundred miserable Chinese coolies should pollute your sacred soil!" (Applause.) I say that the bonds are increasing, whether the Californians like it or not, or whether we like it or not. Our friend, Mr. George Gray Ward, is going to China soon on the business of the Direct United States Cable—an all-American cable—across the Pacific, that is going to be landed on the shores of China next April. It had got as far, you know, as Manila; but it is now an all-American cable to Asia. Here we are going to have something that will touch Shanghai, Yokohama, and will furnish one continuous American communication, with a directness and with a cheapness which no nation enjoys, between our Atlantic and Pacific ports and the Far East. We are in and of this union; we cannot help ourselves. We are the greatest of the Pacific powers, and we have got to make some kind of reasonable agreement with that great empire whose civilization long antedated ours, and whether we will survive it or not we may not say, but I tell you it will not survive it if we are not strong enough to do justice. (Cries of "Hear, hear!" and applause.)

#### ADDRESS OF HON. DAVID J. FOSTER.

MR. CHAIRMAN AND YOUR EXCELLENCIES—I certainly hope that this enthusiasm which has been exhibited in connection with the use of my name does not result from the motive which influenced a man up in my district last summer. I have a friend in one of the back towns of my district who has always been very good to me, and last summer he called me up on the telephone, and says, "Is that you, Foster?" and I said, "Yes." He said, "You know there is a vacancy in the post office here in my town?" and I said, "Yes, I understood so." He said, "You know Mr. Smith is a candidate for the office?" and I said I understood Mr. Smith had consented that his friends might use his name in connection with it. (Laughter.) "Well," he said, "now, you know I have always been a devoted friend of yours, and I have always supported you and labored for you diligently, and never have asked a favor from you." I said that was so, and he continued, "I ask this one thing, that you appoint Mr. Smith postmaster." I said, "I can't tell you positively today, but I will endeavor to work it out for you, and I have no doubt I can do it for you. I appreciate what you have always done for me, and that you never have asked any favors." I hung up the telephone. In the course of twenty minutes he called me up again, and said, "Is that you, Foster? Well, you know what I said to you a few minutes ago about the post office here?" I said, "Yes." "That don't go; that man Smith is no more fit to be postmaster here than I am to be an angel." (Laughter.) "Well," I said, "that is all right, my friend, but how did you happen to telephone me as you did?" He said, "Why, the durned cuss sat right here." (Applause.)

I thank you very much, gentlemen, for this generous hospitality which I have enjoyed today, and I thank you for this opportunity of looking into your faces. I want

your help in connection with this bill which I have introduced. I believe it is along the right lines, for two reasons. In the first place, their Excellencies, as they have traveled through this country and have been in this country, have heard a good deal said about our being a great nation, about our having become a great world power, and I want to say to their Excellencies that they need not search for any proof upon this point. We are perfectly willing to concede it without any proof. (Laughter.) But, my friends, having become a great nation, we are bound to conduct ourselves as a great nation toward all the nations of the earth. (Applause.) We have always claimed for ourselves a peculiar mission, and we have always claimed it with some ground of reason. The American people, from their earliest history, have been missionaries of human freedom. Our government is founded upon the theory that government comes from the governed; that the well-being of all the governed is the final purpose of government; and we have sought to establish as our contribution to civilization popular government resting upon the brotherhood of man, liberty resting upon organization through which the humblest as well as the highest placed individual may enjoy the fullest opportunity for growth and development, and through which society and civilization may blossom into their fullest and fairest flower. Now, having taken that position and having grown to the magnitude which we now boast of, we must conduct ourselves toward foreign governments as becomes a great nation like ourselves. For you want to understand, my friends, that the world is growing smaller all the time as we grow greater. (Applause.) China is today nearer us than was Boston when the Constitution under which we live was adopted by our fathers. (Applause.) Over all the civilized world there is a great peace army; it gathers the news, it flashes it across mountains and beneath oceans, it crystallizes it in the public press, and so you read at your breakfast table in the morning of all the great events that transpired yesterday throughout this civilized world. So, I say, China has become our neighbor; it is no longer one of the distant nations. We are planning to have it still nearer to us. There are those who believe that that event—that the completion of the canal which will bring China to the door of New York, I mean—is still somewhat distant; but you want always to understand and remember that it is the preliminary work that takes the time. The preliminary work, if it is done right, is the work that takes the time, and so do not be discouraged—we are doing the preliminary work on the canal, and we are doing it right, and when we get the preliminary work done the dirt will begin to fly and the canal will be completed and China will be at the door of New York. (Applause.)

But, my friends, there is another reason why we are in favor of this bill, this bill which shapes the relationship which exists between these two great nations of the world—the nation which we call the United States and the nation which we speak of as the Empire of China. The growth, progress and development of the United States was the transcendent event of the nineteenth century; the

equally transcendent event of the twentieth century, on whose doorstep we now stand, is destined to be the development and the progress of that great Empire of China whose representatives we have with us today. With the awakening of that empire with its untold, uncounted, unnumbered millions, the demands of her people are destined to be multiplied a thousandfold. They are going to demand and need the products of the farm, the products of the factory, the products of the machine shop, and we Americans, with our enterprise, with our industry, with our genius for doing things, have spent and are spending millions upon millions in order to be ready to embrace the opportunity that is to be presented to the nations of the world in connection with this great awakening in the Far East. And it becomes us, therefore, as business men, to see to it that the closest relations exist, the most friendly relations exist, between us and these Chinese people, and we are doing nothing in connection with this bill except an act of the simplest justice to these people of China. We do not want the coolies here; we have a perfect right to say what kind of immigrants we shall have come here, and upon this question of coolies we have had, and still have, the earnest co-operation of the Chinese nation themselves, for they have never asked that the coolies be allowed to enter our country; they have signed treaty after treaty and arrangement after arrangement by which these coolies should not be permitted to enter this country; but we do insist and the great Chinese Empire demands that we do simple justice to the business men of China, to the professional men of China, to that great class which we ought to welcome to our shores, the student element of that great empire. (Applause.)

Why, my friends, you know that every year we send thousands of dollars through missionary channels to China, and I want to ask you how those thousands of dollars sent to China compare with taking those bright and capable young Chinese boys and bringing them to this country, educating them here in this country, filling them full of history and traditions and the ambitions of the American people, and then sending them back to act like the leaven in the loaf of their own people. And yet, my friends, in the face of all these facts, it remains true that we have treated the student element of China as we have treated the professional and the mercantile element of China—I say we have treated them like thieves, we have treated them like criminals, we have treated them in a way that has brought disgrace upon ourselves as a people and has brought humiliation upon every right-thinking American citizen. (Applause.)

And so, my friends, I am glad to hear your secretary impress upon you the importance of your taking an active part in the work of getting this bill through Congress. It is important that you see your Congressman, because the other fellow will be sure to see him and bring his influence to bear, and it is your high privilege to take a part, to take an honorable part, in carrying through this measure, which is of the highest importance, my friends, not to

the Chinese Empire but to the great business world of this great republic of ours.

I thank you most heartily again for your cordial hospitality, for your thoughtful attention, and for your expressions of appreciation and approval. (Applause.)

## AN AMENDED CHINESE EXCLUSION ACT.

The following bill, drafted in accordance with the recommendation of the Annual Message of the President of the United States, has been introduced in the House of Representatives by Mr. Foster, of Vermont:

59TH CONGRESS, 1ST SESSION. H. R. 12973.

In the House of Representatives, January 24, 1906, Mr. Foster, of Vermont, introduced the following bill; which was referred to the Committee on Foreign Affairs and ordered to be printed:

A bill to prohibit the coming of Chinese laborers into the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That from and after the passage of this act, and until the expiration of ten years next after the passage of this act, it shall be unlawful for any Chinese laborer, whether a subject of China or of any other foreign power, to enter the United States or any island territory under the jurisdiction of the United States, except as hereinafter provided.

Section 2. That it shall be unlawful for any Chinese laborer not a citizen of the United States to pass from any island territory under the jurisdiction of the United States to the mainland territory of the United States, and from one portion of such island territory to another portion of said island territory: *Provided, however,* That this provision shall not apply to the transit of Chinese laborers from one island to another island of the same group; and any islands within the jurisdiction of any State or the district of Alaska shall be considered a part of the mainland under this section: *And provided further,* That the foregoing provision of this section shall not apply to Chinese laborers duly registered as such in the mainland territory of the United States, who shall, upon application, receive the return certificate provided for in section three of this act, which shall entitle them to go to and return from said island territory under the jurisdiction of the United States.

Sec. 3. That any Chinese laborer in the United States duly registered as such, desiring to depart therefrom and return thereto, shall, upon application to the immigration officer whose official station is nearest to his place of residence, or to the immigration officer at the port or place from which he intends to depart and upon exhibition of his certificate of registration, be furnished by said immigration officer with a certificate which shall entitle such Chinese laborer to return to the United States: *Provided,* That nothing in this act shall be construed to prevent the admis-



sion of Chinese laborers who have left the United States temporarily and who have a right to return thereto upon the production of the evidence required by the laws in force at the time of the passage of this act.

Sec. 4. That any Chinese laborer who is in the United States at the time of the passage of this act shall be deemed to be lawfully in and entitled to remain in the United States, unless positive proof is produced to the contrary, and he shall be entitled to and shall, upon application, receive from the collector of internal revenue, or such other officer as may be designated by the President of the United States in the revenue district where such laborer resides, a certificate of residence, which certificate shall be held to be legal evidence of his right to remain in the United States. Such certificate shall be issued without charge to the applicant, and shall contain the name, age, local residence, occupation, and description of the person of the applicant, and a duplicate thereof shall be filed in the proper office of the district within which such Chinese laborer makes application.

Sec. 5. That all Chinese persons shall enjoy the privilege of transit across the territory of the United States in the course of their journey to or from other countries, subject to such regulations by the government of the United States as may be necessary to prevent said privilege of transit from being abused.

Sec. 6. That any Chinese laborer charged with being unlawfully in the United States or its territories may be detained or arrested only upon a warrant issued upon a complaint, under oath, filed by any party on behalf of the United States, by any justice, judge, or commissioner of any United States court, returnable before any justice, judge, or commissioner of a United States court, or before any United States court, and when convicted upon a hearing and found and adjudged to be not lawfully entitled to be or remain in the United States, such person shall be removed from the United States to the country whence he came. In the said arrest, hearing, or trial such Chinese laborer shall be entitled to all the rights, privileges, and immunities, provided by the Constitution and laws of the United States, enjoyed by the citizens or subjects of the most favored nation.

Sec. 7. That the words "laborer" or "laborers," wherever used in this act, shall be construed to mean both skilled and unskilled manual laborers, including Chinese employed in mining, fishing, huckstering, peddling, laundering, or those engaged in taking, drying, or otherwise preserving shell or other fish for home consumption or exportation.

Sec. 8. That all Chinese persons other than laborers shall be entitled to entrance into and residence in the United States or any island territory under the jurisdiction thereof upon the presentation, at the port or place of their arrival in the United States, to the immigration or customs officer of a passport or certificate issued by the officer duly authorized therefor by the government of China, or if issued outside of China by the Chinese diplomatic or consular officer, or in the absence of such representative by any diplomatic or consular officer of the United States,

or by the government of the country of which they may be citizens or subjects. This passport or certificate if in the Chinese or any other language shall be accompanied by an English translation thereof, and shall contain the name of the holder, his occupation or profession, and a description of his person. It shall be the duty of the consular representative of the United States at the port or place from which the person named in the passport or certificate is about to depart, to examine into the truth of the statements set forth in such passport or certificate, and if they are found to be correct he shall certify the same under his signature and official seal. Such passport or certificate, duly viséd by the diplomatic or consular officer of the United States, when presented by the person to whom it was issued to the proper immigration or customs official at the port or place in the United States where the holder thereof seeks to enter, shall entitle the holder to admittance into and residence in the United States, and the said passport or certificate shall remain in the possession of the person to whom it was issued: *Provided, however,* That wherever a designated official of the Department of Commerce and Labor is stationed at a Chinese or other foreign port, said consular officer of the United States at the port of departure for the United States shall certify to said passport or certificate only upon receiving a report in writing from the said designated official concerning the application of the Chinese person named.

Sec. 9. That any Chinese person prevented from entering the United States may apply to the United States circuit or district courts of the district where application for admission is made, or to any judge thereof, for a writ of habeas corpus to determine his right of entry into the United States, and such courts or judges shall have jurisdiction to determine said right; *Provided,* That no order permitting entry shall be made by any court or judge until after a determination by the proper immigration official adverse to such right has been made and affirmed on appeal by the Secretary of Commerce and Labor: *And provided further,* That the said courts and judges shall have power to admit the petitioner to bail pending the said hearing or any appeal therefrom, whether taken by the United States or the petitioner. The Secretary of Commerce and Labor is empowered to make a special order for the admission for a specified limited period upon production of a bond in such amount as he may fix, of any Chinese person whom he may deem equitably entitled to enter, but who shall not produce the passport or certificate herein provided but shall establish to the satisfaction of said Secretary that by inadvertence he failed to secure the same and that it may be procured within a reasonable time.

Sec. 10. That all Chinese persons within the United States shall enjoy for the protection of their persons and property all the rights, privileges, and immunities which are given by the Constitution and laws of the United States to the citizens or subjects of the most favored nation, excepting the right to become naturalized citizens.

Sec. 11. That all acts and parts of acts inconsistent with the provisions of this act are hereby repealed.

# THE CHINESE MINISTER ON THE NEW CONDITIONS IN CHINA.

(From the *Washington Post*.)

There is a feeling in high official circles that trouble of a serious nature is brewing in China. To be prepared for any emergency that may arise, Secretary Taft is strengthening the military garrisons in the Philippines with the object of utilizing that territory as a point d'appui should it become necessary to employ a force to protect American interests.

By his order two additional regiments of infantry and two batteries of artillery are now getting ready for the Philippines. It is frankly admitted that the conditions in the islands do not call for an addition to the normal military strength maintained there. It is also announced that nearly half the entire force to be stationed in the archipelago will be at two posts within easy reach of Manila. One of these posts is Fort McKinley, only six miles from Manila proper, where accommodations have been provided for a brigade, and the other is at Angeles, less than fifty miles from Manila, with ample railroad facilities to meet any demand for the rapid transit of troops that might be made.

A brigade also will be mobilized at Angeles.

These brigades will be held intact until the situation in China shows that there is no longer any need of our being prepared to send soldiers to the Flowery Kingdom to protect our interests and co-operate with European powers in establishing order on a permanent basis.

Major-General Leonard Wood will soon succeed Major-General H. C. Corbin in command of the division of the Philippines. Thus, should the occasion arise to send a military expedition to China, President Roosevelt's old Rough Rider chum would be in supreme command. Of course, if the situation in China does not soon show improvement, additional troops will be dispatched to the Philippines besides those that have already been ordered there.

As viewed from an official standpoint in Washington, the commercial boycott in China against the United States not only is bearing down harder all the time on American interests in that quarter of the globe, but it also is rapidly extending to other foreign nations. England, France, and Germany now are threatened with inclusion in the boycott, according to advices that have reached Washington through official sources. This information is widely at variance with the first news sent to this country concerning the genesis and the progress of the boycott. The original reports intimated broadly that European competitors of the United States in the trade of China were encouraging the Chinese to strengthen their organization and to persist in the boycott. It is interesting to note that Minister Rockhill has never shared in this view. His dispatches to the State Department from Peking have insisted with some emphasis that no European power is encour-

aging the boycott, for the good and sufficient reason that it is realized by the men informed on conditions in China that a movement started there against any one foreign power soon or late would inevitably extend to them all, and that the cry then would be raised:

"CHINA FOR CHINESE."

The Chinese Minister in Washington, Sir Chentung Liang-Cheng, discussed yesterday with startling frankness the conditions in China. The Minister received at his new legation, corner of Nineteenth and Vernon streets, northwest, a representative of *The Post* most heartily, and conversed for more than an hour, and, apparently, without the least reserve, upon a topic that is very close to his heart. Sir Chentung—who, by the way, was knighted by Queen Victoria—is one of the strangest mixtures of Orientalism and Occidentalism that easily can be imagined. As is well known, he was educated in the United States, and speaks English without the slightest difficulty or foreign accent. It is odd, therefore, to converse in ordinary, every-day English with a person who is dressed in the height of fashion of a Chinese gentleman, whose viewpoint is half Western and half Eastern, whose conversation runs the gamut of subjects of world-wide importance and of frivolous local interest, and whose mental operations the Western mind is unable to comprehend, because the Western mind has never been able to get an insight into the mental machinery and workings of the Orientalist. Sir Chentung, doubtless, has as complete a grasp of American politics, history, character, and aspirations as has the best informed member of either House of Congress. And, unlike any other Chinese, from the great Li Hung Chang to the wonderfully pert Wu-ting Fang, down through the grades of the Mongolian representatives in this country to the "washee-washee man," Sir Chentung seems really anxious to open his mind freely.

He does not appear to hide anything concerning his country or countrymen that the visitor may show a desire to know about, which is the sign of another trait of character that does not comport with the common experience of foreigners with the Chinese.

Sir Chentung does not agree with the Washington view that any serious trouble is brewing in China which makes it necessary or advisable for the United States to be prepared to protect with force American interests in his country.

"In the matter of war, our civilization is superior to yours," he declared, with feeling. "For two thousand years China has adhered to the principle of arbitration. China is only too willing to leave to arbitration the settlement of any dispute she may have.

"There is no war spirit in China.

"Sometimes I am inclined to regret that this is so, for I

have often had occasion to think that if my people showed more of the savage fighting spirit the modern world would respect us more. However, China is content to cling to the doctrines of her religion, of her Confucian civilization, in this regard. We are not warriors, and the world has nothing to fear from us on that score."

"But," it was suggested, "isn't it a fact that Japan's astounding victory over Russia has already had a tendency to arouse China to the fighting point?"

"Oh, fudge!" exclaimed Sir Chentung, with a contemptuous snap of his fingers. "That affair may be having some such effect on the minds of young fools in China, but none whatever on the mind, the soul, the spirit that guide, dominate, and direct the destinies of my country. No, a thousand times no, we do not want war. We are not a warlike people; we have despised war for two thousand years. Your General Sherman properly described war. He said it was hell. That is the way it is viewed by China.

"It is true that China is asserting a new spirit," said the minister, "and I am in hearty sympathy with it. This new spirit, however, is not an awakening to war. China is determined to get in touch with the modern world, to catch step with the march of progress, intellectually, materially and spiritually. I hesitate to refer to what is going on in China at this minute, because I realize that the world is not prepared to believe it. We have made more progress in the last two or three years than the Western world thinks we are capable of making in a century.

"Primarily, we are liberalizing our educational system. Why, when I was sent to the United States thirty years ago to be educated the government had almost to use physical force to compel young Chinese to go to foreign countries for education. For untold ages the Chinese had been taught that China not only was the centre of the world, but was the only civilized part of it. Ours was the only history taught, ours the only geography taught, ours the only ethics taught, the only science taught, the only books read. Can you wonder why we looked upon all people not Chinese as 'foreign devils'? In my time thousands upon thousands of young Chinese men and women have been sent away from China for their education—to Germany, France, England, Austria, Italy, the United States.

"These Chinese have been missionaries of Western civilization in China. They have carried back home the doctrine of modernity, and have inculcated directly and indirectly tens of thousands of Chinese minds with the doctrine.

"Now, the Empress Dowager and the Emperor have set their minds to the work of carrying on this modernization of China in every respect. They would have done it years ago if they had been surrounded by the proper advisers. They are encouraging the introduction into our educational system of the modern sciences, the study of new political systems, the teaching of the new economics, research into world history. They are eliminating the old habits of learning, which confined the student to a close and narrow

study of the Chinese classics to the exclusion of everything else, and it will not be long until our entire educational system will be completely revolutionized. With increased educational facilities, naturally has come an increased desire for an enlargement of the people's liberties. It will not be long until the Chinese people as a whole will participate in government, will sit on juries, read modern, up-to-date newspapers, printed in their own language.

"Material development will follow intellectual development. It is beginning. It will be done by the Chinese. Neither European nor American capital and genius will do it. The recent disposition of the concession granted to the American Development Company to construct a railroad from Canton to connect at Hankow with the Belgian railroad to Peking shows what is going on in this particular.

"That concession was granted with the distinct stipulation that if it passed from its American ownership it should not go to any other foreign party or persons. This was in 1898. About two years ago we learned to our amazement that the Belgians had been permitted to purchase a controlling interest. The control rested in these alien hands until J. Pierpont Morgan bought from the King of the Belgians 1,200 shares of the capital stock, which, added to the 2,400 shares retained by the American concessionaires, again gave your countrymen the control. In order to avoid all possibility of the concession again falling into foreign hands, the three provinces through which the concession extended took over the entire concession, and it is now government property.

"There had been spent by the people who controlled it something over \$3,000,000 in development. The government paid \$6,000,000 to take the concession back. The company had in the six years it owned the concession built only thirty-two miles of road, and this was not a part of the main-line project. The entire length of the proposed railroad was 750 miles. China will now build that railroad; and there will be no more concessions granted in China. While your people owned the concession the rough and lawless workmen brought over by them shot down unoffending Chinese indiscriminately and claimed protection under the extraterritorial exemption clause in our treaty with the United States. They also committed crimes of an even more horrible nature, which I do not care to discuss. Their evil deeds gave to the Chinese a bad impression of the Americans. And can you blame the Chinese for that?

"Then, too, your exclusion laws are so ruthlessly enforced in many cases that the Chinese naturally get bad impressions of you from this cause. To illustrate my meaning: Last summer there landed at Boston from England a party of three Chinese brothers and a sister, who had been going to school there.

"They had been invited by friends in Boston to return to China by way of the United States and make a visit to them. They came armed with a letter of recommendation from Joseph H. Choate, your recent Ambassador to Great Britain. Your immigration inspectors at Boston would not let them land, but detained them all night on the steamer.

When they were finally released the next day on peremptory orders from Washington the immigration officers made them put up cash bonds of \$500 each for their proper behavior and exit from this country. They were the children of a rich man in China and members of a family of the first class. Secretary Metcalf did all he could to remedy the mistake, but his kind and courteous conduct cannot efface the bad impression made upon the minds of these three gentlemen and one Chinese lady concerning the United States and the American people.

"This is only one of innumerable similar cases. I relate this one as typical of a situation here that should be remedied. We of China are perfectly willing for your exclusion laws to be rigidly applied against the Chinese coolies. But every Chinese who comes to the United States is not a coolie. I am sorry to say that until your exclusion laws are administered in a more liberal spirit there cannot be any hope of remedying the present commercial condition in China. The government cannot put down a boycott.

"How would your government go about doing it? My government regrets exceedingly that your commerce with us is being interfered with, but there is nothing to be done at Peking or by the viceroys that would relieve the situation of its strain. Nobody can regret this any more than I do. I came to the United States first when I was a boy. I grew up here. I was educated here. I love the United States, its people, and its institutions. I have many very dear friends among you. The United States has always been the friend of China. China is the friend of the United States. We are not suspicious of you, as we are of Europe. You do not look upon China as a water-melon ready to be cut and divided. You do not want a foot of our territory. Europe does.

"But in spite of this extremely cordial and friendly international feeling, there is resentment among all classes of Chinese against the United States because of the rigid and indiscriminate enforcement of your exclusion laws.

"However, the boycott will lead to nothing in China requiring armed intervention by the United States. That affair will be settled peaceably and without discredit to either nation. I love your country and your countrymen too much not to keep constantly in mind the necessity of my seeing to it that you are not misunderstood at Peking.

"What would we have done without you in more than one crisis? What could we do without your friendship in the future?"

## THE JAPAN-CHINA TREATY.

### THE MANCHURIAN CONVENTION.

The following is the text of the Treaty signed at Peking on December 22 last, between Japan and China:

His Majesty the Emperor of Japan and his Majesty the Emperor of China, desiring to adjust certain matters of common concern growing out of the Treaty of Peace between Japan and Russia of September 5, 1905, have resolved to conclude a treaty with that object in view, and have for that purpose named their Plenipotentiaries—that

is to say, his Majesty the Emperor of Japan, Baron Komura Jutarō Jusannmi, Grand Cordon of the Imperial Order of the Rising Sun, Minister for Foreign Affairs and Special Ambassador of his Majesty, and Uchida Yasuya Jushii, Grand Officer of the Imperial Order of the Rising Sun, his Majesty's Envoy Extraordinary and Minister Plenipotentiary, and his Majesty the Emperor of China, Prince Ching, President, Minister for Foreign Affairs, Councillor of State and Plenipotentiary of his Majesty, Chu Hung-chi, Minister for Foreign Affairs, Councillor of State and Plenipotentiary of his Majesty, and Yuan Shih-kai, Viceroy of the Province of Chili, Junior Guardian of the Heir-Apparent, Minister Superintendent of Trade for the Northern Ports and Plenipotentiary of his Majesty—who, after having exchanged their full powers, which were found to be in good and due form, have agreed upon and concluded the following Articles:

Article I.—The Imperial Chinese Government consent to all the transfers and assignments made by Russia to Japan by Article V and Article VI of the treaty of peace above mentioned.

Article II.—The Imperial Japanese Government engage that in regard to the leased territory, as well as in the matter of railway construction and exploration, they will, as far as circumstances permit, conform to the original agreements concluded between China and Russia. In case any question arises in the future on these subjects the Japanese Government will decide it in consultation with the Chinese Government.

Article III.—The present treaty shall come into full force from the date of signature. It shall be ratified by their Majesties the Emperor of Japan and the Emperor of China, and the ratification shall be exchanged at Peking as soon as possible, and not later than two months from the present date.

In witness whereof the respective Plenipotentiaries have signed this treaty in duplicate in the Japanese and Chinese languages and have affixed thereto the seals of their arms.

Done in Peking this 22d day of December of the 38th year of Meiji, corresponding to the 26th day of the 11th moon of the 31st year of Kuang-hsü.

KOMURA JUTARŌ,  
UCHIDA YASUYA,  
PRINCE CHING,  
CHU HUNG-CHI,  
YUAN SHIH-KAL.

### SUPPLEMENTARY ARTICLES.

The governments of Japan and China, with a view to regulate for their guidance certain questions in which they are both interested in Manchuria in addition to those provided for in the treaty signed this day, have agreed as follows:

Article 1.—The Imperial Chinese Government agree that as soon as possible after the evacuation of Manchuria by the Japanese and Russian forces, the following cities and towns in Manchuria will be opened by China herself as places of international residence and trade:

In the province of Shing-king: Feng-hwang-chenn, Liau-

yang, Hsin-min-tun, Tie-ling, Tung-kiang-tsze and Fa-ku-men. In the province of Kirin: Chang-chun (Kwang-cheng-tsze), Kirin, Kharbin, Ninguta, Hun-chun and Sansing. In the province of Hei-lung-kiang: Tsitsihar, Khailar, Ai-hun and Manchuli.

Article II—In view of the earnest desire expressed by the Imperial Chinese Government to have the Japanese and Russian troops and railway guards in Manchuria withdrawn as soon as possible, and in order to meet this desire, the Imperial Japanese Government, in the event of Russia's agreeing to the withdrawal of her railway guards or in case other proper measures are agreed to between China and Russia, consent to take similar steps. Accordingly, when tranquillity shall have been re-established in Manchuria, and China shall have become herself capable of affording full protection to the lives and property of foreigners Japan will withdraw her railway guards simultaneously with Russia.

Article III—The Imperial Japanese Government, immediately upon the withdrawal of their troops from any region in Manchuria, shall notify the Imperial Chinese Government of the region thus evacuated, and even within the period stipulated for the withdrawal of troops in the additional articles of the treaty of peace between Japan and Russia. The Chinese Government may send necessary troops to the evacuated region of which they shall have already been notified as above mentioned for the purpose of maintaining order and tranquillity in those regions. If in the region from which Japanese troops have not yet been withdrawn any villages are disturbed or damaged by native bandits the Chinese local authorities may also despatch a suitable military force for the purpose of capturing or dispersing those bandits. Such troops, however, shall not proceed within 20 Chinese li from the boundary of the territory where the Japanese troops are stationed.

Article IV—The Imperial Government of Japan engage that Chinese public and private property in Manchuria which has been occupied or expropriated by the forces of Japan on account of military necessity shall be restored at the time the Japanese troops are withdrawn from Manchuria, and that such property as is no longer required for military purposes shall be restored even before such withdrawal.

Article V—The Imperial Chinese Government engage to take all necessary measures to protect fully and completely the grounds in Manchuria in which the tombs and monuments of the Japanese officers and soldiers who were killed in the war are located.

Article VI—The Imperial Chinese Government agree that Japan has the right to maintain and work the military railway line constructed between An-tung and Mukden, and to improve the said line so as to make it fit for the conveyance of commercial and industrial goods of all nations. The term for which such right is conceded is 15 years from the date of the completion of the improvements above provided for. The work of such improvements is to be completed within two years, exclusive of a period of 12 months, during which it will have to be delayed

owing to the necessity of using the existing line for the withdrawal of troops. The term of the concession above-mentioned is therefore to expire in the 49th year of Kuang-hsu. At the expiration of that term the said railway shall be sold to China at a price to be determined by appraisal of all its properties by a foreign expert, who will be selected by both parties. The conveyance by the railway of the troops and munitions of war of the Chinese Government before such sale shall be dealt with in accordance with the regulations of the Eastern Chinese Railway. Regarding the manner in which the improvements of the railway are to be effected, it is agreed that the person undertaking the work on behalf of Japan shall consult with the commissioner despatched for the purpose by China. The Chinese Government will also appoint a commissioner to look after the business relating to the railway, as is provided in the agreement relating to the Eastern Chinese Railway. It is further agreed that detailed regulations shall be concluded regarding the tariffs for the carriage by the railway of the public and private goods of China.

Article VII—The Imperial Governments of Japan and China, with a view to promote and facilitate intercourse and traffic, will conclude as soon as possible a separate convention for the regulation of connecting services between the railway lines in South Manchuria and all the other railway lines in China.

Article VIII—The Imperial Chinese Government engage that all materials required for the railways in South Manchuria shall be exempt from all duties, taxes and *lekin*.

Article IX—The methods of laying out the Japanese settlement at Yinkow, in the province of Shing-king, which has always been opened to trade, and at An-tung and Mukden, in the same province, which are still unopen, though stipulated to be opened, shall be separately arranged and determined by officials of Japan and China.

Article X—The Imperial Chinese Government agree that a joint stock company of forestry, composed of Japanese and Chinese capitalists, shall be organized for the exploitation of the forests in the regions on the right bank of the river Ya-lu, and that a detailed statement shall be concluded, in which the area and term of concession, as well as the organization of the company and all regulations concerning the joint work of exploitation, shall be provided for. The Japanese and Chinese shareholders shall share equally in the profits of the undertaking.

Article XI—The Governments of Japan and China engage that in all that relates to frontier trade between Manchuria and Korea most-favored-nation treatment shall be reciprocally extended.

Article XII—The governments of Japan and China engage that in all matters dealt with in the treaty signed this day or in the agreement the most favorable treatment shall be reciprocally extended. The present agreement shall take effect from the date of signature. When the treaty signed this day is ratified, this agreement shall also be considered as approved.

In witness whereof the undersigned, duly authorized by their respective governments, have signed the present agreement in duplicate in the Japanese and Chinese languages and have affixed the seals of their arms.

Done at Peking this 22d day of December of the 38th year of Meiji, corresponding to the 26th day of the 11th moon of the 31st year of Kuang-hsu.

KOMURA JUTARO,  
UCHIDA YASUGA,  
PRINCE CHING,  
CHU HUNG-CHI,  
YUAN SHIH-KAI.

## THE NEW CONVENTION BETWEEN JAPAN AND KOREA.

The following is the official version of the new convention:

The governments of Japan and Korea, desiring to strengthen the principle of solidarity which unites the two Empires, have with that object in view agreed upon and concluded the following stipulations to serve until the moment arrives when it is recognized that Korea has attained national strength:

Article I—The Government of Japan, through the Department of Foreign Affairs at Tokio, will hereafter have control and direction of the external relations and affairs of Korea, and the diplomatic and consular representatives of Japan will have the charge of the subjects and interests of Korea in foreign countries.

Article II—The Government of Japan undertake to see to the execution of the treaties actually existing between Korea and other Powers, and the Government of Korea engage not to conclude hereafter any act or engagement having an international character, except through the medium of the Government of Japan.

Article III—The Government of Japan shall be represented at the Court of His Majesty the Emperor of Korea by a Resident General, who shall reside at Seoul, primarily for the purpose of taking charge of and directing matters relating to diplomatic affairs. He shall have the right of private and personal audience of His Majesty the Emperor of Korea. The Japanese Government shall also have the right to station Residents at the several open ports and such other places in Korea as they may deem necessary. Such Residents shall, under the direction of the Resident General, exercise the powers and functions hitherto appertaining to Japanese Consuls in Korea and shall perform such duties as may be necessary in order to carry into full effect the provisions of this agreement.

Article IV—The stipulations of all treaties and agreements existing between Japan and Korea not inconsistent with the provisions of the agreement shall continue in force.

Article V—The Government of Japan undertake to maintain the welfare and dignity of the Imperial House of Korea.

In faith whereof, the undersigned, duly authorized by their governments, have signed this agreement and affixed their seals.

[Signed] HAYASHI GONSUKE,  
Envoy Extraordinary and Minister Plenipotentiary.

[Signed] PAK CHE SOON,  
Minister for Foreign Affairs.

November 17, 1905.

## JAPANESE RAILWAYS IN MANCHURIA.

Of the Antung-Mukden light railway, which runs via Fenghwangcheng and Motienling, the only section yet to be constructed is that between Hiamatang and Mukden, and this section is expected to be completed soon. The entire line has already been surveyed with a view to converting it to the gauge of 3 feet 6 inches. The Japanese railway between Mukden and Sinmintun is also being reconstructed to the same gauge. The connection with the Chinese Railway west of the Liao and our railway east of the river will be effected at Sinmintun, where the river is to be crossed by a bridge 2,500 feet long, instead of Ying-kow, where the river is about 3 miles wide.

## REORGANIZATION OF THE FINANCES OF KOREA.

The reorganization of the financial position of Korea is as yet in its infancy, and it is too early to attempt to foretell the result. Of late, however, with the gradual drawing closer of the relations between Japan and Korea, and the growing intimacy between them as regards their communications and commerce, the reform of the economic and financial situation in Korea has come to have a direct influence upon the trade of the two countries.

The reforms instituted in October, 1904, may be taken as a starting point in endeavoring to ascertain the present financial situation in the country.

In former times but few attempts were made to remedy the financial confusion, and extortion added to extortions drained the country of its products and impoverished the people, until the country finally arrived at its present condition of impotence. The real reason of this was, it is hardly necessary to say, the lack of true patriotism among the people, from the highest to the lowest, among civil as among the official classes. Without, however, discussing the social aspect of the question, the main reasons for the inefficiency of the financial administration were as follows:

First—The absence of distinction between the court and the government.

Second—The confusion existing with regard to the currency.

Third—Indiscriminate expenditure and lack of organization in the collection of the revenue.

This state of things cannot be remedied in a day; improvement must be effected step by step, care being taken to avoid friction and to deal cautiously with the state of public feeling, which clings stubbornly to ancient custom and knows little of economic principles.

### THE REORGANIZATION OF THE CURRENCY.

The currency of Korea, though nominally on a silver basis, in reality possesses no standard. Cash and nickel coins are those most frequently used, the former being in common use in Kyeng-Sang and Chol-la Provinces and part of Kang-Won Province and in that of Ham-Gyeng, while in the other provinces the nickel coins are generally current.

The value of the cash varies somewhat according to the relations between supply and demand; however, as their face value represents their actual value, they cannot be called a debased coinage, while forming a most inconvenient medium. Though these cash are of several kinds, they all pass at a uniform market rate.

The nickels, on the other hand, which are issued as subsidiary coins to the nominal silver standard currency, represent a great difference between their actual and their face value. The government, looking only at the profit to be made by minting them, paid no attention to their quality, and issued them in enormous quantities, with the result that they depreciated within a very short time, and finally fell to less than half their nominal value, and counterfeit coins privately minted were spread all over the country.

The natural result was that the currency became discredited and the prices of commodities disturbed, and the finances of the country were most injuriously affected.

In consequence it became a matter of paramount necessity that the currency should be reorganized, and thereby the financial status of the country put on a sound legal basis, or, in other words, that the coinage should be reformed without delay and the proper financial system established.

With this object in view the reorganization of the currency and the establishment of a central treasury were entered upon in December, 1904.



With the closing of the Government Mint, the chief instrument by which the country was flooded with the nickel coinage, the indiscriminate issue of these coins has been stopped, and the world will be shown that the reform of the currency has begun in earnest. The country will then be able to expect renewed credit.

An Imperial edict of 1901 placed the currency of Korea on a gold basis and its coinage on the same footing as that of Japan, the country most nearly connected with it in matters relating to commerce, and when it seemed advisable to enforce this edict another edict was promulgated in January, 1905, putting the measure into operation in June.

At the same time the Dai-ichi-Ginko was made the Government Central Treasury, and its notes were henceforth recognized as legal tender in all transactions, public and private, and exchangeable at sight with the standard coinage, Japanese coins being also recognized as legal tender, so that the convertible notes of the Bank of Japan, in which the Dai-ichi-Ginko notes are payable, became as it were the natural standard of the country, the monetary standard of Korea thus being to all intents identical with that of Japan. The result is that on the one hand the currency of Korea becomes fixed, and on the other a great obstacle to interchange of commerce and communications has been removed.

In order to put this plan into force, it was necessary to withdraw the old nickel coins from circulation, as, if the constantly depreciating nickel were left floating in the country, the greatest confusion would have arisen, and in the absence of the efficient police organization in Korea it was all the more necessary to regulate the coinage of the new nickels most carefully in order to prevent forgery.

Consequently, from August 1, 1905, the exchange of the old nickels was inaugurated, and all old nickel coins paid into the government are being remitted in order to destroy all traces of them in the country. Particulars of the progress of the exchange operations will be shown later.

The cash, as said above, are not base coins, but, on the contrary, may be regarded as legitimate subsidiary coins, and may quite justifiably be left in currency. The amount in circulation should, however, be reduced, as they exist in excess. It is, therefore, intended, as they are paid into the government, to remit such coins as are deficient, and return the balance to circulation, and also, as in districts where the nickel coins alone are used, some inconvenience is felt at the lack of coins for use in small transactions, it is intended to put cash into circulation in these districts. With regard to the copper coins, as these are but few in number, and their use confined to Seoul and the vicinity, it is proposed, though they are of inferior quality, to return them to circulation until new copper coins are issued. In addition to the above there are a few silver coins, but they are rare, and as, in consequence of the recent regulations, they have considerably depreciated, they have been for the most part broken up or concealed by the owners, and will disappear from circulation by natural means.

The exchange of old nickels has progressed most favorably on the above stated general lines, and a great number have already been withdrawn, so that in the Seoul, Chemulpo and Pyeng Yang markets there only remain sufficient for the daily needs of the Koreans. Though in the country districts a considerable quantity still remains, the greater part will be paid into the government by next May in the form of taxes.

As in order to facilitate the progress of this exchange and payment to the government of the old nickel it was found necessary to issue subsidiary coins of small denominations, a supplementary coinage law was made, and from October, this year, the coinage of silver 10-sen pieces and bronze 1-sen and  $\frac{1}{2}$ -sen pieces was begun. It is antici-

pated that when these are put in circulation the old nickels will entirely disappear from the market.

## ADMINISTRATIVE REFORM.

The Korean administrative system, though it appears at a glance more or less complete in its organization and in the manner of conducting its affairs, is so only to external appearance; if one examine it from the inside it seems needlessly complicated, and to necessitate a number of superfluous officials, by no means in harmony with the impoverished condition of the country.

In attempting the reform of the finance one of the most necessary steps is to take in hand the reform of the administration and to readjust the official system. For this reason the reorganization of the official system should proceed hand in hand with that of the finances of the country.

The government, always dilatory, having been urged in this direction, the Government Offices Reform Office was established, and at last, in March, this year, a notification respecting the reorganization of the departments of the central government was published. This organization is necessarily for the present mainly confined to the reduction of officials; the abolition and amalgamation of different parts of the system and the rearrangement of the official business belongs rather to the work of purely administrative reform, apart from the question of finance, and is for the most part relegated to the future, the present changes being confined to such matters as directly affect the annual revenue and the national finance. The surplus revenue accruing to the country out of these reforms will for this reason only amount to some 40,000 yen.

The number of offices and officials abolished under this scheme are as follows:

	Former System.	New System.	Reduction.
Number of officials.....	24	20	4
Number of officials:			
First grade of crown appointment (Choknin)	50	45	5
Second grade of appointments by recommendation of Ministers (Sonnin)	303	114	189
Third grade of appointments by Ministers (Hannin)	398	368	30
Total officials reduced.....	751	527	224

### AMENDMENT OF THE OFFICIAL SALARY REGULATIONS.

The confusion of the finances of Korea is due to a great extent to the want of reliability in the official discipline and this in turn is partly due to the smallness of the salaries allotted to the officials. The official salaries have been of late, owing to the rise in prices, insufficient to keep up the dignity of the officials, and even to live upon. When salaries are insufficient honesty cannot be expected, and if the officials are dishonest the discipline is tampered with. It is necessary gradually to extend the system of supervision of the accounts, thereby removing all suspicion of irregularities in the national revenue and expenditure, and in order to effect this it has become necessary to raise official salaries. In the impoverished condition of the exchequer it has so far proved impossible to sanction the entire expenditure required, but it is absolutely necessary to encourage honesty, and consequently the departments of the central government have been first dealt with, and the provincial governments and Imperial household left till later. This is, however, but a matter of expediency in the scheme of reform.

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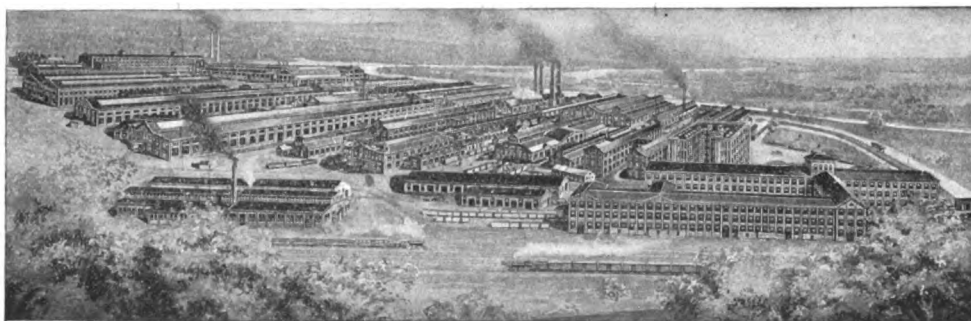
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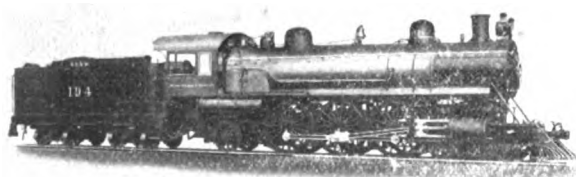
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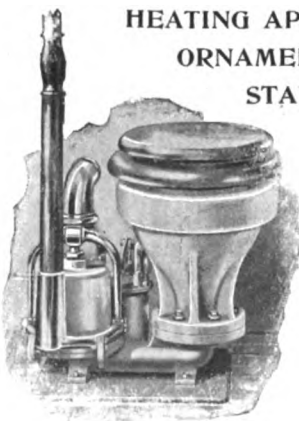
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DUCKS, 22 to 120 inches, different weights.

COTTONADES in large variety.

BLEACHED DUCKS, LINEN HOMESPUNS in a variety of styles, qualities and widths.

# Journal of The American Asiatic Association

VOL. VI.

March, 1906  
PUBLISHED MONTHLY.

NUMBER 2

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THE Foster bill amending the Chinese Exclusion Law, in accordance with the recommendations of the President's message, is still in the hands of the House Committee on Foreign Affairs. The Committee will probably grant public hearings on the bill during the week beginning with March 12. Opposition is likely to come chiefly from the representatives of the labor unions resident in Washington and the members of the California delegation in Congress. The latter appear to be abjectly dependent on the labor vote, so much so, indeed, that a bill like this is hindered rather than helped by receiving the support of the business interests of the Pacific Coast. A more preposterous misconception of what constitutes the true interests of labor could hardly be conceived than is involved in the uncompromising opposition of organized labor to any legislation savoring of justice to China. It should not require any demonstration that the future of the city of San Francisco, no less than that of the State of California, is dependent on the development of American trade with the Far East; and it ought to be equally obvious that no satisfactory development is possible while our relations with China continue in their present disturbed condition. The determining cause of hostility to everything American, in China, can be removed by the simple remedy which this bill applies to existing grievances. But the spokesmen of the labor unions insist that however strictly and comprehensively the excluded class of Chinamen may be defined, a certain number of laborers will slip in under other names, and they regard this danger as sufficiently serious to be safeguarded even at the sacrifice of half our Asiatic trade. Argument is manifestly wasted on men who can defend such a position as that, but, commercial considerations apart, it becomes a serious question for the people of the United States whether they can afford to appear before the world as a nation incapable of doing justice because of their inability to find men of sufficient honesty and capacity to execute their laws.

As will be observed from the tables elsewhere printed, the effects of the Chinese boycott on our exports are still confined to mineral oil and wheat flour. The exports of cotton piece goods continue to show very satisfactory totals, the recorded value being, in round numbers, \$6,700,000 greater in the first seven months of the current fiscal year than for the corresponding period of the last one. The total exports to the Chinese Empire for the seven months ending with January were \$28,862,680, against \$23,432,948 for the corresponding term of last year. To Hongkong the exports for the seven months have dropped from \$7,447,523 to \$4,846,334 during the recorded seven months of the fiscal year. But in spite of this decline in the South China trade, the aggregate of our exports to China and Hongkong for the seven months in question is \$3,000,000

greater than it was a year ago. The imports from China remain about stationary, the figures for this year being, so far, about \$500,000 more than those of last year, and the total being a trifle within \$17,000,000, after adding the slight contribution to them made by Hongkong. It is satisfactory to note that the exports to Japan maintain a steady rate of increase, though Japan succeeded in selling us, during the seven months, \$7,000,000 more than we sold to her, while the "balance of trade" against China has already reached \$16,000,000 in the current fiscal year. The steady decrease in American imports of tea is matter for genuine regret, and the fact that most of the decrease recorded is in our imports of China tea makes the situation still more regrettable. This country imported 87,000,000 pounds of tea in the first seven months of the fiscal year 1904; 76,000,000 pounds in the corresponding period of 1905, and only 73,000,000 pounds in the seven months ending with last January. During this interval our imports of China tea fell from 40,000,000 pounds in 1904 to 27,000,000 in 1906.

It will be observed, from the report of his address elsewhere given, that the president of the National Tea Association is fully impressed with the opportunity which offers to undertake a systematic campaign of education in this country in regard to the use of tea as a popular beverage. Mr. Phelan is sanguine enough to believe that not only could the Association raise the popular grade of tea from "good cargo" to "choice," by judicious advertising of the wonderful cheapness of the finest qualities, but it could raise the whole business to one of the first magnitude. "We have it in our power to increase from an importation of 100,000,000 to that of 500,000,000, and even then would not reach the per capita consumption of England and Australia." If it were possible to make Mr. Phelan's enthusiasm contagious and impress every man engaged in the sale of tea that "we are idly gazing upon the finest commercial proposition of our times and indifferently relegating it to posterity for sheer lack of enterprise," the results which he predicts might be easily attainable. The New York executive committee has probably done as well with the limited resources at its command as any similar body of men could possibly do. Now that the administration of the affairs of the Association is about to be transferred to Chicago, the Middle West will have a chance to show whether it can give a new impulse to the work of public education, and induce the American public not only to drink more tea, but to handle less crudely that which they already use.

ELSEWHERE in this number will be found some comments on the persistently alarmist news from China which has been so liberally circulated during the last few weeks. Some of the most absurd items of this intelligence have evidently been of home manufacture, but enough of it has borne the stamp of Chinese origin to warrant the conclusion that there are influences and interests at work in China having the deliberate purpose of making trouble between the Government and people of that Empire and those of the United States. Incidentally, it is quite probable that an effort has been made to use the bogey of impending danger in China for the purpose of inducing Congress to show a spirit of greater liberality in dealing with the Military Appropriation bill; but the theory of those best qualified to judge here is that the factory for these alarmist rumors is to be found very close to the places where Chinese reformers most do congregate.

MEANWHILE, the fact may as well be recognized, in spite of the views held by some of our friends in Shanghai in regard to the effect on the Chinese mind of the conciliatory attitude of the American Government, that the real danger to the future of our trade with China exists here,

and has its seat in the office of the Commissioner-General of Immigration in the Department of Commerce and Labor. In his last report that officer plumed himself on the fact that the execution of the Chinese Exclusion Law exacted from his bureau "a degree of vigilance and resourcefulness unexampled, it is believed, in the administration of any other legislation on the statute books." How much of this zeal has been displayed without either knowledge or discretion is only too well known, and yet the Commissioner-General finds no hesitation in denying "without mental reservation or qualification, the charges that Chinese persons seeking admission to this country, whether of high or low degree, measured by the caste laws of their own country, have been subject to insult or humiliation or indignity." A public servant capable of making such a statement as this about matters affecting the administration of an office which has been notoriously and persistently made an instrument of oppression, places himself beyond the reach of argument. He not only challenges the intelligence and fairness of mind of the American people, but also the veracity of the President of the United States. The President has declared that "in the effort to carry out the policy of excluding Chinese laborers, Chinese coolies, grave injustice and wrong have been done by this nation to the people of China, and therefore ultimately to this nation itself." But the mind of Mr. Sargent, and apparently of his chief, the Secretary of Commerce and Labor, is absolutely closed against so plain a conclusion from admitted facts.

WE reproduce in this number a very interesting article contributed to the *North American Review* by Mr. Francis B. Loomis, lately First Assistant Secretary of State, on the proposed reorganization of the American consular service. Mr. Loomis' article is written with a very thorough knowledge of the subject, and he presents both sides of it with eminent judicial fairness. He recognizes, as every fair minded inquirer is compelled to do, that there is something to be said against, as well as in favor, of the system of life tenure of consular office. As he puts the case: "European consular officers are trained for the service and make a career of it; but often the very fact that they are so trained isolates them and keeps them apart from their fellow countrymen, or rather from acquiring intimate and accurate knowledge of what those fellow countrymen are thinking and doing." Moreover, it has been found that the tendency of life tenure is to make a man easily satisfied, to stifle ambition, and to bring about an accumulation of "dead timber" in the service. There is unquestionably something in the claim that American consuls are more alert, more observing, and more usefully industrious than many of their foreign colleagues. But, unfortunately, the natural tendency of the system of selection and promotion by political influence is toward a lower level of ability and honesty than can be secured and maintained by making the service a profession. A few brilliant exceptions does not relieve even the higher walks of our existing consular service from being the refuge of men who have earned appointment by services which do not at all fit them for the positions they occupy. It need hardly be added that such an officer as the present Consul General at Shanghai constitutes one of the brilliant exceptions, and all our readers will cheerfully indorse the recommendation of Mr. Loomis that the Consul General should be paid at least \$12,000 a year. He is unquestionably right in the statement that: "The post at Shanghai is more important to us commercially than any \$10,000 diplomatic mission which we maintain. The cost of living is very high, and the demands upon the Consul General are diverse and frequent. He has not only to be acquainted with consular work, but to know about business, industrial and shipping matters, and, in addition to that, he must hold court and exercise judicial functions."

**Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the seven months ending January 31, 1905 and 1906.**

**EXPORTS TO CHINA.**

Months. 1904.	Cotton Cloths. Yards.		Mineral Oils. Gallons.		Wheat Flour. Barrels.	
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
November.....	52,705,432	3,212,585	5,780,919	351,928	9,694	34,859
December.....	48,525,998	2,896,758	5,500,971	545,659	20,747	77,192
1905.						
January.....	28,480,261	1,626,920	8,867,873	903,403	9,713	37,589
Total.....	231,264,802	\$12,947,530	53,969,590	\$5,232,307	37,183	\$142,848

1905.						
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	2,012,842	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
1906.						
January.....	45,178,409	2,532,515	3,307,162	247,699	28,774	96,746
Total.....	335,786,161	\$19,606,848	34,916,538	\$2,696,066	96,994	\$337,471

**EXPORTS TO HONGKONG.**

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....	701,363	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	155,690
Total.....	298,748	\$45,119	13,773,276	\$1,308,093	791,766	\$3,130,012

1905.						
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
November....	4,761	904	229,861	24,622	154,321	531,685
December.....	2,646	590	979,013	104,860	83,375	301,473
1906.						
January.....	21,428	2,815	55,704	8,470	81,395	313,296
Total.....	207,883	\$27,399	5,150,116	\$391,053	625,952	\$2,262,100

DEPARTMENT OF COMMERCE AND LABOR,

WASHINGTON, D. C., March 1 1906.

Bureau of Statistics.  
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### Imports of Tea and Silk into the United States for the seven months ending January 31, 1904, 1905 and 1906.

TEA.						
Imported from	1904.		1905.		1906.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	3,619,916	702,774	4,533,988	897,249	4,642,944	1,041,114
British North America....	1,170,209	266,136	1,338,739	303,343	1,250,050	305,191
Chinese Empire.....	40,209,388	5,762,609	29,662,079	4,268,694	27,815,806	3,866,974
East Indies.....	4,615,057	707,889	4,496,721	645,461	3,713,915	546,210
Japan.....	37,079,371	6,827,812	35,971,852	6,221,175	35,472,266	5,755,924
Other Asia and Oceania ..	380,820	40,868	239,902	30,961	311,801	55,502
Other countries .....	15,576	2,426	190,094	40,280	95,739	21,315
Total.....	87,040,337	14,310,514	76,433,375	12,407,163	73,302,521	11,592,230
RAW, OR AS REELED FROM THE COCOON.						
Imported from	1904.		1905.		1906.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France.....	153,137	605,276	473,470	1,372,215	305,315	1,106,626
Italy.....	913,632	4,158,312	2,580,398	9,287,945	1,973,386	7,892,394
Chinese Empire.....	1,635,527	4,751,420	1,746,724	4,714,784	1,748,987	5,087,551
Japan.....	3,907,121	14,686,520	5,493,202	18,718,738	4,340,050	16,292,434
Other countries .....	65,635	231,129	896,877	2,548,392	73,808	277,077
Total.....	6,675,052	24,432,657	11,190,671	36,642,074	8,441,546	30,656,082
Waste .....lbs. free..	2,573,695	1,003,096	2,698,920	836,364	2,048,848	795,640
Total unmanufactured .....	.....	25,446,448	.....	37,478,463	.....	31,460,435

## THE NATIONAL TEA ASSOCIATION.

The third annual meeting of the National Tea Association of the United States of America was held at the Downtown Club, 60 Pine street, New York, on Saturday, February 10, at 3 p. m.

There were present: Thomas A. Phelan, of George W. Lane & Co., the president of the Association, in the chair, and Messrs. Charles B. Platt, of J. A. Folger & Co., San Francisco; E. A. Schoyer, of E. A. Schoyer & Co., Chicago; H. G. Woodworth, of Robinson & Woodworth, Boston; Alfred P. Sloan, of Bennett, Sloan & Co., New York; Sylvan L. Stix and Richard Lawless, of Seeman Brothers, New York; John Brown, of John Brown & Co., New York; George Hewlett and Samuel Lee, of Hewlett & Lee, New York; J. W. McBride, of George W. Lane & Co., New York; Thomas M. McCarthy, of Austin, Nichols & Co., New York; Robert Hecht, of Fearon, Daniel & Co., New York; E. A. Nicholson, of Balmer, Lawrie & Co., India; Charles De Cordova, of New York; W. P. Roome, of Acker, Merrill & Condit Company, New York; Charles R. Banks, of B. Fischer & Co., New York; S. L. Davis, of Russell & Co., New York, and John A. Breslin, of New York.

After calling the meeting to order the President said:

### PRESIDENT'S ADDRESS.

It is a genuine pleasure to greet you all again on our third anniversary. You are the faithful old guard of the tea trade, giving your time and labor cheerfully without remuneration for the benefit of the tea community, and content with the crumb of personal advantage which you derive from the sacrifice.

But it is remuneration enough to meet, if only once a

year in this social way, with complete harmony and with the consciousness of having done something for the good cause. The principal event of the expiring year was the danger to the trade again from a reimposition of the duty which previously crushed the life out of the business for two years. We were aware that influential members of Congress favored a renewal of the duty and that a deficit in the national treasury furnished them with a good excuse to re-enact it. We also knew that the coffee interest had been working hard for a duty on their article, and that it was more than probable that a duty on coffee would be coupled with a duty on tea. Our secretary, Mr. Foord, will give you the details of our endeavors, and it is a gratification to know that as a result of interviewing the Congressmen of all sections such a decided impression had been made on them that the very members of the Committee on Ways and Means who had declared themselves a year ago in favor of the duty now assured us that they would not consider the proposition. The evil effects of the last duty in almost destroying the sale of fine teas and in reducing the whole business to the three lowest grades are still felt, and although the grade which brings 30 cents from first hands has begun slowly to take its place again on the lists, its extremely limited quantity is still a pitiable spectacle. Nothing but the most energetic advertising could reinstate this grade as it flourished in the seventies, during which period it was the leading grade and fully two-thirds of all the sales. At present the grade from 16 to 18 cents from first hands has taken its place and constitutes the largest proportion of the crop. This association has a great mission if all would awaken to it. Not only could it raise the popular grade from good cargo to choice by

judicious advertising of the wonderful cheapness of the finest qualities, but it could raise the whole business to one of the first magnitude. We have it in our power to increase from an importation of 100,000,000 to that of 500,000,000, and even then would not reach the per capita consumption of England and Australia.

Imagine everyone here present multiplying his sales and his income by five. The effort to accomplish this which we fail to put forth will be made by our descendants. It is too sure a proposition to be overlooked many years longer. If an enterprising firm of promoters should come to us today and say that upon the authority of the first chemists of the country an herb had been discovered which had all the tonic properties of coffee without its final effects on heart and nerves and liver; which had all the aroma of chocolate without its satiety from continued use; which had all the stimulating effects on the brain of champagne without its stupefaction; and, withal, possessed a subtle fascination to the palate which, as Shakespeare expressed it, "age can never wither nor custom stale," and therefore is the same consolation at fourscore as it was at sixteen; and if we could be assured that such a perfect invention for perennial human delight had been privately tested on certain remote communities for one hundred years, so that there was not a shadow of a doubt concerning the facts, and yet that in our country it was in its infancy and open to a development of 500 per cent. if the people could only be taught how to select it and prepare it. How long would a Wall Street syndicate be hesitating before monopolizing all the stock of such a company? All the experimenting done for us by other generations and other countries and the invention presented to us, with perfection guaranteed. And yet because an infinitesimal knowledge of such discovery has stolen into our lives at childhood unobserved and quietly taken its place at our hearthstones like the domestic kitten, we have gotten used to its existence without suspecting the gold mine to which we are invited. As this is the last time I will have the honor and pleasure of presiding at your meeting, you will pardon a little emphasis when I tell you that we are idly gazing upon the finest commercial proposition of our times and indifferently relegating it to posterity for the sheer lack of enterprise. The rifle existed for many ages before the Japanese awakened to its use, but the moment they mastered its loading and firing the proudest nation in Europe sued for terms of peace. The great majority of the American nation are blissfully ignorant of the cup that cheers. Teach them how to select it and prepare it as the Prussians taught the Japanese how to shoulder their musket, and a fortune awaits you and your children.

At present only a proportion of our members favor an aggressive campaign of education through advertising, but it is only a question of time for all to see that doubling the consumption is doubling our business, provided that we are up to date with our neighbors. While we are thinking about it Postum has slipped in and made a fortune, and our Ceylon and India friends have shown us that through

push and advertising this country has been willing to drink 13,000,000 pounds of fermented tea, of which they were ignorant a few years ago. If the remaining 90 per cent. of the importation had been pushed with equal energy we would be taking today 400,000,000 pounds instead of the 100,000,000 pounds, which we have not increased for twenty years.

Everything is ready for action and all depends upon ourselves. We have the only organization in tea which has ever been capable of undertaking the work, or ever will be. Let us, therefore, not permit it to disintegrate. It can do many things, from regulating the freight on the great railroads to establishing a uniformity of terms and customs in the trade which is sorely needed. It can establish an arbitration committee to settle all differences in the trade and can arrange for reciprocal relations with Canada which will put us on an equality regarding the differential duty.

Chicago, which has never failed in anything it undertook, stands ready to take up the wonderful future of tea. Let us wish her Godspeed and put our hands to the plow with her.

Gentlemen, I give you Chicago, let us drink to our greater destiny in her hands.

The secretary then submitted the following report:

#### SECRETARY'S REPORT.

The most important question which has engaged the attention of your Executive Committee during the year has related to the proposed restoration of the duty on tea. At one time it appeared as if this were to be regarded by the Treasury Department as a fiscal necessity, and that a recommendation would be made to Congress to that effect. The declared sentiments of some of the leaders in the House regarding the reimposition of the tea duty tended to increase the probability that the question would have to be dealt with by the Association as one of practical and immediate interest to its members. The secretary was accordingly directed last May to address a circular letter to each member of the Association asking a reply to the following questions:

1. Are you in favor of the restoration of the former import duty of 10 cents per pound on tea?
2. Are you in favor of the imposition of any import duty on tea?

To this letter 155 replies were received. Of these ten answered the first question in the affirmative and expressed unqualified preference for the restoration of the 10 cent duty. Another eighteen, while not in favor of the former rate of duty, expressed themselves as not being opposed to the imposition of a smaller duty should the necessities of the United States demand it, but in that event only. One hundred and twenty-four members were unequivocally opposed to the imposition of any duty whatever. One member deprecated any discussion of the question as tending to unsettle business, and two members declared that they had not sufficient interest in the matter, one way or another, to have any opinion to express.

These results were reported to the Executive Committee at its meeting in October, and the president was authorized, in his discretion, to appoint a committee or committees to deal with the proposed revival of the tea duty in conformity with the expressed opinion of the majority of the members of the Association. The president accordingly appointed a series of local committees, with the suggestion that they should approach in their respective Congressional districts or States their representatives to Congress, and should make them acquainted with the arguments against the taxation of tea. Subsequent investigation by the secretary in Washington revealed the fact that the Secretary of the Treasury had abandoned the intention of recommending the revival of the tea duty, and that the leaders of the majority in the House of Representatives were resolutely opposed to the discussion of any revenue measure which should bring the tariff question before the House. Under these circumstances the active propaganda having for its object the instruction of members of Congress was allowed to drop, but not before a large number of resolutions and personal communications had been forwarded by the committees appointed in the West, in the Pacific States and in New England.

Brief addresses in regard to the work of the Association were made by Messrs. H. G. Woodworth, E. A. Schoyer, E. A. Nicholson, W. P. Roome, and Charles R. Banks.

On motion of Mr. Hewlett, a vote of thanks was tendered to the retiring president.

On motion of Mr. Stex, it was resolved that a communication be sent to the Board of General Appraisers requesting that in cases of arbitration where India and Ceylon teas are involved some representative of the houses identified with the importation of these teas should be on the committee.

The treasurer, Mr. Alfred P. Sloan, submitted his report, which showed a balance in the treasury of \$440.16.

The Committee on Nominations reported the following ticket for officers and directors of the association for the ensuing year, and on motion the secretary was instructed to cast a single ballot for all, and the nominees were accordingly declared elected:

#### PRESIDENT,

E. A. Schoyer, Chicago.

#### VICE PRESIDENTS,

Thomas A. Phelan, New York.

J. C. Whitney, Chicago.

Charles B. Platt, San Francisco.

H. G. Woodworth, Boston.

#### TREASURER,

K. S. Walbank, Chicago.

#### SECRETARY,

(To be chosen by Executive Committee.)

#### DIRECTORS,

H. G. Woodworth, Boston.

John Moir, Boston.

Herbert Nash, Boston.  
E. A. Schoyer, Chicago.  
J. C. Whitney, Chicago.  
R. C. Morrison, Chicago.  
K. S. Walbank, Chicago.  
N. Gottlieb, Chicago.  
H. C. Brown, Chicago.  
Henry Steele, Chicago.  
Geo. Hewlett, New York.  
Elliott R. Smith, New York.  
Thos. A. Phelan, New York.  
Alfred P. Sloan, New York.  
S. L. Davis, New York.  
F. H. Leggett, New York.  
Thos. M. McCarthy, New York.  
Herbert Osborn, New York.  
David S. Barry, New York.  
Chas. Diefenthaler, New York.  
M. J. Brandenstein, San Francisco.  
Chas. B. Platt, San Francisco.  
A. Schilling, San Francisco.  
J. C. Cooper, St. Paul.  
D. G. Evans, St. Louis.  
P. Slaterry, St. Joseph.  
T. C. White, Kansas City.  
W. H. Brace, Detroit.  
Wm. Judson, Grand Rapids.  
A. P. Irwin, Philadelphia.  
Francis Widlar, Cleveland.  
Ira B. Smith, Milwaukee.  
W. K. Flint, Milwaukee.  
F. B. Milliken, Portland, Me.  
Thomas C. Jenkins, Pittsburg.  
Geo. C. Buell, Rochester.  
Joseph L. Harper, Minneapolis.  
E. R. Webster, Cincinnati.  
Frank Letts, Dubuque.  
Arthur Devers, Portland, Ore.

## CHINESE RAILROADS.

Special Agent Crist, of the Department of Commerce and Labor, reports as follows:

The Pehan Line, formerly called the Lu-han and latterly the Ching-kan Line, connecting Peking and Hankau, is 754 miles long and is a single-track railway. As a trunk line it is calculated to have the most important bearing on the development of China's resources. Already it is in touch with several railways which may act as branch lines or feeders. The Russian bank's railway between Chingtingfu and Taivuanfu, 74½ miles of which have now been constructed, though work has been delayed by the difficult nature of the country through which it runs, and perhaps by other causes; also the Shensi Railway and the Belgian Line, between Kalfengfu and Honanfu, of which there has been built up to the present a portion running from Kaifeng to Tsenchou. The Pehan Railway, being of the same gauge as the Imperial Railway system of North China and in touch with it, will bring Tientsin within little more than four days of Shanghai overland. The journey was performed from Peking to Hankau by the guests invited to attend the recent opening of the bridge across the Yellow River in 51 hours, inclusive of stops during the night and for meals. It is expected that within the next six months fast trains will be running between Peking and Hankau in 36 hours. From Hankau the journey to Shanghai by the well-appointed and, indeed, luxurious, river steamboats of the Yangtze may be done in two and one-half days, making four days for the trip.

## THE PROPOSED REORGANIZATION OF THE AMERICAN CONSULAR SERVICE.

BY FRANCIS B. LOOMIS, FORMERLY THE ASSISTANT SECRETARY OF STATE.

From the *North American Review* for March.

In spite of opposition in Congress, sometimes frankly emphatic and at all times sufficiently effective, sentiment favorable to the reorganization of the United States consular service has grown substantially within the last decade and found widespread, though spasmodic and unsystematic, expression. Today every Board of Trade, Chamber of Commerce and other commercial and industrial association directly or remotely interested in the growth of the foreign commerce of the United States is demanding the improvement and the strengthening of our consular service. For nearly half a century there has been persistent lack of legislation looking to the systematic development and increased usefulness of that service.

During these long years of neglect the whole scheme of international commerce and interoceanic communication has been transformed. Portions of the laws of the United States relative to the consular service have been made obsolete by the advent of rapid communication afforded by steam railways, steamships and ocean cables. Consulates in various parts of the world, which thirty-five or forty years ago were of salient importance, have, owing to the decadence of our merchant marine, ceased to be places worth considering; while many other posts, which either did not exist or were of scant consequence, have, by reason of changed conditions or variations in the current of international trade, assumed great importance, and now require for their proper administration a high order of ability and liberal maintenance.

### I.

The consular service has been one of the most notable of Governmental derelicts. It is understood in commercial circles, and has been for a considerable time, that our consular service is not all it ought to be, and many well meant suggestions have been communicated to the Department of State, some of which may ultimately be embodied in a definite and systematic plan of reform. Almost everyone is aware of the obvious defects in our consular system, but very few persons seem to know how difficult it is to correct obvious and admitted evils, when their eradication means the destruction of an existing system and the substitution of something substantially new in its stead.

It must not be supposed that the consular system as now organized is wholly inadequate, or that it is not responsive in a considerable degree to the growing needs and opportunities of this country in the markets of the world. Those who have had occasion to study at first hand, and from the vantage point of official station, the operation of our consular system during the last twelve or fourteen

years find a steady and encouraging improvement in the character and ability of the personnel, and in the quality of the work performed.

Mr. Blaine made an earnest endeavor to secure the appointment of well equipped men to the consular corps, and Mr. Cleveland rendered a conspicuous service when he issued his order providing that applicants for consular positions, the compensations of which are not less than \$1,000 nor more than \$2,500 a year, should be examined as to their fitness. Persons already in the service, those who had been in it or who were in the service of the Department of State in Washington, were exempted from these examinations. Within a few weeks President Roosevelt has extended the scope of Mr. Cleveland's order, and now all candidates for appointment to a consular position, the annual compensation of which exceeds \$1,000, must submit to examination.

It is the purpose of Secretary Root to make the examinations more searching, and to alter the system of marking in order distinctly to add to its effectiveness. No considerable change in the character or scope of the examination is contemplated. These examinations are designed to be practical tests of fitness. When a candidate for appointment has been designated for examination by the President, he is furnished with a volume of the consular regulations; and, after he has had ample time to study them, he is required to answer a number of sensible questions respecting the official duties of consular officers. The applicant is also required to know something of geography, commercial history, and to have information concerning the business character of the post for which he has been designated. He is expected, also, to have some knowledge of his own Government, and to be able to explain the functions and workings of its various branches.

Eventually candidates for appointment to the consular service will be required to speak at least one foreign language. If the service is put upon a permanent basis and men enter it with the expectation of making it a career, they ought in the beginning to know Spanish and French. The candidate's personal appearance and address and his manner of speech are also considered in making up the estimate of his fitness; and, if the examinations served no other good purpose, they would afford opportunity to see the applicant and enable one to judge by personal observation what sort of an official he would be likely to make. It has sometimes happened that consuls have been appointed and gone to their posts without calling upon the President, the Secretary of State or any of the latter's assistants. Indeed, a few consuls were never seen by anyone

in authority until they had returned to this country from their posts, and I have heard Presidents state with unmistakable emphasis that, had they seen such and such a consul prior to his appointment, he would never have been commissioned.

## II.

President Roosevelt's important order of November 10 also applies to one branch of the diplomatic service. Henceforth candidates for appointment as secretary of embassy or of legation will be required to pass a special departmental examination. Neither this examination nor the one required of applicants for appointment to the consular service is competitive. Candidates who wish to enter the diplomatic service in the capacity of secretary of embassy or of legation will be required to speak one foreign language. That is, it will be expected of them to know either French or the language of the country to which they are likely to be sent. In addition to this they will be examined in the elements of international law and in diplomatic usage.

The result of the examination of the candidates for consular appointments has been excellent. As I have said, the standard of ability and the character of the personnel have been raised. A considerable number of applicants have been rejected, and those who have passed with credit, when commissioned, have gone to their posts with a much more definite knowledge of the work expected of them than was often the case in the days before Mr. Cleveland's order was issued. These fine results will be strongly augmented by the President's recent extension of that order.

During President Roosevelt's incumbency the consular service has been severely and systematically purged. Great care has been exercised, so far as the appointing power is concerned, in the selection of new officials. Not only has the President dismissed dishonest men wherever he has found them, but he has removed a number of men who, as he graphically phrases it, were "simply marking time"—officials who were incompetent, careless about their duties and responsibilities, or indifferent to them. Every vacancy that has occurred since Mr. Roosevelt became President has been filled, as far as was practicable, by promoting deserving men already in the service, and such promotions have been made, generally speaking, without reference to politics or political influence. Not half a dozen removals solely for political reasons have been made in the consular service within the last four years. The first consideration with the President and Department of State is the man's merit, his worth and his fitness for the particular vacancy for which he is being considered. Mr. Hay, by reason of his ripe experience and his wide acquaintance abroad and in this country, was able to improve the personnel of the service, and he was particularly felicitous in putting "the right man in the right place."

No man fought more persistently and valiantly to lift the consular service from the plane of partisan politics than Mr. Hay, and no man accomplished more in this field of patriotic endeavor than did he. His successor, Mr. Root, with all the strength of his keen and luminous mind,

has taken up the work at the advanced point where Mr. Hay laid it down, and already his influence has made itself felt to the great advantage of the whole American foreign service.

## III.

The consular service of the United States is not without great respectability and merit. The unusual responsibility thrown upon our consular officers, many of whom were quite inexperienced men, during the war with Spain, and which was met in a manful and efficient way, proved this. The American consuls rendered valuable service to the military and naval arms of the Government during the period of hostilities, so much so, indeed, that the late President McKinley, who had appointed the great majority of them, was deeply gratified at their manifestation of resourcefulness and patriotism. The grievous faults of our consular service are faults of the system rather than of the men who fill the posts under it.

Few specific and well grounded charges of incompetency or of ill doing on the part of consular officers are filed with the Department of State. Every complaint that seems to have a reasonable degree of substance is promptly considered, but the Department's means for investigation are often inadequate, in that we have no inspectors, who can be called upon to investigate remote consuls and make a report respecting the conduct of the official and his office. Recently the Department of State has been compelled to have a naval vessel from Manila go to a consulate in one of the Pacific islands to investigate a consular officer. The case was urgent, and fortunately there was a vessel in commission which was free for a short period and could make the desired journey. The Department of State has been much assisted in its surveillance of the consular corps by the reports of naval officers, whose observations are generally both just and informing.

But one of the most vital and immediate needs of the consular service is adequate provision for regular and thorough inspection. The Secretary of State feels the urgency of this demand, and has asked Congress to make an appropriation for the payment of salaries to five inspectors, who are to be called consuls general at large. It would be entirely useless, however, to appoint inspectors unless they can be liberally paid. It will be of no advantage to the Government to send out men of mediocre talent and slender equipment for this duty. Inspectors should be men of uncommon intelligence and of wide experience in consular or treasury customs work. Congress cannot afford to employ cheap men for this service. It would be quite as well to make no appropriation unless the appropriation can be made upon a liberal and enlightened basis. The work will be arduous, responsible and always important. The men who perform it ought to be men who reach a mental and moral standard equal to that expected of United States district and circuit judges. They ought to be as well paid as any official in the consular service. If Congress does nothing else for the improvement and uplifting of the consular service this session it ought, at least, to comply with the recommendation of the Secretary of

State for an appropriation that will enable him to secure the appointment of the kind of inspectors he desires. It goes without saying that these appointments should be left unreservedly to the discretion of the President and the Secretary of State, and that no political or other extraneous influence should be brought to bear in connection with them.

It is to be regretted that it is still the practice of some writers and speakers, as well as of some travelers and business men, to make sweeping denunciations of the consular service. We still hear it loosely asserted that "American consuls are ignorant, often drunken, and not infrequently dishonest; that they no sooner learn their duties than they are straightway dismissed to make room for political heelers." This may fairly be said to be the gist and style of the current and careless criticism of our consular service. Most of the people who indulge in this violent and indiscriminate denunciation are ill informed regarding our service, or else they are mere lovers of sensation who have a fancy for making shocking statements. When people of this class attack the consular service in an unrestrained way they are not only guilty of bad taste but also deficient in patriotism.

I once read a letter, written in solemn vein, to the editor of a New York newspaper, by an American woman who had recently returned from Europe, and who, while there, thought that she had not been quite well treated by one of our consuls, who held a \$1,500 post in a small, unattractive and insalubrious city. She complained bitterly of the consul, and observed that he was not a polished gentleman, and that he was lacking in *savoir-faire*. She closed her letter with what she deemed a pertinent inquiry: "Why cannot all of our consular positions be filled by men of the Sir Julian Pauncefote type?"

This is a sample of a good deal of the criticism and comment concerning the consular corps which reaches the Department of State. I am sure no one regrets more keenly than the appointing power at Washington that the visible supply of men of the Sir Julian Pauncefote type is forever greatly exceeded by the demand. It might also occur to the lady who made the inquiry referred to that men who are fit to be ambassadors cannot usually be employed for \$1,500 a year.

Under the present faulty system some undesirable men get into the service—men whose presence abroad is a source of humiliation and discomfort to those of their fellow countrymen who happen to meet them. Such men, I am glad to say, are the exception and not the rule, and it is no secret that it is the earnest desire of the Administration to remove officials of this type whenever proper information concerning them is brought to the attention of the Department of State. The President wants our consular officers, as well as our diplomatic officers, to be representative of the best breeding and good feeling of the country, and he thinks that it would be much easier to secure men of this desirable type were Congress to reorganize the consular establishment and place it upon a more permanent basis.

#### IV.

To meet the growing demand of the business interests of this country for a steady and systematic enlargement of its export commerce, a properly organized consular corps could render services of inestimable value. On account of the difficult and laborious work of authenticating or "legalizing" invoices of goods that are to be exported to the United States, American consular officers are required to meet responsibilities and conditions more difficult and more varied than are the consular officers of any other foreign service. It is not overstating the case to say that annually more than \$2,500,000 is added to the revenue of the United States in customs duties, by reason of the watchfulness and conscientious performance of duty on the part of consular officers, who discover undervaluation in the invoices of goods for exportation to this country, and who by their alertness and special knowledge cause prices to be advanced and largely increased duties to be collected.

Not only are consuls expected to have a knowledge of the market values of the foreign products which are likely to come to this country, but each consul is required to report every opportunity in his district for the extension of the American export trade. He is also expected carefully to observe the industries, the manufacturing and other industrial enterprises in the section of the foreign country in which he lives, and to report concisely and lucidly the important innovations, experiments and inventions which may be of interest or significance to his own countrymen. He is also asked to collect a great deal of statistical information, and to give regular and frequent reports concerning sanitary conditions.

In addition to these duties, if he is at a seaport, he is charged with the protection of American seamen, and incidentally is preyed upon by American tramps of all descriptions, and compelled to make large charitable donations from his own pocket. The Government, in its infinite goodness and mercy, makes no provision whatsoever for the assistance of suffering or stranded Americans abroad other than seamen.

A high degree of usefulness in the consular service requires not only experience, but natural aptitude. It requires the trained discernment which recognizes promptly and accurately important events, and, above all, requires industry, together with a patriotic conception of duty which impels an officer to remain faithfully at his post and work. "These are qualities of temperament and character the presence or absence of which no formal examination, however useful in other respects, can with certainty reveal."

One of the questions most frequently asked by members of that considerable body of men who are working earnestly, and with every promise of success, for the improvement of the consular service is, "Who make the best consuls? From what class of men have our most successful consuls come?" The question, owing to the fact that there is no formal efficiency record, is difficult to answer. One may throw some light on this phase of the subject, however, by restating what the most experienced consular officer in the United States service once wrote to a friend who asked these same questions. The officer answered

by a process of elimination, and pointed out the following persons, who, experience has shown, are least likely to rise to efficiency and usefulness in the consular service. They are:

1. Young men who go abroad with the intention of using their consular position as a convenience while they complete their education as artists, lawyers, physicians or architects, by study and attendance at lectures in some neighboring art school, polytechnic institute or university.

2. Aged professional men, who seek consular appointments to obtain rest from their work as lawyers, clergymen and physicians, for which alone they were qualified by early education and mature experience.

3. Invalids, who choose a special consulate on account of its benign climate or proximity to a desirable physician, health resort or sanitarium.

4. Men with families who wish to reside abroad for the education of their children.

5. Men who have special business interests in consular districts to which they ask to be assigned, in order that they may have the support and influence of a consular position while working for their own profit and interest.

6. Young men of unformed character and dissolute, idle habits, whose families seek to place them in public positions abroad, in order to escape the responsibility and embarrassment of their presence at home.

7. Men who are so confident of having earned consular preferment by political services that they will treat their four years of residence abroad as the simple discharge of a debt by the United States Government.

It is too often stated, at least interrogatively, that the ideal consul is to be found in the ranks of our business men. Perhaps this would be true, were we dealing with ideals, but, as a matter of fact, men who possess the requisite qualities to make successful careers in commerce or industry cannot often be spared from these fields of activity. Experienced business men do not find consulates carrying a compensation of twenty-five hundred dollars a year attractive or satisfactory. The so called business men who seek consular positions are, as a rule (there are some happy exceptions), men who have met with little or no success in business, or men who have grown old in one form of commercial activity, and who, as a consequence, are narrow, and perform their duties in a perfunctory and unintelligent manner. Experience shows clearly that business men thrust into the consular service without previous knowledge of the work, and after passing middle life, too often make inefficient officers. A man who has spent forty or fifty years buying and selling fish or nails is not necessarily, because he has done this work with profit to himself, just the person to make a desirable consul general at Cairo, Havana or Hongkong.

Patient study of our consular corps for the last twelve or fourteen years shows that, on the whole, a larger number of successful consuls have come from the ranks of journalism than from any other class or vocation. Self respecting, active newspaper men almost invariably make efficient consuls. They are trained observers; they know how to describe concisely what they see, and their reports are informing and clear. They are likely to understand the art of getting on pleasantly with foreign officials, and are intelligent, intensely patriotic, have a saving sense of humor, and do not often yield to the temptation of boasting of their own country and its achievements.

The army and navy have contributed some excellent officials to the consular service, as have all of the learned professions. It is a distinct advantage for a consul to have had some active experience in professional or business life prior to entering the foreign service. One of the greatest advantages which American consular officers have over foreign consuls is that they have touched life at many points before entering the employment of the Government.

European consular officers are trained for the service

and make a career of it, but often the very fact that they are so trained isolates them and keeps them apart from their fellow countrymen, or rather from acquiring intimate and accurate knowledge of what those fellow countrymen are thinking and doing. The young man who begins to be a consul at twenty or twenty-two years of age, and who steps from his college into a consulate, may eventually be an official of great value to his country, but the chances are that he will be a long while in the making.

In this connection, consideration of the all important question of tenure or length of term for consular officers suggests itself. In the well established and highly organized consular establishments appertaining to various European governments, the consul is in effect appointed for life. He is expected to serve for a long period—forty or fifty years, perhaps. Then he is retired on half or three-quarters pay. But, manifestly, this plan has its disadvantages, as well as its advantages. It is found that the tendency of life tenure is to make a man easily satisfied, to stifle ambition, and to bring about an accumulation of "dead timber" in the service.

American consuls are said to be more alert, more observing, and more usefully industrious than many of their foreign colleagues. This is not merely my own assertion, but one that has been made many times in foreign trade journals and in national legislative assemblies at various European capitals. It may surprise many of the critics of our consular service to know that serious minded foreign students of the subject often point to it as a model of efficiency, and that they never fail to proclaim the excellence of the reports written by American consular officers.

The frequent changes in office bring to the service new men with new points of view, fresh enthusiasm and an insatiable desire for work. The best of them want to make so excellent a record in four years that the welfare of the service may seem imperatively to demand their retention, and this effect of the present system unfolds one of the most unfortunate and pathetic features of our service. It is much to be deplored, when a consul has striven earnestly and well for a number of years, and has given during that period the very best there is in him, losing no opportunity to make himself valuable to his country, that, without a single word of warning he should be, for political reasons, superseded by a new official. This little tragedy has occurred hundreds of times, but it is gratifying to state that during the last four years its enactment has conspicuously decreased.

Consuls should be kept in office as long as they render good service and are in every way satisfactory. If they serve the country well for forty years, they ought to be retired on half pay. But whether they enter the service through the designation by the President, or through the medium of a competitive examination, the way for their prompt retirement for such causes as inefficiency, dishonesty or carelessness should be made easy and kept unobstructed.

A system of promotion should be established, and officers who do not reach a specified grade by the time they have attained a certain age should be dropped from the service, as should all those whose efficiency record falls below a fixed standard of excellence. If some such plan as this could be adopted, a current of promotion could be maintained, and there would be a constant influx of fresh blood.

## V.

There are hopeful indications from many sources that legislative action providing for important changes in our consular service will be shortly forthcoming. It is important, therefore, at this time, to understand correctly the main facts affecting our consular service, and to know something about actual conditions. It is agreed by those who have been studying the matter from points of vantage



for many years, and with a knowledge of what is practicable and what is impracticable, and who understand the grave difficulties in the way of securing legislation calculated radically to change existing conditions and ultimately to take the consular service out of politics, that it is better and wiser to ask at the present time for what we may reasonably expect to obtain, instead of wasting energy and time in crying for the moon and demanding immediate, radical and revolutionary reorganization of the whole foreign service. Therefore Senator Lodge's excellent bill has been revised from time to time, until now it asks but two vitally essential things, namely, the grading of the consular service and the establishing of salaries to correspond with the various grades.

The grading of the consular service means the establishment of a number of classes, so that in future a man will be appointed to a grade or class, and not to a particular post, as is now the case. In the army a man is appointed to be a second lieutenant, not a second lieutenant at Fort Sheridan or at Fort Thomas. Hereafter it is of the first importance that consuls should be appointed to a class or grade, and that the President should have the power to assign them to any post of duty embraced within the grade to which they have been designated or commissioned. Also, the aim is to classify consulates according to their importance and compensation. There can be no real improvement in the consular service unless the President and Secretary of State be given the power to move consuls about in order to use men where they can be employed to the best advantage. This is the second important point in the Lodge bill.

I agree entirely in principle with the objects sought to be attained by the Lodge bill, but I would like to see more liberal allowances made in the way of compensations than is provided for in the bill recently introduced by Senator Lodge. Should this bill become a law, the salaries provided by it would represent the consul's sole source of official income, because all fees would be swept away, so far as the consul is concerned, and turned over to the Government. The consul's salary will be his only source of official income. It is a matter of the utmost difficulty to have official salaries increased, and if the salaries of the consuls are presently to be readjusted, it is probable that they will remain as fixed for at least a quarter of a century, and possibly longer. Many of the consular salaries paid today were established in 1856, when the necessary expenses of living in Continental Europe were not more than one-third as great as they are at present.

The country can afford to pay its consuls well, and public sentiment in the United States is heartily in favor of liberal treatment of consular officers by the Government. The 120,000 Americans who visit Europe annually expect to find their consular representative a man whose mode of living, whose ability, whose character and whose standing are such as to command the respect of the community in which he resides, and they have a right to expect that he will be a source of pride to his visiting fellow countrymen. The American who goes abroad wants his consular representative to live in a manner in keeping with the dignity of the potent and opulent nation which he represents. Not only for these reasons can the Government afford to pay its consular officers well, but it can afford the outlay, for the reason that the service is almost a self sustaining one.

Last year the net cost of the consular service to the Government was only \$144,152. United States consular officers collected and paid into the treasury \$1,188,383. The difference between this sum and the cost of the maintenance of the consular service was the figures first quoted. About a million dollars is collected annually by the United States consular officers for authenticating invoices. The charge for this service is \$2.50. There is no reason why the fee for this service should not be increased. If it were

\$3.50, the consular service would pay a large profit to the Government.

Probably a graduated scale of charges based upon the amount of the invoice to be authenticated should be established. This could be so arranged that it would be more just to foreign shippers than the present undeviating rate, and it might be made to augment the income of this Government to such an extent that the consular salaries could be increased 100 per cent. without adding a cent to our burden of taxation. At present the foreign producer who sends a shipment of goods to the United States valued at \$200 pays just the same amount for having his invoices legalized as does the shipper who sends goods to the value of \$200,000.

Increasing the fee for legalizing invoices to such an extent that the salaries of consuls could be doubled without increasing the burden upon the Treasury of the United States could be done without working hardship to anyone, and probably it would evoke nothing more than a perfunctory protest from some of the foreigners who have large connections in this country.

In the matter of compensation the Lodge bill provides for two consuls general of the first class at \$12,000 a year; for six of the second class, at \$8,000 a year; for eight of the third class, at \$6,000 a year; for nine of the fourth class, at \$5,500 a year; for fourteen of the fifth class, at \$4,500 a year; for eight of the sixth class, at \$3,500 a year, and four of the seventh class at \$3,000 a year, and it also provides for the payment of consuls by salaries ranging downward from one of the first class, at \$8,000 a year, to \$1,000 a year in the lowest class.

The salaries proposed for the consuls general and for the consuls of the higher classes are not sufficient. As a plain business proposition, the men who fill these positions should be more liberally compensated. Let us consider an example. The consul general at Paris receives a salary of \$5,000 a year; the unofficial fees which he receives, being permitted by law to keep and appropriate to his own use, amount to \$9,000 or \$10,000 a year. If these fees are cut off and appropriated by the Government, it seems only just that the consular officer should receive a salary that would be a fair compensating equivalent. The duties of the consuls general at Paris and at London, Shanghai and Berlin are very onerous, their responsibilities grave and unintermittent. The consuls general at Paris and London might very well be paid \$15,000 a year. It is of the greatest importance to have high class men; and men of ability and experience, who would be fully equal to the demands of these posts, ought not to be asked to serve abroad for a smaller compensation than \$15,000 a year.

The consuls general at Shanghai and Berlin should be paid at least \$12,000 a year. The post at Shanghai is more important to us commercially than any \$10,000 diplomatic mission which we maintain. The cost of living is very high and the demands upon the consul general are diverse and frequent. He has not only to be acquainted with consular work, but to know about business, industrial and shipping matters, and, in addition to that, he must hold court and exercise judicial functions.

The consuls general of the second class posts should not, in my opinion, receive less than \$10,000 a year, and there are ten posts the incumbents of which should be entitled to payment at this rate. The consular officers at the following posts ought, I think, by reason of the quality and quantity of work which they are called upon to perform, receive \$10,000 a year: Havana, Rio de Janeiro, Buenos Ayres, Valparaiso, Vienna, Rome, St. Petersburg (this office should be transferred to Moscow), Calcutta, Hongkong and Canton. Ten consuls general of the third class ought to be compensated at the rate of \$8,000 a year; fifteen of the fourth class at \$5,500 a year; fourteen of the fifth class at \$4,500 a year; not more than seven of the sixth class at \$4,000 a year.



The Lodge bill, as introduced, provided that no applicant under the age of twenty-one years or over the age of forty-five years shall be designated for appointment to the consular service. That was one of the wise provisions of a carefully considered measure, and one that will make for the good of the service.

It is not only desirable that the President should be empowered to move consuls about, to respond to the highest need and welfare of the service, but he should also be authorized to summon them to Washington for service in this country from time to time. It is of the first importance that our consular officers should be thoroughly, vividly and vitally in touch with commercial life in this country. It often happens that a consul at a particular post possesses a great deal of important and timely information about some current question, so that it would be much to the advantage of the Secretary of State to have him for a short time in Washington in order to consult with him. Under the present system the consul may not be called home for any purpose unless he chooses to come at his own expense.

The Government of the United States does not pay the traveling expenses of any of its officials in the foreign service. A man may be sent to a post 7,000 miles distant, the compensation of which does not exceed \$1,500 a year, but he is, nevertheless, compelled to pay all his expenses to and from the post. In every other department of Government work a man who travels upon official business is paid the necessary expenses. Why an exception has been made to the disadvantage of the underpaid foreign service it is impossible to ascertain.

Not only is it most essential for the department to send for consuls to consult with them at various times, but it is highly advantageous for the consul to spend a few weeks from time to time in Washington. He could also be used to very great advantage if he were allowed to spend three months in the United States once in two or three years, for the purpose of lecturing before trade organizations upon practical questions connected with our foreign commerce, suggested to him by his own experience abroad.

At present, I believe, no consul in the United States, commissioned by the President, is a foreigner. A large number of vice consuls and a considerable number of consular agents are not American citizens. It is the policy of the Department of State, whenever it is practicable to do so, to substitute American citizens for foreigners who are filling the posts of consular agents. If Congress would make an appropriation for the payment of vice consuls, then the Government could require all these officials to be Americans. Under the present system the consul has to pay the vice consul from his own pocket, and in a majority of cases the pay is so small that an American could not afford to leave this country and go abroad for the sake of earning it.

There is now being developed in the Department of State a plan for arriving at some reasonable estimate of the efficiency of each consular officer. A system has been devised which will enable the Secretary of State to learn at a glance all that any formal record can show respecting a man's capacity, fitness, character and adaptability for his work and for the particular post he holds. This efficiency record is to be most carefully and systematically kept, and when it has been developed and improved by experience it will be one of the most useful instruments for the improvement of the service that have yet been devised.

In order to give additional value to the efficiency record which Secretary Root is striving so earnestly to create, it will be incumbent upon Congress to provide for the corps of consular inspectors referred to, for it is not possible to arrive at a just and comprehensive estimate of the work, character and capacity of a consular officer, if such estimate has to rest wholly upon the written records of his

work and upon the perusal of his formal communications to the Department of State.

The efficiency of consular officials cannot be fully and fairly determined through the medium of official reports, unless some substantial change in the organization of the system is authorized by Congress. There are at present about sixty consuls general in the service. It ought to be the duty of a consul general frequently to inspect consular offices under his jurisdiction, and to make intelligent and discriminating reports concerning the conduct of every office he visits.

Under the present system the official connection between the consuls general and the consular officers of lower grade is of a loose, perfunctory and formal character. Very often the consul general does not know the consuls in his jurisdiction, and never visits them officially. One reason for this is that the consuls general in the larger cities, under the present organization, are so occupied with the duties of their own offices that they have little time for travel and inspection. Another reason is that there are no funds provided to enable them to do this much needed work. The value of these visits, as the service is now organized, might in many cases be open to grave conjecture. It has frequently happened that men without any experience whatever are made consuls general, and it could hardly be expected that an official of this sort who does not know the rudiments of consular bookkeeping would make a competent inspector. When the service is properly organized, a man will not reach the grade of consul general until he has served a good many years in a subordinate capacity, and when is appointed consul general it will be fair to assume that he is fitted for that office.

The Lodge bill has been reported to and passed by the Senate in an amended form. The most important of the amendments made by the committee before reporting the bill to the Senate are those which strike out the sections providing for a system of promotion in the consular service, and the sections relating to the age of appointees and their examination for admission to the service. It is earnestly to be hoped that when the House debates this bill the wisdom of restoring at least the former of these provisions will be demonstrated. There should be a carefully worked out and ordered plan of promotion. The clause placing limitations upon the age of appointees to the consular service should be restored to the Lodge bill. The matter of examinations is not, from a practical view, so important a feature of the bill as the other points, for the reason that the President can continue to require every applicant to pass a satisfactory examination. This is an attribute of the power of appointment conferred upon him by the Constitution.

The Lodge bill ought not to encounter serious opposition in the House of Representatives. The Hon. Robert Adams, of Pennsylvania, has been for many years an outspoken and tireless advocate of consular reform, and as he is now second in rank on the House Committee on Foreign Affairs effective support for the cause will be expected of him.

It is not proposed at present to bring the consular corps within the scope of the Civil Service law, but merely to reorganize it upon lines which will make for greater permanence of tenure and vastly improved efficiency. If Congress will give to the President and Secretary of State power to grade the consular service, and to appoint men to a class or grade rather than to a particular post, and will also authorize the adjustment of salaries and make them adequate, and, furthermore, empower the President to shift men about from post to post, as the needs of the service demand, it will be the most important, far reaching and substantial advance in respect to the improvement of the consular service that has ever been made, an advance from which there will be no retreat, and which will in itself be an unfailing and certain incentive to further and more radical changes for the better.

## THE COMMERCIAL MORALITY OF THE JAPANESE.

The *Magazine of Commerce* contains the following communication from Baron Suyematsu:

SIR—In accordance with your request that I should write an answer to Mr. Joseph H. Longford on "the commercial morality" of the Japanese, which has appeared in the *Contemporary Review*, I venture to write these lines for your perusal. I do so rather hesitatingly, as I have no desire to enter upon a dispute with that distinguished writer.

There is, it seems to me, a great deal of truth in what Mr. Longford says; but at the same time, it is, I think, painted blacker on the side of the Japanese and brighter on the side of the foreigners out there than the facts warrant.

To begin with, it is true that in Japan we had the classification of the people into four ranks, soldiers, farmers, artisans and traders, and thus traders stood the last. From this fact ordinary critics make a hasty conclusion that Japanese traders—in which term big merchants are included—occupied in every respect a position which was inferior even to that of common peasants; but this is not fair. In social matters they often occupied very good positions; in fact, there were many to whom special considerations similar to Samurai were accorded. The above classification has much deeper meaning than a mere social caprice, and it is derived from a theory of political economy of the classical China. According to that theory, agriculture is considered the foundation of a nation, and commerce is a mere act of transportation of things already made, and, therefore, comparatively of little value. That such a theory should have existed in China is a matter of no surprise, for even in the Europe of a little more than one hundred years ago there flourished physiocracy, the doctrine of which was almost identical with that of the Chinese. The Japanese classification of the former days was considerably due to the influence of that theory, and, therefore, the relative positions of Samurai, farmers, artisans and traders were more of theoretical notion than a social fact. This is a distinction very important to be kept in view when one discusses things Japanese.

That Samurai as a class despised dealings in matters of profit is an undoubted fact, but a trader's position was not so degraded as Mr. Longford represents. He says:

"Just as the training and social precedence of his ancestors for hundreds of years and of himself have made the Japanese soldier a model without flaw of loyalty, devotion and courage, ready to sacrifice at any time life or property for his sovereign and his country, so have oppression and social degradation combined to make the merchant a no less striking model of dishonesty and timidity, unwilling and unable to make the smallest monetary sacrifice for his own or his country's fair fame."

Surely, this is a sweeping assertion. If we take individual cases into account, striking characters in the ranks of merchants are abundant in records and in memory. Even in the movement which resulted in the restoration

of the present Imperial régime, countless men whose origin belonged to mercantile circles may lay their claim of participation to it. True, they were men who generally cast off their original occupation and enrolled themselves in the ranks of patriots, so that they may be considered as exceptions. But even as a class in the ordinary sense of merchants they scarcely deserve that kind of condemnation. Osaka in former days had some resemblance to free cities of the West, and every one well acquainted with things Japanese knows that what a well-developed mercantile system it possessed. So, also, the so-called Omi merchants. Even with regard to merchants and tradesmen of all parts of the country there was little room for them to be so dishonest as the writer describes. Under the feudal system commercial occupations were almost hereditary. They had almost no freedom of removal from their accustomed abode. Their customers were the children or grandchildren of those who were customers of their fathers or grandfathers. If a merchant under such circumstances made dishonesty his customary trade, and expected prosperity, he would surely be totally disappointed, and would suffer deserving punishment. Besides, in those days social sanction, from the very nature of the conditions under which they found themselves situated, was most severe. Yes, merchants and traders of those days were honest far beyond one can imagine. If any dishonesty or any shortcoming in respect to commercial probity has become observable, it is necessary evil produced by the changed circumstances of the time, chiefly on account of foreign intercourse.

Mr. Longford speaks of the early Japanese traders who flocked to the newly opened ports as being "without exception adventurers with neither name nor money to lose, with keen wits and the determination to exploit to the utmost." This is, in a measure, undoubtedly true, and accounts for the lamentable condition which for a long time existed in the trades at the open port. But this is not the only cause. On the part of foreign merchants who came out there to trade there was much to be criticised; I mean to say they were also mostly adventurers in a measure; they were also inconsiderate, even arrogant. A Western merchant, who, leaving China, was passing through Japan, violated intentionally time-honored etiquette against one of the most powerful "daimio," saying, "I know how to manage these Orientals," and was murdered in consequence. It is a good illustration of the kind of conduct of the Europeans of those days towards us; hence no sympathy existed between them and our traders—the dealings were viewed, naturally, very differently from those which they were wont to carry on with their native customers of several generations' standing. Business is business, so the common saying goes, but even in business mutual respect and friendly feeling go a long way. How can a model trade be expected to be created under such circumstances?

Then, again, in Japan commercial goods were, and are

still, to a great extent, made by hand on small scales. No big industrial factories existed where one could order a large number of articles identical in every respect as one could do in Europe. Foreign traders, not taking these conditions into their serious consideration, often gave similar orders as they were used to do in Europe, and when articles delivered to them were found to be not perfectly identical they often took advantage of that fact, and gave much trouble to the native contractors, who did not expect to meet with so much severity. There existed also very bad customs among foreign traders; the essence of those customs was known by the name of "Haiken," or "Kankan." These terms, literally meaning "to see," were used to veil the facts of detaining goods at their storehouses, often for an unreasonable length of time; in the meantime ascertaining the commercial conditions of their home, and returning the goods when they found the transaction was not likely to be beneficial to them. Native traders had serious grounds of complaint against those customs. As a matter of fact, at one time the matter was brought to a very acute state, and the native traders began to try to get rid of them by combination, but with little success. I imagine Mr. Longford will remember the incidents which occurred in connection with that matter in Yokohama years ago. Another thing which foreign traders were wont to do was that they often ordered things direct from small manufacturers at a cost far less than their real value. Japanese merchants often said that they could not compete with foreign traders, inasmuch as foreign merchants often got things at less expense than they themselves could. This is surely an extraordinary phenomenon. But the fact was that those foreign traders often succeeded in making that kind of contract by giving some tempting inducement at the beginning. Under such circumstances it was not surprising if those contracts were often unfulfilled, simply on account of the inability of fulfillment by the contractors. There was also another circumstance which caused commotion and disorder in all commercial dealing in Japan. It is to be remembered that the new order under the new system of government, especially the abolition of the feudal system, widely changed the accustomed occupations of the Japanese at large. Chances for making wealth and for entering upon various enterprises almost entirely changed their hand. Besides, four hundred thousand families (2,000,000 capita) of Samurai, who gave up their hereditary allowances, now had to make their earnings chiefly by becoming traders or sometimes agriculturists, occupations to which they were entirely unaccustomed. They naturally experienced failure after failure. It was then that a new term, "Trades of Samurai," meaning thereby an undertaking which is precarious or even doomed to failure, came into existence. In one sense it was sad to think about, but the fact was so. Under such circumstances one can well imagine that dishonesty, or, rather, failure of fulfillment of promise, although against one's conscience, it may be presumed, was often experienced even among our own community. This also might have had some indirect effects upon foreign trade.

Critics say that commercial probity in China is better

than in Japan. It may be true; I shall not dispute. The Chinese are excellent traders, and, besides, as every one knows, no such social revolution, as was the case with us Japanese, has ever taken place. That accounts for the difference between Chinese and Japanese traders in the first place, but that is not all; the Chinese are, individually speaking, very docile; they would not think of quarreling with foreign traders, under whatever humiliating circumstances they might find themselves placed, so long as they could make some profit. But this is very different with us Japanese. Take, for instance, the case of a "rikisha" man; if he were a Japanese, and suppose a foreign rider whipped him, as they often do, because he did not run quick enough, the probability is he would ask to be excused carrying the rider any farther, or turn round to the rider and ask for an explanation. He would do so, no matter whether or not he would get his fare; but if it were a Chinaman, the probability is that he would calmly suffer the treatment, and proceed just at the rate he could run, his thoughts being concentrated on obtaining as good a fee as he could get, and would be looked upon as an honest man in consequence. This state of things exists in the matter of trade at large. Chinese tradesmen would suffer, without anger, any arrogance or unreasonableness of foreign traders, and exert such wonderful patience in order ultimately to attain their objects, while Japanese merchants would sooner break the contract than suffer such treatment with such patience. The consequence is that Japanese merchants are viewed in rather a bad light.

The effects of the revolution, both political and social, have been subsiding already for some time, and the order of things at large has also begun to settle down. The condition of our mercantile circle is, in consequence, much changed; so also the attitude and characters of foreign traders have begun to alter considerably. I am, therefore, most sanguine that all complaints of foreigners against our commercial probity will soon become a thing of the past.

I am sorry to speak about foreigners in this manner, but I am sure impartial observers will admit that what I say is not far from fact. At all events, their conditions were not so bright as Mr. Longford pleases to represent them to have been. Unfair criticisms are not calculated to promote the friendly feeling of nations, and my statements, which I believe no other than those of true fact, are hereby made for promoting in future the good will which has already begun to exist between us and the Western traders of late years.

## CORRESPONDENCE.

DEPARTMENT OF STATE,  
WASHINGTON, February 9, 1906.

*John Foord, Esquire, Secretary of the American Asiatic Association, P. O. Box, No. 1500, New York City:*

SIR—I have to acknowledge the receipt of your letter of the 1st instant enclosing a copy of a letter addressed to the American Consul General at Shanghai by the president of the American Association of China, urging that an American war vessel be permanently stationed at or near the port of Shanghai. On behalf of the Executive Committee of your Association, you second the recommendation of the American Association of China.

In reply I have to inform you that on the 11th ultimo the Acting Secretary of the Navy informed this department that instructions had been issued to the commander in chief of the Asiatic fleet to have a war vessel remain at Shanghai.

I am, sir, your obedient servant,

ROBERT BACON,  
Assistant Secretary.

## CANARDS ABOUT CHINA.

WASHINGTON, February 14.—To those who know something of the real state of affairs in China, the daily announcements that are made of imminent peril to the lives and property of foreigners in that empire savor very strongly of deliberate misrepresentation. It may be true that the Administration regards the situation in China with grave anxiety, but it is equally false and ridiculous to assert that there is anywhere serious apprehension of having to make a military campaign there in the coming summer, or that there is the slightest intention of using the regiments now being ordered to the Philippines for the invasion of China. It may contribute to the gayety of nations to have the statement seriously made that the War Department is looking ahead to the possibility of a long campaign, and is collecting supplies of winter clothing for regiments sent out, but whoever is responsible for such a statement makes altogether too large a draft on public credulity. Happily, the War Department is said to have encountered the serious difficulty of lack of money in making adequate preparation for such a campaign. If the War Department inspired the correspondent who makes these statements, it is evidently suffering from the more serious shortcoming of lack of brains. Secretary Taft seems to chafe under the refusal of Congress to grant him the \$100,000 which he asked for in the Urgent Deficiency bill, and we are gravely informed that should the apprehended outbreak occur in China before some such appropriation is made, it will find the department in need of an emergency appropriation. It should not require any supernal wisdom in Congress to discern that the most urgent deficiency of a department which seizes on an imaginary emergency in China to help out plans for which it cannot otherwise find approval is a fair endowment of common sense.

The climax of absurdity in the farrago of misrepresentation and ignorance which has constituted the bulk of the special intelligence sent out from this city of late in regard to our relations with China is reached in the statement that as a war in Europe seems imminent, and as Japan has not yet recovered from the strain of her war with Russia, the duty of preserving order in China may devolve on the United States. The statement is made in all seriousness that it is to the interest of the United States for the sake of its trade to demonstrate to the Chinese its willingness and ability to preserve order in their empire. Should this be brought to the notice of the keen-eyed Celestials who have just finished their study of our institutions, they will unquestionably find in it more amusement than they have derived from any of the entertainments provided to move them to laughter.

Unfortunately the publication of stuff like this may do serious mischief, and as the Administration certainly does not desire to stir up trouble in China with which a few American regiments would be absurdly unable to cope, some attention ought to be given to interrupting its currency at the source of origin. It may be averred, with all possible confidence, that it does not come from the Department of State. The Secretary of State has been variously and, for the most part, inaccurately quoted on this subject, but he has certainly not lost his head, whoever else may have done so. The further statement may be hazarded that among all the reports received from our consular representatives in China there has been nothing to justify the alarming statements circulated in regard to the internal condition of the empire, or to indicate any imminent peril for the lives and property of Americans. Whence, then, the alarm? The question is difficult to answer with anything like certainty, but as a result of somewhat careful investigation I may offer as the most plausible explanation

of the curious condition of nervous tension which has been created in regard to China the following suggestions:

The massacre at Lien-Chou had a very disturbing influence on the minds of American missionaries in China, and perhaps still more so on the minds of their friends at home. Incidentally it may be remarked that the causes which led up to that tragedy had no possible relation to the boycott or to any anti-foreign agitation. They were the outcome of an unpopular attempt on the part of the Acting Viceroy at Canton to introduce certain reforms and perform certain acts of justice greatly needed in that particular locality. The feeling against the missionaries was due to the suspicion engendered among those to whom the reforms and the justice were equally unpalatable, that their suggestion had been of missionary origin. That feeling was fanned into flame by a most lamentable collision between the missionaries and the people at the height of a great local celebration and the rest followed inevitably. The yeasty ferment of new ideas in China is being felt in the remotest corners of the empire, and as one of its characteristics is opposition to foreign influence or dictation, the isolated missionary may be pardoned for seeing in it a menace to his own safety. Most of the representations which have reached the President and the department in regard to the danger of anti-foreign outbreaks in China have unquestionably come from this source, and they have been amplified and made more insistent by the alarmed recipients of private letters at home. Between them the two sections of missionary influence have kept the President busy, if not anxious, and have furnished the Secretary of War with a not unwelcome pretext for mobilizing a section of our little army and placing it under conditions where some much needed training might be made available for its assembled units. Of course, the futility of undertaking to protect missionaries in the remote parts of China by the military power of the United States, with or without the co-operation of the native Governments, is too obvious for argument, and the simple course for our Government to adopt in such a case is to inform the American missionaries in China that if things are really as bad as they appear to think they should promptly abandon their posts and come home.

Meanwhile barring some natural irritation over the failure of the central and provincial governments of China to repress some of the illegal manifestations of the boycott and over the prevailing disposition to revoke railroad and mining concessions granted to foreigners, American merchants in China reveal no such state of mind about existing conditions in that empire as seems to exist in missionary circles. The existence is, of course, recognized of that phase of the young Chinese movement which calls itself the Patriots' party, and whose aims are the removal of the Manchu dynasty and of the burden of extra-territoriality. In other words, these progressive young Chinamen have declared war against their own Government and all foreign powers at the same time. The ideal of the Patriotic party appears to be a republic, but they happen to the only people in China who think the nation is ready for it. If the strength of this party were to be gauged by the kind of awe it inspires both at the capital and in the provinces it might be judged to be very formidable indeed. But the very gingerly way in which its protests are handled is probably due to the fixed desire of all Chinese officialdom to avoid trouble and to a fixed indisposition to put to any serious test the strength of either central or provincial administration. In any case, there is no possible analogy between such a movement and that to which the Boxer fraternity gave its name, and there is absolutely no excuse for making it the occasion of wild and alarmist rumors about an approaching convulsion in China.

JOHN FOORD.

## REPORT OF THE EAST ASIATIC COMMITTEE.

The East Asiatic Committee was organized under the auspices of the American Museum of Natural History in January, 1901, for the purpose of acquiring and disseminating knowledge of the peoples of Eastern Asia. The formation of the committee was initiated by Mr. Morris K. Jesup and Mr. Jacob H. Schiff. In order to lay a foundation for this work, which the organizers of the committee considered of great practical importance for our nation, Mr. Jacob H. Schiff donated the sum of \$18,000 for making collections and investigations in China; the object being to bring together a collection which should illustrate to the American people the civilization, the products, and industries of China, and also, by thorough inquiries into the history of Chinese civilization, to promote our knowledge of this important subject. Dr. Berthold Laufer was appointed to visit China for carrying out the plans of the committee. Dr. Laufer stayed in China for nearly three years.

In September, 1903, when Dr. Laufer's work in China was nearing completion, the committee formulated a wider plan, contemplating collections and studies on the products and culture of the Philippine Islands and the Malay regions in general, and the publication, under the direction of the committee, of studies relating to East Asiatic subjects. The Finance Committee tried to raise funds for these purposes. In accordance with this appeal contributions were made by Messrs. Edward D. Adams, Cornelius N. Bliss, Henry C. Frick, Edward H. Harriman, George A. Hearn, Morris K. Jesup, Clarence H. Mackay, Jacob H. Schiff, James H. Smith and Samuel Thorne, the total amount of the subscriptions being \$6,850. At a meeting of the committee held February 13, 1904, it was decided that the funds in hand did not justify the initiation of work in the Philippine Islands, and that such work should be deferred until sufficient funds could be raised. The committee decided to devote their energies for the time being to making available the Chinese collections made from the funds provided by Mr. Schiff. This work was intrusted to Dr. Berthold Laufer. Following is a brief account of the activity of Dr. Laufer, who has carried out all the scientific work of the committee.

Dr. Laufer went to China in July, 1901. He spent the first part of his stay in China in the southern portion of the country, and later on visited Peking and the northern provinces. From there he made a lengthy expedition into the interior, thus familiarizing himself with the most important regions of the country. His movements and studies were largely determined by his efforts to bring together, with the funds at his disposal, a systematic collection illustrating all the different aspects of Chinese life. Industries, occupations, consumption, amusements, beliefs and organization are the principal topics to which he paid attention. Not only were all these subjects investigated by him from a descriptive point of view, but investigations into the history of the development of the present customs were made.

In pursuance of his investigations, important historical works and a large number of rubbings from inscriptions and reliefs were collected. Dr. Laufer has been in closest touch with the Chinese people—the educated classes as well as the poor classes—so that his collections represent the mode of life of various strata of the Chinese people.

Dr. Laufer's stay in China continued until April, 1904. In October, 1904, he came to New York, and at once took up work on the collections made by him. These have been installed in the Southwest Gallery of the Museum building. The collections have been arranged by Dr. Laufer, and briefly described. The detailed study and the elaboration of the installation are still in progress. Dr. Laufer has also commenced a discussion of the scientific data collected on

his expedition, and has completed a memoir on pottery of the Han period.

Dr. Laufer gives the following brief summary of topics in regard to which he has collected new information:

1. ANTIQUITIES:
  - Pottery of the Han Period (in course of publication).
  - Metal Mirrors.
  - Bronze Vessels.
  - Bas-reliefs of the Han Period.
2. INSCRIPTIONS:
  - Lamaistic Inscriptions of Peking and Jehol.
  - Mongol Inscriptions of Shantung.
  - Mohammedan and Jewish Inscriptions.
  - Iconography of Confucianism.
  - Ancient Paintings preserved on Stone Engravings.
3. POPULAR AMUSEMENTS:
  - Ancient Dances.
  - Shadow and Puppet Plays.
  - Investigations into the History and Games and Pastimes.
4. MODERN INDUSTRIES:
  - Agricultural Implements.
  - Household Pottery.
  - Metal Industries.
5. ART:
  - Popular Woodcuts, with Notes on the History of Wood Engraving.
  - Selected Paintings in the Museum's Collections.

Among these topics the following are to be prepared for publication in the immediate future:

- Shadow and Puppet Plays.
- Metal Mirrors.
- Iconography of Confucianism.
- Household Pottery.

Respectfully submitted,  
FRANZ BOAS, Secretary.

December 30, 1905.

At a meeting of the East Asiatic Committee, held at the American Museum of Natural History on December 30, 1905, the foregoing report upon the work of the committee was presented, and, since it was felt by the members then present that the endeavors that had been made to extend the original undertaking, by organizing systematic work in the Philippines and the Malay countries in general had not met with the financial support hoped for, and since the Museum had acquired, through the generosity of Mr. Morris K. Jesup, large and important collections from the Philippines; and the trustees of the Museum had expressed their intention of placing these collections where they could be used for purposes of research and instruction, and their willingness to send to the subscribers to the fund of the committee reports of work done, both upon the collections from China and those from the Philippines and contiguous localities, it was

*Resolved*, That the remainder of the funds in charge of the committee (amounting now to the sum of \$5,177.82), and after any outstanding obligations incident to work now in process had been fulfilled, be turned over to the treasurer of the American Museum of Natural History, to be used under the direction of the Museum solely for the continuation of the work initiated by the committee, namely, for the care and enlargement of the Chinese collection, and for the publication of the scientific papers bearing thereupon, it being understood that these publications are to appear under the title "Publication of the East Asiatic Committee of the American Museum of Natural History—The Jacob H. Schiff Chinese Expedition," such payment to be to the extent that such disposition of the funds be not objected to by the subscribers to the fund before February 15, 1906. The committee then voted to dissolve.

## COOLIES AND PRIVILEGED CLASSES.

A CHAPTER IN THE HISTORY OF OUR DIPLOMATIC RELATIONS WITH CHINA.

BY MAX J. KOHLER.

In President Roosevelt's recent message the necessity for making certain radical changes in our Chinese exclusion policy is strongly emphasized, one of the most important of these being referred to in the following characteristically happy terms:

But in the effort to carry out the policy of excluding Chinese laborers, Chinese coolies, grave injustice and wrong have been done this nation to the people of China, and therefore ultimately to this nation itself. Chinese students, business and professional men of all kinds—not only merchants, but bankers, doctors, manufacturers, professors, travelers and the like—should be encouraged to come here, and treated on precisely the same footing that we treat students, business men, travelers and the like of other nations. Our laws and treaties should be framed not so as to put these people in the excepted classes, but to state that we will admit all Chinese except Chinese of the coolie classes, Chinese skilled or unskilled laborers.

The President thus seeks to secure a change in the prevailing policy of treating "officials, teachers, students, merchants and travelers for curiosity or pleasure" as the only permitted classes, each of these terms being, moreover, defined in a most restricted manner, and "hucksters," for instance, being expressly excepted from the class of "merchants," and numerous others by implication. This theory, that only expressly enumerated classes of Chinese non-laborers may enter or remain here, has been reduced by the Secretary of Commerce and Labor to the form of a "regulation" binding upon all his subordinates, and has been so applied as to work the exclusion of thousands of non-laborers. It received qualified support in opinions of Attorney General Griggs (22 Opinions, 130, 260), referred to by the Department of Commerce as authority for its regulations, in one of which it was decided that "traders" are not privileged to enter, and in the other that a merchant's wife cannot enter—a decision soon after directly overruled by the Supreme Court before this regulation was promulgated. The theory seems to have been first applied by Judge Ross, of California, in 1893, in the case of *U. S. vs. Ah Fawn*, 57 Fed. Rep. 591, which in turn was approved of by the United States Circuit Court of Appeals for the California Circuit in May, 1902, in the case of *Lee Ah Yin vs. U. S.*, 116 Fed. Rep. 614. The doctrine has never been approved by the United States Supreme Court, which, in fact, has several times declined to pass upon it, using terms indicating doubt as to its correctness (*U. S. vs. Mrs. Gue Lim*, 176 U. S., 459, 462-3, 467; *Chew Hong vs. U. S.*, 112 U. S., 536, 542-3; *U. S. vs. Jung Ah Lung*, 124 U. S. 621), and, in fact, the doctrine has been rejected by the Supreme Court, in as far as it applies to the wife and minor children of resident non-laborers (*U. S. vs. Mrs. Gue Lim*, 176 U. S., 459), as also to all non-laborers domiciled in the United

States (*Lau Ow Bew vs. U. S.*, 144 U. S., 47; compare *Ex p. Ng Quong Ming*, 135 F. R., 378, Holt, J.), though subsequent legislation has impaired the rights of domiciled merchants, at least. If these statutes dealt with any subject other than Chinese exclusion, as to which race prejudice was aroused to fever heat a decade or two ago, it would have sufficed to point out that the usual principles of statutory construction are fatal to the theory that the term "laborers" is to be regarded as including all non-laborers not expressly enumerated as such, for the act of 1882 already contained a specific definition of "laborers," and the well established rule is that, in the presence of expressed definition, there is no room for creating an inconstant one by judicial legislative implication, but it has been the strange fatality of these laws that judicial precedents, treaties, bills of rights and Constitution have all been authoritatively ignored in dealing with them.

The "exclusive enumeration" theory is supposed to rest upon the Treaty with China of 1880 (Article I), though more definitely reiterated, the government contends, in Article III of the treaty of 1894, which concededly expired on December 7, 1904. This construction was first placed upon it in any court in the opinion of Judge Ross above referred to, handed down thirteen years after the treaty of 1880 was signed, and the authority for this remarkable construction of the word "laborer," as including all non-laborers not expressly enumerated in the terms "teacher, student, merchant and traveler for curiosity," was concededly found, not in the language of that treaty itself, but in the supposed intention of the framers of that treaty, as disclosed by their reports to our State Department!

Before examining the report of these negotiations, let us examine the treaty of 1880 itself, which has thus been construed as sustaining this remarkable contention. Article I of the treaty grants China's consent to legislation by the United States regulating, limiting or suspending "the coming of Chinese laborers"; to make assurance doubly sure as to the scope of the classes to be excluded, it is expressly stated that the limitation "shall apply only to Chinese who may go to the United States as laborers, other classes not being included in the limitation." Article II is the one invoked as giving color to this doctrine; it simply provides 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 citizens and subjects of the most favored nation." The treaty of 1868 between the United States and China, known as the Burlingame Treaty, which this treaty of 1880 merely modified, and



did not repeal, in its Article V recognized "the mutual advantage of the free migration and emigration of their citizens and subjects, respectively, from the one country to the other, for purposes of curiosity, of trade, or as permanent residents," and in Article VI provided 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 treaty of 1880, therefore, as its unmistakable language indicates, authorized the laws restricting the entry of Chinese laborers only, and of no other classes of persons, and all non-laborers were to continue to enjoy the fullest and freest rights. In enumerating some of these classes in Article II of the treaty of 1880, or in using language broadly describing, rather than defining, classes of non-laborers, the purpose obviously was not to define "laborers" as including all persons not enumerated, nor to do what the treaty expressly declares shall not be done, to authorize exclusion of persons other than "laborers"; warrant for that had to be found in what the treaty did not say, and hence Judge Ross sought it in the report of the United States commissioners of the treaty negotiations. But do the treaty negotiations, as reported even by our own commissioners, in any way justify any such construction? It would seem that a careful examination of them leads to an emphatic negative answer, even if we confine our attention to the reports of our own negotiators, and ignore the scores of Chinese diplomatic protests against our course.

After the federal courts had declared various anti-Chinese Western State statutes unconstitutional, and the President of the United States had vetoed an act of Congress regulating Chinese immigration because confessedly violative of the Treaty of 1868, James B. Angell, John F. Swift and William Henry Trescott were, in 1880, appointed commissioners by the United States to secure amendment by a new treaty of the Treaty of 1868. Chester Holcombe, secretary of the United States Legation to China, acted as secretary of the commission, and appears to have been the only member who was conversant with the Chinese language. China appointed two prominent Chinese officials to act as her commissioners. The American commissioners' reports of their negotiations were published in our "Foreign Relations" for 1881. From them it appears that on October 13, 1880, the American commissioners presented a draft of a proposed new treaty (pp. 177-8), which was criticized by the Chinese commissioners in a written memorandum, submitted on the 22d (p. 178), and they in turn presented a counter draft, which was discussed verbally next day, and a counter draft was submitted by China (pp. 186-7). The United States commissioners submitted a counter draft (p. 188), with observations, on November 2, written instructions concerning it being furnished to Mr. Holcombe, who acted as interpreter, and on November 6 a new compromise draft was agreed upon and signed on the 17th.

Taking up for consideration, first of all, the American draft of October 13, we find that the American commissioners proposed as Article I a provision which, in sub-

stance, became Article II of the treaty as signed. It provided that "citizens of the United States visiting or residing in China, and subjects of China visiting or residing in the United States, for the purpose of trade, travel or temporary residence, for the prosecution of teaching, study or curiosity, shall enjoy in the respective countries all the rights, privileges, immunities and exemptions which are granted by either country to the citizens and subjects of the most favored nations." With respect to this provision the Chinese commissioners commented in writing: "This is in exact accord with the treaties now in force, and there seems to be no occasion for a re-enactment of this section." Mr. Trescott, on behalf of the American commissioners, replied that "it was, as the Chinese commissioners said, only a summary, or recapitulation, of the provisions of existing treaties on the subject of the emigration and residence of the citizens of either country in the other. The article was suggested simply under the impression that, as the object of the present negotiation was one branch of immigration, it would be as well to make any treaty now negotiated a complete treatment of the whole subject. But if the Chinese government preferred to leave the provisions standing as they now do in several treaties and confine this negotiation to the immigration of Chinese labor, the United States commissioners would not object, and would not, of course, press any further consideration of the first article." As to the scope of the former treaties, thus summarized, the American commissioners themselves said: "The Burlingame Treaty gives to the subjects of China the right of unrestricted immigration into the United States; at least the government of the United States has hitherto acquiesced in that construction of the treaty." Thus we find that instead of being a revolutionary enactment, prohibiting classes from entering, previously unlimited and unrestricted, both sides agreed that this new proposed article was a mere "summary, or recapitulation, of the provisions of existing treaties," theretofore concededly granting right of entry to all classes. The design to include all classes of non-laborers as privileged appears still more clearly from some recent comments of Mr. Holcombe explaining this choice of terms, which will be presently considered.

The American commissioners in their first draft also suggested a second article, which, as materially modified, became Article I of the treaty as signed. Omitting phrases not here relevant, it authorized legislation by the United States prohibiting "the coming of Chinese laborers to the United States," and contained a most significant definition clause, reading: "The words 'Chinese laborers' are herein used to signify all immigration other than for teaching, trade, travel, study and curiosity hereinbefore referred to, and authorized and provided for in existing treaties."

The Chinese commissioners criticised this provision in writing on October 22, stating: "The separation of this class from the mass of the subjects of China in this manner is not in strict accord with the spirit of our treaties, and in practical operation would meet with many difficulties. But bearing in mind the deep friendship between the two governments, in the event of embarrassments on either part

a solution must be found in a spirit of mutual concession." Considerable discussion thereupon arose as to the status of "artisans," China desiring specifically to authorize their entry, while the United States commissioners stated that this was inadmissible. In a written memorandum the United States commissioners said: "The United States commissioners feel it their duty to insist upon their definition of Chinese laborers. They cannot consent that artisans shall be excluded from the class of Chinese laborers, for it is this very competition of skilled labor in the cities where the Chinese labor immigration concentrated which has caused the embarrassment and popular discontent they wish to avoid." Four days later an agreement was reached, the treaty which was signed on November 17, 1880, being then agreed upon, mutual concessions being made, the definition of "laborers" previously insisted upon by the United States being dropped, and Article I being remodeled so as to insert the suggestive words hereinbefore quoted, that the legislation authorized shall "apply only to Chinese who may go to the United States as laborers, other classes not being included in the limitation"; on the other hand, the exception as to "artisans" which China had urged was abandoned. Unfortunately, the documents in our "Foreign Relations" do not give the details of the negotiations which intervened between November 3 and the agreement, and we have no "précis of the conversations," such as are furnished for the earlier conferences.

The promise made by the commissioners to the Secretary of State in their letter of November 6, that "we will by the next mail send you a full account of the negotiations from the period of our last dispatch, No. 11, of date of November 3," does not seem to have been complied with, their next letter, dated November 17, merely saying that "our former dispatches will have given you a sufficient history of the negotiations, but we deem it our duty to conclude with a review of the points which came under discussion," and uses such language as "without going into a detailed history of the negotiations which has been furnished to the department from time to time." In the letter of November 6, in which a full account of the intervening negotiations was promised for the next mail, the commissioners give their own inferences and conclusions merely, as follows:

We desired, as you will see by the précis of the negotiations, to define with more precision exactly what all the negotiators on both sides understood by "Chinese laborers." But the Chinese government was very unwilling to be more precise than the absolute necessity called for, and they claimed that in Article II they did by exclusion provide that nobody should be entitled to claim the benefit of the general provisions of the Burlingame treaty but those who went to the United States for purposes of teaching, study, mercantile transactions, travel or curiosity. We have no doubt that an act of Congress excluding all but these classes, using the words of the treaty, would be fully warranted by its provisions, and as this was a clear and sufficient modification of the sixth article of the Burlingame treaty we did not feel authorized to risk such a concession by insisting upon language which would really mean no more, and which was entirely unacceptable to the Chinese commissioners.

Without stopping to show that the term "merchants" in

the treaty is narrower than "immigration for trade" and "persons going for mercantile transactions," it may properly be noted that what warrant there could have been for the claim that Article II was regarded by the Chinese government as an exclusive enumeration does not appear from any published document. Such inference, as seen, is inconsistent with the avowed purposes of both sides as to the meaning of the "summary of existing provisions" of Article II and the history of the negotiations. The United States commissioners cannot have closed their eyes to the fact that both sides had made concessions, and that the reports show that China would not acquiesce in the exclusive enumeration and definition theory, and even the communication just quoted concedes that China would not be more precise. Nor is it an admissible theory that the trained diplomats representing us could have believed that China was proposing to bind herself by what her negotiators are claimed to have said, but declined to insert in the treaty, or that they had any authority to bind China by such alleged admissions. The real explanation of these inferences, unquestionably rash, is to be found in the fact that the terms used were taken from the Chinese nomenclature of the various classes of subjects, of which only the laboring class was intended to be excluded, the other terms designating all the other classes of Chinese subjects known to Chinese society. This point was recently emphasized in an interesting and valuable article on this subject published in *The Outlook* on July 8, 1905, by Chester Holcombe, Esq., formerly secretary of the American Legation at Peking, and hereinbefore referred to as secretary and interpreter of this very treaty commission. He says on this point:

To the authorities and people of China our regulations upon this subject have appeared all the more unjust, inexcusable and unnecessary because of the fact that for centuries they have possessed a system of class discrimination which is simple, clean cut and universally understood. The Chinese text of the original exclusion treaty marks plainly the scope of its application and leave no point in doubt. While there is no such thing as caste known in the empire, and never has been, the entire mass of the population is ranged or divided into four classes, according to the profession, calling or occupation of each, and these have official as well as common recognition. The term "shih, nung, kung, shang" is heard everywhere and seen in all their literature. It names these four classes, in order from the highest to the lowest in their social rank or scale, and is easily translated as "scholars, farmers, laborers, merchants." While this arrangement of graduation may seem strange to us, the Chinese have reasons, sound to them at least, for it. The "shih," educated men or literati, necessarily rank first and highest, since brains or intellect are better than the body. The "nung," embracing all who cultivate the soil, rank only second, because they are producers, and hence of high value to every community and the State at large. The "kung," in which class is included all labor, skilled and unskilled, is placed third, because by the use of hands and brains they transform the less useful into what is of greater value and service. Last and lowest of all come the "shang," covering all who are engaged in the immense variety of commercial operations. These are so placed because, thus occupied, they add nothing to the common wealth. They neither produce nor transform, but trade upon the labor and needs of others. They are simply the medium of interchange. In the Chinese text of the original treaty the right granted to regulate, limit and suspend immigration is confined in specific terms to the "kung" alone, natives of the other three classes being guaranteed freedom to enter or leave this country at their pleasure, and assured of all of the rights and privileges granted to aliens of any other nationality while here.

(Compare a similar utterance in Mr. Holcombe's work,



"The Real Chinese Question," pp. 70-71.) The United States commissioners having eliminated the class of "artisans," therefore adopted the prevailing view that the admission of all non-laborers had been provided for by a treaty which excluded only laborers, skilled and unskilled. No other classes of non-laborers were under discussion even. Even without Mr. Holcombe's valuable contribution to this inquiry, I think it is easily demonstrable from this correspondence that only "laborers" were intended to be excluded, and all other classes were to continue to enjoy the right of entry and residence. Judge Ross, writing thirteen years after the treaty was signed, was not only unfamiliar with the argument adduced by Mr. Holcombe on this subject, but read this "correspondence" with the eye of an over-zealous, biased victim of anti-Chinese prejudice.

It is, however, furthermore in order to ask the question: Since when is it admissible to construe a treaty to which we have plighted our national troth, not by interpretation of the language found in the signed treaty, but by reference to the strained ex-parte reports of our own negotiators as to what was intended, but omitted from the signed treaty? A more vicious doctrine, calculated at every point to embroil us in international difficulties, can scarcely be formulated, and it is natural that such principles of treaty construction have so far been strictly confined to Chinese treaties, and in our lower courts. Fortunately, the Supreme Court of the United States has laid down canons of construction here applicable. In the case of *New York Indians vs. United States*, 170 U. S., 1, 2, 3, Mr. Justice Brown, speaking for the Supreme Court, said:

There is something, too, which shocks the conscience in the idea that a treaty can be put forth as embodying the terms of an arrangement with a foreign power or an Indian tribe, a material provision of which is unknown to one of the contracting parties, and is kept in the background to be used by the other only when the exigencies of a particular case may demand it. The proviso never appears to have been called to the attention of the tribe, who would naturally assume that the treaty, embodied in the President's proclamation, contained all the terms of the arrangement.

In the case of the *Amiable Isabella*, 6 Wheaton 1, Judge Story, speaking for the Supreme Court, in holding that a treaty provision, in a treaty with Spain, referring to a form of passport as annexed, which was omitted from the treaty, could not be enforced by our courts, said in 1821:

To alter, amend or add to any treaty, by inserting any clause, whether small or great, important or trivial, would be on our part an usurpation of power, and not an exercise of judicial functions. It would be to make, and not to construe, a treaty. \* \* The treaty does not leave it to the discretion of either party to annex the form of the passport; it requires it to be the joint act of both; and that act is to be expressed by both parties in the only manner known between independent nations—by a solemn compact through agents specially delegated, and by a formal ratification. \* \* What reason has this court to presume that our government would have been satisfied with a passport signed by a colonial governor for want of royal passports? It has not been so stipulated in the treaty. It has not, in terms, dispensed with the annexation of the form of passport to the treaty. Even if one government had been willing to dispense with it, it remains to be shown that the other was also willing, and, if both were willing, it would still remain to be shown that the act of dispensation was consummated by a solemn renunciation; for the obligations of a treaty could not be changed or varied but by the same formalities with which they were introduced; or at least by some act of as high an import and of as unequivocal an authority.

In *Tucker vs. Alexandroff*, 183 U. S., 424, 437, Justice Brown delivered the opinion of the court concerning a treaty with Russia, saying:

As treaties are solemn engagements entered into between independent nations for the common advancement of their interests, and the interests of civilization, and as their main object is not only to avoid war and secure a lasting and perpetual peace, but to promote a friendly feeling between the people of the two countries, they should be interpreted in that broad and liberal spirit which is calculated for the existence of a perpetual amity, so far as it can be done, without the sacrifice of individual rights or those principles of perpetual liberty which lie at the foundation of our jurisprudence; "where parties have entered into written engagements with express stipulations, it is manifestly not desirable to extend them by any implications, the presumption is that, having expressed some, they have expressed all the conditions by which they intend to be bound under that instrument."

So also, in the case of *Fourteen Diamond Rings agt. United States* (183 U. S. 176), the Supreme Court declined to give effect to a Senate resolution adopted by that body on February 14, 1899, declaring that the ratification of our recent treaty of peace with Spain was not intended as an incorporation of the inhabitants of the Philippine Islands into citizenship of the United States. Justice Brown, in his opinion in that case, says succinctly:

Obviously, the treaty must contain the whole contract between the parties, and the power of the Senate is limited to a ratification of such terms as have already been agreed upon between the President, acting for the United States, and the commissioners of the other contracting power. Such resolution would be inoperative as an amendment to the treaty, since it had not received the assent of the President or the Spanish commissioners.

Chief Justice Fuller, in delivering the opinion of the court in the same case, said:

The meaning of the treaty cannot be controlled by subsequent explanations of some of those who may have voted to ratify it.

Moreover, where negotiations are carried on with a foreign power, where there isn't even a common medium of expression, and hence innumerable opportunities for misunderstanding arise, the language of the Supreme Court in the *Transmissouri Freight Association* case (166 U. S. 318), where it was sought to establish an intent to exclude railroads from the operation of the Sherman Anti-Trust act by reference to the legislative history of the act and committee reports and debates in Congress concerning it, is particularly applicable: Justice Peckham said there, for the court:

There is, too, a general acquiescence in the doctrine that debates in Congress are not appropriate sources of information from which to discover the meaning of the language of a statute passed by that body. \* \* The reason is that it is impossible to determine with certainty what construction was put upon an act by the members of a legislative body that passed it by resorting to the speeches of individual members thereof. Those who did not speak may not have agreed with those who did; and those who spoke might differ from each other; the result being that the only proper way to construe a legislative act is from the language used in the act, and, upon occasion, by a resort to the history of the times when it was passed.

So much, then, for the attempted inference from the treaty negotiations that an exclusive enumeration of classes of non-laborers was established. As already shown, I think, the reports of the negotiations establish the very opposite. President Roosevelt in his recent message frankly urges a change in our existing policy, assuming that the law as it has been administered during the last ten years embodies such exclusive enumeration theory; it is believed, however, that it has been demonstrated that a new treaty excluding only "manual laborers" is demanded, not merely by public policy, but by law, treaty faith and the immutable principles of justice and right.

## THE IMPERIAL CHINESE SPECIAL MISSION.

BY JEREMIAH W. JENKS.

(Special representative of the United States with the commissioners.)

V.21

From the *Review of Reviews* for March.

One of the most distinguished and thoughtful of our diplomatists, in speaking of the Chinese commission which has just visited this country, said that in his judgment the sending out of this commission is the most significant event of the last hundred years in the history of China. Heretofore the Chinese reformers who have advocated the adoption of Western methods of government have been frowned upon by the ruling power but now it seems that the Government is putting itself at the head of the reform movement. This view is confirmed by the fact that the commission received its instructions in several long personal interviews with their imperial majesties.

The commission is made up of the two high commissioners, their excellencies Tai Hung-chi and Tuan Fang, one first secretary, two English secretaries, and some thirty-five other persons who rank as secretaries. Some of these, such as the assistant director of the imperial Chinese railways, or the former superintendent of coal mines in Hupeh, or General Yao, are technical experts, while others are young men of distinguished scholarship.

After the United States, the commission has planned to visit Germany, Austria, Italy, and, if conditions there permit them to travel without difficulty, Russia also. Unfortunately for the success of their mission, their stay in each of these countries is very short, only five weeks having been spent in the United States, while elsewhere their time will be even more restricted.

The purpose of the commission is, primarily, to make such a study of the political institutions of the various countries visited, that they will be able, on their return, to offer valuable suggestions for the improvement of their own. There is even serious talk among the high officials in China of some form of a constitution. In consequence, the commissioners are as eager to learn regarding the working of some of our institutions as regarding their form of organization. Inasmuch as political reform necessarily involves social reform, even as a condition precedent, the commission is devoting special attention to the study of education, in universities and schools, and to methods of social amelioration, in prisons and asylums for the insane and the poor. They, however, are not neglecting the study of our large manufacturing plants, and have clearly in mind, also, the improvement of the industrial conditions of China. It is a matter of peculiar interest that the empress dowager charged them to inquire especially into the education of girls in the United States, since she hoped, on their return, to be able to found a school for the education of the daughters of the princes.

The Chinese are also naturally very restive under the ex-territorial jurisdiction of the consular courts in China, by which any foreigner has the right to be tried by his own

countrymen and under the laws of his own country. The Chinese recognize clearly that foreign nations will not consent to any modification of the treaties under which this right is claimed unless their criminal laws are greatly modified. Aside from this direct practical aim, there can be no doubt that the awakening modern spirit in China has led the more thoughtful Chinese to consider the advisability of establishing institutions for the better care and treatment of the unfortunate, dependent and delinquent classes.

The great efforts put forth by China during the last few years to increase her army and put it on an effective fighting basis would lead us to expect the commissioners to take the interest which they did in things military, especially in our two great training schools for sailors and soldiers at Annapolis and West Point, and in the Springfield arsenal.

The two high commissioners are men especially well equipped for their task. His excellency Tai Hung-chi is a scholar who while still a young man attained the distinction of being one of the three best scholars of the year at the imperial examination. Some of his brief addresses given in this country, often with little or no opportunity for preparation, have been marked by noteworthy aptness, felicity and soundness of thought. He has at different times been in charge of the great civil service examinations in different provinces, and has also served in the same capacity at the imperial examinations in Peking. Besides these educational positions he has held various important political posts at Peking, and when appointed a member of the commission was junior president of the board of revenue.

His colleague on the commission, the Viceroy Tuan Fang, known as one of the most enlightened and progressive of the rulers of China, is a man of wide and successful experience as a skilled executive. But while he has won his chief renown in administrative work, he is also a connoisseur of rare Chinese art and antiquities. He has probably the finest collection of antiquities, bronzes, inscriptions, scrolls, porcelains, sculptures, paintings and the like in China, and his interest in these collections and studies is second only to that of promoting the welfare of his people. While he believes heartily in the Chinese, and in the necessity of their working out their own improvement, he still has not hesitated to employ foreign experts to teach his people, and is in no sense to be looked upon as anti-foreign, although he is decidedly pro-Chinese. At different times governor of four different provinces, all of them among the greatest of the Yangtse Valley, he has twice been acting viceroy in that most important region. He is now viceroy of Fukien and Chekiang, two provinces of China with a population estimated at some 35,000,000.

To foreigners familiar with Chinese affairs he is perhaps best known as the governor who, during the Boxer trou-

bles, although a Manchu and a relative of Prince Tuan, leader of the anti-foreign party at the court, with imminent risk to himself, and against the threats of Boxer sympathizers, had the superb courage to save the lives of all the missionaries and foreigners in his province. The missionaries were brought together in the capital city and sent out under efficient military protection to a place of safety. When, on account of the haste of removal, some were so short of funds that they could not travel in safety, he himself supplied them. As Nichols says in his book, "Through Hidden Shensi," "he is regarded by all foreigners in China as a hero and as the noblest living Manchu." And yet, at the banquet given in New York by the missionary boards, when lauded for this act of heroism, he replied, with characteristic modesty, that he had simply done his everyday duty. He had protected the property and the lives of the people in his charge; he had tried to make no distinction between persons on account of religion, race or class, whether missionaries, laborers, merchants or scholars. All were under his protection.

Of even greater significance, as showing his broad-mindedness and that of his colleague, was the frank statement that the missionaries in China had done much good by their establishment of schools and hospitals and their thoughtful care of the poor and suffering. Although he is not a Christian, and doubtless prefers the religion of his people to Christianity, he still had the courage, as well as the liberal minded spirit, to ascribe to the missionaries and their teachings no small part in the present movement toward progress in China.

It is by similar frank appreciation of the good seen in our people and our institutions that the commissioners have won for themselves, not merely the high esteem, but also the cordial sympathy of all Americans with whom they have come in contact. Yet they have not in any way overlooked the fact that there is and has been, at times, lack of harmony between the two countries. The viceroy spoke at the missionary banquet of the fact that at times foreign missionaries had interfered with the action of the Chinese courts. He courteously requested the missionary boards not merely to discourage such interference—as their spokesman said they were doing—but to take a step further and forbid it. While his excellency Tai Hung-chi in more than one instance referred, in passing, to the difficulties which have arisen between the two countries, he, nevertheless, characterized them as quarrels which at times break out among brothers, and urged that by fair dealing and justice and courtesy on both sides these difficulties, with their causes, might be drowned in the great ocean which binds the two countries together.

### SECRETARY ROOT ON CHINESE RELATIONS.

In discussing trade conditions in China and the necessity for gathering information concerning commercial troubles there, Mr. Root said:

"There is no occasion for sending a commission to China. Our Ministers and consuls at the treaty ports of China are commissioned now. If these gentlemen will

come up here I will bury them in papers so that they could not dig out for a week. We have bushels and bushels of reports from perfectly trustworthy American witnesses as to what has been happening in China and as to the cause thereof. We have had special investigations made as to the causes, investigations made by competent Americans who have lived in China and understand the language and know the Chinese people, and the trouble now is not ignorance as to what the conditions are, it is in applying the quite plain and simple remedy. There have been two troubles: One arising from the fact that the law, the Chinese exclusion act, contains some provisions which experience has shown to be ill advised, and the other is that the law has been administered in a harsh and inconsiderate way.

"The President has remedied the administration, I think, just as far as the law permits him to do, and the thing to be done now is for you to change the law in some respects; not so as to permit the Chinese laborer to come in, but so that the Chinese laborer can be kept out without insult and indignity and hardship to the Chinese merchants and scholars and the men who occupy the same position in the Chinese community as the people in this room occupy in ours. They have been subjected to gross indignity and gross hardships in many cases, and I do not wonder that they are indignant at it."

### POST-BELLUM FINANCE.

At a meeting of the Associated Chambers of Commerce in Japan, Mr. Sakatani, Vice-Minister of Finance, made an interesting statement as representative of the Minister. He said that the sums which the Government had been authorized to raise at home and abroad since the commencement of the war up to the present time aggregated 1,350,000,000 yen. That total had been slightly exceeded—here Mr. Sakatani evidently alluded to the loan of 300,000,000 recently floated in London and New York—nevertheless had the war continued to the end of the fiscal year the funds thus obtained would not have proved sufficient. This was because the greatly increased scale of the military programme after the battle of Mukden had produced a corresponding increase of outlays. Peace being now in sight, however, these heavy expenditures would cease in the main, but sums had still to be paid out for bringing back the armies at the front and for repairing war ships. Nevertheless, so far as could now be anticipated, no occasion would arise calling for further loans. The budget for next year would be far from light, but as yet the figures could not be stated, since the outcome of the belligerent situation was still more or less in doubt. Speaking broadly, however, the estimates would fall under three heads, namely, extraordinary expenditures, outlays on account of the Manchurian guards and the ordinary budget. In the first section would be included the cost of bringing home the troops and repairing war ships, which would have to be defrayed by continuing the war taxes and by means of loans if necessary. Next fiscal year begins on April 1, 1906. It would seem therefore that the return of all the troops before that date is not contemplated, since the expenditures referred to as appearing in next year's budget must be incurred subsequently to March. However, the main fact is that there will not be any material reduction of the war taxes, if any reduction at all. Mr. Sakatani proceeded to point out that the adjustment of the finances after the war of 1894-5 had been comparatively easy, since no loans had been raised abroad, but in this war considerable liabilities had been incurred in Europe and America, liabilities involving an annual payment of some 50,000,000 yen. He did not anticipate any serious difficulty. Probably a large part of this money would remain in Japan, and at any rate by encouraging exports and the effective spirit of economy the situation might be met.

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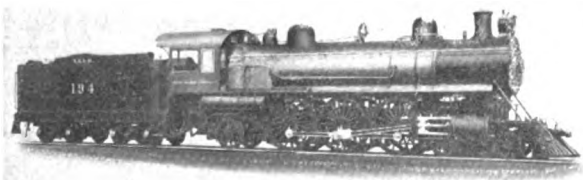
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SINCE the hearing of the Foster Bill, of which a full report was given in the April number of the JOURNAL, there have been three other hearings before the Sub-Committee of the House Committee on Foreign Affairs. The first of these was chiefly occupied by the testimony of Mr. Murray Warner of Shanghai in favor of the Bill; at the second, the Superintendent-General of Immigration, Mr. F. P. Sargent, and Mr. Richard J. Campbell, the Law Officer of the Bureau of Immigration, placed on record their objections to the Bill and filed a substitute of their own drafting, while Mr. Samuel Gompers, the President of the American Federation of Labor, made a general protest against the Bill on behalf of the Labor Unions; at the third, Mr. Duncan E. McKinlay, the Representative of the second California District, appeared on behalf of the delegation from his State to oppose any relaxation of the rigidity of the Chinese Exclusion acts. We devote most of the space available for reading matter in this number of the JOURNAL to a reproduction of the most interesting portions of this voluminous testimony. The hearings before the House Committee have been closed, and a report on the Bill may be expected from that body during the next week or two. The measure reported will probably prove to be a composite production, framed on the lines of the Foster Bill but differing from it in some essential particulars. Meanwhile, the Bill has been introduced in the Senate, and it will be found necessary about the middle of May for its friends to make another demonstration in its favor before the Senate Committee on Immigration. There is, happily, agreement on all sides as to the expediency of conducting the examinations of intending Chinese immigrants in China, and making the certificates which they bear final and conclusive evidence of their right to enter this country. The one important point of difference between the friends of the Bill and those who have been heard in opposition to it relates to the kind of definition which should be given as a guide to the immigration officers in determining the status of a Chinese person desiring to visit or to return to the United States. Every effort has been made to impress upon the House Committee the fact that the simple and practical solution of this question is to be found in the adoption of the President's formula of definition of the excluded class, instead of attempting merely to enlarge the definition of the exempt class. That effort, which has met with only partial success, will be renewed in the Senate, where it may, not improbably, find a more encouraging reception.

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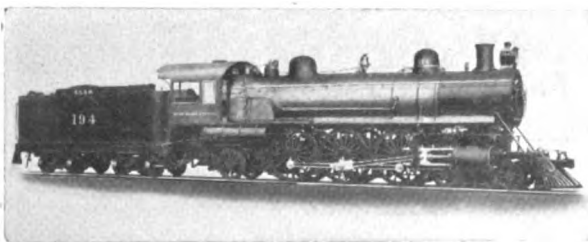
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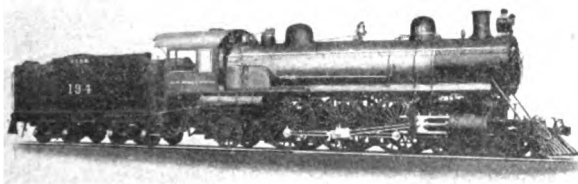
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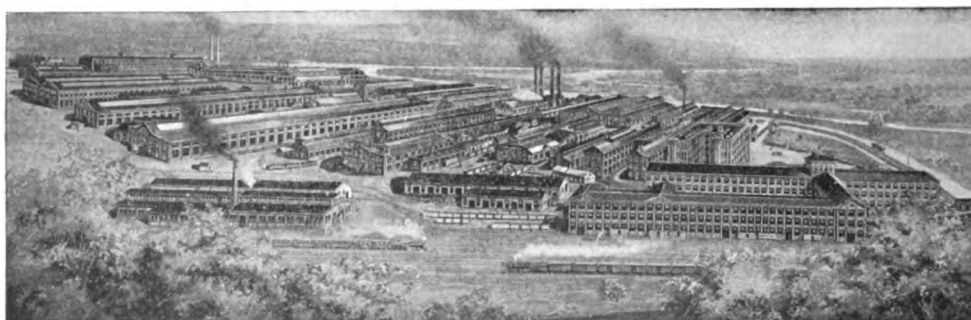
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# Journal of The American Asiatic Association

VOL. VI.

October, 1906

NUMBER 9

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78 Beekman Street,

New York City.

We reproduce in this number the indictment brought by Mr. R. S. Gundry, the President of the China Association, against the Chinese Government for its attempt to change the status of the Imperial Maritime Customs. Mr. Gundry points out, with obvious force, that the Imperial Decree of May 9, 1906, is contrary to two distinct engagements entered into by the Government at Peking: 1. That the Chief of the Imperial Maritime Customs should always be a British subject so long as British trade with China exceeds that of any other nation; and 2, that, as provided in the loan agreements of 1896 and 1898, the administration of the Imperial Maritime Customs shall continue as at present constituted during the currency of the loans. The probable degeneration of the character of the service under Chinese control adds justification to the protest from the foreign, but will hardly command acceptance from the native, point of view. On the simple basis of the incompatibility of the Imperial Edict with the stipulations entered into by the Chinese Government, the protest is quite unanswerable, and there is naturally a certain amount of impatience felt in commercial circles in England over the facility with which the Foreign Office seems disposed to accept the evasive assurance of Prince Ching that the Imperial Decree does not make any change in the method of administration laid down in the Loan Agreements. The United States is not less interested than Great Britain in preserving unimpaired the status of the Imperial Maritime Customs, and our Government may very properly be urged to join that of Great Britain in insisting on assurances more definite, more comprehensive, and more binding for the future than the somewhat equivocal assertion of Prince Ching.

MR. GUNDY gives expression to a feeling which is shared by all who have heretofore struggled to save China from the consequences of her own internal weakness, when he declares it to be "infinitely regrettable that every promise of 'progress' in China should have found prominent expression in an attitude of hostility to foreign enterprise and help—involving, too often, violation of treaty and of subsidiary agreement." The new sense of security derived from the Anglo-Japanese Treaty may have something to do with this; the half-knowledge imported by Chinese students returning from Japan contributes its full share. The



apparent effort to substitute Chinese for foreign control in the administration of the Maritime Customs is not an isolated fact. The failure of the Imperial Government to implement engagements regarding the construction of railways and the persistent intrigues against the position of the Shanghai Municipality are equally significant of the same general tendency. As Mr. E. H. Fraser, the British Consul at Hankow, points out in his annual report, "The popular feeling—that is, the feeling of the mass of the Chinese having some tincture of education of some sort—is that foreigners have taken advantage of China's inexperience to obtain undue facilities for enriching themselves, and that now all treaties, agreements, understandings, and precedents must be construed against the foreigner with the utmost strictness." It should, as Mr. Fraser remarks, be sufficiently plain to young China that their claim to cancel concessions duly granted, simply because these concessions prevent natives from engaging in unfamiliar enterprises, is a sure way to ruin their country's credit abroad. But even such rudimentary sense is apparently absent from the vast majority of the students of the new learning, and we have the somewhat paradoxical result that the first efforts of China to adopt the ideas of Western progress should be calculated to make progress impossible. China's sins of commission in regard to existing stipulations are unfortunately aggravated by equally flagrant sins of omission. The obligation to take the necessary steps to provide for a uniform national coinage which appears in the American and Japanese as well as in the British Treaty, and which, in the latter, is already four years old, has been persistently disregarded. In like manner, the clause of the British Treaty of 1902, formally repeated in its successors, which was designed to facilitate the employment of foreign capital in mining, remains a dead letter.

THE failure of the Japanese negotiators to secure in the Treaty of Portsmouth some recognition of international rights of trade and navigation on the rivers of northern Manchuria is already bearing fruit. The Russo-Japanese commercial treaty negotiations are at a standstill, and the chief obstacle is the impossibility of reaching an understanding about opening to commerce the magnificent system of waterways furnished by the Amur and its great tributaries, the Sungari and the Noni. Under the Treaty of Aigun the navigation of these rivers was expressly reserved to Russian and Chinese subjects, and it would be something unheard of for Russian diplomacy to forego such an advantage without a struggle. On this particular point the Russian Foreign Office finds energetic support in the newspapers of all shades of opinion, which agree that it involves the existence of Russian commercial enterprise, not only in northern Manchuria but in southeastern and eastern Siberia. As quoted by a St. Petersburg correspondent of the London *Times*, the *Novoe Vremya* puts the case as follows: "What are we to do, if these Japanese get permission to run their ships on the Amur? We cannot compete with them. They will undersell us. Their superior business capacity will enable them to drive us out of our

own Far Eastern market. Their merchandise will oust ours from the Amur region, and even from the Maritime Province. If this privilege is granted, there will not be a Russian steamer on the Amur in two years' time." But the Japanese are by no means the only people interested in this question. There can be no equality of commercial opportunity in northern Manchuria while the great natural highways of transportation remain closed to the trade of all nations. The time has passed when Russia can be allowed to dictate the terms on which Manchuria is to be opened to international commerce. The Treaty of Aigun was merely one of the incidents of a policy of conquest which subsisted for two hundred years, and to which an effective barrier has at last been provided. While nobody is likely to dispute the right of Russia to retain possession of the territory which is left to her, or to enforce her navigation laws on the rivers which traverse it, the Sungari, the Noni, and, where it touches Chinese territory, the Amur, can no longer be reckoned among these.

It were greatly to be desired that some of the jealousy of foreign influence which is manifesting itself in Peking should take the form of a vigorous insistence on the Russian evacuation of Chinese territory. While Japan has already opened to international trade all the six places she occupies in southern Manchuria, no foreigner is yet suffered to set foot in any one of the ten Manchurian towns still in Russian hands on or near the Amur and the Sungari. A satisfactory arrangement in regard to the erection of Chinese Custom Houses on the Russian and Japanese frontiers is equally delayed by Russian dilatoriness and Chinese weakness. The other Treaty Powers have obviously a legitimate grievance in the fact that goods continue to pass into Chinese territory duty free by the Russian railways on the one side, and from Dalny and Antung from Japanese sources on the other. But it is plausibly argued that the Japanese can hardly be expected to prevent their own countrymen from sending goods into south Manchuria without payment of duty, so long as the Russians permit their countrymen to send goods into north Manchuria upon the same advantageous terms. Manifestly, the Chinese revenue suffers under this anomalous system, but the British and American merchants trading with Newchwang, where the Japanese rigorously levy the Chinese Customs, suffer worst of all. There is no pretense that Japan has in any way obstructed the conclusion of some satisfactory agreement in regard to the frontier Custom Houses, and there is every evidence that in the pending settlement with Russia Japan is determined that its terms shall be equally comprehensive and clear. It is characteristic of the subordinate part which China is compelled to play in dealing with questions intimately related to her defense against foreign aggression, that Japan has undertaken the task of having a satisfactory definition of the Russian position in Mongolia. Among other things, the ambiguous position of the Russian traders at Urga raises a question which Japan has properly concluded ought now to be settled once and for all.

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Months. 1905.	Cotton Cloths.		Mineral Oils.		Wheat Flour.	
	Yards.		Gallons.		Barrels.	
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.....	46,166,783	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
Total.....	381,703,478	\$22,684,506	55,039,110	\$4,656,835	55,308	\$213,266

1906.						
January.....	45,178,409	\$2,532,515	3,307,162	\$247,699	28,774	\$96,746
February.....	40,068,662	2,299,574	795,586	84,404	2,504	9,535
March.....	30,065,930	1,730,955	3,928,492	231,514	7,757	27,526
April.....	38,398,916	2,460,385	2,756,782	155,325	3,818	12,784
May.....	30,702,112	1,993,654	3,522,202	365,476	32,633	108,426
June.....	23,499,621	1,549,772	9,014,331	723,107	10,515	38,272
July.....	16,895,213	1,070,858	6,554,814	514,067	40,024	155,473
August.....	11,542,141	762,060	2,966,586	121,993	14,582	50,534
Total.....	236,351,004	\$14,399,773	32,845,955	\$2,443,585	140,607	\$499,296

**EXPORTS TO HONGKONG.**

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	1,643,107	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
Total.....	382,719	\$52,968	6,886,772	\$657,416	412,967	\$1,570,426

1906.						
January.....	21,428	\$2,815	55,704	\$8,470	81,395	\$313,296
February.....	24,514	5,630	2,810	759	105,367	388,473
March.....	.....	.....	80	25	48,941	178,973
April.....	68,404	10,155	88,173	13,149	46,532	181,163
May.....	37,357	5,980	1,666,150	172,044	67,965	258,538
June.....	36,805	4,702	59,362	10,090	31,423	122,440
July.....	50,027	6,228	15,063	2,346	65,248	229,073
August.....	100,392	9,345	423,404	44,580	94,848	352,466
Total.....	338,927	\$44,855	2,310,746	\$251,463	541,719	\$2,024,422

DEPARTMENT OF COMMERCE AND LABOR,

WASHINGTON, D. C., October 2, 1906.

Bureau of Statistics.

### Imports of Tea and Silk into the United States for the eight months ending August 31, 1904, 1905 and 1906.

#### TEA.

Imported from	1904.		1905.		1906.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	4,392,380	972,505	4,312,859	927,058	5,476,136	1,186,117
British North America....	1,588,000	355,522	1,278,790	309,425	1,445,299	348,321
Chinese Empire.....	25,430,905	3,189,798	20,202,028	2,576,085	19,046,871	2,371,835
East Indies.....	5,092,496	767,072	4,897,387	666,277	5,517,345	791,314
Japan.....	22,059,055	4,063,042	19,646,696	3,387,242	17,105,546	3,072,736
Other Asia and Oceania ..	209,749	25,893	179,275	23,498	463,478	87,595
Other countries .....	118,298	31,008	90,669	20,648	146,519	37,672
Total.....	58,890,883	9,404,840	50,607,704	7,910,233	49,201,194	7,895,590

#### RAW, OR AS REELED FROM THE COCOON.

#### SILK.

Imported from	1904.		1905.		1906.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France.....	340,655	954,208	473,372	1,442,361	336,409	1,332,986
Italy.....	1,896,369	7,348,898	2,782,039	10,294,318	2,298,850	9,315,698
Chinese Empire.....	2,363,812	6,775,176	2,065,338	5,830,521	1,552,667	4,548,550
Japan.....	4,401,819	15,181,915	4,699,442	16,994,378	4,641,859	17,457,550
Other countries .....	36,919	112,139	117,422	370,496	60,001	206,760
Total.....	9,039,574	30,372,336	10,137,613	34,932,074	8,889,786	32,861,544

## THE IMPERIAL CHINESE MARITIME CUSTOMS.

The following memorandum on the situation created by the Imperial decree of the 9th May, 1906, altering the status of the Imperial Chinese Maritime Customs, has been courteously sent to the secretary by Mr. R. S. Gundry, president of the (British) China Association:

The anxiety with which the association had followed the telegraphic narrative of the negotiations subsequent to the sudden creation of a new control over the Imperial Maritime Customs had been mitigated by the Secretary of State's declaration in Parliament, on the 6th August, that "he regarded it as most vital in the interests of trade, in the interests of Chinese revenue, and in the interests of Chinese credit, that the administration of the customs should be maintained on the lines on which it had been so successfully worked hitherto, and that it should be maintained as an efficient and honest administration, [that] Chinese progress is intimately bound up with the maintenance of the Chinese customs on the lines laid down by Sir Robert Hart, and that is a subject which will receive the close attention of His Majesty's Government."

But anxiety has been acutely revived by the eminently unsatisfactory tenor of Prince Ching's letter of the 1st June and the antecedent correspondence (China No. 1 of 1896), which has now been published.

The terms of the edict, as translated in the *North China Herald* of the 14th May, are as follows:

"Tieh Lang, president of the board of revenue, is appointed Imperial High Commissioner of Customs, and Tang Shao-yi is appointed Vice Imperial Commissioner of the same. All Chinese and foreign employees of the said customs are to be under the control and direction of the above named High Commissioners."

It was considered that this innovation jeopardized:

1. The undertaking given by the Chinese Government to H. M. Minister, Sir Claude MacDonald, in 1898, that the chief of the Imperial Maritime Customs shall always be a British subject so long as British trade with China exceeds that of any other nation.

2. The engagement given by the Chinese Government in the loan agreements of 1896 and 1898, that "the administration of the Imperial Maritime Customs shall continue as at present constituted during the currency of the loans."

3. The character of the service, which would degenerate toward the Chinese level *pari passu* with the extension of Chinese control.

The association learned with satisfaction, therefore, that H. M. Chargé d'Affaires had been instructed to require from the Chinese Government a definite assurance that "no change in the customs administration would be effected by the terms of the decree."

H. M. Government accepted, apparently, as meeting this requirement (after a previous reply had been rejected as evasive), a letter from Prince Ching, dated 1st June, containing the following sentence:

"In the seventh article of the loan agreement of 1896 and in the sixth article of the loan agreement of 1898 it is stipulated 'that the administration of the Chinese Imperial Maritime Customs shall remain as at present constituted during the currency of this loan,' and I have the honor to state that the Imperial decree of the 9th May, specially appointing High Commissioners to control (or manage) revenue affairs, does not make any change in the method of administration laid down in the loan agreements."

It is unnecessary to dwell on the distrust with which experience has caused Chinese assurances to be regarded, because the purpose had, in this case, been frankly declared. For Mr. Carnegie states, in his telegram of the 28th May, that the Chinese Government, while evading giving the assurance asked for, had "intimated plainly that the new administration would have their hands free to effect any changes they may consider fit."

The adequacy of an assurance that no change "would be effected" by the terms of a decree which did actually constitute a new authority with undefined powers may appear primarily questionable.

It ceased, at any rate, to be adequate, in presence of the rejoinder. A declaration in explicit terms that no change was contemplated, or would be made, either in letter or spirit—either in the status or powers of the Inspector General or in the system upon which the service has been conducted—could alone restore confidence after such an indication of purpose.

Nor would even such a declaration by the Wai Wu Pu alone be satisfactory. For the comptrollers take their authority from the Imperial decree, which is superior to any declaration by the Wai Wu Pu. Nothing short of a decree could restore conditions which a decree had affected. The association ventured to suggest, in a letter dated 16th July, that such a decree might be obtained in the guise of a rescript to a memorial expressing the requisite assurances, and that suggestion is renewed.

Events have indeed already dispelled any shadow of assurance that Prince Ching's letter might or could have been supposed to convey.

The very creation of the new authority was a change; introducing as it did an entirely new element of active control over an officer (the Inspector General), who has been practically unfettered—and whose successful administration has been largely due to his having been unfettered—in the past. The Imperial Maritime Customs has been a department, hitherto, of the Wai Wu Pu, and its transfer to the board of revenue is in itself a harmful, because a derogatory, change. The opening of new offices with a considerable staff, and the arrogation to themselves of large salaries, were evidence that the High Commissioners purposed taking their appointment seriously; and their alleged interference in various matters—notably the issue of orders to the provincial offices to report direct to themselves instead of to the Inspector General, and the order that no returns shall be issued in future without their sanction (Annexe 1)—all these are changes affecting, incontestably, the solemn undertaking by the Chinese Government that "the administration should continue as at present constituted during the currency of the loans."

Nor is there discernible, at present, any guarantee whatever that the High Commissioners will not proceed to exercise in other more harmful ways the great powers with which they have been invested.

The political features of the innovation may, however, be left with the remark that it is another and a very serious instance of the policy of extrusion—of subtle hostility, and encroachment on the status and position of foreigners in

China—upon which the association took occasion lately to remark.

The financiers who accepted responsibility for the issue of loans secured on the customs revenues will doubtless protest against changes so distinctly at variance with the pledges upon which the negotiations were based.

But there is involved in the menace to the status of the service a consideration more important even than the security of the loans. The welfare of foreign merchants and of their trade is bound up with the purity and freedom of administration which have distinguished the Imperial Maritime Customs in the past.

The derogation of dignity in the office of Inspector General and the personal affront to Sir Robert Hart implied in the unqualified assumption of control and the alleged purpose of transmitting orders to him through the medium of a Chinese clerk cannot be regarded, from this point of view, otherwise than with grave apprehension for the future.

The attitude of the Commissioners bears indeed, to experienced onlookers, an appearance of studied insolence which, pushed—as it may quite conceivably be pushed—to farther extremes, would render the position of the foreign staff unendurable and entail gradual deterioration toward the Chinese methods which it has been at pains to supplant. What those methods were may be gathered from a dispatch dated 26th October, 1860, from Mr. Bruce (then H. M. Minister at Peking) to Lord John Russell, and from a memorandum by Mr. (now Sir Robert) Hart, published in China No. 1 of 1865.

"The records of the F. O. prove (wrote Mr. Bruce) that for several years after the opening of Shanghai to trade, a system of smuggling and of compromising duties prevailed to an extent that destroyed, practically, the value of a fixed tariff. H. M. consuls omitted no effort to collect from their nationals, imposed fines, gave notice of lax proceedings, but succeeded in effecting no improvement in the system; while they incurred much odium among their own countrymen by inflicting penalties for acts which it was notorious the citizens of other countries were committing every day. \* \* \*

And experience shows that, where the customs have remained under Chinese administration, the old abuses have continued to prevail. It has been suggested, indeed, that the exposure made in the last report by the Commissioner at Santuao inspired the order that no returns shall be issued in future without the sanction of the new (Chinese) control. Santuao was handed over to the Imperial Maritime Customs in 1901, under the terms of the protocol pledging (Cl. 6) the native maritime customs among other securities for the indemnity loan. There were then 540 officials who collected—or accounted for—only tls. 11,000.

"As a result (I quote from the Commissioner's report) there were many irregularities. Bribery and corruption existed everywhere; smuggling was connived at if not openly permitted; duties were not correctly assessed; there was a complicated system of exchange; certain goods enjoyed preferential rates; the picul was at all times a conveniently variable quantity; examination of cargo was but

a figure of speech, and interpretation of the regulations varied in accordance with the amount of money that could be extorted from traders.

The fixed sum that had to be remitted annually to the Government was tls. 11,000, including tls. 2,000 paid to the provincial authorities by the director as the price of his appointment. The collection of this amount gave lucrative employment to nearly 600 persons, of whom 540 were on the official pay list. The director's salary was there given as tls. 2. to tls. 3 (less than 10s.) a month; clerks and writers were apparently considered handsomely paid at tls. 1 to tls. 2 monthly, while subordinate employees were put down for sums varying between 50 cents and \$1 (1s. to 2s.) a month, which, it is stated, they never drew."

As a result of four years' administration under Sir Robert Hart, the number of employees has been reduced from 540 to 70, the pay of those remaining being of course substantially increased, and the revenue had risen, in 1905, to tls. 81,807.

If the professed desire for reform were earnest it would have inspired imitation of the model, instead of vain-glorious assertion of Chinese authority over the agency which has created it.

It is scarcely to be supposed that the treaty powers would tolerate complete retrogression to such conditions today, but few conversant with Chinese official methods will doubt that it is toward them that the substitution of Chinese for foreign influence in the service would tend.

A reflection which suggests itself in this connection is the element of uncertainty introduced by the innovation into the position of the foreign staff. There was assured to each member of that staff, *dum bene se gesserit*, under Sir Robert Hart's unfettered control, a regular career, ending with a pension or with periodic gratuities instead; and the prospect had the effect of attracting into the service men to whose capacity and integrity it is due that a model service has been built up. But the High Commissioners could, under the plenary terms of the edict, summarily dismiss any member of the staff, native or foreign, with or without consideration or compensation for the past. The risk may be remote or real, but its existence will tend to discourage aspirants of the class among whom the British element, at any rate, has been recruited, and such a potential cause of deterioration cannot safely be overlooked.

It is infinitely regrettable that every promise of "progress" in China should have found prominent expression in an attitude of hostility to foreign enterprise and help—involving, too often, violation of treaty and subsidiary agreement. But we must face facts as they are, and not as sentimental sympathy with unreal professions and aspirations might suggest. There has been evidence enough lately in various directions of a desire to pull down where foreigners are concerned without any corresponding endeavor to build. The situation recurs with the regularity of a decimal, and a desire to avoid contention at the outset ends as inevitably in the development of more serious contentions in the end.

It is sincerely to be hoped, therefore, that H. M. Government will insist, in concert with other treaty powers who

are interested equally in principle, though in varying degrees, on a return to the *status quo ante* the recent decree, and on assurances more definite, more comprehensive, and more binding for the future than Prince Ching's equivocal assertion that it "does not make any change."

(Signed) R. S. GUNDRY.

CHINA ASSOCIATION,

159 Cannon street, E. C., 23d August, 1906.

ANNEXE 1.

TELEGRAM.

*China Association, Hongkong, to China Association, London.*

HONGKONG, 8th August.

With reference to our letter of 15th June, development rapidly confirming fears expressed; already assurance accepted by legation has proved worthless; promises broken in letter and spirit; new board have assumed control of foreign and native staff, issuing instructions independent of Inspector General. Our information is that orders are about to be given to foreign commissioners and customs taotais to report direct and not through Inspector General as heretofore, thus evading check provided by old system. New board have directed Inspector General to send in the returns to them before publication, an ominous move; moreover have interfered in Inspector General control funds set apart for maintenance Imperial Maritime Customs service; have also appointed a staff of Chinese to act as intermediaries between new board and Inspector General [whose status is] obviously reduced by these innovations which involve radical changes in character of Imperial Maritime Customs administration, whereas assurance was given that there would be no change; whole constitution Imperial Maritime Customs in jeopardy unless new board abolished. Its abolition should be demanded, also reinstatement Inspector General in former powers. British interests most at stake, British prestige chiefly threatened; England ought to lead. Opinion of British and other nationals here is other powers would support strong action.

ANNEXE 2.

*Extract from the Trade Report (for 1905) by the Acting Commissioner of Customs at Santuao.*

The following brief account of the curious methods employed by the administration which we superseded, and of the reforms that it has been found possible to introduce during the past four years at Santuao, may prove interesting:

The Santuao native customs consists of one head office and nine branch stations. Until we assumed charge these were controlled by individuals who, following the usual Chinese official practice, surrendered a fixed sum annually to the Government, appropriating for division among themselves whatever was collected above that amount. As a result there were many serious irregularities. Bribery and corruption existed everywhere; smuggling was connived at, if not openly permitted; duties were not correctly assessed; there was a complicated system of exchange; certain goods enjoyed preferential rates; the picul was at

all times a conveniently variable quantity; examination of cargo was but a figure of speech, and interpretation of the regulations varied in accordance with the amount of money that could be extorted from traders.

The fixed sum that had to be remitted annually to the Government was tls. 11,100, including tls. 2,000 paid to the provincial authorities by the director as the price of his appointment. The collection of this amount gave lucrative employment to nearly 600 persons, of whom 540 were on the official pay list. The director's salary was there given at tls. 2 to tls. 3 a month; clerks and writers were apparently considered handsomely paid at tls. 1 to tls. 2 monthly, while subordinate employees were put down for sums varying between 50 cents and \$1 a month; which, it is stated, they never drew.

The whole system of collection was extremely involved. In addition to the tariff duties proper, fees were levied on all goods according to their bulk or value, and on boats according to their size, destination or provenance, or the nature of their cargo. The variety of these fees was infinite, their name "legion," their end—the pockets of the enormous staff; for while, in principle, all duties collected were supposed to be rendered to the Government, the fees seem to have been instituted primarily to supplement the official pay of the employees, which was, as already shown, ridiculously inadequate. The obsolete nature of the tariff itself, which, compiled more than a century ago, contains no mention of many of the principal articles of trade, was sufficient excuse for the introduction of certain fees. Others were subscribed by merchants themselves, to purchase partiality of treatment, clearance at night or quick dispatch—the last an important matter in a place where the movements of boats so absolutely depend on wind and tide. Sometimes what was intended as a temporary or special charge became a fixed and recurring fee; but, generally speaking, any excuse seemed to have served the native customs employees for improvising new taxes, in which they displayed remarkable ingenuity. Thus, the refusal of some examiners to verify—without extra compensation—a cargo of malodorous cow bones led to the institution of what was euphemistically termed a "handkerchief fee." Once upon a time some trader desirous of clearing after dark paid a gratuity to certain guardboats, which was thenceforth regularly collected, under the name of "candle fee," from every applicant. Boatmen dealing in edible goods having complained that the sampling propensities of the preventive staff cut too big a hole in their profits, a "spear fee," intended to mitigate the annoyance, was devised. Such was the origin of some of these fees—that of others is lost in the mists of ages; but time and usage may be said to have legalized them all. The worst feature about these fees was the manner of their levy; each one was calculated and collected separately, the offices being divided into numerous compartments, presided over by different clerks, each with his particular tariff, and applicants had to visit each compartment in turn. It was impossible to check the amounts leviable; there was always a good deal of chaffering, and the delay to traders may be imagined.

Our responsibilities at Santuao commenced on the 1st

day of the 10th moon, Kuang Hsü 27th year (11th November, 1901).

\* \* \* \* \*

It was soon seen that in order to obtain any material progress the nettle must be grasped more firmly. The number of employees was therefore reduced from 540 to 96, the pay of those remaining being substantially increased. "Squeezing" was rigorously suppressed; smuggling was checked; the movements of boats were more closely controlled; cargo was subjected to proper examination, and attempts were made to stamp out irregularities of all kinds. The result of these measures was soon apparent. During the first year of our administration the revenue rose to tls. 61,262—nearly six times as much as the fixed annual sum previously reported.

In the course of the next two years other improvements were effected. But premier place among the reforms introduced must be given to the revision and amalgamation of the fees.

\* \* \* \* \*

But amalgamation was not always such a simple matter as the above examples would tend to show. Thus, an unlicensed boat on entering with a cargo of salt fish paid, besides tariff duty on her cargo, six separate fees, some of which were variable; in addition, she was subject to package and license fees, which had to be calculated in nine different ways, according to whether she carried 10, 20, 30 or more piculs. By the revised method the same boat now pays a fixed licensed fee of tls. 0.30 and tls. 0.134 on every picul of her cargo.

\* \* \* \* \*

Other improvements followed the amalgamation of fees. The exchange rate of the dollar was properly adjusted. Formerly it varied at the different stations between 900 and 1,000 cash; it is now accepted at all our offices in payment of duties at the fixed rate of 1,008 cash. A book showing, in local currency, the duties and fees leviable on every article usually imported or exported, and the dues on every boat entering the inlet, was prepared, and is on sale to the public. The numerous cubicles forming the old office were done away with; duties and fees are now paid at one place and in one sum, the new method permitting every applicant to know exactly what he has to pay and that he is being directly dealt with. The time saved in calculation is considerable, and traders are no longer subjected to annoying delays. The staff was further reduced; it now consists of seventy employees, who are comfortably housed and well paid. The cost of collection is kept within reasonable limits, and is no longer the division of an excessive surplus among a swarm of parasitic drones. It would be, perhaps, too much to assert that irregularities do not exist, but their scope is certainly extremely limited.

In 1905, the fourth year of our administration, the native customs revenue reached tls. 81,807—more than seven times the amount formerly remitted to the Government. This excellent result must be attributed to an increasingly effective control, to the introduction of salutary reforms, and to that growing sense of confidence among traders which more businesslike methods have inspired.

## CONSULAR REORGANIZATION.

BY A. A. BURNHAM, GENERAL SECRETARY NATIONAL BUSINESS LEAGUE, CHICAGO, ILL.

*The Chamber of Commerce Bulletin, Portland, Ore.*

After many years of earnest effort on the part of industrial and commercial interests to induce the Congress to enact an adequate law for the improvement of the American consular service, a small beginning was made during the last session, by the passage of that part of consular bill No. 1,345, which would not interfere with the common practice of appointment to the service in payment of political obligations. Every vestige of that most important provision of all—the merit system—and other essential provisions, were carefully eliminated before enactment, leaving the remnants of the original bill purely a spoils-politician measure, which passed both the Senate and House practically without debate.

When the law became operative, however, President Roosevelt, on the recommendation of Secretary Root, promptly made effective with executive order those vital provisions which had been discarded by the Senate Committee on Foreign Relations.

That the scope and intent of the law as enacted April 5, 1906, and the executive order issued June 27, 1906, may be understood in a general way, the salient points of each measure are briefly summarized:

### THE LAW PROVIDES.

1. For grading the service.
2. Substitution of salaries for fees.
3. Revision of salaries.
4. Temporary transfer of consular officials by President.
5. Appointment of five inspectors of consulates.
6. Partial Americanization of the service.
7. Forbids consular officers above a certain grade to engage in private law practice.
8. Requires consular officials to perform notarial acts for fees specified by law.
9. Abolishes personal fees, excepting as to consular agents.
10. Empowers the President to fix rates for certifying invoices.
11. Provides for adhesive official stamps for use in accounting for fees.

### THE EXECUTIVE ORDER PROVIDES.

1. For the merit system of examination, appointment and promotion of consular officials.
2. All appointments to be made to the lower grades of the service; thence by promotion to vacancies in the higher grades for demonstrated efficiency.
3. Consular clerks, vice consuls, deputy consuls and consular agents shall be eligible for promotion to consulships.
4. Persons in the service of the Department of State, with salaries of \$2,000 and upward, shall be eligible for promotion, on the basis of ability and efficiency, to any grade of the service above Class 8.

5. Creation of an examining board with power to formulate rules and determine the scope and method of examination, which, however, shall include at least one modern language other than English; the natural, industrial and commercial resources and the commerce of the United States, especially with reference to the possibilities of increasing and extending the trade of the United States with foreign countries; political economy, elements of international, commercial and maritime law. Examination papers to be rated from 80 to 100, and all examinations to be confined to citizens of the United States who must not be less than twenty-one nor more than fifty years of age; of good character and habits; physically and mentally qualified for the proper performance of consular work and who shall be specially designated by the President for appointment subject to examination.

6. As between candidates of equal merit there shall be proportional representation of all the States and Territories in the consular service, without reference to political affiliations.

While under the provisions of the new law and the executive order, Secretary Root and his able assistants will vastly improve the consular service, there is no assurance that observance of the merit system will be permanent, for without the law to cover the President's order the personnel of the service will be liable to largely change with every administration. The policy of using the consular service for political ends has become so firmly a part of the assumed legislative prerogative that no means but the law will give reasonable guaranty of its permanent retirement. In this connection hundreds of letters have recently been received by the National Business League, urging legislation to give permanence to the President's order, and I cannot better express the general trend of that correspondence than to quote the words of George Frederic Stone, secretary of the Board of Trade of the City of Chicago, voicing the urgent demand for a more comprehensive consular law:

"The subject of consular reform at this time is of almost supreme importance to the mercantile and industrial interests of the United States, for upon the character and efficiency of our consular service depends to a very large extent the growth of our foreign trade.

"To render that service efficient it should be conducted absolutely upon the merit system, without any feature or relic of family or political favoritism.

"The principle of promotion in filling the higher offices in that service should be without exception observed; moreover, the qualifications for every consular office should be embodied in law and not subject to or made dependent upon, executive control.

"Legislation affecting business interests should be definite, concise, practical and not lacking the essential ele-

ment of permanence; and not subject therefore to the vacillations incident to American politics. It should rest upon the merit system as upon immovable pillars; upon that basis it would grow stronger and stronger, and in a few years would become so imbedded in the Federal law and so commended by the people as to be beyond almost the possibility of change.

"Without the strict observance of these principles the enterprise of our merchants in extending our trade relations with foreign markets would fail of its full and deserved results."

The consular bill, No. 1,345, as introduced by Mr. Lodge at the last session of the Congress, fixed a minimum and maximum age limit of twenty-one and forty years for entry to the consular service. This provision, which was cut out by the Senate Committee on Foreign Relations, has been revised to a twenty-one and fifty year limit and covered by executive order.

The National Business League, however, still favors the maximum forty year limit, for the reason that an applicant for a consular position who has reached the age of fifty years, with habits and scope of knowledge largely fixed by his environments in this country, will require several years of service under the new conditions abroad before he fully meets the demands of his position. By that time he is about ready to retire; thus the Government gets but a short term service from an untrained official, whereas if a competent, educated young man, between the age of twenty-one and forty years (thirty years seems preferable) be appointed, conditions would be very favorable for an extended term of efficient service. Business interests everywhere should urge that only young men of ability, energy, tact and perseverance be admitted to the consular service, and that every means available be used to induce them to make a life career in the service.

Several of our leading universities have already established special courses designed to fit young men, so inclined, for careers in the American foreign service and general commercial life in other lands. The modern languages, so essential to successful results in the consular and diplomatic service, but which seemingly have been regarded as unnecessary in that relation, are a part of these special courses. It can be readily seen, therefore, that the American universities may become important recruiting stations for our foreign service, so soon as the merit system of appointment and promotion is made permanent by national statute.

Opinion is gaining ground also that American consular officials who have rendered a long term of faithful service should, upon retirement, be pensioned; concerning which Hon. Lambert Tree, formerly American Minister to Belgium and Russia, in a letter to the National Business League, comments:

"Justice would seem to require that a consular officer who has spent his life in foreign lands in the public service, and returns, when old and worn out, from a sort of banishment to his own country, to find himself forgotten by friends, and who has had, by reason of the nature of his service, few or no opportunities to better his financial

condition, ought, like officers of the army and navy, to be allowed a decent retiring pension under certain limitations with reference to age and number of years of service."

Not only in the consular service but in other branches of the Government employ a pension plan, it seems, would be the correct policy. Some of the departments at Washington are badly handicapped by long term employees who, from age or other infirmity, are unable to perform their duties satisfactorily, and should be succeeded by new blood and granted a fair stipend for life. Many business firms and corporations throughout the country are pensioning their aged and work worn employees for long and faithful service; a righteous policy which it would be well to adopt in many branches of the Federal service.

Ample compensation to our consular officials is imperative if the best results are to be realized. While a few of our consuls may have been overpaid the majority have been greatly underpaid. A more liberal compensation has been fixed by the new consular law, but it is doubtful if the rational limit has been reached. Efficient service in every avenue of human endeavor is justly entitled to its equivalent; a maxim generally observed in commercial and industrial life, and which should be practiced in every department of the Government. While rigid precaution should be used against waste, there is a reasonable medium between extravagance and stinginess.

A bill covering the executive order, and such additional provisions as may be necessary to thorough consular reorganization, will be introduced at the next session of the Congress, when a united effort on the part of business interests will be made to secure prompt enactment; meanwhile it seems incumbent upon the business men of the country to see that the national legislators of their respective sections are pledged to ratify by law the merit system and other provisions of the President's order.

True the plea of unconstitutionality has occasionally been raised against legalizing the merit system in connection with consular appointments, as depriving the President of a constitutional right—a question which has never yet been decided by the Supreme Court of the United States—but the league has been assured by some of the most eminent constitutional authorities in the country that there is absolutely no valid reason why the merit system should not form a part of the consular law.

The Constitution provides that the President shall appoint consuls "by and with the advice and consent of the Senate," which would be the case if the merit system was a part of the law; the only difference being that the President would be limited in his nominations and the Senate would be limited in its "advice and consent," to candidates who, before the examining board, had demonstrated their fitness to enter the consular service, instead of making achievement in party service the qualification and open sesame to appointment. The President, however, by his recent order restricting appointments to applicants approved by the examining board, did, as a temporary measure, precisely what the Congress refused to do as a permanent measure. Surely with such precedent established by the Chief Executive, and the vast interests of the country involved, there should be no hindrance to early and favorable action on the part of our national law makers; for the merit system means progress, and progress is in strict accord with the spirit of the Constitution and the intent of its creators.



## JAPAN'S RAILWAY PROBLEMS IN MANCHURIA.

It is evident from accounts received from Manchuria, says a Peking letter, that Japan will have to spend much money on railway betterments before her principal holding is of much value. The first great question, naturally, is whether the Japanese will change the narrow 3 feet 6 inches gauge to the 4 feet 8½ inches standard gauge. If they make this change, in addition to all their other expenses, they will have to invest at least £1,000,000 in providing entirely new rolling stock to replace that which they borrowed from their own railways in Japan.

The first of these, and one of the most expensive, is the replacing the embankments, bridges, culverts, and rails between Changtu and Kungchuling. The Russians utilized the ample time given them by the slow Japanese advance to rip up a 50 m. gap on the railway and to carry all the rails and steel work far back into their own bases. It is this gap beyond the Japanese front which will have to be mended at Japanese expense. From £250,000 to £500,000 will be necessary for this.

The second expense is the repairing and rebuilding of stations, and the repairing and improvement of the godowns and railway property. This, if carried out along the whole 450-ms. of the main line, will necessitate the disbursement of another £500,000.

The third expense is the completion and improvement of Dalny, which must be attended to, since unless this Russian failure can be turned into a Japanese success within two or three years, it will be a white elephant in the Government's hands. This expense, then, must be entered into without delay. The most conservative estimates hold that another £500,000 will have to be put into Dalny at once, and a further £500,000 expended slowly during the next five or six years.

The fourth expense is the development of the railway coal mines. There are three of these mines: The Fushun, the Yentai, and Wafangtien. Of these three, under the Russian régime, the second mine, the Yentine, was the biggest producer, but the Japanese have already shown a strong inclination to push the Fushun mine and to look after the other two very slightly. If they develop the three simultaneously in order to take coal, one of the great articles of freight, a further £500,000 will have to be sunk in machinery and installation of improved appliances.

Thus making the trunk line a standard line; completing the gap made in the north; repairing and rebuilding stations and railway properly; modernizing the Port of Dalny, and developing the coal mines and giving them improved appliances and rolling stock, will absorb a sum which may vary from £2,000,000 to £4,000,000, according to the thoroughness with which railway affairs are attended to. With all this additional money sunk in southern Manchuria the Japanese Government will have to strain every nerve to make the railway a paying proposition. How will it act?

Russia spent 160,000 yen a mile for the construction of the railway from Dalny at Changohun, a distance of 500 miles. The line may therefore be assessed at 80,000,000 yen. Taken together with the prospective disbursements

enumerated above, the capital of the railway may be put at 120,000,000 yen.

Receipts from the railway will be as follows:

	YEN.
Freight on beans (amount, 2,510,000 koku).....	3,200,000
Freight on coal (2,000,000 tons).....	8,000,000
Passenger receipts.....	1,800,000

Total.....13,000,000

The running expenditure will amount to 7,000,000 yen, so that a balance of 6,000,000 yen may be netted as a profit. Moreover, the profit from by-works will amount to 1,500,000 yen, including 1,000,000 yen from the colliery and 500,000 yen from the settlements and warehouses. The total profit will reach therefore 7,500,000 yen. Of this sum, 3,200,000 yen may be paid as a preferential dividend of 8 per cent. on the new capital amounting to 40,000,000 yen and 800,000 yen put aside as reserves. The balance, 3,500,000 yen, will represent the Government's income accruing from the existing railway, valued at 80,000,000 yen, the rate of interest being about 4.3 per cent.

There can be no doubt that large quantities of coal will be moved down the line regularly, as soon as the evacuation is complete, and that the export of coal from Dalny will be attempted on a very large scale during the winter months. The Fushun mine is at present producing 1,000 tons of coal a day. It is not too much to expect that the various coal mines will be placing 3,000 or 4,000 tons of coal at the pit-heap a day in less than a year's time, and that half of this amount will be available for export. It is quite certain that Dalny will be the principal shipping point, and that coal will flow from here all over the northern Far East. This will be one source of profit.

The large number of trucks which will be constantly entering Dalny will be able to allow return freight of a coarse kind to travel back to the vicinity of Moukden for next to nothing; and therefore people must be prepared to see the Japanese Government offering the very greatest inducements to its subjects to settle in Dalny, and from there to conduct the import trade of Manchuria to the detriment of Newchwang.

Then it must be remembered that at Ta Shih-chiao, Liaoyang, Moukden, Tiehling, Kaiyuan, and Changtu, the Government will be able to lease to its own people the immense military godowns constructed by both the Russians and the Japanese, places which can be turned into excellent depots for the collection of Manchuria's raw products and the shipment to the seaboard. All this will be in purely Japanese hands and, *pace* the cry of the open door, no others but Japanese need apply for floor space. Japanese banks established at all these centers will give the best possible facilities to their own people, and, therefore, godown-room, financing and goods carriage in her own hands, Japan will attempt to create one of those hide-bound monopolies which a study of her present condition shows that she dearly loves.

That, of course, is only one side of the picture, for it remains to be seen how much the competition of the purely Chinese railway on the other side of the Liao River will tend to diminish the profits of this subtle speculation.

—*The Far Eastern Review.*

## A STEP TO NATIONALIZE THE RAILWAYS OF JAPAN.

Consul General H. B. Miller, of Yokohama, reports a movement now well under way in Japan having for its object national control of the railroads of the country. He writes:

"I have to report that of the seventeen railway companies in Japan to be purchased by the Government in accordance with the law relating to the nationalization of railways passed by the diet last session, the Government has announced that the following six railways will be purchased before the end of this year: Nippon Railway, 861.07 miles; Sanyo Railway, 405.62 miles; Kobu Railway, 27.65 miles; Hokkaido Colliery Railway, 207.51 miles; Nishinari Railway, 4.46 miles, and the Ganyetsu Railway, 49.36 miles.

"The Kobu and Hokkaido Colliery railways will be taken over on October 1, the Nippon and Ganyetsu railways on November 1, and the Nishinari and Sanyo railways on December 1.

"The following list shows the capital, construction expenses, and purchase price of the lines affected:

Names.	Capital. Yen.	Construction. Yen.	Purchase Price. Yen.
Nippon .....	50,451,800	54,479,359	130,532,540
Sanyo .....	32,799,700	36,727,664	74,042,980
Kobu .....	3,265,000	3,318,219	9,729,020
Hokkaido .....	12,936,800	11,704,226	29,168,180
Nishinari .....	1,650,000	1,956,805	1,956,505
Ganyetsu .....	2,640,000	2,584,596	2,584,596

"The total price to be paid out by the treasury is 248,013,821 yen (\$123,500,883). According to the law, this money is to be paid in the form of State bonds bearing 5 per cent. interest, and the bonds are to be handed over within five years, counted from the date of purchase."

## SOUTH MANCHURIA RAILWAY COMPANY, LTD.

TOKYO, June 15.

The formation of a great corporation for the development of South Manchuria is announced by an Imperial Ordinance in the *Official Gazette*, the object of the corporation being the working of the collieries and railways of Manchuria.

The Imperial Ordinance gives the regulations for the formation of the corporations, which read as follows:

Article I.—The Government establishes a company under the style of the Minami Manshu Fetsudo Kabushiki Kaisha (South Manchuria Railway Company, Ltd.) to carry on railway traffic.

Article II.—The shareholders of the corporation shall be exclusively the Japanese and Chinese governments and the subjects of Japan and China. No person of other nationality shall be allowed to hold the corporation's shares, upon which shall be inscribed the names of the holders.

Article III.—The Japanese Government may substitute railway and other property already in its possessions in Manchuria as its share of the capital of the corporation.

Article IV.—The corporation may issue in instalments shares to the total amount of capital to be engaged from the public, providing the amount of the first issue shall not be less than one-fifth of the total capital to be called.

Article V.—The amount of the first call may be reduced to one-tenth of each share value.

Article VI.—The head office of the corporation shall be at Tokyo, with a branch at Tairen.

Article VII.—One president, one vice-president, not less than five directors, and from three to five inspectors shall be appointed.

Article VIII.—The president shall represent the corporation and supervise its affairs. In his absence the vice-president shall act. The latter and the directors will assist the president and control the various departments. The inspectors will act as auditors, etc.

Article IX.—The president and vice-president shall be appointed by the Government with Imperial sanction and their term of office will be five years. Directors shall be appointed by the Government from among shareholders holding more than fifty shares, their term of office to be four years. Inspectors shall be elected at a general meeting of shareholders from among themselves, their term of office to be three years.

Article X.—The salaries and allowances of the president, vice-president and directors shall be determined by the Government.

Article XI.—These officers, during their term of office, under no pretext whatever, shall accept any other office or engage in any other business without the approval of the Government.

Article XII.—The Government shall appoint officials empowered at any time to inspect the books and the operations of the corporation. They shall also be authorized to demand at any time at their discretion a written statement of accounts or of the business of the corporation; and further, to attend and state their views at general meetings of shareholders and other meetings. They will not, however, be empowered to vote at meetings.

Article XIII.—The Government will issue such orders as may be deemed necessary for the control of the corporation and its business.

Article XIV.—If the corporation by a vote, or the officials act in violation of the laws or orders of the Government or the objects of the corporation, or if the corporation fails to carry out the orders of the authorities supervising the business, the Government will abrogate such vote and may dismiss the officials culpable.

Article XV.—The Government may apply when deemed necessary the laws and ordinances relating to railways in the Empire to the business of the corporation. Due notice will be given the corporation of the laws or ordinances to be applied.

Article XVI.—The commercial code and laws and ordinances appertaining thereto shall be applied to the corporation in cases where provision is not made in the present ordinance.

Article XVII.—Imperial Ordinance No. 366 (relating to Japanese companies constructing railways abroad) will not be applied to the corporation.

Supplementary rules have been issued to the foregoing ordinance by which the Government will appoint a committee for the conduct of affairs relating to the formation of the South Manchuria Railway Company, Ltd. The promoting committee shall issue the first shares after

drawing up the Articles of Association and obtaining the approval of the Government thereto. After the issue of the first lot of shares the promoting committee shall apply to the Government for a charter, producing the applications for allotment. The committee shall make the first call on the shares without loss of time after obtaining the charter, and the first call having been paid in the committee will call a general meeting of shareholders. Upon the conclusion of the inaugural general meeting the work of the promoting committee will be taken over by the President of the Corporation and the committee be dissolved.

It is semi-officially explained that the Japanese Government cannot properly hold railways and collieries in Manchuria, over which Japanese suzerainty is not established, as in Corea, without prejudicing the sovereignty of China. In the treaty signed at Peking by Baron Komura it is agreed that a company shall be formed, capitalized jointly by the Japanese and Chinese Governments and people, to conduct the Chinese Eastern Railway, after the evacuation of Manchuria by the Japanese troops. The formation of the new company is an outcome of the treaty. It is further stated that the promoting committee will be appointed in a few days, and a valuation will be made of the Chinese Eastern Railway, the Fuchung and Yentai Collieries, and works at Tairen. The capital of the new company will be fixed at ¥150,000,000. The railway and other property held by the Japanese Government in Manchuria will be valued at ¥75,000,000, and the Government will take shares in the company to this amount. Shares will be issued for the remaining ¥75,000,000, which will be issued for the improvement of the railways, the construction of rolling stock, and as a working fund for the collieries, etc.

Several names have been nominated for the presidency and vice presidency of the company, including those of Mr. Oura, ex-Minister for Communications; Mr. Den, ex-Vice Minister for Communications; Mr. Sengoku, President of the Kiushu Railway; and Viscount Hotta, a member of the House of Peers.—*The Far Eastern Review*.

## THE CUSTOMS ANALYSES.

The two volumes of analyses of foreign trade with China, one dealing with imports and the other with exports, have already received some attention in our columns. Most men turn from, rather than to, volumes of statistics, yet there is no doubt of the value of these carefully prepared tables which the Customs authorities have so laboriously compiled and so carefully published. It is only by taking a bird's-eye view of a great area that one can see the lie of the land. For the Chinese we can conceive of no better text-books than these yellow volumes. One of the shortcomings of the native system is the lack of just such returns as these duly audited and vouched for. Were this the rule in China there would be fewer irregularities and more revenue.

From the table of imports we find that the total value of merchandise incoming during 1905 was Hk. Tls. 447,100,791, while that of exports was but Hk. Tls. 227,888,197, a difference roughly of some Hk. Tls. 220,000,000. Hasty jumping to conclusions might suppose that there must be a drain to this extent of the country's bullion, but, as we shall see, this is by no means necessarily the case. There are such things as invisible exports and imports. Some forty years ago, when British imports began largely to exceed the exports, there were not wanting Jeremiahs and Cassandras who foretold the speedy downfall of British trade and, with it, the British Empire. But the intervening years have shown the fallacy of such reasoning. The British Empire still exists, its trade is still growing, and its people increasing in prosperity. There is, therefore, in statistics of this kind, something to be supplied, for as the whole of the mighty mass of modern credit is based

on bullion, it would be a very serious thing, indeed, if this should be allowed to ebb away. The whole superstructure would be endangered and that dreadful calamity, a monetary crisis, would necessarily ensue. That there is some danger from the new currency which China has so foolishly introduced is true, for there is no cure for depreciated coin. It must be replaced with honest metal.

The Statistical Secretary of 1903 made an ingenious calculation to show, approximately, what the invisible imports of money into China were, including in his list the amounts brought and sent back to the Motherland by emigrants, the money supplied year by year for expenditure on mission work, the governmental expenditure on legations, consulates, etc. All this amounted to a very large sum. This year we find Mr. Bowra writing from Amoy thus: "This is really the staple export of Amoy—humanity—which pours out in large numbers to furnish the labor for the countries of the Malay Archipelago. . . . Many, no doubt, do not return, and much of their makings is invested in the land of their adoption; but many do come back and many send and bring money. This invisible import, conveyed in bank drafts and upon the bodies of travelers, must amount each year to many millions of dollars." And there are several other places besides Amoy where the same is true. The balance which looks so adverse, therefore, is more apparent than real. So far as mere currency is concerned, Mr. Morse calculates that there was a net gain during the year of ten and one-third millions of taels. But his "actual balance of trade (or balance of indebtedness, as it has been better termed)" is as follows:

LIABILITIES.		Hk. Tls.
Value of merchandise imported, 1905.....		447,100,791
Net import treasure.....		14,810,102
Loans and indemnities.....		42,000,000
Invisible liabilities.....		32,070,000
		<hr/> 535,980,893
ASSETS.		Hk. Tls.
Value merchandise exported, 1905.....		227,888,197
Invisible assets, estimate of 1903. Less certain expenditure.....		149,400,000
		<hr/> 377,288,197

This leaves an unprovided balance of Tls. 158,692,696, which, says Mr. Morse, "may be considered a possible estimate of what may be called 'war remittances,' which have been, during the year, covered by merchandise imported, subject, however, to some deduction for the balance of transfrontier trade outwards over that inwards not included in this estimate."

In a study of "The True Relations in Which Imports and Exports Should Stand," Mr. Stephen Bourne, some years ago, went carefully into the circumstances under which an excess of either imports or exports might be beneficial to a country. We have no space, however, to consider the question at present, and in conclusion would impress on every patriotic Chinese the advisability of doing all that is possible to stimulate export, by improved methods of production, by the establishment of a suitable coinage, by decrying the trickery which has all but ruined some of China's export trade, and by studying foreign markets with a view to supplying whatever may be in demand. There is much room for improvement in this respect. More than fifty of the articles on the export list are under a million taels each in value. A dozen others are over a million, but less than two, seven are over two and less than three, while but one alone is over twenty, raw steam filature silk, which is valued at twenty-seven millions of taels. It is satisfactory, however, to notice that though the exports of 1905 were less by more than eleven millions than those of 1904, the tendency generally is upward.—*North China Daily News*.

## VLADIVOSTOK ENTERPRISE.

Commercial Agent Roger S. Greene, writing from Vladivostok July 9, describes at length plans that are contemplated by the municipality for the construction of a series of public works which will require an expenditure of at least \$5,000,000 or \$6,000,000 United States currency. The authorities have in mind the creation of a loan for the granting of concessions to carry out the enterprise. Some features of the general proposition may be inviting to American enterprise and capital. Mr. Greene forwards a map of the city, with explanations, which may be examined at the Bureau of Manufactures, or it will be loaned to interested parties in the order of application. The report follows:

The most urgent of these are: (1) Waterworks, (2) sewerage system, (3) an electric street railway and an electric lighting system, (4) building of wharves and warehouses on the Golden Horn Bay, (5) the construction of a small harbor for coasting vessels on the Amur Bay near the market, (6) the building of market, (7) the paving of streets.

The city also wishes to erect a large building or series of buildings on the ground now occupied by the city garden, the basements to be used for storage of merchandise, the rear being right on the wharves, and the other floors for offices, parts to be set aside for an exchange or chamber of commerce, for municipal offices, for the municipal bank and library, and for a theatre and club.

The erection of buildings for cheap lodgings is also planned. Rents are now so high that an unfurnished apartment of five rooms, for instance, even at some distance from the business centre, cannot be secured for less than \$100 a month. A steam bakery, steam laundry, a public bathhouse, a slaughterhouse, and small electric ferries on the bay are among the improvements proposed. More hospitals, schools and gardens, boulevards, places for sea bathing, etc., are desired. An addition of \$250,000 is needed for the capital stock of the municipal bank and for a Mont de Piété, or municipal pawnshop.

The city has no funds available for beginning by itself even part of this somewhat ambitious programme, but it is felt that these undertakings, if properly managed, should most of them be profitable investments. The municipality is desirous of securing a loan for the purpose of undertaking the construction and management itself, but it is pretty generally realized that there may be difficulty in getting the money in this way, and therefore it is also open to propositions for (1) a loan secured on the work undertaken, the construction to be by the lenders or otherwise under their control; or (2) a regular concession for construction and operation, the franchise to last preferably not longer than twenty years. No definite outline of the conditions prescribed has been formed, and a proposition that required harder conditions in certain ways would have a chance of acceptance on account of other favorable points, such, for example, as exceptional solidity and standing of the applicants and guarantees for prompt and satisfactory execution of contracts.

The city has no funded debt at present, but owes to the central government some \$150,000 for provisions supplied in anticipation of a siege during the war, and about \$100,000 short-time loans have been recently negotiated for a hospital and school building. On the other hand, it owns all the vacant land on the peninsula on which Vladivostok is situated, for a distance of some thirteen miles, and still holds a great deal of valuable land in the city itself, which could be used as security indirectly, though a foreign corporation or person could not hold it itself. It also owns warehouses which bring in a good income. Lenders could not count on securing any interest or sinking fund payments from the present revenues of the city, but would have to base their calculations on securing the return from the works constructed. The revenues and expenditures of the city ordinarily balance exactly. This year it is estimated that they will each come to about \$300,000. A loan or concession would require the approval of the central government.

Vladivostok has a population, civil and military, of probably about 100,000, it being impossible to state the number accurately on account of the policy of secrecy maintained regarding military matters. The city is built on the shores of the Golden Horn Bay and on the hills, which here begin to rise almost from the water's edge. To avoid ascending the hills too far, the city has extended itself along the shore, and is thus stretched out to a length of about seven miles, disproportionate to its area; but there are a good many houses as high as 150 feet above the sea, the streets leading to them being very steep.

The waterworks proposal presents some serious difficulties, as in order to secure a sufficient supply of water it will probably be necessary to go out about thirty-five miles to the river Maïke, and I am told that two or three pumping stations would be required to get the water over some of the intervening hills. It has also been suggested that the pipes be carried under the Amur Bay to the river Mangugai, but the distance would be about the same, and would include not less than six miles of pipe under the bay, which has an average depth of 42 feet, and is in some places as deep as 48 feet. It is estimated that from 550,000 to 800,000 gallons of water will be required daily. The severe winter, during which the ground freezes to a depth of about 5 feet, is an important factor to be considered. The naval station and the railway have waterworks of their own.

The street railway and electric lighting propositions are the most attractive at present. The great amount of traffic on the one or two principal streets would make it possible for a railway to serve a very large number of people with a comparatively short and simple system, the present idea being to construct a line from the eastern end of the town, along the main street to the railroad station and to the market. One branch line northward into the country on the Aleutskaya or Kitaïskaya streets to First River, about three miles, would probably be also popular, as it would permit people to live in the suburbs of the town. A num-

ber of houses have been built in that direction already. There would probably be a good chance for a line around the bay as well. First and second class cars would probably be necessary here. Altogether about eight miles of line should be constructed. The streets are for the most part wide enough to accommodate a double track.

As regards lighting, there are already a number of private plants, most of which supply other houses in their vicinity. This would be an important matter to be considered if concession were applied for. The city at present states that it will want for street lighting to begin with about 200 lights of 1,000 and 500 candlepower, and it is estimated that the private consumption will be from 5,000 to 7,000 lights of average candlepower. An increase would of course depend on the price and on the arrangements that could be made for limiting the private plants.

The wharves in the Golden Horn Bay should have a frontage of about 3,500 feet. The warehouses are to be of two classes: Those for safekeeping of goods for long periods, which should accommodate 120,000 tons; and those to shelter transit cargo, which should have a capacity of 261,300 tons—some to be built of brick, and some of steel and galvanized iron, or other cheap fireproof construction, according to the goods to be stored.

On the Amur Bay simply a strong embankment will be necessary for about 1,750 feet and a short breakwater about 100 feet long in comparatively shallow water. This is for the use of the small sailing craft in the local and coastwise trade.

A very large market will be required. Near the present building temporary booths covering 2 or 3 acres have been set up.

The main streets in immediate need of paving have an area of 490,000 square feet.

Judging from present appearances it would seem that if this enterprise were taken up with proper caution and tact by parties of whose bona fides there could be no doubt, and who could command the necessary capital or credit, a concession might be obtained for all or part of these works. If persons desired to make a loan to the city for the purpose, advantageous terms could probably be obtained, as the rate of interest commonly prevailing here is very high. The whole sum of \$6,000,000 would not of course be needed at once, but would be spread over several years. I understand that several proposals have already been made to the city, but on account of the lack of standing of the promoters, or because the conditions they propose are not satisfactory, they have not been accepted. It is most essential that parties applying for the concession should have large capital and experience to command the confidence of the municipality and of the central government.

Of course such an investment would require confidence in the future of the city, on which subject interested parties must investigate and form their own opinions. My own feeling is that Vladivostok is likely to continue to be at least as important as now, and that these works could be made to pay on the present basis. This leaves out of consideration the tremendous growth possible with the rich country back of this port. As has often been pointed out, while Vladivostok is not an "ice-free" port,

by the use of an ice breaker ships are regularly enabled to enter and leave the harbor during the months of January and February when the ice forms, and as the railroad service develops a large transit trade will undoubtedly grow up here.

From the point of view of the general interests of American trade, it would be a tremendous advantage if such a foothold could be obtained in Siberia. These works would require a very large amount of imported material, and being a practical demonstration the start thus obtained would be very valuable. As Vladivostok is within twenty days' easy steaming from our Pacific coast, the United States ought to be in an exceptionally good position to compete strongly for this business.

Persons interested in this matter should communicate with the mayor of the city of Vladivostok, and, if possible, should send out a competent engineer who could make on the ground definite proposals for submission to the city. They must bear in mind that many difficulties will arise and that a satisfactory result cannot be obtained without much patience, careful planning, and allowance for local conditions. The disadvantages may appear too great for some, but I believe the various projects to be well worth an investigation.

## INVOICES FOR SHIPMENTS TO THE PHILIPPINE ISLANDS.

The following United States Treasury Department Circular No. 35, March 30, 1906, concerning shipments to the Philippine Islands, is published for the information of all concerned:

### *To Collectors of Customs and Others Concerned:*

Section 22 of the act of March 3, 1905 (T. D. 26142), provides that shipments exceeding \$100 in value "when brought into the Philippine Islands from the United States \* \* \* shall be accompanied by an invoice similar in form to the consular invoices required for importations into the United States, but in lieu of execution by a consul of the United States, such invoices shall be sworn to before a United States commissioner, collector of customs, or deputy collector of customs." This has been construed not to require certification as in the case of invoices for shipments to the United States from foreign countries, but to provide in lieu thereof that the invoice shall be sworn to before a United States commissioner, collector of customs, or deputy collector of customs. Surveyors of customs at ports or subports where they are the chief customs officers are regarded as collectors of customs for this purpose.

Every such invoice must be made out in triplicate and marked "Original," "Duplicate," and "Triplicate," respectively, in the margin above the caption "Purchased by importer," on the back of invoices for purchased goods, and above the caption "Not purchased by importer" on the back of invoices for goods obtained otherwise than by actual purchase. The original should be retained by the officer before whom the oath is taken; the duplicate delivered to the person swearing to it, and the triplicate sent promptly by mail, or by the master of the vessel, to the collector of customs at the port of entry in the Philippine Islands.

The names of both the seller and purchaser must appear in the invoice of purchased goods. Such invoice must also show the time and place of purchase, the actual cost of and charges on the merchandise, and contain a correct description of the merchandise with the marks and numbers and gross and net weights in the terms of the Philippine tariff, or quantities as the assessment of duty may require. It must be sworn to by the purchaser or seller, or by an agent of either having knowledge of the facts, who must be identified as the person whose name is signed to the oath.

## PHILIPPINE AGRICULTURAL BANK.

Depressed agricultural conditions in the islands, the limited facilities for securing relief through loans, and the exorbitant rates of interest charged when loans are made, furnish the basis of an agitation of long standing for the establishment of an agricultural bank. In the Commission's report for 1905 the organization of such a bank under government guaranty is recommended, and at the last session of Congress a bill conferring specific authority on the Commission for this purpose was introduced.

This latter step gives added importance to a report by the insular chief of the Division of Currency, prepared at the instance of the Philippine Commission and embodying a plan for the establishment and maintenance of an agricultural bank in the Philippines.

A canvass having been taken of the provincial governors revealed that twenty-four out of twenty-eight were favorable to such a bank, while maximum and minimum interest rates in their respective provinces, though showing extremes ranging from 8 to 120 per cent., gave an average of from 18 to 48 per cent., figures that clearly indicate the hardships under which the Filipino farmer is operating and of the need for improved facilities such as would be offered by the proposed institution, if agriculture is to prosper and the productive area to increase.

The report, after a survey of the various types of agricultural banks, decides in favor of the Egyptian plan of a private corporation under government guaranty, in view of the delay in bringing about private initiative alone and objecting to a purely government enterprise that might be charged with favoritism in making loans, of persecution in the matter of foreclosure, and a variety of other similar objections.

The bank as proposed by the chief of the Division of Currency is to have an authorized cash capital of \$5,000,000, of which \$2,000,000 must be subscribed and \$1,000,000 paid up before beginning operations. Upon the cash-paid-up capital stock the government guarantees a 4 per cent. annual dividend for a period of twenty-five years, but assumes no responsibility for the capital stock in case of liquidation. Reports are to be rendered at the end of each year, and of the annual net profits 4 per cent. shall be set aside for guaranteed dividend, repayment shall be made to the Philippine Government of any advances made previously under the guarantee, 40 per cent. of the remainder credited to the bank's surplus fund, 10 per cent. paid to the Philippine Government, and the balance to be used as the corporation sees fit. If in any year there should not be a net profit large enough in conjunction with the surplus fund to satisfy the 4 per cent. dividend, then the government shall make good the deficit, but such payment shall be a contingent liability against the bank and constitute a lien held by the government against all future net profits in excess of 4 per cent., until repaid in full with compound interest, though in case of liquidation this lien shall be subordinate to the bank's legitimate debts and repayment of capital invested.

Loans are to be made by the bank only for the specific

purpose of assisting agriculture, and such loans are divided into three classes: (1) from \$2,500 to \$15,000; (2) from \$100 to \$2,500; and (3) from \$10 to \$100. Those of the first class shall be made only upon authority of the Secretary of Finance and Justice, and at no time shall such represent more than a fourth of the bank's total loans. Loans of the first two classes shall be made only on first mortgages of Philippine real estate, duly registered under the land registration act, the value of such security being twice the amount of the loan granted and three times that sum in the case of the more fluctuating values of urban and forest lands, while loans upon mines, quarries and similar risks are forbidden. These loans, based upon realty, shall not be for more than twenty years, are to be repayable in annuities covering principal and interest, and only in exceptional cases where return from investment is slow shall a period—not to exceed three years—be allowed before repayment commences.

Loans of the third class—from \$10 to \$100—shall be secured either by collateral of twice the value of the sum loaned or guaranteed by at least two responsible persons, and shall be for a period of not more than two years, repayment being by a single lump sum including principal and interest. Provision is made that loans of the second and third class to small farmers for improvement, and for planting and harvesting crops shall receive special attention, and as has been previously indicated at least three-fourths of the bank's credit shall be of these small sums.

The rate of interest is fixed at 10 per cent. on all loans, but a sliding scale is provided for a reduction in this rate based on the growth of the surplus fund, interest on loans declining by degrees to 6 per cent. when the surplus reaches the amount of the original paid-up capital.

The bank is prohibited from owning realty beyond that required for business premises and such as may come into its possession through foreclosure, but this latter must be disposed of within five years. The conditions under which mortgages may be foreclosed are given in much detail, and provision is made against the use of loans for purposes other than those originally specified by making such an act a misdemeanor, and rendering the borrower subject to fine and imprisonment.

An important section is that by which the services of the provincial treasurers may be utilized for collections, at a rate not to exceed 1½ per cent., and for other purposes when not inconsistent with official duties. This provision for using the existing government machinery for the operations of the bank in remote districts where its benefits are most needed, but where the employment of special agents would not be economically warranted, is considered of vital importance to the plan.

These are the leading features of the measure outlined for enactment by the Commission, and in his report the chief of the Division of Currency considers in detail many objections. Among these is the chaotic condition of insular land titles, which, in view of the statement appearing in the report of the Commission for 1905 to the effect

that 95 per cent. of the occupants of lands are without paper titles, would seem to present a serious objection. But this is thought to be met by making the first condition of a loan that the security accepted be duly registered under the land registration act. This it is hoped will furnish a new incentive to increased registration and will result in relief from the condition growing out of the present ill-defined status of land titles.

The danger of misuse of the funds borrowed by the native is conceded, but according to the experience of the British in dealing with practically the same class in Egypt it would not seem to be very great, while a conservative policy and careful inquiry concerning the borrower, reinforced by the penal provision for misappropriation of loans, will minimize the danger.

The difficulty of enlisting capital it is thought will disappear with the government guaranty of 4 per cent. as a basis and the large margin for profitable activity offered by a 10 per cent. rate on loans. This high rate itself has been spoken of as a weakness of the plan, but compared with figures quoted by provincial governors it is a low rate in the Philippines, and attention is called to the gradual reduction proportioned to the growth of the surplus fund.

Concerning the possible expense to the government, while 10 per cent. on the actual capital invested is guaranteed for twenty-five years, it is to be noted that this is the maximum and that there is no guaranty of the capital stock. Only the most reckless management would make such a maximum loss possible, whereas attention is called to the minuteness of the governmental supervision and limitations provided, while the provision under which any amount advanced by the government to make good the deficiency in the guaranteed 4 per cent. dividend of any year becomes a lien against whatever surplus the bank may have in succeeding years it is thought will serve to distribute the effect of exceptional conditions and safeguard the government from ultimate loss. In concluding this phase of the probable liability assumed by the 4 per cent. guaranty, the chief of the Division of Currency states that in the proposed legislation for a Philippine agricultural bank the government is better safeguarded than in the case of the Egyptian bank; points suggestively to the fact that this institution, though it has been in successful operation with increasing capital and usefulness since 1895, has never called upon the government to pay a cent in guaranty; and quotes the words of Lord Cromer's report as saying: "It is in the highest degree improbable that any occasion will arise for calling on the government to make good a deficit."

The bill previously referred to is for the purpose of authorizing the Philippine Commission to legislate upon this subject. The total annual contingent liability of the government is fixed at \$500,000, but in other respects the bill covers in general outline the fundamental features of the plan above referred to, and in view of the obvious need of such an institution and of the encouraging precedent of success established by the British in a similar

field, it is hoped that Congress will take favorable action on the matter.

## THE TRANSPORTATION MOVEMENT IN INDIA.

Consul General W. H. Michael, of Calcutta, sends a report on India's railroads, of which the following is a part:

At the end of April, 1906, the number of miles of railroad in operation in India was 28,617, and the number under construction and sanctioned was 3,297. The number of miles of standard gauge, 5 feet 6 inches, is 15,399; miles of meter gauge, 3 feet 3½ inches, 12,098; miles of 2 feet 6 inches gauge, 1,097, and miles of 2 feet gauge, 328.

The total outlay on construction, including miscellaneous items, is S 1,222,848,000.10.\* The amount authorized to be expended for 1906-7 is S 50,000,000.00, applied as follows: For open lines, including S 12,000,000 for rolling stock, S 29,436,000.00; for lines under construction begun prior to 1905-6, S 12,040,000; begun during 1905-6, S 5,214,000; for lines to be begun in 1906-7, S 3,310,000.00, making a grand total of S 50,000,000.00. This amounts to an increase of 20 per cent. over the previous year.

### ADDITIONS TO ROLLING STOCK.

In 1905 256 engines, 370 coaches and 2,861 box cars, or, as they are called in India, "wagons," were added to the rolling stock, and orders have been made for the construction of 511 engines, 2,223 coaches and 6,700 box cars. In addition to this, 47 engines, 75 coaches and 2,248 cars have been authorized since January 1, 1906. The number of engines that have been supplied with automatic brakes is 3,016; coaches supplied, 11,201; cars supplied, 3,798, leaving 2,799 engines, 9,061 coaches and 107,226 cars unsupplied. The number of coaches and other cars fitted with gas is 9,782, and with electricity, 648.

There are 79 stations provided with instruments for signaling trains automatically between stations, and 180 stations are fitted with apparatus for interlocking points and signals. The lines, both State and company, are endeavoring to increase the facility for communication between passengers, guards and drivers, which meets with popular approval.

### EARNINGS AND PASSENGER TRAFFIC.

The gross earnings of all Indian railways during the calendar year 1905 amounted in round figures to S 137,544,000, an increase over the previous year of 1904 of S 6,699,000. The net earnings for the year amounted to S 71,742,000, which was nearly 6 per cent. on the capital outlay.

\* Amounts in articles are stated in rupees, a rupee being worth 32.4 cents. The first sum, for example, equals \$396,202,752.



## THE POPULATION OF CHINA.

The interesting question of the population of the Chinese Empire is one that has often been discussed, but it is still impossible to say with any degree of certainty what the population is. Competent students of the subject hold views that are very diverse and contradictory. From the most remote ages the Chinese have periodically numbered the people, but these censuses are undoubtedly full of inaccuracies and discrepancies, which make them very unsatisfactory data to go upon. There are numerous references to be found in both ancient and modern Chinese literature to the method pursued in taking a census, and the results of many of these censuses are also on record. It would be tedious to enter too much into detail or to enumerate the results of many of them, but some of the more important ones may be glanced at. During the first 150 years of the Christian era no fewer than ten censuses were taken, the first one giving the population as above 83,000,000, but the other nine placing it at a much lower figure. At the beginning of the Christian era, however, it is tolerably certain that it was at least 80,000,000, and it must be remembered that the Empire then was much smaller than it is at the present time. Most of the censuses taken in China during the last two thousand years have not professed to take in the whole population. Young children and old men, for instance, were sometimes omitted, the main object of the census generally being to ascertain the number of taxable people. Dr. Wells Williams, in "The Middle Kingdom," gives a table of twenty-three censuses, covering a period of 500 years (A. D. 1381 to A. D. 1881). The first of these censuses gives the population as under 60,000,000, the last (taken from the Chinese Customs Reports) as 380,000,000. By common consent the most accurate and reliable census ever taken in China was that of 1812, during the reign of the Emperor Kia King. This gives the figures as over 362,000,000. In 1868 the population was estimated at nearly 408,000,000; but in 1881 it had fallen to 380,000,000, the great T'ai'ping Rebellion, in which so many millions of people lost their lives, being one of the principal causes undoubtedly for this great decline.

During recent years several well-known travelers and investigators have given their views of the population of the provinces visited by them. Crude as this method of enumeration must be, it is not unlikely that, when the whole of China has been visited in this way and a careful compilation of the results of these investigations has been made, a more accurate and reliable estimate of the population of the Empire will be secured than by simply relying on the figures given by the censuses furnished by the Chi-

nese. As an instance, the late Baron von Richthoven, in his Letter on the Provinces of Chékiang and Anhui, gives invaluable information concerning the population of these provinces. In reading what has been written by these travelers and others one cannot escape the conviction that the impression is pretty general as to the tendency having always been to place the population of China at too high a figure. And we believe that there are very substantial reasons for this assumption. Travelers, missionaries and others, who have visited the region devastated at the time of the T'ai'ping Rebellion, express the opinion that the loss of life during that great convulsion has generally been estimated at too low a figure, and it is a question also whether the terrible famine more than a score of years ago in the provinces of Chili, Shansi, Shensi and Honan, with a population of seventy millions, is not responsible for the loss of more lives than it is usually credited with. It is still more certain that the Mohammedan uprising in the Northwest destroyed more lives than it is generally supposed to have done. A very moderate computation of the loss of life incurred in these three calamities makes it to be fully 60,000,000. And in this connection, it would be well, perhaps, to remind ourselves that the habitual use of opium by such a large number of the people has tended to act injuriously on the recuperative power of the nation. Many other facts bearing on this question could be adduced. All seem to lend weight to the contention that the population of China has been consistently overestimated.

Dr. A. P. Happer, who a quarter of a century ago devoted much time and attention to this subject, mentions that in the early part of 1879 a paragraph, professedly written by a Chinese gentleman "of excellent authority," was published in the newspapers of the United States in which the claim is made that the population of China had been overestimated four-fold, and that probably instead of 400,000,000 (the commonly accepted figures) the true number would be about 100,000,000. Dr. Williams gave as his estimate at that date 340,000,000, that is, over 20,000,000 fewer than in 1812. Dr. Happer himself put it down at 300,000,000, or a little more than one-fifth of the population of the globe. The Chinese Customs Reports in 1881, as we have seen, made the aggregate population of the eighteen provinces to be 380,000,000. Enough has been said to indicate the difficulties attending any effort to decide satisfactorily the vexed question of the actual population of China. A little over twenty years ago it was anticipated that some measure of certainty would shortly be introduced into the subject by the efforts of the German Minister at Peking, who obtained from the boards at the capital the details of a census that had recently been taken. It was stated, indeed, at the time that the figures were in course of compilation in Berlin. If these statistics have ever been published it seems strange that they have not been allowed to circulate in the Far East, where they would be of great interest and of considerable value.—*North China Daily News.*



## COMMERCE OF CHINA.

BY CONSUL GENERAL JAMES L. RODGERS, OF SHANGHAI.

For the first time in the customs service of China a systematic and accurate analysis of the import and export trade of the Empire has been made, and, as this gives in detail information which has been vainly sought, citation of its salient features should be given in any review of the country's trade. Not only does it serve its purpose there, but it will show for the benefit of American trade what the market in China is at present and our separate share in each commodity.

The value of the direct import trade from each country has been shown in a preceding table, and, therefore, before the analysis of these imports, it only remains to refer briefly to the net consumption in the customs districts. Shanghai absorbs most, taking for her uses nearly 20 per cent. of the whole; Tientsin is second, with nearly 15 per cent.; Hankow third, with about 10 per cent.; Niuchwang fourth, with about 7 per cent., and Canton fifth, with about 5 per cent. The other important districts, in their order of consumption, are Kowloon (which means Hongkong and Macao), Chefoo, Chinkiang, Chingwangtao, Swatow, Chungking, Kiaochow, Ningpo, Kiukiang, Amoy, Foochow, Weuchow and Nanking. The remaining districts take only about 7 per cent. of the whole.

In the analysis of both imports and exports the Hongkong figures, as usual, are embarrassing, since they utterly destroy the value of percentages and give false impressions. This will be better understood when it is stated that of the total value of the so-called trade with Hongkong—namely, imports, 148,071,198 Haikwan taels, and exports 81,452,643; total, 229,523,841 (United States gold \$167,552,403.93)—it is estimated by the customs statisticians that at least 25 per cent. belongs to America and should be credited there.

In the table which follows only the total value of the importation, America's share and that of the nation leading in the importation are given, it being manifestly impossible in short compass to give further details. The values are given in the Haikwan tael, which is equivalent to 73 per cent. of a gold dollar. The nations are indicated by their initials—A. standing for America or the United States, G. B. for Great Britain, H. K. for Hongkong, B. I. for British India, J. for Japan, I. for India, F. I. C., French Indo China; E., Europe; R. and S., Russia and Siberia.

## ANALYSIS OF IMPORTS.

Articles imported	Total value importation	American share	Leading na- tion's share	Leading nations
	Haikwan tael	Haikwan tael	Haikwan tael	
Opium:				
Benares .....	6,606,332		6,029,252	H. K.
Malwa .....	12,988,721		8,311,492	B. I.
Patna .....	13,786,486		12,504,856	H. K.
Other kinds .....	938,108		936,422	H. K.
Shirtings, gray, plain .....	20,073,264	1,270,444	16,818,661	G. B.
Sheetings, gray, plain .....	31,566,684	26,463,003	26,463,003	A.
Shirtings:				
White, plain .....	16,982,812	2,700	13,983,876	G. B.
White, fancy .....	38,818		24,836	G. B.
Drills .....	14,115,459	11,273,404	11,273,404	A.
Jeans .....	3,758,230	1,201,145	2,261,455	G. B.
T-cloths:				
32 inches .....	3,474,570	27,380	1,977,242	G. B.
36 inches .....	513,866		356,117	G. B.
Cambrics, lawns, muslins .....	302,400		238,553	G. B.
Lenos, balzarines .....	240,423		135,853	H. K.
Chintzes and prints .....	1,099,077	5,586	888,814	G. B.
Printed drills, etc. ....	326,942		297,514	G. B.
Printed satens, etc. ....	436,122	1,866	415,238	G. B.
Printed T-cloths .....	495,606	2,925	488,853	G. B.
Turkey red cottons, etc. ....	1,491,673	81	1,393,205	G. B.
Cotton Italians, etc. ....	15,564,685	42,197	14,024,207	G. B.

Articles imported	Total value importation	American share	Leading na- tion's share	Leading nations
	Haikwan tael	Haikwan tael	Haikwan tael	
Shirtings, dyed, plain .....	772,883		540,109	G. B.
Shirtings, H. K.: .....				
Dyed, plain .....	431,980		420,338	H. K.
Dyed, fancy .....	261,820		149,070	H. K.
Cotton, Spanish stripes .....	139,681		74,855	G. B.
Cotton flannel .....	2,506,938	1,812,171	1,812,171	A.
Cotton flannel, striped .....	457,963		255,449	H. K.
Fancy-woven cottons .....	261,873		122,890	G. B.
Japanese cotton cloth .....	89,764		52,575	J.
Japanese cotton crepe .....	96,106		68,623	H. K.
Velvets .....	643,329		358,629	G. B.
Velveteens .....	90,313		50,823	G. B.
Velveteens and cords .....	177,669		165,379	G. B.
Cotton blankets .....	571,587		296,645	E.
Handkerchiefs .....	385,355		317,936	G. B.
Towels, etc. ....	279,688		131,570	H. K.
Towels, ordinary .....	346,690		296,691	J.
Cotton goods, unclassified .....	443,653		268,451	G. B.
Cotton yarn .....	67,080,334		24,425,474	H. K.
Woolen .....	27,487		25,452	G. B.
Cotton thread:				
Balls .....	85,468		57,950	J.
Spools .....	841,721		355,143	G. B.
Alpacas, etc. ....	198,586		121,880	H. K.
Union and poncho cloth .....	371,236		318,282	G. B.
Union Italian cloth .....	239,764		232,395	G. B.
Woolen and cotton flannel .....	67,540		33,576	H. K.
Woolen and cotton mixtures .....	352,775	3,649	295,379	G. B.
Blankets, rugs .....	562,490		227,594	G. B.
Bunting .....	7,965		6,004	G. B.
Camlets .....	552,735		294,425	G. B.
Cloth, broad, etc. ....	872,690		637,198	E.
Woolen flannel .....	59,212		31,567	E.
Woolen lastings .....	463,657		393,057	G. B.
Long ells .....	436,615		306,950	G. B.
Woolen, Spanish stripes .....	468,570		333,002	G. B.
Woolen goods, unclassified .....	336,221		161,807	C. B.
Woolen yarn, etc. ....	654,568		347,155	E.
Canvas .....	220,490	87,453	94,526	G. B.
Gunny cloth .....	159,382		148,037	H. K.
Linen goods .....	19,528		18,841	G. B.
Plushes .....	586,108		332,921	C. B.
Silk piece goods .....	1,188,122		408,662	J.
Silk stripe cottons .....	12,226		12,024	J.
Piece goods, unclassified .....	77,255		49,653	G. B.
Brass, etc. ....	436,835		274,733	H. K.
Brass wire .....	73,801		40,515	J.
Brass goods, unclassified .....	139,856		128,959	H. K.
Copper:				
Shapes .....	724,892	657	338,261	J.
Molded .....	21,951,712	14,779,596	14,779,596	A.
Wire .....	52,341	38	26,539	J.
Unclassed .....	9,023,392		5,861,064	J.
Iron; soft steel:				
Forgings .....	63,407		51,024	G. B.
Bars .....	637,968	3,902	313,717	E.
Castings .....	3,578		1,654	E. B.
Cobbles .....	321,559	55,765	132,293	E. B.
Hoops .....	176,418		116,214	G. B.
Railroad .....	733,199		474,909	E.
Nails .....	771,214	158,048	296,473	E.
Pig, etc. ....	93,069		70,795	G. B.
Pipe .....	117,286	1,890	91,740	G. B.
Plate cuts .....	779,570		457,068	G. B.
Rails .....	589,063	10,280	543,686	G. B.
Sheets, etc. ....	503,466		259,710	G. B.
Wire .....	253,094		193,606	E.
Unclassed .....	268,226	2,904	152,578	G. B.
Scrap .....	1,500,645	11	863,762	G. B.
Iron:				
Galvanized .....	790,451		789,016	G. B.
Wire .....	50,633	1,829	31,670	H. K.
Lead, pigs, bars .....	734,458	127,130	446,457	H. K.
Lead, tea, sheet .....	14,268	1,234	10,454	G. B.
Nickel .....	146,367	2,091	105,425	E.
Quicksilver .....	118,293		118,293	H. K.
Spelter .....	310,087		188,754	E.
Steel, rolled .....	421,868		187,083	E.
Steel, tool, wire, etc. ....	159,036		117,214	G. B.
Tin, slabs .....	2,330,308		2,196,245	H. K.
Tinned plates .....	1,065,344		737,650	G. B.
White metal .....	325,966		197,096	E.
Zinc .....	61,938		35,429	E.
Metals, unclassified .....	575,332	2,484	287,225	J.
Bags, all kinds .....	2,200,908		1,896,300	H. K.
Betel nuts .....	273,088		213,696	H. K.
Beche de mar .....	1,262,045		696,998	H. K.

Articles imported	Total value American Leading na- Leading			Articles imported	Total value American Leading na- Leading		
	importation	share	tion's share		importation	share	tion's share
	Haikwan tael	Haikwan tael	Haikwan tael		Haikwan tael	Haikwan tael	Haikwan tael
Birds' nests	722,632		445,063	Ribbons, silk and cotton	651,674		552,322
Books, etc.	371,135	26,747	171,403	Furs	272,990		120,451
Boxes, fancy	211,564		162,419	Soap	1,618,189	27,263	748,020
Braid, llama	668,213		474,223	Soda	589,289	12	545,526
Bran, rice	1,923,398		1,918,337	Stationery	684,794	57,088	249,990
Building material	370,853	9,616	128,460	Household stores	2,901,401	700,550	700,550
Butter and cheese	377,452	31,534	158,617	Marine stores	484,167	56,936	256,736
Buttons	494,911		316,177	Brown sugar	7,467,122		6,292,842
Candles	1,476,262	33,865	1,233,725	Sugar candy	1,613,291		1,152,412
Carpets	85,423	77	64,431	Sugar, refined	8,335,468	48,474	7,270,629
Carriages, bicycles	221,538	38,742	111,002	Sugar, white	5,710,177	526	4,977,918
Cement	558,419	1,506	450,890	Sulphur	63,190		38,181
Charcoal	199,648		191,275	Tea	3,354,741		2,626,809
Chemicals	297,165	11,269	151,615	Telegraph material	641,797	66,581	267,747
China ware	575,052	7,909	310,728	Thread-metal imitation	186,043		128,564
Cigarettes	4,427,171	2,203,636	2,203,636	Hard-wood timber	843,080		402,165
Cigars	381,466	8,639	247,741	Soft-wood timber	2,315,100	1,419,722	1,419,722
Clocks, watches	923,541	40,547	431,040	Tobacco	1,656,668	805,897	805,897
Clothing	1,298,129	191,902	284,614	Tobacco sundries	168,728	8,527	42,894
Spices	383,557		345,399	Toilet articles	215,880	6,808	130,356
Coal	7,564,645		5,190,867	Toys	157,724	2,483	66,518
Coke	199,073		119,952	Umbrella	667,790		408,029
Cordage	213,276		124,864	Varnish	122,078	1,622	102,203
Cotton gins	180,245		129,605	Aerated waters	112,048	387	90,649
Cotton, raw	1,631,035	196,882	609,584	Beer and porter	882,805	106,892	368,583
Cutlery	204,624	5,459	112,492	Spirits	1,497,481	77,768	744,722
Dyes, etc.	211,167		164,322	Wines	1,122,868	13,458	626,041
Vegetables	208,014		208,014	Woods	648,645		461,050
Cinnabar	2,628,545	524	2,204,804				
Aniline	1,726,960		1,388,238				
Indigo, artificial	886,086		381,949				
Indigo, vegetable	95,818		95,786				
Sapanwood	259,331		257,301				
Vermilion	365,808		167,965				
Unclassed	119,868		84,116				
Colors, unclassified	574,220		299,506				
Paints, paint oil	490,513	31,139	231,893				
Electrical material	204,476		187,304				
Elephant's tusks	544,539	6,887	204,886				
Enameled ware	205,086		405,996				
Palm-leaf fans	10,509,784		7,585,235				
Fish and products	3,945,690	493,232	3,022,586				
Flour	381,981	8,639	351,122				
Dried fruits	923,161	57,490	288,059				
Furniture and material	2,436,792		1,506,614				
Ginseng	706,283		466,891				
Glass	850,203	7,374	319,363				
Glassware	186,801		88,600				
Glue	1,148,873		1,137,403				
Ground nuts	639,570	5,352	326,606				
Haberdashery	892,144		347,973				
Hardware	188,866		106,911				
Hemp	182,292		163,168				
Hides	85,097		48,555				
Deer horns	121,101		119,951				
Rhinoceros horns	584,455	279	261,002				
Hosiery	358,466		283,375				
Isinglass	385,791		359,669				
Jadestone	239,649	27,340	110,562				
Jewelry	160,911		103,214				
Lace and trimmings	735,144	13,523	333,182				
Lamps, etc.	1,588,250	142,141	1,317,481				
Leather	277,456	5,361	82,899				
Leather manufactures	174,193		169,508				
Lung-Ngans	687,220	2,264	618,732				
Macaroni	5,283,363	404,524	2,802,383				
Machinery	5,609,457		4,391,750				
Matches	279,304	5,882	131,152				
Match material	390,963		348,633				
Mats	232,929		80,979				
Medical appliances	2,003,441		1,490,698				
Medicines	800,069	330,987	330,987				
Condensed milk	186	14	102				
Morphia	732,584		405,714				
Mushrooms	672,648		619,502				
Needles	332,566	260,575	260,575				
Engine oil	20,799,398	10,210,413	10,210,413				
Kerosene	2,422,440	12,126	973,372				
Paper by quantity	662,020		256,501				
Paper by value	207,963		117,129				
Pearls, real	760,465		582,292				
Pepper	268,209	27,043	142,250				
Perfumery	259,360	27,687	134,045				
Photo materials	99,115	18,334	34,918				
Printing materials	7,347,989	449,247	3,288,011				
Railway material	694,389		546,887				
Rattans	8,544,971		8,023,599				
Rice	566,585		508,454				
Saltpeter	880,528		717,601				
Sandalwood	1,349,488		1,196,000				
Seaweed	345,755	1,138	317,392				
Seeds	21,007	4,280	8,000				
Ship material	621,778	25,670	406,042				
Boots and shoes							

A glance at the tabulated statement above will show even the most casual observer what a confusing part Hongkong plays in such statistics. To that port are credited 68 firsts and when considering the matter on the basis of production there should be only one—that of dyed shirtings. The absurdity of such an anomaly in statistics is made apparent by a single illustration—that of flour. Hongkong is credited with an importation to the value of 3,022,586 Haikwan taels and America only 493,282, yet perhaps over 80 per cent. of Hongkong's flour came direct from America for transshipment and most of the remainder from Australia. It is useless to comment further on this feature and one must remain content with the hope that some day a process can be devised in the interest of trade statistics by which Hongkong will be treated as she should be—a port of transshipment essentially and perhaps entirely.

The placing of European countries under one head—that of Europe, excepting Russia—was adopted by the customs for the reason that it has been hard to trace importations, and, furthermore, there has been no basis of comparison heretofore. However, of the first places assigned to Europe in the analysis, Germany is easily the leading nation in nearly all these importations, her proportion of the whole importation of 31,595,674 Haikwan taels being over 48 per cent. The comparison, such as is afforded with previous years, shows certainly that Germany's trade in China is increasing steadily, and especially in such lines as machinery, metals and novelties.

However, the true value of the analytical statement from an American point of view is, as has been stated before, to give the schedule of imports, so that any American manufacturer can get an idea of the market and observe his country's participation in it.

In only eleven items is America first; what would be the result if the Hongkong importations could be justly assigned cannot be stated, but it is certain that there would be a gain for the United States. In cotton goods, oil, copper, tobacco and products, household stores and timber we seem only to have drawn upon our surplus, while our showing in other things, and especially manufactured articles, is lamentably small. Many a conclusion somewhat disadvantageous to American enterprise can be drawn from these figures, but they practically tell their own story and will doubtless suffice. In the following table the Empire's export trade is analyzed, the values being stated in Haikwan taels, each worth about 73 cents of United States money. The countries are designated by initials the same as in the preceding report.

## ANALYSIS OF EXPORTS.

Article	Total export	American share	Leading nation's share	Leading nation
Alum, white	61,369		28,101	H. K.
Aniseed	131,282		131,276	H. K.
Bamboo manufactures	974,838		662,277	H. K.
Bean cake	6,188,347		6,177,064	J.
Beans	6,931,876		5,569,988	J.
Bones	130,688		124,730	J.
Bran	466,126		443,336	J.
Bristles	2,555,610	679,138	896,672	G. B.
Camphor	363,868		347,171	H. K.
Cassia lignea	1,036,909		1,034,408	H. K.
Cattle, etc.	3,210,100		2,877,899	H. K.
China root	87,457		65,315	H. K.
China ware, etc.	1,721,474		1,159,279	H. K.
Cigarettes	474,743		300,042	K.
Clothing	1,812,258	16,082	1,209,498	H. K.
Coal	85,329		62,240	H. K.
Raw cotton	12,029,328		11,284,892	J.
Curiosities	183,968		52,970	G. B.
Albumen	466,982	67,616	368,638	E.
Eggs	1,544,607		665,796	H. K.
Fans	468,941		375,313	H. K.
Feathers	911,418	7,264	457,776	H. K.
Fireworks	2,972,256		2,856,195	H. K.
Fish and products	1,164,337		877,859	H. K.
Fruits	1,671,992		1,273,301	H. K.
Fungus	339,708		334,025	H. K.
Galangal	22,890		22,846	H. K.
Glassware	334,468		325,572	H. K.
Gold and silverware	201,544		195,857	H. K.
Grass cloth	1,259,586		733,180	K.
Ground nuts	394,160		301,666	H. K.
Gypsum	30,876		16,588	H. K.
Hair	825,313	124,005	301,481	G. B.
Hats, rush	59,154	3,811	26,730	H. K.
Hats, chip	30,611	813	19,843	G. B.
Hemp	2,352,007	188,362	1,287,844	J.
Hides	4,986,749		2,910,645	E.
Horns	72,810		34,791	E.
Deer horns	105,579		97,175	H. K.
Joss sticks	395,782		177,091	H. K.
Lard	667,076		390,727	H. K.
Leather	396,751		382,827	H. K.
Dried lilies	286,957		295,144	H. K.
Licorice	195,388		148,908	H. K.
Mats	929,809		593,107	H. K.
Matting	3,129,330		3,123,426	H. K.
Medicines	2,111,616	1,379	1,875,825	H. K.
Antimony	269,503	14,012	125,682	E.
Pig iron	665,577	1,350	659,787	J.
Quicksilver	28,626		28,626	H. K.
Tin slabs	3,441,647		3,436,435	H. K.
Musk	428,448	129,056	173,333	E.
Nankeens	1,523,588		1,020,275	H. K.
Nuttgalls	634,087	140,696	588,890	E.
Bean oil	3,637,361	491,675	2,663,552	H. K.
Oils, essential	458,624		385,303	H. K.
Opium	1,328,216		1,292,743	F. I. C.
Paper	3,551,634	3,091	1,244,421	H. K.
Pearls	125,975		116,381	B. I.
Preserves	129,706		70,659	H. K.
Provisions	2,474,703	1,968	1,940,339	H. K.
Rhubarb	156,087	24,851	49,049	E.
Safflower	3,903		3,643	J.
Samshu	717,317		510,936	H. K.
Apricot seed	239,094		228,009	H. K.
Cotton seed	554,564		554,563	J.
Melon seed	202,623		193,616	H. K.
Rape seed	77,475		45,215	J.
Sesamum seed	2,349,746		1,541,490	E.
Seed cake	646,448		629,913	J.
Silk, raw: White	13,524,010	3,968,136	6,910,443	E.
Yellow	3,866,402		1,818,274	E.
Filature	27,395,999	3,960,105	17,848,318	H. K.
Silk raw, wild	8,639,062	1,551,404	4,536,751	E.
Silk cocoons	1,344,286		633,377	J.
Silk waste	4,288,525	30,655	1,849,469	H. K.
Silk cocoons, refuse	556,817		556,363	E.
Silk piece goods	8,897,627	24,548	7,098,082	H. K.
Silk pongees	1,041,123	64,582	389,745	H. K.
Silk, unclassified	841,211		703,962	H. K.
Skins, furs, rugs	9,684,286	4,108,544	4,108,544	A.
Straw braid	6,210,688	925,932	2,640,529	G. B.
Sugar, brown	1,907,512		1,725,429	H. K.
Sugar candy	2,864		2,371	H. K.
Sugar, white	284,114		281,636	H. K.
Tallow, beef	31,796		22,324	H. K.
Tallow, vegetable	633,682	46	507,825	E.
Tea, black	12,721,213	1,251,884	5,216,073	G. B.
Tea, green	8,292,474	3,671,650	3,671,650	A.
Tea, brick	4,253,018	31,947	3,454,435	R. S.
Tea, tablet	123,980		94,228	R. S.
Tea dust	54,967		52,799	R. S.
Timber	1,135,246		512,040	H. K.
Tobacco	2,312,713		1,578,980	H. K.
Varnish	343,894		322,724	J.
Vermicelli	1,377,962		1,245,975	H. K.
White wax	248,790		240,623	H. K.
Camel's wool	674,630	2,047	659,729	G. B.
Sheep's wool	6,070,157	4,932,644	4,932,644	A.

Of the total exports, 227,888,197 Haikwan taels, Hongkong is credited with receiving to the amount of 81,452,643 taels, or over 35 per cent. of the whole. So, as far as Chinese statistics are concerned, that amount of export disappears. It is more than probable, however, that the percentage belonging to America is about the same as in imports.

Like the analysis of the imports, this as to exports tells its own story. It is to be regretted that further figures showing the contribution and distribution of the important articles of Hongkong commerce cannot be given, since by such amplification more light could be thrown upon the ever-increasing competition for China's trade.

## THE CANTON-HANKOW RAILWAY.

(From the Hongkong Correspondent of the North China Daily News.)

The confused and sinuous trend of affairs which has characterized from the first the movements of the promoters of the long projected railway from Canton to Hankow illustrates but too clearly the vacillating habits of the Chinese, when, undirected and uncontrolled by European guidance, they are called upon to undertake any enterprise more extensive than the rearing of pondfish, or the building of a dyke to protect their own low-lying paddy fields. The recent "ceremony" in which the work of constructing this line was "begun" consisted in a certain number of Chinese gentlemen, under the lead of Chan To-chai, visiting the Shueyuenkong Hill. Chan, amidst a perfect tornado of firecrackers, grasped a spade—was it a foreign-made one?—and turned up a spadeful of earth. A short oration was delivered, and so the work was "begun." A brief survey of the confusion that has hindered this great undertaking from the first may not be amiss, as it will clearly demonstrate the truth of our contention that while ultimately the Chinese may reach the goal they see before them, they by no means choose the line of least resistance, and in some case, either purposely or inadvertently, find themselves pushing their way through a muddy confusion which their own obstinacy and pusillanimity have created. Most readers know that at first the work was placed in the hands of an American syndicate, and every one seemed satisfied. The branch line from Canton to Samshui was pushed vigorously forward, and in a brief time was opened for passenger traffic. Then came a lull. Rumors were circulated—evidently well founded—that many of the shares of the proposed line were being transferred to the Belgians, who, because they were assumed to be the outward and visible sign of a hidden and unknown power, mysterious and hated, symbolized to the Chinese by the three characters Ngo Lo Sze (Russia), were feared as much as the moon-eating dragon at an eclipse of the moon. The result was, as everybody knows, confusion worse confounded, and not until the Hongkong Government came forward and guaranteed the necessary funds were the Chinese able to wrench themselves free from the contract with the syndicate, which had become so galling to them and was so much dreaded. The next quarrel arose between the Canton Chamber of Commerce and the provincial Viceroy. The officials, seeing there was a chance of handling other people's money, endeavored to attract the undertaking into their own hands, and plausible reasons were adduced to prove the reasonableness of their contentions. But the Canton merchants and the Colonial Chinese were too astute to be hoodwinked by official sophistry and a second battle royal was fought, in which some flaming speeches were delivered and some hard blows struck. The Viceroy came off second best in the struggle, and, having made the move in arresting the ringleader, was compelled, in order to assuage the enraged feelings of the people, and, indeed, in obedience to orders from headquarters, to set his prisoner at liberty, with a good deal of ostentatious show. Then came the third scramble for power. The "people" were determined to finance the line, direct its traffic and enjoy its revenues. Indeed, in a

scheme which was published a short time ago, only 5 per cent. of the profits was to be allotted to the exigencies of the Government. During this third squabble, first one and then another was nominated to assume the duties of director of the great work. But if Peter was trusted by one section of the shareholders, another preferred Paul, so that for some months nothing like unanimity could be arrived at in regard to the appointment of directors over the concern. Indeed, it would appear that even now perfect confidence has not been secured, for only a short time since when some delegates from Canton came to Hongkong to collect money for shares already allotted, the suspicious shareholders declined to let go their cash, and so their names were struck off the roll.

### THE GERMANS IN CHINA.

John Edward Jones, American consul at Dalny, Manchuria, sends an interesting report in regard to the city of Tsingtau, which is under German control, as follows:

Tsingtau boasts a number of hotels where one may find suitable quarters with good food from \$50 to \$75 gold per month. There is a fine beach hotel located at the bathing beach where many of the visitors from neighboring ports go during the heated term. Germany maintains a garrison at Tsingtau, and many of the surrounding hills are fortified. Long-distance gun practice takes place every day. And there is yet another feature that is to be most heartily commended. The authorities have been conducting a department of forestry since their occupation, with the result that the barren hills of a few years ago are now covered with young forests. Millions of young trees have been set out, and the work has been taken up by the Chinese, who are planting trees themselves under the supervision of the German authorities.

Just outside the city the Germans have built a village for the Chinese. It is a model of its kind, with broad streets and small but well-constructed brick houses. There are regulations in force over there which require the city to be kept clean, and they are obeyed. The Chinese have plenty of breathing space and there is no crowding, with the attendant evils of bad sanitation. A fine market space is set aside, and here the farmers come every day to display and sell their wares.

The health of the city is always good. Strict hygienic methods are enforced by the naval governor of the city. The city is surrounded with beautiful drives, and everything bears evidence of the strictest care. Recently the Germans have opened a European school, and Europeans for many miles around take advantage of the excellent course and training and send their children to Tsingtau.

There is a model abattoir at Tsingtau, presided over by a competent veterinarian, who examines all cattle brought in for slaughter. The abattoir is much larger than the present requirements of the community and is fitted with all modern appliances. The most scrupulous cleanliness prevails. A model truck farm and dairy also add to the comfort of the people.

Quite a flourishing business is being done at Tsingtau. The country is so new commercially that her exports up to this time are not very large; but she is growing every year, as is attested by some figures furnished by the Government.

The imports have increased from \$10,900,000 gold in 1904 to \$16,200,000 gold in 1905, while the direct exports to foreign countries approximated during 1905 \$3,000,000 gold, nearly trebling the amount exported for 1904. The general increase in exports was the feature of the year, which heretofore has been a weak point in the trade of the port. Among these, two staples appeared for the first time in quantities—coal and bean cake. These give great promise of future development. Another and perhaps most important, since the business has been done directly with the United States, is the exportation of straw

braid. This staple has, with the assistance of the railway, been diverted from other ports in China. The total exports for the year have been 41,417 piculs (about 5,508,461 pounds). In 1903 it was 9,906 piculs (about 1,189,568 pounds), while in 1904 it aggregated 25,383 piculs (about 3,375,939 pounds). Tsingtau has now become the principal market for straw braid, and the trade of Tsingtau and Chefoo has suffered accordingly. The railway has been largely responsible for this. It reaches the very best territory for this material and what with its excellent harbor offers exceptional advantages not shared by other ports.

A mint for the coinage of copper 10 cash pieces has been opened by the Shangtung Government, and much of the copper used for this purpose is imported from Japan in ingots. For 1905, 15,000 piculs (about 1,995,000 pounds) were imported.

During 1905 there was a brewery established, which is exporting its product to various ports, a soap manufactory and a tannery.

The German Government has recently decided to restrict to the harbor the "free area" which hitherto comprised the whole of the German territory and, therefore, necessitated frontier and railway control by the customs. The additional customs convention concluded on the 1st of December, 1905, is now in force. Customs control of the railway traffic outside of the free-port territory and of the frontier has ceased. Merchandise leaving the free-port territory pays import duty according to the general tariff and is then free to go anywhere into the country without restriction. The German Government reserves 10 per cent. of the duties as a contribution to the expenses of the territory, the amount being subject to revision every five years.

A total of 400 steamers and 6 sailing vessels, aggregating 422,673 tons, entered the port of Tsingtau during the year. Of these, 327 steamers and 6 sailing vessels arrived with cargo and 73 steamers came with ballast. During the year 399 steamers and 6 sailing vessels cleared, of which 315 steamers left with cargo and 84 steamers and 6 sailing vessels in ballast. As compared with the previous year this shows an increase of 55 vessels of 37,616 tons. During the year 1,238 foreigners and 3,988 native passengers arrived, and 1,206 foreigners and 4,253 natives departed. By rail there were 123,393 arrivals and 135,176 departures, as against 92,198 arrivals and 100,921 departures in 1904.

The Shantung Railway did a prosperous business during the year, having conveyed 30,300 tons of goods and 795,000 passengers, which is an increase of 65 per cent. in point of freight and 42.5 per cent. larger in passenger traffic than the preceding year.

The Shantung Mining Company is also progressing, raising 134,000 tons of coal during the year. The opening of the "Annie Pit" during the year greatly increased the production. There are 2,000 Chinese employed at the main diggings, and their pay averages from 200 to 400 "cash" per day (20 to 40 cents gold). They work in shifts of eight hours.

The floating dock, of which mention was briefly made in the early pages of this report, is capable of taking in vessels of 16,000 tons capacity. During the year 1905 the dock took in and repaired eight war and merchant vessels of a combined tonnage of 14,644 tons. The dock is fitted with the most modern appliances for lighting with an electrical supply operated from a central station, so that work may be carried on during the night. A steam plant is also provided that vessels in the dock may be heated during the winter. The workshops are fitted for all kinds of work, and two cranes of 20 tons capacity each are available. The docking rates differ according to the size of the vessel, from 40 cents Mexican (about 20 cents gold) per ton for a 500 ton vessel to 20 cents Mexican (10 cents gold) per ton for a vessel of 6,000 tons up.

The silk industrial establishment, which gives practical experience to the graduates of the sericulture schools, is in

full operation, and its products find a ready sale. At present it employs about 650 hands. The majority of the laborers have had training in the sericulture schools and execute very good work. The exportation of silk during the year 1905 was a disappointment. This was due in large measure to the low prices prevailing in Shanghai, and much of the silk which otherwise would have come to Tsingtau was sent by junk to Peking and Manchuria.

The Germans are looking forward with great expectations to the results from the two new silk schools established in Tsingchow and Changihisen, which are reported to be doing well and turning out a considerable number of skilled hands whose work will tell in the immediate future. Quite a business is done in peanut oil, although the yield for 1905 was not generally bought, and a considerable amount still remains on hand.

### PHILIPPINE COMMERCE IN 1905.

*(Prepared by the Bureau of Insular Affairs.)*

The two most noteworthy features of the commercial returns of the Philippines for 1905 are a balance of trade in favor of the islands for the first calendar year period in the history of American occupation, and the advance of American goods to first rank in the import trade, which, taken in conjunction with leadership in the export trade from 1902, completes the commercial ascendancy of the United States in her Oriental possessions.

The favorable trade balance for the year is due to increased export values; in fact the export total of \$33,454,774 exceeds by more than four million that of the depressed condition of 1904, and exceeds by over a million the previous maximum figures of 1903. The four leading exports, hemp, sugar, copra, and leaf tobacco, are all contributory to this increase with increased export quantities as well as values over the returns for 1904, though manufactured tobacco shows a decline of approximately one hundred and fifteen thousand dollars.

Hemp exports are greater by about eight thousand tons and eight hundred thousand dollars in value. Copra

exports, reaching \$3,244,703 in value, exceed the low figures of 1904 by a million and a quarter and approximate the unprecedented trade activity of 1902 and 1903 in this commodity, while leaf tobacco, with an increase of over a million pounds, approaches more nearly the average trade, and shows a disproportionate increase in value, due to corrected valuations. It is in sugar exports, however, and especially in the high prices of sugar during the marketing season of 1905, that is to be found the chief factor in the export trade maximum for the year. While export quantities have increased from eighty-six thousand to one hundred and seven thousand tons, values have increased from three million to five million dollars, showing a large credit in the favorable trade balance due to the fortuitous circumstance of exceptional prices.

The imports of 1905, valued at \$30,050,550, leave a trade balance of nearly three million and a half. Import trade figures on their face show an increase of but half a million, and are nearly four million less than those of 1903, the maximum year of American occupation; but examination of the trade more in detail shows not only a larger actual margin of healthy import activity over the previous year than indicated by the year's totals, but also a less disparaging comparison with the total of 1903 than might appear.

Rice has been the dominating feature of the import trade of the Philippines throughout the American occupation. The conditions of diminishing local production of this prime food necessity of the people, through which imports increased from three and a half million in value in 1899 to twelve and one-half million in 1903, and represented more than a third of the maximum import trade of that year, makes the increasing totals of those years more the measure of a Philippine calamity than a measure of healthy increase in trade. The reduced import totals of 1904 and 1905, attended by heavier declines in rice imports, may be conversely construed to point to more prosperous import conditions in the indicated increase in local rice production and consequent release of money for general trade.

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Canadian market, and it will be interesting to note the results of this competition.

The Formosan tea trade with America shows a steadier and more healthful growth than that of any other country. The Formosan Oolongs have entirely replaced the Amoy Oolongs, which they have supplanted. Chinese teas are still popular in the United States; deservedly so because of the small amount of tannin in the leaves. A number of analyses by Professor Ditmar shows that a five minute infusion of Chinese tea developed only 3.06 per cent. tannin and with ten minutes' infusion 3.78 per cent., while the India tea developed 6.77 and 8.09 per cent. tannin, respectively. Having the quality, it therefore behooves the Chinese tea producers, exporters, tea guilds and Government to awaken to the competition and do their utmost to save the American market, which the India tea trade is already striving hard to secure.

That the American tea market is capable of great development is not to be questioned. The American taste has been toward coffee, the consumption of coffee having increased from 2.8 pounds per capita in 1830 to 11.8 pounds in 1899. Coffee drinking is more expensive than tea, and proper methods of advertising China tea in America would bring profitable results. An American-China association might be organized, this association to embrace the exporters and importers of China teas, the Chinese buyers, and the China tea guilds, in order that the expenses of an advertising campaign might be shared by all those to be benefited.

The Imperial Maritime Chinese Customs has repeatedly criticised the careless native methods as to the growing and preparation of the leaf. It is contended that machine rolling is not adapted to the China leaf, but there is much that the country can do toward improving the methods. A visit to the once famous tea districts near Foochow shows that the tea plants are not cared for as they should be. They are not well pruned, and frequently the soil is overtaxed by the planting of potatoes and beans in the tea field. Co-operation on the part of buyers could do

much to prevent illicit practices on the part of the packers and assist toward keeping up the standards. While there is so much progress in establishing modern schools in China there should be something done toward establishing agricultural schools, where the proper method of cultivating the two staples, tea and silk, could be taught.

## BRITISH INDIA MARKETS.

### INTRODUCING AMERICAN GOODS—CASTOR OIL AND JUTE.

Consul General Wm. H. Michael, of Calcutta, supplies the following interesting notes concerning the trade of British India:

How best to break into the trade of India may be indicated briefly. The most businesslike way would be to establish in Calcutta, Bombay, Rangoon and some of the large inland cities of India agencies for the exploitation of American goods. One live man could, with cheap help, manage such an agency, and live men should be kept on the road, operating from these agencies, for the introduction and sale of goods kept for exhibition and sale purposes. It is believed that this is the only way by which American manufactures can be successfully introduced into India.

The exports of castor oil from Calcutta during the first seven months of 1906 are stated at 31,353 cases, 21,162 half cases and 2,695 drums, in all 760,443 gallons. The shipments for the same period of 1903 amounted to 980,049 gallons. Liverpool, South African ports, and Singapore took the major part of the castor oil exports.

Out of a total of 4,139,555 bales of jute exported from Calcutta and Chittagong this year the United States took 581,395, Europe took 3,546,433, and other countries 11,728. The fiscal year 1902 was the record year for the exporting of jute, but the present year is within 12,000 bales of the high water mark, and the prices have ruled much higher, so that the value of this last crop has averaged greater than for 1902.

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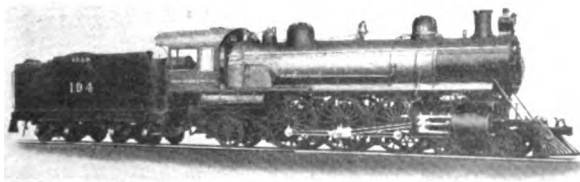
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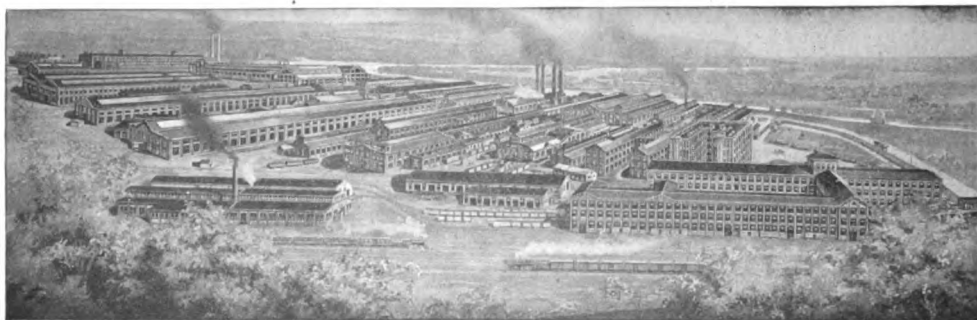
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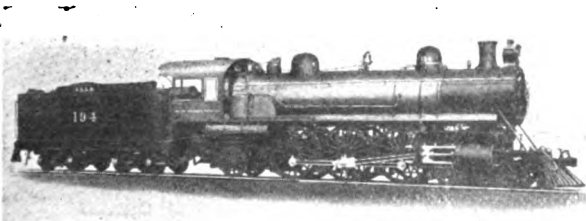
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78 Beekman Street,

New York City.

A SEASONABLE opportunity was furnished by the ninth annual dinner of the Association to riddle a good deal of the nonsense which has lately found currency here and in Europe about the strained relations between America and Japan. The president of the Association in introducing the guest of honor of the occasion made a proper acknowledgment of the obligations under which Japan has laid the United States, and Viscount Aoki was prompt to give emphatic expression to the grateful feelings with which the United States is regarded by Japan. The idea that there could be any thought of armed conflict between them for supremacy on the Pacific or any other conceivable cause he stamped as preposterous. The spirit in which the Ambassador of Japan referred to the ties that bind the two nations—a spirit which there is every reason to believe faithfully represents the sentiment of his people—supplies the most effective kind of rebuke to the display of truculent demagogism in San Francisco, of which the messages of the President of the United States in regard to the Japanese school question have been made the occasion. In transmitting to Congress the report made to him by Secretary Metcalf, the President made the very just observation that there would be no objection whatever to excluding from the schools any Japanese on the score of age; the only point is the exclusion of the children themselves. He announced that the Government had directed that suit be brought to test the constitutionality of the State law under which the San Francisco board had acted, but he added the very earnest hope that such a suit would not be necessary, and that, as a matter of comity, the citizens of San Francisco would refuse to deprive these young Japanese children of education and would permit them to go to the schools.

To all this, and to the expressed confidence of the President that the overwhelming sentiment of the State of California is for law and order, and for the protection of the Japanese in their persons and property, the reply of the San Francisco Labor Unions, at present in charge of the government of that unfortunate city, is characteristically churlish. At a mass meeting, almost exclusively composed of members of these unions, resolutions were adopted whose tone may be inferred from the following: "We deplore the tenor of President Roosevelt's message as misleading in its statements of fact, unwarranted in its inferences and conclusions, and unworthy the dignity of the high office whence it emanates." The presiding officer of the meeting is also the president of the Japanese and

Korean Exclusion League, and he set the example, which was improved on by the other speakers, of referring to Japan and the Japanese in terms of the most vulgar and scurrilous abuse. To the President's declaration that the entire power of the Federal Government would be used, within the limits of the Constitution, to enforce the observance of our treaty, the supreme law of the land, the reply of the San Francisco labor demagogues was menace and bravado like the following: "If the Asiatics try our patience too much there will be violence." "California and the States west of the Rockies alone could whip Japan into a jelly."

A CONDITION of public sentiment which finds expression in utterances like these obviously concerns the United States more nearly than it does Japan. It would manifestly be impossible for this nation to maintain intercourse with any Asiatic people on a footing of mutual respect and confidence if the California spirit were that of any considerable number of Americans. But if a minority of our people, however insignificant, may disregard at their pleasure both the letter and the spirit of treaty obligations, which have no meaning unless they are binding on the nation as a whole, we are face to face with a problem seriously affecting the place we are to occupy among the great powers of the world. The obligations of a treaty are, by their very nature, reciprocal; we cannot enjoy its benefits without a full recognition of its duties. Of the benefits of our treaty with Japan no community in the United States enjoys a larger share than the city of San Francisco or the State of California, but if it be open to either or both of these to disregard the requirements of this convention in their treatment of Japanese, the whole covenant is obviously worthless. We shall find it as difficult to explain to the foreigner as to justify to ourselves the deliberate flouting of a perfectly clear treaty obligation by a municipal board acting under the declared authority of the law of a State. If the Government of the United States be powerless to reverse the policy of excluding Japanese children from the public schools which has been adopted in San Francisco, then the language of its treaties with other nations must undergo a radical modification. That is to say, stipulations by which we undertake to place the people of friendly nations coming here on the same footing of equality before the law as our own people, must for the future be made to read "subject to any legislation now on the statute books or which may hereafter be placed on the statute books of any of the sovereign States composing this Union." Needless to say that under such a proviso the pettiest of foreign powers would decline to have anything to do with us.

DOCTOR TENNEY'S response at the annual dinner of the Association to the toast of "The New Era in China" was in a more optimistic vein than other observers have recently thought it safe to adopt. But Doctor Tenney's testimony in regard to the trend of the influences that are reshaping the destiny of the oldest of empires must be accepted as that of a man of mature experience, judicial temper and a mind profoundly sympathetic with the aspirations of Young China. These aspirations found expression, none the less suggestive because somewhat cloudy, in the speech at the dinner which was volunteered by Mr. Shah, the Chinese

Consul General in New York. Mr. Shah's English has been acquired during his stay in this city, and still lacks something in clearness, but perhaps the most significant thing about utterances like his is the earnest, if somewhat painful, effort to make plain the workings of the Oriental mind in terms of the West. The welding of the oldest with the newest civilization will pass into history as the most memorable achievement of the first half of the twentieth century, but it is as certain that it will not come to pass without pain and travail as that it will, in due time, be accomplished.

On the 6th of December the secretary of the Association received the following cablegram from Shanghai:

"Central China Famine Fund Committee, composed consuls, customs, leading foreign merchants, Chinese gentry, appeal you open subscription list America. Millions on verge starvation; large sums urgently required; also appeal London, Paris, Berlin. Please wire remittance Hongkong Shanghai Bank. Consul General telegraphs State Department. Committee also telegraphs President Roosevelt. American missionaries assist distribution."

There was appended the endorsement by Dr. Gilbert Reid and the executive committee of the American Association of China to the appeal of the Famine Relief Committee.

The secretary found after consultation with the Department of State that the President had referred the matter to the consideration of the Secretary of State, and was awaiting his report before taking any action in the premises. It was the judgment of the executive committee of this Association that after the issue of the President's appeal the initiative in the collection of contributions of money or foodstuffs for the famine sufferers in China could be most fitly and effectively taken by the executive committee of the American National Red Cross Organization. As will be perceived from the following appeal issued by President Roosevelt, that course of action was the one that also commended itself to him. The members of this Association may, however, be trusted to do their full share in making contributions to a cause which appeals to them with special directness and force:

THE WHITE HOUSE,


WASHINGTON, D. C., December 24, 1906.

*To the people of the United States:*

There is an appalling famine in China. Throughout a district covering over 40,000 square miles and supporting a population of 15,000,000 the crops have been destroyed by floods and millions of people are on the verge of starvation, thousands of dwellings have been destroyed and their inmates are without homes. An urgent appeal has been made for the assistance of the United States.

Our people have often under similar conditions of distress in other countries responded generously to such appeals. Amid our abounding prosperity and in this holiday season of good will to men assuredly we should do our part to aid the unfortunate and relieve the distressed among the people of China, to whom we have been allied for so many years in friendship and kindness.

I shall ask Congress upon its next day of session for authority to use our transport vessels to carry flour and other food to the famine stricken region.

I recommend that contributions for the purchase of such food and for other appropriate relief be sent to the American National Red Cross, which will take charge of the expenditures. Such contributions may be made either through the local Red Cross treasurers or through the Department of State, or may be sent directly to Charles Hallam Keep, Red Cross treasury, United States Treasury Department, Washington, D. C. by  THEODORE ROOSEVELT.

**Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the eleven months ending November 30, 1905 and 1906.**

**EXPORTS TO CHINA.**

Months. 1905.	Cotton Cloths. Yards.		Mineral Oils. Gallons.		Wheat Flour. Barrels.	
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.....	46,166,783	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	3,835,150	396,589	32,871	109,773
November.....	52,705,432	3,212,585	5,780,919	351,928	9,694	34,859
Total.....	514,206,723	\$30,618,060	71,467,668	\$5,939,928	100,643	\$367,861

1906.						
January.....	45,178,409	\$2,532,515	3,307,162	\$247,699	28,774	\$96,746
February.....	40,068,662	2,299,574	795,586	84,404	2,504	9,535
March.....	30,065,930	1,730,955	3,928,492	231,514	7,757	27,526
April.....	38,398,916	2,460,385	2,756,782	155,325	3,818	12,784
May.....	30,702,112	1,993,654	3,522,202	365,476	32,633	108,426
June.....	23,499,621	1,549,772	9,014,331	723,107	10,515	38,272
July.....	16,895,213	1,070,858	6,554,814	514,067	40,024	155,473
August.....	11,542,141	762,060	2,966,586	121,993	14,582	50,534
September....	15,389,513	1,016,379	3,892,695	189,198	49,824	158,516
October.....	8,796,507	555,740	2,929,800	128,200	218,590	750,955
November.....	7,367,251	531,273	4,026,954	407,633	45,975	165,757
Total.....	267,904,275	\$16,503,165	43,695,404	\$3,179,616	454,996	\$1,574,524

**EXPORTS TO HONGKONG.**

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.....	54,468	8,993	1,643,107	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
November.....	4,761	904	229,861	24,622	154,321	531,685
Total.....	453,029	\$62,457	9,218,587	\$851,533	706,157	\$2,602,411

1906.						
January.....	21,428	\$2,815	55,704	\$8,470	81,395	\$313,296
February.....	24,514	5,630	2,810	759	105,367	388,473
March.....	.....	.....	80	25	48,941	178,973
April.....	68,404	10,155	88,173	13,149	46,532	181,163
May.....	37,357	5,980	1,666,150	172,044	67,965	258,538
June.....	36,805	4,702	59,362	10,090	31,423	122,440
July.....	50,027	6,228	15,063	2,346	65,248	229,073
August.....	100,392	9,345	423,404	44,580	94,848	352,466
September....	73,674	10,041	2,291,031	200,285	93,980	359,384
October.....	63,879	8,109	1,681,916	168,713	98,187	364,904
November....	22,621	2,927	21,599	2,591	92,545	349,077
Total.....	449,101	\$65,932	6,305,292	\$863,080	826,131	\$3,097,787

DEPARTMENT OF COMMERCE AND LABOR,

# Imports of Tea and Silk into the United States for the eleven months ending November 30, 1904, 1905 and 1906.

## TEA.

Imported from	1904.		1905.		1906.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	6,421,404	1,385,555	6,378,382	1,427,416	7,778,407	1,663,452
British North America....	2,102,956	471,521	1,827,266	440,695	2,121,280	507,044
Chinese Empire.....	41,273,606	5,446,970	31,495,521	4,196,428	28,444,067	3,734,147
East Indies.....	6,990,618	1,036,884	6,231,509	861,579	7,172,363	1,019,029
Japan.....	38,669,226	6,780,032	36,800,771	6,087,575	34,190,306	5,646,768
Other Asia and Oceania ..	322,624	41,306	281,250	37,653	627,569	114,051
Other countries .....	210,545	50,004	156,896	35,342	212,801	53,963
Total.....	95,990,979	15,212,272	83,171,595	13,086,688	80,546,793	12,738,454

## RAW, OR AS REELED FROM THE COCOON.

## SILK.

Imported from	1904.		1905.		1906.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France.....	558,731	1,573,323	591,778	1,873,197	424,237	1,695,322
Italy.....	3,129,248	11,738,782	3,691,079	13,985,449	3,324,458	13,559,301
Chinese Empire.....	3,015,713	8,586,872	2,955,218	8,686,454	2,358,605	7,350,700
Japan.....	7,295,759	24,941,594	6,774,574	24,997,716	8,490,769	32,482,781
Other countries .....	904,731	2,569,726	155,477	516,076	92,539	339,542
Total.....	14,904,182	49,410,297	14,168,126	50,058,892	14,690,608	55,421,646
Waste .....	3,821,701	1,420,639	3,651,642	1,228,831	1,622,209	831,838
Total unmanufactured .....	.....	50,830,963	.....	51,299,230	.....	56,256,557

# AMERICAN ASIATIC ASSOCIATION OF JAPAN.

## SECRETARY'S REPORT.

YOKOHAMA, Japan, October 22, 1906.

To the Members of the American Asiatic Association:

GENTLEMEN—The following is a summary of the work of the Association during the past year:

November 8, 1905.—The executive committee dispatched a cablegram to President Roosevelt expressing the high appreciation of American residents in Japan of the services of His Excellency Lloyd C. Griscom, American Minister, and the hope of his retention in Japan as Ambassador.

November 18, 1905.—The Association presented to Mr. and Mrs. Griscom, on their departure from Japan, at the American Consulate General, testimonials in silver, accompanied by an engrossed address, in expression of our esteem and good wishes for their future.

December 6, 1905.—The committee, by letter, expressed its indorsement and approval of the objects of the school for foreign children at Tokio.

January and February, 1906.—The secretary, by direction of the executive committee, corresponded with the American Asiatic Association in New York and the mayors of San Francisco, Sacramento, Oakland, Stockton, Los Angeles, San Diego, Portland, Tacoma, Seattle, Astoria and Spokane, appealing for aid for the sufferers by famine in the northeastern provinces of Japan.

March 7, 1906.—A sub-committee, consisting of Messrs. Blake and Frazar, was appointed to study the new Japanese customs tariff, with special reference to its effect upon American trade, and to confer with the American Consul General.

April 2, 1906.—The Association entertained His Excellency Viscount Aoki at dinner at the Oriental Hotel, Yokohama, on the eve of his departure to Washington as Ambassador from Japan.

May 2, 1906.—The President of the Association conveyed

to the mayor of San Francisco a message of our deep sympathy with the citizens of that place in their great disaster from earthquake.

May 30, 1906.—Messrs. Loomis and Scidmore, as a sub-committee, assisted the American ladies of Yokohama and the American naval authorities in arranging for suitable Memorial Day services at the Naval Hospital. The exercises were presided over by His Excellency the American Ambassador.

June, 1906.—The Association and a large number of American citizens not of our membership co-operated in the presentation to Mr. and Mrs. Huntington Wilson of handsome testimonials of our esteem and best wishes on the eve of their departure to Washington, where Mr. Wilson was to assume the duties of Third Assistant Secretary of State.

June 30, 1906.—The Association co-operated with the Beiyu Kiyo Kai (American Friend Society) in a dinner at the Imperial Hotel, Tokio, in honor of His Excellency Luke E. Wright, American Ambassador to Japan.

July 4, 1906.—Messrs. Howard and Merriman, as a sub-committee, again placed us under obligations by their successful arrangements for the celebration of Independence Day at Yokohama.

September 18, 1906.—The executive committee, through the medium of the American Consul General at Yokohama, transmitted a telegraphic protest to the Secretary of State, Washington, against the advance in overland freight rates, as recently fixed by the Interstate Commerce Commission, it being the opinion of the committee that such advance must result in serious disadvantage to American exporters to Japan in competition with European countries.

The charity fund which we have placed in the hands of the Consul General has been prudently administered by him. The balance in his hands on September 30, 1906, amounted to 432.92 yen.

The executive committee besides, during the past year, advanced money for the relief and passage home of a widow of one of our former members. These advances have been nearly all returned by her.

Yours respectfully,  
GEO. H. SCIDMORE,  
Secretary.

## NINTH ANNUAL DINNER OF THE ASSOCIATION.

The ninth annual dinner of the Association was given at Delmonico's, Fifth avenue and Forty-fourth street, New York, on Monday, December 17, 1906, at 7 p. m. Members and guests to the number of 198 sat down to dinner.

His Excellency Viscount Aoki, Ambassador Extraordinary and Plenipotentiary of Japan, was the guest of honor of the occasion.

The chair was occupied by the president of the Association, Mr. James R. Morse.

At the chairman's table were seated the following:

Charles A. Conant,  
Lowell Lincoln,  
Geo. Gray Ward,  
Rev. Dr. Chas. F. J. Wrigley,  
K. F. Shah,  
Job E. Hedges,  
Charles D. Tenney, LL.D.,  
His Excellency Viscount Aoki,  
President James R. Morse,  
Sir Percy Sanderson,  
Arthur May Knapp,  
T. Miyaoka,  
Hon. Harold M. Sewall,  
John Stewart,  
John Foord,  
Thos. S. Hopkins.

The occupants of the other tables were as follows:

## TABLE A.

Thos. A. Phelan,  
Alfred C. Phelan, Jr.,  
Thos. A. Phelan, Jr.,  
L. V. Kendrick,  
Charles M. Muchnic,  
James D. Sawyer,  
C. A. Green,  
Franklin A. Wilcox.

## TABLE B.

S. G. Hopkins,  
O. Nakamura,  
S. Takahashi,  
M. Nagai,  
Asahi Kikakahi,  
Commander N. Taniguchi, I. J. N.,  
Major K. Tanaka, I. J. A.,  
Commander Takeuchi, I. J. N.

## TABLE C.

R. Arai,  
K. Imanishi,  
S. Ichinomiya,  
N. Sato,  
Y. Murai,  
R. v. Briesen,  
Ter. M. Uyeno,  
G. Saito.

## TABLE D.

Henry G. Woodruff,  
Floyd Welman Jefferson,  
J. W. Dawson Stearns,  
Henry A. Haines,  
Frank Bergen,

Wm. T. West,  
Ex-Gov. Foster M. Voorhees,  
W. H. McIntyre,  
Arthur E. Dowler,  
Chas. A. Fry.

## TABLE E.

W. T. Corbett,  
C. O. Holmes,  
W. H. Stratton,  
M. A. Oudin,  
H. P. Durdan,  
K. Fukui,  
K. Seko,  
K. T. Iwashita.

## TABLE F.

A. Norden, Jr.,  
T. Morioka,  
Wm. N. Schill,  
C. A. Tomes,  
W. Grigor Taylor,  
L. B. Stoddard,  
Ira B. Downs,  
J. H. T. McMurtrie,  
T. Ashley Sparks.

## TABLE G.

James S. Fearon,  
Haley Fiske,  
Gen. Chas. A. Whittier,  
John Hubbard,  
William H. Taylor,  
William Pannenberg,  
Chas. R. Henderson,  
Thomas H. Hubbard.

## TABLE H.

Thomas W. Slocum,  
Edwin Farnham Greene,  
George Nichols,  
Curt Loewel,  
Karl Neuhoff,  
Commander B. T. Walling, U. S. N.  
Morris J. Hirsch,  
John H. Meyer.

## TABLE I.

Darwin R. Aldridge,  
Gilbert G. Thorne,  
Wade Gard'ner,  
J. T. Disselduff,  
W. L. Redding,  
Howard Ayres,  
William Skinner.



TABLE J.

Silas D. Webb,  
Joseph W. Howe,  
William E. Church,  
Herbert St. J. Webb,  
Dr. A. G. Foord,  
Leonard S. Webb,  
Herbert Lloyd,  
J. C. Van Cleaf.

TABLE K.

Robert Christie,  
Elijah P. Smith,  
Hon. Thos. Sammons,  
Robert M. Collins,  
W. H. Baldwin,  
Thomas N. Myrick,  
Elijah S. Boteler,  
Adolph Boskowitz.

TABLE L.

S. D. Brewster,  
A. C. Hall,  
John T. Williams,  
Edward N. Tailer,  
Gerrish H. Milliken,  
Harold A. Hatch,  
Charles A. Reed,  
Seth M. Milliken, Jr.

TABLE M.

John C. Jay, Jr.,  
R. W. Gillispie,  
John J. McCook,  
Adolph L. Bernheimer,  
V. Everit Macy,  
B. Frank Mebane,  
George H. Macy,  
James B. Reynolds,  
D. S. Shaurman.

TABLE N.

Alfred H. Post,  
R. C. Veit,  
Edw. L. Young,  
John Bottomley,  
Francis H. Sloan,  
J. Osgood Carleton,  
Herbert Appleton,  
Douglas F. Cox.

TABLE O.

William H. Stevens,  
H. H. Powell,  
Robert Squires,  
Louis Orr,  
George E. Stevens,  
Prof. A. V. William Jackson,  
A. O. Jennings,  
F. E. Dodge,  
Col. M. B. Hughes.

TABLE P.

Augustus D. Shepard,  
A. G. Mills,  
Paul Crompton,  
Louis Livingston Seaman,  
E. L. Zalinski, Major U. S. A., Ret'd,  
F. B. Thurber,  
L. A. Heinsheimer.

TABLE Q.

E. P. Cronkhite,  
Capt. J. Adger Smith, Jr.,  
G. A. von Duhn,  
Col. J. Howard Bumsted,  
Lewis D. Blake,

Rudolf Binder,  
Clayton Rockhill,  
Albert Cordes.

TABLE R.

Fredk. Schmitz,  
A. H. Himrod,  
T. E. Kitching,  
R. A. Suffern,  
Fred. L. Bailey,  
Chas. M. Brooks,  
August Brauer,  
Chas. F. Kasefang.

TABLE S.

C. H. Betts,  
J. D. Glück,  
A. Houtman,  
Wm. Boyd,  
R. J. Dunlop,  
W. F. Stevenson,  
James S. Bartle,  
R. A. Sewall,  
Otto Rademan.

TABLE T.

P. S. Mallett,  
H. N. Townsend,  
C. F. Wreaks,  
W. Volckens,  
C. F. Minnitt,  
Emil Erlanger,  
E. Holden Smith,  
John C. Seager,  
E. M. Sutliff,  
A. W. Bash.

TABLE U.

Frank L. Fearon,  
William S. Brown,  
Henry Mote,  
O. H. Hinck,  
James F. Capen,  
William McKinley, Jr.,  
A. J. Hinck,  
Frank Kidde.

TABLE V.

James H. Rogers,  
Charles L. Bernheimer,  
M. S. Rossin,  
James Thomson,  
M. R. Jacobs,  
Edwin L. Kalish,  
R. P. Messiter,  
I. Stiebel.

TABLE W.

Alex'r T. Leftwich,  
E. V. Skinner,  
C. A. Hess,  
James A. Twohey,  
Laurus Loomis,  
Prof. Daniel Gerlach,  
James P. Gossett,  
A. D. Jones.

TABLE X.

A. O. Probst,  
M. G. Psiaki,  
Wm. H. Evans,  
C. H. Metz,  
F. Hanert,  
Louis Capen,  
Winslow Parker,  
H. S. Quick.

## MENU

GRAVES

Oysters

SOUP

SHERRY

Clear Green Turtle

SIDE DISHES

Smoked Goose Breast

Radishes      Olives      Celery

FISH

Aiguillettes of Bass baked

Duchesse Potatoes

Cucumbers

REMOVE

MUMM'S SELECTED  
BRUT 1000Saddle of Yearling Lamb Colbert  
Stuffed Tomatoes

ENTRÉES

Breast of Chicken Genin fashion

French Peas

Terrapin Maryland

Sherbet with Kirsch

ROAST

CHAT. BEYCHEVILLE

Red Head Duck  
Fried Hominy and Currant Jelly  
Salad: Celery Mayonnaise

SWEETS

Fancy Ice Cream

Assorted Cakes

Pyramids

Coffee

## TOASTS

*The President of the United States**The Emperor of Japan**Our Honored Guest*HIS EXCELLENCY VISCOUNT AOKI  
Embassador Extraordinary and Plenipotentiary of Japan*American Culture in Japan*

Response by

MR. ARTHUR MAY KNAPP

Editor *Japan Daily Advertiser*, Yokohama*Embracing Asia*

Response by

MR. JOB E. HEDGES

*The New Era in China*

Response by

MR. CHARLES D. TENNEY, L.L.D.

Formerly President of the University of Tientsin, now  
Director of Chinese Government Students  
in America and England*The Role of the Reconciler*

Response by

MR. JOHN FOORD  
Secretary of the Association

## ORDER OF SPEAKING.

PRESIDENT MORSE—The first toast on our program is "The President," and no words of mine are needed to secure for it a hearty response. But considering the Japanese character of our celebration tonight I cannot refrain from referring to the noble tribute which the President paid in his message to the character and achievements of the Japanese people, as well as to the timely service he has rendered to the promotion of good feeling between two great nations bound to each other by ties of mutual interest no less than of established friendship. Gentlemen, I ask you to rise and drink to the health of "The President." (Tremendous cheers.)

The next toast on the list is "The Emperor of Japan." As I shall later express to the representative of his Imperial Majesty the sentiments with which we regard the nation over which he so wisely and benignly rules, I shall merely ask you now to render the toast its proper honor. (Loud cheers, all rising.)

## THE TOAST OF THE EVENING.

In proposing the health of His Excellency Viscount Aoki, President Morse said:

Your Excellency Viscount Aoki, my predecessor in this place has on more than one occasion had the honor of conveying to your predecessor the sense of this Association in regard to the relations between Japan and the United States. In your country's hour of struggle we publicly declared our conviction that your people were fighting the battle of our civilization and our trade, and we constantly claimed for them the full measure of moral support which that implied. Now that the struggle is over, and we find Japanese rivalry in the field of industry and commerce taking the place of Japanese championship in the Far East of the civilization of the West, we still maintain that the best of reasons exist for the most cordial friendship between the two nations.

The commercial exchanges conducted between Japan and the United States rest upon the sound basis of mutual advantage, and all that either of us demand in the neutral markets of Asia is equality of opportunity, the application of the principle of the "Open Door." To that principle your Government is as fully and firmly pledged as ours, and no better security could be desired for its resolute defense and maintenance.

It is with special satisfaction that at the present juncture we are able to welcome in the person of the representative of His Majesty the Emperor of Japan, a man so thoroughly familiar as your Excellency with the whole course of your country's treaty relations with foreign powers. In the making of these you have played a distinguished role, and none of your country's statesmen has a clearer apprehension of the spirit and a more thorough acquaintance with the letter of the conventions through which Japan first took her place in the great family of nations.

It is a special satisfaction to me to be able, on behalf of the American Asiatic Association, to extend to your

Excellency the right hand of fellowship. I have had the privilege of knowing you in Japan, and feel that I may claim the honor of being reckoned among your personal friends. From long and intimate observation I am familiar with the value of the services which you have rendered to your own country, and I can think of no man better qualified than your Excellency to act as an intelligent and sympathetic interpreter between our people and yours.

We thus honor in your Excellency not only the bearer of a pledge of peace and amity between the two nations, but the clear sighted and broad-minded diplomatist whose influence will be unfailingly exerted for the purpose of reconciling all manner of differences between the two nations, and whose pre-eminent sense of fairness is sure to commend itself to the Government to which he is accredited no less than to the great American people, whose judgment in foreign, as in domestic, affairs must eventually control the course of our national policy.

The toast having been drunk standing amid great applause, Viscount Aoki replied as follows:

## VISCOUNT AOKI'S ADDRESS.

I have heard with profound gratification the kind words which the president of the American Asiatic Association has been good enough to address to me. I am aware that the sense of this Association in regard to the relations between Japan and the United States, which has so often found fitting expression on former occasions, is based on the recognition of the broad principle that the interests of the United States and of the Empire of Japan are identical, and that, therefore, the best of reasons exist for the most cordial friendship between the two countries. Indeed, it would be difficult to find a parallel case in the history of mankind in which better reasons existed for the maintenance of the most amicable relations between any two nations, whether viewed from historical, commercial or a moral point of view.

Historically speaking, it was the United States that rapped at the door of seclusion within which Japan in her ancient isolation cherished her own science, literature and art, which were the products of a civilization entirely distinct in type from that of yours. It was the United States that half a century ago offered to Japan the right hand of fellowship and introduced her into the intercourse of nations, which has in turn brought into the empire all the benefits of what is known as the Western civilization. Since then not a year has passed but what has witnessed some incidents that have vividly recalled to the minds of the two peoples the existence of weighty reasons, which formed the basis of their mutual sentiment of respect, love and admiration. That fact naturally was never more eloquently brought home to us than in that hour of gigantic struggle from which it has pleased providence to see us emerge as a power of some consequence. It was a struggle in which our very existence was at stake, and in those days of trial, as you, Mr. President, have justly observed, your Association has publicly declared its conviction that Japan was fighting the battle of your civilization and of your

trade, and that therefore she was entitled to the full measure of moral support on the part of the people of the United States. The support actually received by the Japanese people at the hands of the American people was wider in its scope than mere "moral support," and embraced every kind of assistance which could consistently be given to a belligerent by a nation that has declared its neutrality in time of war. The people of Japan are fully alive to the magnitude of the everlasting service which was thus rendered by the people of this country in the cause of Japan, and the memory of that support so liberally given will continue to be a living monument of the cordial friendship which cements the two nations.

Turning to the commercial aspect of the question, the plain facts should not be lost sight of that the Pacific Ocean is a vast expanse of water, that the territories of Japan and of the United States nowhere touch each other, and that Eastern Asia, with more than five hundred millions of souls, is large enough to give room for the commerce of all nations, including that of Japan and of the United States.

The dream of the pessimist who sees the phantom of the struggle for supremacy between Japan and the United States for the control of the Pacific is too ridiculous to be made the subject of serious comment.

Mr. President, you have fittingly alluded to the fact that the Government of Japan is as fully and firmly pledged as the Government of the United States to the maintenance of the principle of the "Open Door" in the neutral markets of Asia. I am not unmindful of the fact that in certain circles during the course of the last summer some doubts were entertained as to the intentions of Japan regarding the maintenance of that principle in Manchuria, which was then still under military occupation. Such apprehension, no doubt, was largely due to the inability of the civilians to comprehend in their proper dimensions the nature of the difficulties which our military authorities had to contend with in withdrawing an army comprising more than half a million fighting men. So long as the country remained under military rule it was impossible to open it to the free commerce of the world. I trust, however, that the sequence of events which have since taken place has dispelled all suspicion regarding the intention of the Japanese Government to maintain the principle of equal opportunity in Manchuria. It does not require the trained eye of an astute business man to discover the obvious truth that the interest of Japan's commerce on the Asiatic continent cannot itself better be served than by the maintenance of that principle to which she is committed no less than the United States. You may therefore rest assured, gentlemen, that there is the best of commercial reasons for the resolute defense and maintenance by Japan of that principle with which the name of John Hay is so honorably connected. (Loud applause.)

Turning to the moral reasons which should draw the two nations closer and closer together, it should be observed that while the political institutions of the two countries differ widely in form, yet that high sense of liberty, equality and justice which forms the ideal of American national life is also the guiding principle of Japan's polit-

ical life. The love of fair play, which is often referred to as the peculiarly Anglo-Saxon character, I am proud to say is also found in the blood of the Japanese people. The incidents of the late war have in moments of sublime tragedy brought out in relief the inborn character of the Japanese people. Those incidents, no less than the accounts of the battles which were fought in Japan during the feudal period of her history, have, I trust, amply demonstrated the chivalrous character of the Japanese people. Now the love of fair play is one of the cardinal principles of the spirit of chivalry. It is, therefore, safe to say that so long as the moral character of the two peoples does not change, the commercial activity of the two peoples will be characterized by that sense of fairness which is, after all, the best guarantee of peace in the intercourse of nations, no less than in the intercourse of individuals. (Applause.)

In conclusion, I wish to thank you, gentlemen, for the most cordial reception you have accorded me this evening; and I thank you, Mr. President, more particularly for your kind reference to our past friendship. Our acquaintance dates back to a time when Japan was an unknown quantity in the field alike of politics, industry and commerce of the world. The world has moved since then. Some changes have taken place. But, greeted as I am this evening by a distinguished assemblage of the friends of Japan, it is especially gratifying to find in the presiding chair a gentleman whom I have had the pleasure of knowing for years and years. (Great applause.)

PRESIDENT MORSE—I take pleasure in introducing to you a gentleman already known to some of you, Mr. Arthur May Knapp, editor of the *Japan Daily Advertiser*, of Yokohama, who will respond to the toast of "American Culture in Japan." Mr. Knapp has been a resident in Japan for twenty years, and he went there as an exponent of the culture of New England, himself a Harvard graduate. He has seen a steady procession of the great men of Japan pass through Harvard University during the last quarter of a century, and no one could be better qualified to speak with authority on the subject assigned to him tonight.

Mr. Arthur May Knapp, in responding to the toast of "AMERICAN CULTURE IN JAPAN," said:

Before speaking of the help which American culture has given to Japan it would be ungracious in me, in the presence of the chief representative of that empire who honors us with his company this evening, were I to omit to consider the subject from the reciprocal point of view, or fail to pay due tribute to Japan as a leader of the world in the higher humanities expressed by the word "culture."

On my last visit here a few years ago I was asked by my friends why I did not come back to Boston to live, and my answer was immeasurably shocking, it being that it would be impossible for me to live in Boston because its civilization was so crude. Spoken in jest, it contained more than the usual modicum of truth. Culture being the antithesis of crudity, there are points of culture in

which Japan leads the world, and in the light of which even Boston seems crude. For example, take the very finest flower of civilization, the guiding tact which studies in all the minutæ of social life to avoid all the sharp corners of existence; it is conceded by every one that in the cultivation of the very spirit and essence of politeness, a spirit permeating all classes from the lowest to the highest, the Japanese are teachers of culture at the feet of whom the whole world must sit.

Again, it must be confessed that in the Western world there survive in full force two crudities or relics of past barbarism, which all its so-called civilization seems utterly powerless to efface. Now by no means the least of the services which Japan is today rendering the world, through the attention aroused by her amazing achievements, is the part she is playing in the removal of racial prejudice and in the breaking down of the color line, the chief influences which have ever stood in the way of the practical realization of human brotherhood.

By the immense development of the means of travel and intercommunication much has been done in the way of breaking down racial barriers and of allaying the bitterness of racial prejudice—far more, indeed, than all the preaching of the Christian ages has ever been able to accomplish. To the same end is today added the conspicuous object lesson furnished by a Far Eastern and "Heathen" race, once the most completely lost of all the tribes of the earth, now not only welcomed into the comity of nations but joined in closest alliance with the most exclusive of them all. Surely no such blow has ever before been dealt to the stupid and stolid race hatred, and no such lift ever given to the one essential truth of Christianity as that now being given by Japan.

Much the same may be said of the breaking down of the color line, in which beneficent work that nation has become a most conspicuous and efficient factor.

Only yesterday and half of this great republic was pouring contempt upon President Roosevelt for inviting to his table a man who, though intellectually the peer of almost any other in the land, was swarthy of complexion. Only yesterday and all Christendom, instead of becoming color blind, according to the plain teachings of its religion, became color crazy, proclaiming throughout its length and breadth:

"Honor and shame from no condition rise.

Blanch well your face, there all the honor lies."

Yet today a yellow race, against which the cry of the yellow peril was especially raised, is held chiefest in honor and regard among the family of nations. Seldom has the Western conception of civilization as coterminous with Christendom received so salutary and so enlightening a shock. (Applause.)

These are the chief contributions, among many others I might name, which Japan has made to the humanities. Joined with them is the intensely eager desire to learn what other nations have to teach in the same field, and the wise discrimination with which in this, as in all other departments of life, the selection has been made. Not only have the missionaries of every conceivable Westernism been welcomed and unerringly sized up, but

the stores of learning accumulated by Western universities have been as eagerly sought and appropriated. German, English and American universities have been drawn upon, and their teachings, so far as they could be applied to the benefit of the country's life, have been carefully assimilated.

That American culture and learning have been especially welcomed is evidenced by the fact that of all the hosts of Japanese students who have flocked to the West, as well as of those who have been called from Western colleges to engage in educational work in Japan, only Yale and Harvard have mustered sufficient force in the land to form permanent organizations. The Harvard Club of Tokio numbers some forty members, equally divided between Americans and Japanese, while in the Yale Association the native element largely predominates. A most remarkable feature is the prominence which Harvard has for some years past assumed in governmental affairs. The famous diplomatic negotiations which preceded the recent war, carried on by Baron Komura in Tokio and Mr. Kurino in St. Petersburg, were practically a fight of Harvard versus Russia, while during the war Baron Kaneko in America and Mr. Megata, the virtual King of Korea for the time being, reflected like honor upon their Alma Mater.

It is in these ways that the reciprocal influences of Western and Eastern culture have been made manifest, and have borne fruit in the closer welding of the interests of the Orient and the Occident.

And yet there are those who hold that the labor and the effort will be all in vain. In the comments upon the growing intercourse between the East and the West, especially occasioned by the Anglo-Japanese Alliance, the general conclusion which seems to have been reached is that, while for practical purposes this marriage of the two nations is an eminently useful thing, yet from an intellectual point of view it is an extremely ill assorted union, it being hopeless to attempt to bridge the unfathomable mental chasm which separates the Occident from the Orient.

Nothing is more common than the readiness with which most observers accept Kipling's shallow dictum that because West is West and East is East their thoughts must remain forever distinct, and that neither can enter into the consciousness of the other; that the impassable mental gulf between them can never be bridged.

So far, however, is this from being true that instead of there being any element of hopelessness in the task of uniting East and West, never was there a finer illustration of the fact that the truest marriage, a marriage in which all nature delights and at which all nature assists, is this very union of opposites. Only lands, and only schools of thought, separated by a narrow faith, abhor each other. The highest ideal of society which our modern day has seen was illustrated by the famous Radical Club in London, which included in its membership Cardinal Newman and Moncure Conway, who stood at the opposite poles of theological thought, and, therefore, like all the other members, always had something to talk about worth hearing and pondering. The deep gulf separating them was itself the vital bond of union between them.

Precisely what is true of men is true also of nations. Let it be fully granted that in mental habit and intellectual the East and the West stand at opposite poles, and that in all its ways of life and thought the Oriental mind is the exact reverse of the Occidental. Instead of a marriage between them being impossible, the way is wide open for the ideal union intended by nature. (Applause.)

PRESIDENT MORSE—Mr. Job E. Hedges needs no introduction to a New York audience, but I am sure it will gratify this audience very much to learn that Mr. Hedges has been devoting the powers of his searching and versatile intellect to the study of questions in which we are specially interested.

Mr. Job E. Hedges made the following response to the toast:

"EMBRACING ASIA."

Your chairman has said that I need no introduction, but I certainly need a few kind words said in my behalf. My toast suggests the idea of embracing Asia, but, when we are told by our distinguished guest that she has about five hundred million people over there it looks to me like somewhat of a stupendous proposition. I have embraced most everything, from religion down, without, up to the present moment, acquiring a degree of success that would cause vanity on my part, and tonight I am well repaid. I thought when I came here that this was an Asiatic Association in America, and that by some mysterious process I had been picked up, possibly by the Dowager Empress of China, or the Emperor of Japan, to say a few words on behalf of our West. I now find that while Japan and America are not contiguous and do not touch, yet as far as I can see the purpose of this Association is to see which can touch the other the most frequently and the most effectively. I am the oldest graduate of Princeton—at this table. It seems like old times to me to hear a Harvard graduate tell other people what they are not. (Cheers.) Harvard used to tell Princeton what she was not until she showed her what she was, and then they said they were not in that class and would not play with us any more.

What the University Club over in Tokio needs, the place where this culture is, is a few live, active Princeton men, and if I were not so old I would go over there. I have just made arrangements, with the gentleman on my left, who represents the Eastern education of the West, to send a few men to Princeton, having this touching proposition before me.

I am here to-night rather as a result, however, of my first intercourse with Japan. Some few years ago an outraged public of the city of New York, at my suggestion, elevated me to public office, and before I went to the City Hall I was given a banquet. Thirty days after I had been at the City Hall not a man who had attended that banquet would speak to me. But while there I met a distinguished representative of Japan, who was on his way to the Coronation at St. Petersburg, and whom I escorted to the City Hall. On the way he asked me a few light and general propositions like this: "How is real estate held in New York city, by individuals, corporations or by

the municipality? What is the ratio of income to the municipality from public service corporations? Does the ratio of food products in the United States increase or decrease with the increase of population?" and by that time we were only to Canal street. I know why Japan knows things! None of those questions has ever been answered in this country—certainly not in this city—but I am for Japan. I have never been worried about the yellow peril. A dissertation upon the difference in color appealed to me, but we have people in this country whose yellow streaks are a good deal more dangerous than the people in the East, who may be entirely of one color, and I think we can learn more from them than they can from us. Japan was never invited to the banquet of the nations—she just came—she arrived—and it does not make much difference in this world where you come from—the only thing is, have you arrived?

Now, I could discourse on the West or the Far East, as well as many others, because I have never been there, and the natural tendency of Americans of the present day is to talk about things they know nothing about. Nations are very much like individuals, anyway they will never eat each other if they eat with each other, and personally I think the banquet table is very much better than the foreign office. Officialdom may only tell us what we must not do, but the people can tell us what we can do. I do not know if Japan was fighting our fight or not, but whatever she was doing she did it, and did it well. Apparently there are points where Japan and America do touch, and there are other points where they reach out and do not quite touch, but that will be all settled in time.

I am the only man on this program without a title. Nevertheless, I could have worked one up if I had been given a chance. (Laughter.) Therefore, to our distinguished guest I say on behalf of all Americans who have no title or none that amounts to much, we bid him welcome—we are for him and we are for Japan—we are for everybody that can do any one thing better than we can. I do not know which is the most important, whether they should sell to us or we to them, as long as someone gets it. I would like to go to the Far East and take up this education proposition, for I like that section of the country, and if I had the price I would go there, because they believe in things over there. Japan accomplishes things because she thinks she has a right to. I like a country that believes in its past and does not apologize for it, and I like any country that believes in its present, and it must be very unique to our foreign visitors to happen around here about election time and see half the people apologizing to themselves and the others proclaiming that there is no one else on earth except ourselves. They never get mixed up in Asia about that. We may try to embrace the earth, but my experience in this embracing line is that you do not want to try it until you "are let." Personally, I am going to let China stay where she is and Japan stay where she is. Japan reminds me of a young man who had done a little quiet training all by himself, and when he comes into the family of nations someone says to him: "We have never heard of you before," and Japan says: "I did not ask you if you had heard of me

before, but you are going to hear from me now—and don't you forget it." It always amuses me to hear of people coming from Japan to learn from us. I am a firm believer in America, and during election time I said more things that I did not know in that line than I will ever say again, but we can learn things here from them, that a man cannot be a good American unless he believes in America, that no man has a right to be here unless he believes in the country, and no one should be here who does not believe as the Japanese believe—that wherever they are they must never forget whence they came. (Applause.)

The man who is ashamed of the locality from which he came is not entitled to respect in the locality in which he arrives. I never like to see a man brought up on a farm decrying agriculture; and I never like to see a man going to the country and teaching them something—it is usually expensive, they have more time to play the national game than we do—they can win without marked cards, and I assume the purpose of my being here was merely to keep China and Japan apart. I am so on the program. We may have to bridge the Pacific some day, and we are not going to have any other kind of difficulty with anyone, because the people will not have it, and you cannot make the people do anything they do not want to do, and the people will not fight Japan. Years ago in this city you could not get men in the same walk of life together without physical force, with a few policemen on the side. Now there is not a trade or profession that does not have a banquet during the year, and they all meet together, they say the same things they don't mean, and they talk about "we" and don't believe it; but it takes the rough edges off, and that is all we can do. (Applause.)

As near as I understand about this national proposition—and I see my Dartmouth friend is getting a little uneasy, and what he is going to say is good, because we have talked it over a little bit here—you have got to just treat a whole lot of people as we treat one or two people. It would be a terrible blow to the average man in this world if he knew how little he differed from anybody else. (Laughter.) I have seen a man here and there that knew more than two or three men; I never saw any man that knew more than all the rest together, and I don't believe there are any such. And if we ever get to be exactly alike, which I hope we won't, because I am not prepared for the great hereafter myself (laughter), then something will come and we will all be summoned. I am glad that we differ intellectually, morally and socially. It keeps our feet on earth, and if any man has an idea he can travel this walk of life alone, whether he is all yellow or all white, or has just a little streak, let him forget it, and let him dodge that yellow streak as he would dodge a fine. (Great applause.)

You have to round up nations once in a while. Japan has taught us something we need not forget. She has taught us that there are some things you must not let anybody do to you. She has taught us to stake our existence for our national honor; and what she is going to teach this world, and what we are going to teach this world if we ever rise to our full possibilities, is not which has the biggest navy or which has the biggest army or the big-

gest balance sheet at the end of the year, but which nation makes it possible for its individual citizen to develop himself to the highest individual point. (Cries of "Hear! hear!" and applause.)

Nations cannot make men. There is no scheme of government in clever Japan or clever America or conservative China that can make a man what he won't be made; but what we can do, and what we have to do, is to help each other so that every man has a chance, so that the man of yellow color, whatever his exterior, his heart will be right, and that if his exterior is white his heart would be right, and that if his exterior is neither, by the grace of God he won't have a yellow streak (laughter)—that is put on the outside and put on the inside, and so difficult to get rid of that it requires a surgeon's knife. And I now close with my personal respects to the distinguished gentleman. I wish he would convey to the distinguished gentleman who taught me what I don't know about New York and the ratio of the price of food products to the increase in the number of population, that I take my hat off to him, too. We are watching Japan just as much to learn from her as she is watching us to learn from us. (Applause.)

We are fortunate in having with us tonight a man who represents the most progressive phase of modern education in China, and who has spent the best years of his life in the endeavor to disseminate in that great empire the culture of the West. I am sure you will all be interested to hear what Dr. Charles D. Tenney has to say in regard to "The New Era in China."

Dr. Charles D. Tenney responded to the toast:

#### "THE NEW ERA IN CHINA,"

as follows;

For us in China the nineteenth century went out in a tragic manner. While we were in the midst of those bitter experiences we could not realize, as we do now, that we were witnessing the death convulsion of the old Chinese conservatism and the beginning of a new era.

A strange thing is now happening throughout the world. That form of civilization that has arisen in Europe and America since the coming of the inductive sciences is conquering the world. In ancient times the Confucian civilization impressed itself on the eastern half of the old world from Thibet to the islands of Japan, and the Roman civilization took possession of the Western world from the Persian Gulf to the British Isles. The two old civilizations won in their day because of their inherent excellence and because of the military power that backed them. The power and wealth behind them acted directly to force the cult on the surrounding peoples, and indirectly as the most striking evidence of the superiority of the civilization that had produced the power and wealth. And so it has been with the modern civilization that is now spreading itself over the areas occupied by the two old civilizations and over vast regions unknown to them. Though no one political power has been the representative of the new culture, yet it has been propagated like the old systems by means of its own inherent utility and by the strong right arm.

Sometimes the force that goes with our modern civilization has got out of hand, and has asserted itself brutally, but more often, I think, it has shown itself as a striking proof of efficiency, as an object lesson to attract the attention of the Asiatic world to the system that produced it. Japan first, and now China, has deliberately chosen to conform to the modern Western system of education with all that goes with it, commercial and industrial methods, legal procedure, social customs and military organization. The Japanese Empire was formally recognized as one of the modern family of nations when the powers relinquished extraterritoriality, and every year since that time Japan has gained more of the respect and admiration of the world. Though many things have prepared the way for the present revolution in China, we may say that the new era commenced when China received that stunning blow from her island neighbor eleven years ago. That caused the real awakening. Though rabid conservatism seemed to gain the upper hand in the year 1900, the revolution was already in progress, and the events of that terrible year gave it full momentum. For many years I worked to introduce the modern education into China. While not a few were ready for it, yet the movement did not take hold of the national life. The great body of scholars looked coldly and contemptuously upon the new movement. But during the last four years I have seen the whole nation turning to the new education with feverish activity. I have had the satisfaction of helping to organize schools for the literati who have crowded them to their utmost capacity, and have put us at our wits' ends to provide teachers. It was my privilege to be in China last year when the final edict was published, abolishing forever the old system of literary examinations that had been in force since the Tang Dynasty, 1,300 years ago, substituting for it the modern school system. That edict I believe will be recognized in future as one of the important landmarks of history. It concerns not the Chinese race only but the whole world. The results of the modernization of this one-fourth of the human race are certain to be of incalculable importance to the remaining three-fourths, and will mean readjustments in all our international relationships.

There are those who sneer at the present movement, and who cannot believe that conservative China now really means what she says. Some of the doubters are men who have lived long in China. As the officials and merchants with whom they deal exhibit the same characteristics as in former times, the doctrine of a new China seems to them a dream. The old China is passing away, however. I do rely so much on the fact that Empress Dowager and Emperor, with Viceroys Yuan, Chang, Tuang, Chou and other high officials are committed to the reform, as on the attitude of the literati. The scholars have accepted the new system. All of those who are young enough to assimilate the new learning are putting their whole strength into it. It is not generally understood in America; it is not even understood by many who have lived long at the treaty ports of China, that the scholar class rule the country. What they approve will in the long run prevail, and what they disapprove will come to failure. Public opinion and the national policy in China are not formed by the con-

sensus of opinion of all the individuals of the three hundred and fifty or four hundred millions of her people, but for these matters China is the twelve or fifteen million educated men. The literati do not constitute a caste, for entrance into their body is free to all who win their way into it by ability and application, but the dignity and the overpowering influence of the scholar class in national affairs is something peculiar to the Chinese civilization. The scholars of China have cast their vote for modern education. They are filling the modern schools as fast as accommodation can be provided for them. They are devouring with avidity every translated book that they can lay their hands upon. They are crowding to foreign countries for study. About 12,000 are now enrolled in the schools of Japan, and the movement has now set toward America and Europe. Already some 250 have come to our American schools and colleges, and a still larger number have gone to Great Britain and Europe. The eagerness with which Japan took up the task of reorganization is being outdone by China, and with the help that Japan is in a position to give the progress of China is likely to be much more rapid than the former phenomenal progress of her neighbor. (Applause.)

There are certain characteristics of the new situation in China to which I wish to call your attention; they concern us very directly.

1. The new movement has awakened a new spirit of patriotism among the people. It has been a most striking phenomenon connected with the new school movement that the students who are enrolled in the schools immediately exhibit a spirit which has seemed to be almost dead in the literati of the old school. I have been puzzled to account for this. There is nothing in elementary mathematics to direct the mind especially to thoughts of patriotism. The explanation, no doubt, is that as long as men follow on after each other in a routine of imitation that calls for no particular individual thought about the condition or institutions of the country, they become selfish. The assumption that everything is as it should be, and will forever continue as it is, now causes the mental energy to be concentrated on self and patriotism dies. At a time of change and mental awakening the scholar feels at every step of his progress in the new way that he is working not merely for his own advancement, but for the salvation of his country. The idea of the nation's welfare gradually becomes larger and larger in comparison with his personal ambition. The new scholars will remove the reproach that has been cast at China that patriotism is unknown among them.

2. With the patriotism is growing up a new national pride. This new pride is to be differentiated entirely from the old pride of self complacency and ignorance. The modern scholars are jealous of the honor of their country, and feel keenly those discriminations which indicate that other nations regard China as inferior. They resent extraterritoriality and special treatment of immigrants and Chinese travelers.

3. They are ambitious to regain full control of their customs and railways. They object to foreign control or interference in any form, and will prevent the granting of



any further concessions to foreigners. This new spirit must be reckoned with by all who have dealings with the Chinese. There will be no more fortunes picked up by casual shaking of the "pagoda tree."

4. But this does not indicate the growth of anti-foreign feeling in the old sense. One of the most marked characteristics of the new movement, as I have observed it, is the increased kindness and cordiality in the social relations between the races in China. The fact that Chinese scholars are now studying the Western history, institutions and sciences gives them a respect for us and our mental attainments that they never felt before. We have now common intellectual ground. Men who think the same thoughts, and have the same ambitions and ideals, are able to step over the barrier of race prejudice that so unfortunately divides mankind.

The characteristics that I have enumerated are the results of direct observation. There are others which loom up in the future as certain results of the development upon which the nation has now entered.

5. With the adoption of the modern scientific education and technical training and the modernizing of the military system, the power and wealth of China must soon begin to advance by leaps and bounds. The empire abounds in undeveloped resources, which only need technical skill and the knowledge of modern methods to be coined into available wealth. The Chinese are second to no race in natural ability, and when their mental power has been turned from barren literary study to utilitarian lines the results will be startling. When their hardy soldiers are officered by educated and efficient officers their armies will have to be reckoned with.

6. The consequence of this educational reform, which is of the most immediate interest to America, is the enormous increase in trade that may be looked for. With the education and the new habits of life will come new and enlarged wants, which the development of the country's resources will give the means of satisfying. The new China will have more to sell and will buy more. Our trade with Asia will reach the proportions of the trade with the industrial nations of Europe, for the mutual benefit of both sides. The crying need of both capital and labor is a market for the productions of this industrial age; and here is the greatest market of the world opening to us unless we exclude ourselves from it by our own folly. (Applause.)

The present situation in Asia should cause us to reflect very seriously. The "new era" for China is a new era for the world. That Japan, and now China, have elected to join the modern family of nations should be of the greatest benefit to the world. Only our own selfishness and folly can turn the benefit into an injury. Silly race prejudice must be overcome, and that doctrine of the brotherhood of man which is preached so much and practiced so imperfectly must be applied to the relations between the white and the yellow races. The Golden Rule was taught the Orientals by Confucius, and if we do not encourage them to neglect their Golden Rule by our forgetfulness of our own, the future is bright. If there is a Yellow Peril in any sense we will be responsible for it. (Applause.)

#### ADDRESS OF MR. K. F. SHAH, CHINESE CONSUL-GENERAL IN NEW YORK.

MR. CHAIRMAN AND GENTLEMEN OF THE ASIATIC ASSOCIATION—Considering the occasion upon which the interest of the Orient forms the theme of discussion, I may also say a few words about China after Dr. Tenney's esteemed address in which he paid so much respect to my country.

What China now is, is not what China was fifty or thirty or even ten years ago. Those who are familiar with the course of events in the Orient may ascribe various causes to the sudden change now occurring in China; and whatever may be the causes, no one can deny that it is for the amelioration of her very existence. China is a country of inexhaustible resources, teeming with millions of people. Consequently her power of production and consumption is inconceivable when the whole empire shall have been intersected by a system of railways which are the arteries of her physical system now just commencing to pulsate.

It may seem to us like a Utopian dream if we were to imagine or fancy that our Government had to legislate interprovincial laws to regulate railway rates; or to fancy a railway magnate looming up on the horizon propounding a gigantic scheme to consolidate the future trunk lines of China. Such a dream is not impossible. When such a time comes only the student of economics will be able to appreciate its immensity. The power of steam and electricity supercedes all other power of locomotion. Human power might have erected the Egyptian monuments, but the East River tunnel can never be built without the means of steam power. Likewise the development of the internal resources of China necessitates steam power as a prerequisite. Hence, with the movement for reform for material progress now being initiated, the moving spirit demands railway building; it is now the cry of the day.

Speaking of the power of production and consumption, now it is not commensurate with the magnitude of the country. But the power of consumption manifests signs of expansion during the decade just elapsed, notably so during the past few years when our people have learned to use foreign goods, and their desire for their use is on the increase. Cotton goods are extensively used, not only in the seaport towns but also in the interior. Petroleum is fast taking the place of the native oil. Even gas is supplemented by electric lights in the principal cities. In the not distant future articles of clothing will be in demand.

Imagine the vast coal fields which are yet unexploited, and the various mineral mines whose ores are still unsmelted, and many other things undeveloped. So, taking the potential wealth of China into consideration, the future possibility of increasing her productive and consumptive power requires no stretch of imagination to catalogue her among the wealthiest nations on earth. And the time is coming.

A nation is like an individual, she has ups and downs, pleasure and pain, joy and sorrow. All nations have to have them before they can arrive at the mature age of experience. China is now changing herself from conservatism into liberalism. As a direct result of the inquiry of her Imperial Commissioners, besides the edict

promising a constitution and also the edict abolishing the system of literary examination that Dr. Tenney just mentioned, no edict of recent years has been proclaimed that would benefit China so universally, and, at the same time, would eradicate the evil so effectually as that edict prohibiting the use of opium. Its recommendation in its prohibition is radical, yet not forcing impossibility; drastic, yet not in terms of commanding the clearing of the Augean Stable in a day. It is lenient, yet fraught with a command that if the very word is not carried out in the length of time given, the victims of that insidious drug would be punished as would any wayward child by its sagacious parents. Our friendly nations could assist us greatly in this matter in replacing the opium traffic by some other article, since we assume that nowadays the international policy of civilized nations is not merely based on self interest.

The world is indebted to your President Roosevelt's noble attempt at emphasizing international morality. In his recent message to Congress he advocates that great nations should act toward one another in such a spirit and should pay heed to ethical reasons. Coincidentally, I remember, when our commissioners were entertained by this Association, they said the identical thing. In regard to the relation between two nations they stated, "Instead of striving to see which can do the most harm to the other let us see which can help the other most. The day shall not be far distant when we shall see a genuine spirit of brotherhood on earth."

It goes to show that the urging of international morality is the desire of all nations. Our Government spares no effort to fulfill her obligations with any other countries, and our people have learned to appreciate the forerunners of modern civilization. As Dr. Tenney says, "they are patriotic, they are not anti-foreign."

Any sensational sentiment between nations is a direct result of misunderstanding, for instance the appointment of the chief commissioners of the Imperial Customs aroused suspicion about China. But a little investigation will show that the new appointment was not the creation of a power over Sir Robert Hart, but it was simply a transmission of a power from the Wai Wu Poo, under which Sir Robert Hart performed his duties, to the two commissioners. It was an act to facilitate the matter of administration, so it had no little effect on Sir Robert Hart's office or on the loan agreements; and the English Government understood the matter well.

Again, some weeks ago, the suspension of sending our students to Japan was construed by the press as our unfriendly attitude toward Japan. As our Japanese friends know, it was the contrary. The reason was that, on account of too large a number of our students at Tokio, which reached 12,000, and would render some hardship to the schools in Tokio in accommodating them, we resolved to send only the students who could directly be admitted to universities.

So the better the understanding between nations the more confidence they have in each other, and the higher the advance of international morality.

I assure you, gentlemen, that I feel greatly honored by your invitation to banquet with His Excellency Viscount

Aoki under this hospitable roof. It is an occasion I shall never forget, especially when the interest of my country is so well entertained. (Applause.)

PRESIDENT MORSE—We now come to the last toast of the evening, and it seems absurd for me to go through the form of an introduction to you of the gentleman who is to respond. He is better known than any other man connected with this Association, and, I'm sure you will agree with me, has done more than all the rest of us combined to make the Association a success. His subject, "The Role of the Reconciler," conveys little meaning to my mind, but I have no doubt he will explain it to the satisfaction of all. Gentlemen, I present to you Mr. John Foord, secretary of the Association.

Mr. John Foord responded to the following toast:

"THE ROLE OF THE RECONCILER."

I mean by "The Role of the Reconciler" the function performed by this Association in furnishing a needful link to bind the East to the West. The declared purpose of the American Asiatic Association is "to foster and safeguard the trade and commercial interests of the citizens of the United States, and others associated therewith, in the empires of China, Japan and Korea, and in the Philippine Islands, and elsewhere in Asia or Oceania." But we obviously cannot either foster or safeguard trade and commercial interests whose promotion depends not only on the material wants but on the good will of the peoples of Eastern Asia if we think only of their wants and nothing of their good will. If we are to keep open shop for Asia, we must at least be ready to extend the glad hand to our customers when they come to look at the goods, just as we expect them to welcome us when we go to inspect what they have to sell us in return for what they buy. To slap your customer in the face because he has a brown skin instead of a white skin is a pretty poor way to cultivate his trade. But there is a small proportion of our people, and curiously enough it is found among those who have most to gain by the expansion of our trade with Asia, that has never been able to forego the satisfaction of administering the slap in the face, even at the cost of sacrificing the trade.

This Association exists, among other things, for the purpose of showing these misguided people that they are making a serious blunder. More than that, it exists for the purpose of keeping the fact before the minds of the great American people that the battle of their trade and their civilization was fought for them by an Asiatic people, at a time when they were neither ready nor disposed to fight it for themselves. The obligations of this nation toward Japan have been acknowledged this evening by the president of our Association, and have been made the occasion of an eloquent tribute from the President of the United States. Our duties to Japan are clearly set forth in certain treaties, couched in the most ardent terms of international friendship, in the negotiation of most of which this Republic took the initiative, and not always a very gentle initiative at that. But more than this, it is part of the manifest destiny of the United States to be one of the greatest, if not the greatest, of Pacific powers. It is a

truism to say that we shall be neither if any of the commonwealths comprising this Union deliberately undertake to traverse the lines and confound the purposes of our national policy by wounding the susceptibilities or insulting the pride of our near neighbors on the other shore of the Pacific. We call ourselves the United States of America, and, explain it to the foreigner as we may, we cannot speak as a nation to other nations except with a single voice. We can at least afford to be honest about it, and if we must sacrifice for locality what was meant for mankind, let us abandon the pretense that we are either a world power or one of the great powers of the world in any sense that concerns our relations with the other governments of the earth. (Applause.)

There was a tacit understanding that we should avoid controverted topics tonight, and I fear you may accuse me of being an offender against this rule. But I cannot very well make plain to you the necessity of the role of the reconciler without alluding to the jarring elements that must be reconciled. I admit that it is difficult to argue with a man who cannot discuss the simple question of observing our treaties with China and Japan without conjuring the spectre of an Asiatic invasion which should submerge our institutions and extinguish the aspirations of our race. Such a man, and there are quite a few of him, has already fallen a victim to the only yellow peril I know—the peril of a journalism addressed to the basest passions, the lowest moral sense and the most besotted ignorance that afflict humanity. But it surely ought not to be difficult to present this subject fairly to men who prefer truth to lies, who desire their country to be among the nations as they are among their fellows—fair minded, honorable and self respecting—men who constitute the vast majority of the American people. It should not be hard to convince them that China wants nothing of us but the

same treatment for those classes of her people who are entitled, under treaty stipulations, to visit this country as is accorded to the people of other nations; and that Japan wants nothing except the same scrupulous regard on our side for treaty obligations as she renders on hers. A man may have any opinion he likes about the relative places of the American, the Chinaman and the Japanese in the future history of the world, and yet admit that we shall only change our place for the worse by furnishing ground for an unfavorable comparison between us on the score of international good faith.

Half a century ago we sent a fleet of war ships to administer a vigorous prod to Japan—the fair island empire which we thought had slept long enough. Ever since then we have been begging China to follow the example of her neighbor and adopt the ways of Western civilization. Japan has made such good use of our prodding that she faces us today, very much awake indeed, on terms of international equality. China is slowly obeying the same summons, and is already disposed to ask us why we should dissemble our love by kicking her people downstairs. I do not think any man here believes that in all this awakening of Eastern Asia, with which we have had so much to do, we have raised a Frankenstein—a monster of hideous mien by whom we are in danger of being devoured. Doubtless there are divergent views, even in this company, about how much or how little we have to fear from Asiatic competition in commerce and in industry, and as to what new conceptions of life an awakened Asia may impress on the world, but surely we are in accord on this point—that every solid addition to the wealth of one nation is a contribution to the wealth of all, and every marked advance in the intelligence of any should be recorded by a new milestone on the part of human progress. (Applause.)

## JAPANESE COMMERCIAL DEVELOPMENT.

*Address delivered before the Commercial Club of Boston.*

By MR. OSBORNE HOWES.

For the purpose of forming a correct estimate of the recent wonderful, and even unparalleled, commercial development of Japan, it is necessary to take into consideration the historical basis for this growth, that is, to take into account what Japanese commercial experiences had been prior to 1853, when the fleet of Commodore Perry first cast anchor in the Bay of Yokohama.

It is a common practice with those who represent what for the time being may be termed the highest types of civilization to class all those whose social, political and economic development has been different from theirs as unprogressive people. To the Greeks all the world's people, except the relatively few of their own race, were barbarians, and the school books which most of us studied in our youth arbitrarily allotted mankind into various great divisions, such as civilized, semi-civilized, barbarian and savage—reserving the title of civilized for those making up

the group usually spoken of as the Western nations. Thirty or forty years ago the Japanese were more often than not described in these text books as either half civilized or as barbarians. Certainly none would then have accorded to them the title of civilized, and yet I think it can be shown that on commercial, to say nothing of ethical and artistic, grounds the Japanese might at any time within the last 200 years have advanced a strong claim for their right to be known as a civilized nation.

So far as is now known, the first information that the western world ever had of Japan was the short statement concerning the island empire made in the account which that remarkable Venetian traveler, Marco Polo, dictated when in prison, concerning his journeyings in the Far East and his years of sojourn in China. That was in the year 1300, 600 years ago. The reference made to Japan does not cover more than a dozen printed lines, and from that time

on until 1542—for nearly 250 years—the people of the western world heard not a word more of the Japanese. In the last named year the island empire was discovered by a party of Portuguese adventurers, and for the next eighty years the Japanese people underwent, in consequence of western influences, a development almost as remarkable as that which they have experienced during the past half century.

When, a little more than 350 years ago, the Europeans first landed in Japan, they found a people different in many respects from those with whom they had been brought in contact in their explorations in other parts of the Far East. The Japanese were essentially a commercial people. Japan was called by its inhabitants "The Queen of the Seas." At that time the Japanese were engaged in trade intercourse not only with Korea and China, but with India and the islands of the East Indies, making voyages to distant ports in their own ships. Indeed, there is something more than a tradition that prior to that time Japanese junks had crossed the Pacific and had engaged in trade with the inhabitants of the northwest coast of the continent of America.

As merchants, traders and voyagers the Japanese had little of the Oriental dread of foreign intercourse. Instead of barring their ports to the incoming of the Europeans they welcomed these strangers from far distant countries. When seven years later, in 1549, the Apostle of the Far East, the Spaniard, St. Francisco Xavier, landed in the Province of Satsuma, he found both the feudal nobles and the common people ready to welcome him and listen to his preaching, an experience quite different from that which he had undergone during his missionary work in other parts of Asia. Following the Portuguese as traders with Japan came the Spanish, the Dutch, and lastly the English, all of whom were permitted to land with little or no restraint, and to prosecute their business under such conditions as they themselves desired. The Spanish missionaries carried on their work under such favorable auspices that in 1587, thirty-eight years from their first incoming, when the reaction against the foreigner began, they were reported to have made among the Japanese between 500,000 and 600,000 converts to Christianity—probably a larger number of native converts than are now to be found in all parts of Eastern Asia.

It was the freedom accorded to foreigners, both in religious and commercial matters, which brought about the definite shutting off of Japan from intercourse with the outer world. The Europeans had come to the island empire at a time of political demoralization. For centuries the Mikado, or Emperor, of Japan had been a spiritual rather than a practical sovereign. The various holders of this supreme authority had lived in unbroken retirement in the imperial palace at Kioto; while the official government of the empire was under the successive control of the heads of certain great families, who were powerful enough to hold the feudal nobility in subjection. At the time the Portuguese first landed in Japan the Shogunate dynasty of the Ash-i-ga-ka family was drawing to its close in consequence of the weakness and folly of its chief members; a series of military adventurers had come to the front, each in turn

fighting his way to supreme control, but bringing about in so doing such political disorganization as to make difficult the establishment of a settled national policy.

The European traders of that early day were not a morally scrupulous aggregation of men, nor were the missionary priests of the period exemplifications of Christian charity and toleration. The natives were often cheated and otherwise abused by the foreign traders; semi-piratical expeditions were fitted out by these Europeans, who made raids upon the shores of Japan and sold as slaves on the main continent of Asia the men, women and children whom they captured. Not content with making converts the Spanish missionaries, with more zeal than discretion, entered the Buddhist and Shinto temples and pulled down the altars and destroyed the images found there.

There is a tradition that the Japanese military dictator Hi-de-yo-shi, or Taiko, as he was familiarly called, who, though he sprung from the common people, had succeeded by sheer personal ability in securing absolute control of the entire country, asked a Spanish merchant how it was that while Spain occupied on the map only a small space its monarch had apparently succeeded in making himself master of half the world. The Spanish merchant replied that it was customary for the Spanish missionary priests to enter foreign countries, and after a short stay they usually found some pretext for asking for military intervention, and that this gave the King of Spain an excuse for sending his troops to conquer the country. Quite possibly this incident was an imaginative afterthought; but its Japanese origin implies that the dread of a possible future, such as that which had already overtaken Mexico, Peru and other American nations, had come upon the Japanese, and hence Taiko, with the directness and thoroughness of a military leader, took the first steps toward putting in force the measures which he believed necessary to prevent the loss of Japanese industrial and political independence.

There is, I think, no case in recorded history of a nation making greater sacrifices than Japan then made as the outcome of a succession of restricting decrees. These decrees expelled foreigners from Japan, interdicted Christianity, prohibited any native of Japan from leaving the shores of the empire, or any Japanese outside the frontier of the empire when the decree was issued, or who should afterward for any reason go outside, from returning to his native land. The children in Japan, half native and half foreign, were banished from the country, and Japanese citizens were prohibited from either concealing them or giving them shelter. The landing of a foreigner on Japanese soil was equally prohibited. Every water craft in Japan of sufficient size to make it possible that it might be used in voyages to foreign countries was ordered to be destroyed, and all intercourse with foreigners by the meeting of vessels in the high seas was placed under official ban. Those failing to observe these regulations, either wholly or in part, were to be punished by death, and in order to make sure that there should be no misunderstanding in the matter of enforcement the death penalty was vigorously and rigorously applied during the earlier years of the interdiction. After the death of Taiko, Ieyasu, his successor in supreme control, and the founder of the Tokugawa dynasty of Sho-

guns, maintained these prohibitory decrees, and hence from 1624 to 1854, or for a term of 230 years, a people who had been pre-eminently the traders and sailors of the Far East shut themselves off from all intercourse with the outer world.

There was this one qualification to this general act of isolation. The Tokugawa rulers had reason to believe that the Dutch were the least offensive of the foreigners who had come to Japan, and, thinking that it might be wise to have some thin thread of official intercourse with the rest of the human race, it was arranged that a commercial exception should be made in the case of the Dutch. They were permitted to form a settlement of a score or more of their people on De Shi Ma Island in Nagasaki harbor.

This island, three and a half acres in extent, was surrounded by a high fence and was connected with the mainland by a bridge, across which was erected a strongly barred gate. Except when at long intervals one or two members of the Dutch colony were taken to Yeddo (or Tokyo, as it is now called) to make their obeisance to the Shogun, the Dutch residing on the island of De Shi Ma were not permitted to go to the mainland, nor were Japanese allowed to visit the island. Food supplies were passed through the gate, and water was obtained from the mainland by means of bamboo water pipes. Twice a year a ship could come to the island loaded with European supplies from Holland or the Dutch colony of Java. The representatives of the Shogun had samples of the ship's cargo brought into a public room at the end of the bridge, to which both the Dutch and Japanese had temporary access, and then and there placed an official trading valuation upon each imported commodity. Afterward Japanese merchants were permitted to come in and make bids for the goods to such amounts in excess of the officially fixed prices as they might care to give, this excess going as revenue to the government, the Dutch traders having to content themselves with the official prices. The Chinese were also permitted to have a settlement on another island, though goods coming from China were treated in the matter of trade under conditions somewhat different from those just stated. The returns in exchange trade which the Dutch obtained appear to have been made up chiefly of gold, silver and copper. Relatively, few commodities of Japanese manufacture passed out of the empire through this trade doorway. That the business was considered profitable by the Hollanders who took part in it must be assumed from the fact that they were willing to continue carrying it on under these exceedingly humiliating conditions through this long series of years.

It is not improbable that during the 80 years of intercourse which, in the sixteenth and seventeenth centuries, Japan had with the Western world a number of new economic and commercial ideas were acquired by its people. With the establishment of the Tokugawa Shogunate a new industrial era seems to have opened for the country. The Tokugawa family gave to Japan a series of exceptionally strong rulers who were not only able by their family affiliations and military power to maintain the public peace in all parts of the empire, but also in a measurable degree to direct the industrial affairs of its people. For this reason

Japanese modern commercial development may be said to have first shown itself after the foreigners had been driven from Japan.

The first indication of this was found in the methods adopted for the more convenient disposal of the rice crop. The control of the land in Japan was held by its 280 odd feudal lords, each of whom, within his fief, was lord paramount. His vassals working in his fields paid tribute to him in the form of rice, which was the staff of life for all classes of people. To dispose of this and obtain money or credit to be used in making other purchases storehouses and a rice exchange were first established at the convenient port of Osaka, to which buyers went from all parts of the empire either to obtain an immediate surplus or to purchase supplies under conditions which, as to time and place, were hardly distinguishable from what we now term "dealing in futures." The purchaser of rice was given as a voucher a ticket or warrant by the authorized Osaka dealer, this constituting a negotiable instrument, disposable for cash in any of the principal Japanese cities. About 1602 or 1603 a rice exchange was established at Yeddo by order of the Tokugawa Shogun, who had made that place his capital, for the convenience of the feudal lords of northern Japan. The distance between Yeddo and Osaka is more than 300 miles, and the advantage of uniformity of price in transactions made itself as apparent to these Japanese rice speculators of 300 years ago as it has since then to speculators in merchandise and stocks in Western Europe and America. A system of signals was therefore established by the use of flags by day and lanterns by night, by means of which the rice quotations, while the exchanges were open, were transmitted between Osaka and Yeddo, with a delay of only two or three hours. The dealers in these rice exchanges were limited in their number, as they are in modern stock exchanges, and were licensed by the government; but the mania for speculation was so far fostered by them that, in 1721, or several years before the first stock exchange was established in Europe, the Shogun's government found it necessary to prohibit dealings by the use of margins, only authorizing sales and purchases when these were made outright.

In the year 1620 the man who may be termed the originator of the modern trust formed the first organization of this kind at Yeddo. Next to rice, the chief necessary of life in Japan has been and still is fish. In the year named one Sukegoro succeeded in combining the 391 wholesale dealers in fish at Yeddo into an association, which took to itself the entire control of this food supply. Competition from a distance was made difficult because of the imperfect means of transportation and the still more imperfect means of preventing the decay of this quickly perishable form of food. This combination arranged to advance to the fishermen the money needed to purchase and maintain their boats, nets, etc.; it provided water tanks in which the fish, when caught, could be kept alive, and it further arranged that the prices at which fish should be sold to retail dealers should be each day fixed by the committee in control. This trust combination, which came into existence in Japan in the year that the Pilgrim Fathers landed at Plymouth, proved so financially advantageous to those interested in it that it led, as

a similar experience did with us, to prompt imitation; hence, by the middle of the eighteenth century, practically all of the trades of the chief cities of Japan were under the control of different combinations. Membership in these groups was strictly limited, the transfer of membership in a trading combination often selling at from \$20,000 to \$30,000, sums which would be the equivalent at the present time of very much larger amounts.

An indication of the extent to which in Japan business organization had been carried may be obtained from the statement that as early as the year 1700 bills of exchange issued at Yeddo, Osaka or other of the principal Japanese cities by members of the Bankers' Guild commanded their face value in towns in all parts of the empire. The family banks, several of which now exist in Japan, are the present survivals of banking institutions which were founded more than 200 years ago at the time that the trust or combination method had its first application in Japan.

In an empire where the *de facto* sovereign is an autocrat methods of correcting social and trade abuses can be applied that are not applicable in a land of free political institutions. To the feudal nobles and to the Shogun the traders and merchants of Japan were men whose class interests merited but slight consideration. In the social organization of the Japanese Empire the merchant or trading class occupied the lowest place. At the top of the social order stood the Mikado, then in succession followed the Shogun, the feudal nobles, the Samurai or fighting caste, the agriculturists, the mechanics, and at the bottom the merchants, who as they were neither rulers, fighters nor producers, but simply traders, were held in social contempt. When the first Shogun of the Tokugawa dynasty established his capital at what is now called Tokyo, he wished to make of the place a great city, and as a means of quickly attaining that end he compelled thousands upon thousands of the tradesmen of Osaka, Kioto and other Japanese cities to abandon their shops and their homes and re-establish themselves at this new political capital.

I have called attention to the fact that speculation by the use of marginal advances of money was prohibited in Japan nearly 200 years ago; but in 1841 Ieyoshi, the father of the Shogun, who was later on to sign the treaty of friendship with Commodore Perry, came to the conclusion that he had a trust problem upon his hands which required the regulatory power of the national authorities. For two centuries the Government had not only tolerated but had sanctioned business combinations, on account of their assumed advantage in improving industrial conditions; but at the time referred to, that is nearly seventy years ago, it became plainly evident that those interested in these trust organizations were acquiring for themselves altogether too great a proportion of the annual production and wealth of the country, and that Government intervention was called for in order to prevent serious public abuses.

By a simple decree issued in 1841 the combinations and guilds were swept out of existence. The merchants were prohibited under severe penalty from making any agreement between themselves as to the prices at which goods should be bought or sold. If they wished to carry on a wholesale business they must be at the same time retailers of goods,

and at times of scarcity or business depression, when the Government authorities so directed, no goods were permitted to be bought or sold at wholesale. These conditions obtained when Commodore Perry arrived in Japan, and fifteen years later, when the Tokugawa dynasty was overthrown, when the Mikado replaced the Shogun as imperial ruler and the revolution, which inaugurated the Meiji period took place, all previous rules and decrees, prohibitive or otherwise, came to an end.

I have referred to this historical experience for the purpose of showing that when Japan was for the second time thrown open to the outer world its people could hardly be classed—as many seem disposed to class them—as barbarians, that is as those occupying a place in the scale of civilization analogous to that held by the tribes of central Africa or the inhabitants of the South Sea Islands. On the contrary, the Japanese had made at that time, through their own initiative, great advances in commercial methods as well as in art, science and philosophy. In business usages they had apparently discovered and applied practices which were later on to be adopted by the business men of the Western world. That Japanese commercial development since that time has progressed at an astonishingly rapid rate is chiefly due to the fact that our Western business methods were not brought half a century ago to the attention of a race of barbarians, but to a nation that had been trained for generations in some of the highest and most complicated forms of business procedure.

When, following the treaty of 1854, certain treaty ports of Japan were thrown open to the world's trade, the foreign merchants who established themselves at these were quickly made to realize that the Japanese trader with whom they were brought into contact was not a reliable person. To quite an extent this distrust of Japanese honesty is still entertained by the representatives of foreign houses doing business with them, and it is a common experience to have the honesty of the Chinese merchant held up in contrast with the untrustworthiness of his Japanese contemporary. This constitutes one of the anomalies that is constantly brought to the attention of the traveler visiting the Far East. I have already pointed out that in the Japanese official system the merchants and traders had been placed at the very bottom of the social scale. They were considered by the farmers and the mechanics, to say nothing of the Samurai warriors and the feudal nobility, as only one grade above the brute animals. The higher qualities of intellect and of conscience needed for the proper development of public respect and confidence, this commercial class in Japan had never possessed. As the Japanese traders and merchants had been considered by the great mass of their fellow citizens as generally wanting in mind and morals, simply because of their occupation which was looked upon as a degrading one, it is not at all strange that with the progress of generations these business men carried on their transactions in many cases upon the low moral level which national public opinion credited them with holding. In fact, it is surprising, in view of these potent adverse influences, that integrity in business procedure was fifty years ago as common in Japan as it appears to have been.

The opening of Japan to the trade of the world was a nationally unpopular change. The foreigner was detested. His incoming, although submitted to as a necessary evil, was none the less an intrusion which patriotic Japanese seriously deplored. Consequently the Japanese traders with whom the foreign merchants of the treaty ports were first brought into contact, were the least patriotic and most abject of the low caste merchant class, men who believed that they could easily justify themselves in the eyes of their fellow countrymen if in their dealings they could succeed in cheating the hated foreigner. During the first fifteen or twenty years of foreign trade relations with Japan the untrustworthiness of the Japanese merchants with whom the foreign business men had intercourse was forced home upon the minds of the latter by a large number of hard experiences, and a standard of judgment was established which later years have only partly qualified. The foreign business houses in Japan made it a practice to employ Chinese rather than Japanese as clerks, bookkeepers and accountants, because of the greater trustworthiness of the former, and it is quite possible that even now good reasons could be given for a continuance of this practice.

The ground for this judgment is found in the different social order that has obtained in the Chinese Empire. From time immemorial the merchant class in China has occupied in the social scale a place next below that filled by the public officials. Since the time of Confucius the occupation of the warrior has been held by the Chinese in distinct disrepute, while the mechanic and the farmer have not held in public esteem a position in any degree corresponding to that which the merchant has occupied. As the outcome of this social prestige a code of commercial rules was established centuries ago in China regulating the trade intercourse of one merchant with another, a recognized infringement of one of which has meant to the one guilty of the offense a complete loss of social and commercial standing. The expression "to save one's face," so commonly used in China, has implied that a violation discovered has been punishable by extreme social degradation. Within the limits of his business code a Chinese merchant can be trusted without the least qualification. A private business contract on his part to take or deliver merchandise will be fulfilled in letter and in spirit, no matter how great the monetary temptation may be to evade the agreement. One can readily understand why after many years of business intercourse with the Chinese, the American and European merchants who were brought half a century ago into trade relations with the Japanese came to the conclusion that the latter were little better than a horde of thieves.

But while the Chinese are honest under the conditions and within the limits referred to, their honesty appears to be conventional rather than ethical. The code provides rules for the regulation of business as it was carried on in the hand to hand fashion of past generations. It does not provide restraints for the great business operations of the present time, whether carried on by the Government or under the auspices of corporations. When conventional restraints are withdrawn Chinese business integrity is thrown to the winds. The Chinese merchant who is scrupulously exact in his dealings with foreign merchants shows not the

least hesitation in outrageously cheating his own Government whenever the opportunity is afforded. Large business operations in China under a corporate form are made impossible because there is no owner's eye to constantly oversee the work, and because the reliability of those at a distance can never be depended upon. In such undertakings there is what is known in China as "squeeze" practiced from one end of the line of employment to the other—from the humblest clerk to the manager in charge. Hence if holders of shares are to receive the least return and corporate bankruptcy is to be avoided the Chinese themselves insist that their large business undertakings shall be placed under foreign administration.

With the Japanese the conditions are just the reverse of these. In China the sense of honor has never been developed among those belonging to any social class. In Japan with the upper classes the requirements of honor have been the most potent of all factors in determining personal and public action. Since the revolution of 1868, which overthrew the feudal nobility and abolished the Samurai or military class, the representatives of these two social orders have gradually been making their influence felt, not only in the Japanese army and navy, and in the development of governmental and scientific work, but also in the departments of manufacture and commerce. In the last twelve years Japan has fought two great wars, involving expenditures to the amount of many hundreds of millions of dollars in the purchase of supplies of all kinds; but hardly a suspicion of moral delinquency has attached to the payment of a single penny, an experience which is probably unique in the history of the world, and is the exact antithesis of Chinese war experiences. Men of the same class as those who have been responsible for these highly commendable official results have gradually found their way into business, and it is this fact which has made it possible to build up and successfully maintain Japanese banks, steamship companies, mining enterprises, railroads, great manufacturing establishments and extensive commercial corporations, undertakings which would be doomed to failure if attempted in China by the Chinese. As the standard of business ethics in England was immensely strengthened when two generations ago the representatives of the English aristocracy began to identify themselves with previously despised trade, so in Japan like causes are producing corresponding results, and hence while the commercial development of China by the Chinese seems almost hopeless, because of the apparent inability of the people to adapt themselves to the necessary moral requirements of great modern business methods and undertakings, the Japanese seem to possess in an exceptional degree those qualities which make easily possible on their part the successful development of such enterprises.

Since the revolution of 1868 the foreign commerce of Japan has enormously increased. The total export and import trade of that year had a value of only \$13,000,000, while last year the value of the export and import trade was more than \$400,000,000, that is, in less than forty years a commercial growth took place of more than 3,000 per cent.

While the early exports consisted chiefly of tea and raw



silk, the exports of last year represented large foreign sales of Japanese manufactures. The value of the exported yarns and textiles was nearly \$40,000,000. The chief Japanese imports are now raw materials and food supplies, and the last named item calls attention to one of the conditions which materially qualifies Japanese commercial development.

The Island Empire covers an area of about 150,000 square miles, that is, including Formosa, it has about the same area as the State of Montana. The population of the Japanese Empire is more than 50,000,000 and is increasing, not by immigration, but by the preponderance of the birth rate over the death rate, by fully 600,000 each year. The arable area in Japan which can be devoted to the growing of wheat and other crops has all been occupied, and it does not exceed 11,500,000 acres—that is, all but a small part of Japan—because of mountains and the absence of soil—is unfitted for agriculture. The farming land of Japan has only about one-third of the area of the farming land of either of the States of Illinois, Iowa or Kansas. Thus while Japan with 50,000,000 inhabitants has less than 12,000,000 acres of land capable of cultivation, the United States, with 80,000,000 people, has 415,000,000 acres already occupied for farming purposes.

The growth in population, which in numbers is twice what it was when Commodore Perry went to Japan, makes it now impossible to feed the people from a home supply. To the amount in value of many millions a year wheat and wheat flour is imported from the United States; rice from British and French India, and beans and other vegetables from Korea and Manchuria. The Empire of Japan resembles the United Kingdom in respect to its food supply—that is, a foreign enemy who could control the high seas in a way to prevent the Japanese from obtaining food from beyond their national borders could speedily starve the people into subjection. With five persons to feed for each acre of arable land, Japan, do what she may, cannot raise enough food to supply her people. The Japanese farmers are exceedingly industrious and frugal; their little rice plots represent farming in which every square inch of ground is made to its share. These plots commonly bear two crops a year—first a wheat or rye, and second a rice crop; but the consumptive demand, with its 600,000 of added mouths each year, is too great to be locally satisfied.

While it is not probable that the recent war with Russia would have been fought if it had not been that the Japanese realized that their national independence was at stake, it is none the less evident that the pressure of population has been forcing the Japanese for years past to look beyond their own land, not only for food supplies, but for an outlet for their teeming millions. Korea has an area of 82,000 square miles and about 10,000,000 people. Manchuria has an area of 360,000 square miles and a population of a little over 8,000,000. It is not strange that the Japanese statesmen, in looking westward, have seen in these two relatively sparsely settled countries the opportunity to find homes for a great many of their people; hence to quite an extent Japanese encroachments on the continent of Asia, both to safeguard their nearest source of food supply and to find a vent for surplus population, were the causes for the resist-

ing activity on the part of Russia, which if Japan had been a passive power might not have exhibited.

From a commercial point of view this redundancy of population limits Japanese development in a number of obvious ways. The Island Empire in its trade with the world cannot become a great exporter of agricultural products, for the reason that it requires all that it can raise to supply the needs of its people. It has certain natural resources such as coal and copper, and in a more limited degree iron and lead. It has a population which is not excelled in patient industry, sobriety and intelligence. Hundreds of thousands of these are now engaged in manufacturing industries of various kinds; but as a rule, and especially for characteristic Japanese productions, the factory has not yet superseded the little workshop. At Osaka and other cities there are great cotton mills, giving employment to many thousands of operatives; while machine shops, foundries, shipbuilding yards and chemical factories are to be found in different convenient localities. But thus far only a fraction of the possible productive labor which the country possesses has been employed under modern industrial conditions; yet in the last twelve years this employment has had the effect of more than doubling the average rate of wages paid.

Japan has access not only to the raw materials which it produces, but also to convenient and, it is believed, large supplies on the continent of Asia. When through the opening of mines of various kinds in Korea, Manchuria and in China proper, coal and iron in large quantities are brought at low prices to the seaports of Japan, it will be strange indeed if the relatively cheap and highly intelligent Japanese labor is not utilized in the manufacture of many commodities that are, or will be, in demand to meet the needs of the Eastern world.

There are two or three seeming obstacles to the easy advance of Japan along these lines of industrial development. The first is the comparative poverty of the people. Japan is not and never has been a wealthy nation; but its government and people have shown great ingenuity in making the most, in appearances at least, of every penny they have possessed. But the great war debt that they have incurred in establishing their political independence will weigh heavily upon them for a number of years to come. What they greatly need is an influx of foreign capital and the employment of this would be of great benefit to Europeans and Americans, as well as to them. But until they can repeal the limitations upon foreign investments in Japan, limitations which have been the outgrowth of their old fear of foreign intervention, it is not probable that investments on a large scale will be made by foreigners in Japanese industrial enterprises. Another possible drawback may be found in the lack of industrial initiative. The Chinese are wonderful copyists, but are almost totally wanting in originality of conception and execution. The Japanese are equally good copyists, and have the power of adaptation developed almost to the point of genius. From what I have said of their early industrial combinations it will be seen that they also possess decided originality; but it is still an open question whether they are gifted with mechanical ingenuity—that mental quality which to a large degree ac-



counts for the enormous industrial and commercial advances made in recent years by England, Germany and the United States. If the immediate future shall show that the Japanese are wanting in this respect they may find it difficult, in spite of their intelligent and cheap labor, to compete for the trade of the Far East on equal terms with the highly developed and constantly improving machine work of the principal nations of the West.

Still another factor which may tell against Japanese commercial development is the tendency which has been growing of late years to depend upon Government rather than individual initiative for the upbuilding of industrial enterprises. Not only has the Government now possessed itself of all of the railroads of Japan, but Government assistance and Government direction are plainly to be seen in many of the banking undertakings and industrial enterprises. The credit of the Government has been of inestimable advantage in the speedy development of industries which but for this paternal care might have had their establishment postponed for years. But this form of co-operation has unquestionably had the effect of seriously diminishing individual initiative. The brightest and most progressive of the Japanese are falling into the habit of looking to the Government for aid rather than depending upon their own efforts in projecting industrial undertakings of any magnitude. As the Japanese are strongly given to those forms of precise regulation which we term "red tape methods"—methods which are wonderfully effective in war but seriously defective in business enterprises, it may turn out that in the long run official direction and co-operation have been the worst blows that Japanese industries could receive. From present appearances it seems quite probable that we are to have the merits and demerits of state socialism upon a national scale put to the test in Japan. This will be practiced under conditions which on the score of honesty in administration and the patriotic wish to give the plan the fairest possible trial will make of the undertaking one of the most noteworthy attempts that the world has ever known. If socialism is the panacea for the industrial evils of the present, it could find not better place for the exhibition of its merits than will be afforded in Japan. If in world wide competition it should fail, then the conclusion would be inevitable that it did not provide the most effective means for industrial development.

I have perhaps said enough to show that the commercial conditions in Japan are quite different from those to be met with in other countries in the Far East. In place of an inert, unprogressive people, we find in the Japanese a race of men as keen, alert and progressive as any nationality in the world. As, like New England, Japan cannot find support for its people in cultivating the ground, and as it is not possessed in a special degree of deposits of the raw materials of industry, it must draw, as we in New England do, both its food and its crude commodities from sources beyond its borders, and find in converting these into finished articles the means of sustaining its people. It will in the future buy more liberally than ever before of our raw cotton, for the Japanese manufacturers have discovered that even at a higher price our cotton is better for their uses than that which they have hitherto purchased in

India. The Japanese will continue to buy, and that probably in enlarged quantities, our wheat and flour; but more and more as time passes we shall witness a decline in the sale in Japan of the machinery and the textiles that in the past we have sold there. This will not be because of tariff duties, for in the last fiscal year, on imports to the value of \$240,000,000, the Japanese imposed customs duties of less than \$12,000,000, or an average of less than 5 per cent. ad valorem. The falling off in the class of American trade referred to will be because the Japanese have succeeded in supplying their own needs.

Following this is the, to us, larger question of the influence which competing and commercially equipped Japan may have in restricting the development of American commerce in the Far East. There are many reasons for thinking that with the gradual awakening of the Chinese to a better knowledge of the conditions of modern life the trade demands of these hundreds of millions of people will furnish a market greater than that which has been thus far supplied by any European nation. If it were not for the Japanese, we, as next neighbors to the Chinese, would be in a position to almost monopolize this business of supplying their needs; but as much nearer neighbors than we the Japanese count upon making for themselves great trade gains as the outcome of Chinese patronage.

It is at this point, if anywhere, that a clash of interests may arise between Japan and the United States. Seven or eight years ago we sold annually in Manchuria between \$5,000,000 and \$6,000,000 worth of cotton piece goods. Our shipments of piece goods to Manchuria in the last year or two have had an annual value of approximately \$30,000,000. This is undoubtedly a trade which the Japanese manufacturers would greatly like to possess. They are the chief purchasers of the products of the Manchurian farmers, and they see no reason why the latter should not purchase cotton cloth made in Japan. They have as full possession of the southern and most densely settled part of Manchuria, in all but nominal sovereignty, as we have of the Philippine Islands. The only barriers in the way of the establishment by them of a trade monopoly are the antebellum professions made by them in favor of equal trade opportunities in the Chinese Empire.

If the American people had spent a billion dollars of their money and had sacrificed the lives of scores of thousands of their citizens for the purpose of preventing some great foreign power from obtaining possession of, let us say, the Dominion of Canada, and after these outgoes had been made, and with the tacit consent of the Canadian people, were in governmental possession of Canada, I am inclined to believe that it would be exceedingly difficult, no matter what promises had been previously made, to prevent our Government from enacting laws favoring American trade development in Canada by restricting and interfering with the free entrance into that country of the products of Japan, England and Germany. In other words, judging by experiences in the Philippine Islands, it is reasonably safe to assume that we would not accord to foreign nations the same trade facilities that we maintained for ourselves in a country where the possession had been obtained and was continued at what was to us a great national expense.

I feel confident, however, that the Japanese in Manchuria and in all parts of China proper will adopt a completely different course. They will apply in entire good faith the principle of the "open door." The rivalry for the possession of these Eastern markets will be the fair competition of trade, the prizes of competition to go to those who under these conditions can show the best results. There is, however, this qualification to be made, so far as the trade of the United States is concerned. The Japanese by grafting our civilization upon their own, by winning industrial triumphs in peace and bloody victories in war, have proved themselves to be, from whatever standpoint they may be judged, a people fitted to stand in the front rank of nations. They have won this position by the payment of an immense price, and hence it is not surprising that they are proud of their successes, and tenaciously insistent upon full recognition of their equality in the sisterhood of great nations.

Within the last few weeks the various political conventions held in the State of California—the Republican, Democratic, Independence League, Labor and Socialist—have each and all passed resolutions demanding that the Chinese exclusion law shall be so far extended as to be applied to the Japanese, and this in face of the fact that with the exception of Hawaii, where Japanese labor is greatly needed on the sugar plantations, only a few thousand Japanese immigrants land each year in the United States. It has to be borne in mind that the Chinese exclusion act was

the outcome of an agitation begun under somewhat similar conditions on the Pacific Slope. If the Congress of the United States should adopt a restrictive immigration policy, and should for a greater or less time interdict the coming to this country of immigrants from Europe, Asia, Africa and South America, the Japanese would make no protest, recognizing that this was on our part neither more nor less than the assertion of a policy which their statesmen had adopted and had for generations applied. But if, while admitting Italians, Hungarians, Russians, Armenians and hosts of other foreigners, a discrimination is laid down against the Japanese, a people who believe that they have the right to rank with the highest and best of the world, then national resentment will be immediately aroused. There is, I think, no foreign legislation, except our exclusion act, that excites the least interest in the minds of the people of China; but that act made possible a political miracle. It united a hitherto disorganized people in a widespread agreement not to purchase American products, a "boycott" which but for strenuous official intervention would have been maintained and generally applied. Add to the Chinese exclusion act the exclusion of the Japanese, and under the diplomatic leadership of the latter the "open door" to trade in the Orient will be not only shut in our faces, but it will be bolted and barred against us. Our countrymen on the Pacific Slope will then face a barren sea, and the sentiment of Asia for the Asiatics will be the controlling commercial policy in the Far East.

## GENERAL STATEMENT OF PHILIPPINE COMMERCE, FISCAL YEAR 1906.

*Prepared by the Bureau of Insular Affairs.*

Official returns for the fiscal year 1906 show an excess of exports over imports of \$6,117,868, but compared with the previous year represent reduced values in both—imports being less by \$5,077,084, while exports show a decline of \$435,481. The following comparative table gives the islands' foreign trade by countries:

Countries.	Imports.		Exports.	
	1905	1906	1905	1906
United States.....	\$5,761,498	\$4,333,893	\$15,668,026	\$11,579,411
United Kingdom.....	4,848,393	5,224,020	8,291,038	7,499,627
Germany.....	1,498,898	1,360,961	129,610	459,426
France.....	832,308	833,858	1,491,732	2,703,328
Spain.....	1,931,359	1,787,810	1,434,128	1,803,056
Italy.....	152,902	197,865	50,316	71,280
China.....	2,942,307	2,654,214	1,008,252	1,705,980
Hongkong.....	207,703	304,291	2,359,958	3,658,781
Japan.....	1,018,437	657,386	548,807	532,245
British East Indies.....	2,007,514	1,515,042	624,312	663,487
French East Indies.....	5,968,614	3,854,217	11,305	6,335
Australasia.....	1,365,662	1,523,668	445,741	462,062
Other Countries.....	2,340,855	1,552,541	280,571	772,187
Total.....	\$30,876,350	\$25,799,266	\$32,352,615	\$31,917,134

### IMPORTS.

The leading item in reduced imports is rice, and heavy decline in foreign purchases of this staple foodstuff of the islands from \$7,456,738 in 1905 to \$4,375,500 in 1906, indicating as it does an increase in local production, may be con-

sidered as a very satisfactory feature of the returns. These imports show diminishing values in recent months and a total for the fiscal year the smallest since 1900. There is thus an approximate return to conditions existing before the advent of rinderpest and insurrection, and a practical supply of the islands' needs through home production seems to be indicated in the near future.

A further factor in the diminished imports of 1906 is to be found in the effect of the passage of the new tariff and the consequent stocking up in anticipation of increased rates. This was notably so in the case of rice and opium, imports of which were exceptionally heavy in the months of April and May, 1905, and thus inflated the total of that year with what under normal conditions would have figured in the imports of the fiscal year 1906.

But eliminating the actual reduction of \$3,081,238 in rice and \$409,919 in opium imports there remains a diminished trade for 1906 to the value of \$1,585,927 that does not appear to be entirely explained by disturbances incident to the inauguration of the new tariff, and must be attributed in a measure to unsatisfactory conditions in the import trade and to the reduced purchasing power of the islands.

Among other imports showing a heavy decline illu-

minating oil is the most conspicuous with a shrinkage in value of \$434,580, while the half million dollar trade of 1905 in both coal and fresh beef is less by \$107,000 in the former and by \$80,000 in the latter commodity. Purchases of beer, distilled spirits and wines drop off considerably, and the total beverage trade, with an aggregate value of nearly \$800,000 in 1905, is \$143,000 less in 1906. Structural materials, as well as the miscellaneous schedule of iron and steel manufactures, show heavy declines, and the same is true of electrical and other machinery, their combined total representing a shrinkage of more than \$500,000, while cement imports are less by \$40,000. The reduction of more than \$60,000 in refined sugar purchases may be considered in the light of a gain, being brought about as the result of local production by the Malabon refinery recently put into operation after remaining idle for a number of years.

The \$6,750,000 cotton trade for the year furnishes the most noteworthy instance of increased imports, with a gain of \$324,000. Imports of wheat flour reach a value of \$824,039, and are larger by nearly \$100,000 than in 1905, while approximately the same increase in value is found in the schedules of agricultural implements and of scientific instruments and apparatus.

With the exception of French East Indies, shipments coming from the United States have suffered to a greater extent than those of any other country, the general decline showing a reduction of but 16 per cent. in the value of total imports, while purchases of American goods fall off nearly 25 per cent., or an aggregate of \$1,427,605.

One explanation of this decline refers to the boycott of American goods by the Chinese. This is specifically given as the cause of reduced imports of American flour, and may doubtless be extended to other branches of trade, inasmuch as the business of the islands is to a very considerable extent in the hands of the Chinese.

The most conspicuous item in this decline in American trade is to be found in that of cotton cloths, which represents one-third of the total. This is due largely to the unfavorable operation of the new tariff—amounting in effect to a discrimination against this important American manufacture in the import trade of the islands. The fiscal year 1906 about covers the period of operation of the new tariff, under which imports of American cloths have declined from a \$700,000 to a \$224,000 trade. Legislation for the purpose of correcting this condition has been enacted by Congress, and there are already signs of a reaction in these imports.

Other important losses in American trade are to be found to the extent of \$171,000 in illuminating oil and about the same sum in wheat flour—a decline in the latter case in the face of increased total imports that serves to emphasize the active competition which American wheat is meeting at the hands of Australia. In the reduced beer trade the United States is also a loser to the extent of \$76,000. American electrical machinery continues to control the market—the demand, however, is reduced by more than 50 per cent., with the American losses amounting to \$100,000. On the other hand, in the increased imports of agricultural implements and of scientific instruments and apparatus, under which are included telephones, the bulk both of the trade and of the increase is credited to the United States—American gains in these schedules amounting to about \$160,000.

#### EXPORTS.

Articles.	Total to all Countries.			
	1905.		1906.	
	Tons.	Dollars.	Tons.	Dollars.
Hemp.....	128,564	22,146,241	110,399	19,446,769
Sugar.....	111,849	4,977,026	123,790	4,898,865
Copra.....	36,963	2,095,355	65,112	4,043,115
Tobacco.....	.....	1,999,198	.....	2,389,890
All other.....	.....	1,134,800	.....	1,173,495
Total.....	.....	32,352,615	.....	31,917,134

Articles.	Total to United States.			
	1905.		1906.	
	Tons.	Dollars.	Tons.	Dollars.
Hemp.....	72,196	12,954,515	61,068	11,168,226
Sugar.....	56,948	2,618,467	7,187	280,104
Copra.....	202	14,425	.....	.....
Tobacco.....	.....	6,820	.....	81,008
All other.....	.....	73,779	.....	120,078
Total.....	.....	15,668,026	.....	11,579,411

The \$435,000 decline in exports is chiefly to be found in the item of hemp, though there are also reductions to be found in sugar and manufactured tobacco. Increased values are to be noted in copra and unmanufactured tobacco, and other leading items of export.

The predictions made concerning the effect of the disastrous typhoon of September, 1905, on hemp production are borne out by a reduction of 18,000 tons in exports—to be found in the latter months of the year. The average price, though somewhat higher than in 1905, has been by no means sufficient to offset the reduced quantity, and a deficit of \$2,699,472 is shown in export values credited in 1906 to this normally most prosperous of the islands' industries.

Copra exports to a large extent counterbalance this decline in hemp by a increase of \$1,947,760 over the \$2,000,000 trade of 1905. The average price per pound has also been slightly higher in 1906. France is still the leading purchaser, and is credited with 60 per cent. of the total.

Sugar exports amount to 123,000 tons—a gain of 12,000 tons over those of 1905, but in consequence of reduced prices yield a decreased value of \$113,161. Of the total quantity Hongkong takes 60 and China about 30 per cent.

Unmanufactured tobacco exports show a value of \$1,458,658 and an increase of \$453,134. Export quantities increase 5,000,000 pounds, and represent a recovery from the much reduced figures of 1905. Of this increase Austria-Hungary appropriates the greater part and becomes a prominent competitor with Spain for the Philippine leaf, these two countries taking about 80 per cent. of the total. Manufactured tobacco exports decline from a value of \$993,669 to \$931,232, with Hongkong still the leading buyer.

The United States reached maximum prominence in the export trade of the islands in 1905 through heavy purchases of sugar, combined with her large and steady consumption of hemp. These sugar shipments, amounting to more than half of the \$5,000,000 total, have not, however, been repeated in 1906. In fact the \$260,000 exports to the United States are the smallest since 1901, and Hongkong and China resume their earlier prominence as a market for Philippine sugar.

With the United States and the United Kingdom consuming the great bulk of Philippine hemp, the more than \$250,000 reduction in these exports previously referred to has been more conspicuously at the expense of the former, and this large item, together with reduced purchases of sugar, explains the bulk of the shrinkage of \$4,088,615 in exports to the United States to be found in the statistics of 1906.

#### OCEAN CARRYING TRADE.

In the foreign trade of the islands the British flag continues to lead all competitors, handling on the basis of value about 60 per cent. of imports and 75 per cent. of exports. The Spanish flag has second rank in both incoming and outgoing freights in consequence of the regular service furnished by the Spanish mail steamship line plying between Liverpool and the Philippines. The German flag is third, while American vessels are in the fourth rank, carrying about 9 per cent. of the total imports and a smaller percentage of exports.

Just to what extent the distribution of the carrying trade of the islands by flags will be affected by the recent abolition of tonnage dues is unknown. The tendency of these port charges has been to make Manila a branch line station to the

grand junction supremacy of Hongkong in the Orient and to foster communication with the outside world through this port, but with free entry established at Manila for all comers—whether with large tonnage or small cargoes—direct shipments may be expected to increase. With a harbor and port equipment the finest in the Orient nearing completion at Manila, this legislation, which opens the Philippines freely to the main lines of ocean communication, bids fair to be followed by important carrying trade readjustments, as well as much improved shipping facilities.

In view of the small percentage of the United States trade with the islands carried in American vessels, the further suspension of the United States coastwise laws until 1909, that otherwise under the terms of the Frye bill would have become operative July 1, 1906, may be considered fortunate—especially for the American export trade to the Philippines. Whatever benefits might have accrued to American shipping through the generally anticipated increase in freights, there was well grounded fear of a serious discouragement to trade between the United States and the islands, and a prejudicial effect on American exports exposed to the competition of countries enjoying lower freight rates.

### COTTON GOODS IN INDIA.

Special Agent Charles M. Pepper, writing from Bombay, September 29, reports as follows:

Various consular reports and other data published during the last few months have given full information about India as the leading world's market for cotton piece goods, and also concerning the progress of the native industry in spinning yarns for export to China and in weaving coarse gray goods for home consumption. These statistical facts, therefore, do not need to be repeated in detail in giving an outline of the conditions under which American manufacturers must determine whether they will seek entrance into a market which may be said to be unlimited in its possibilities.

For general purposes it is enough to know that the importations of cotton goods and yarns into all India are upward of \$130,000,000 annually, and that Lancashire substantially monopolizes this wonderfully valuable trade, having no foreign competition except in colored, printed and dyed piece goods, which competition up to the present time has made no serious inroads. It may also be restated that the share of the United States in the cotton commerce of India, aside from shipments of \$1,800,000 to \$2,000,000 of raw cotton, hardly averages \$500,000 annually, the goods shipped being gray, unbleached, or sheetings and drills, chiefly from the Pepperell Mills.

Bombay is a good point for measuring the possibilities of the trade, since it is not only a great piece goods market, but is also the seat of the native industry. Ninety per cent. of the cotton mills of the country are located in western India, and more than half of these are in the city of Bombay and its suburbs. The native mills are now enjoying a period of extraordinary prosperity, and many which until recently confined themselves to spinning are introducing the latest improved machinery for weaving. Lancashire professes to feel no uneasiness over the possibility that the native mills will be able to turn out some of its own specialties of a quality sufficient partially to meet the wants of the consumers in India.

Should the country ultimately produce better cotton on a large scale the native mills almost certainly would themselves utilize it, and then the quality of their products might be improved so as to compete with Manchester in their own market, though they would be hampered, as they now are, by the countervailing internal revenue duty of  $3\frac{1}{2}$  per cent. ad valorem imposed in the interest of the British mills as an offset to the customs duties on imported cottons. These import duties are purely revenue and are in no sense a protection for the native industry. However, the possibility of the bulk of the India cotton crop being

materially improved in quality is remote. Recently some importance has been given to the experiments of a Bombay mill with what is known as the Spence tree cotton. The mill owners reported that they had passed four bags of Spence cotton through the process of spinning and weaving, and that the cloth made therefrom was, in their opinion, the finest cloth that had ever been made in the power looms from India grown cotton. The cloth was made from 40's warp and 50's weft, and they were satisfied that the cotton would spin a good 50's warp and 70's weft, from which cloth could be made in fine dhotees, a great demand for which exists in India. The total loss of weight in blow room was only 3 per cent. The mill owners said they would gladly give 7 annas (14.2 cents) per pound for this cotton.

American middling commands about 11 cents, and if cotton can be grown in India on a large scale so superior in quality as to bring 3 cents a pound more, the importations of raw cotton for mixing would of course cease. But this would be of little consequence compared with the ability of the Indian mills to produce a better class of goods for home consumption. That it can be done on a large scale is not yet demonstrated. Notwithstanding the favorable results from the experiment of the Bombay mill by technical and scientific experts, some of the officials are not satisfied that cloth from selected samples is to be taken as an average of the results that may be expected from Spence cotton, and they are withholding their judgment until they can take the average of production under the normal conditions governing cotton growing in India. Matters relating to cotton production, including the Spence experiments, are covered in the consular reports, and I give the most recent developments only briefly in order that manufacturers in the United States may understand that the samples forwarded from the Indian mills are likely to represent about the same quality for years to come. At least no phenomenal advance is to be expected from the native cotton used by the mills, though something better in the way of cloth may be obtained from the use of improved machinery, and possibly from increased efficiency of the native labor.

Some regard, however, must be paid to the probability of Japan entering the India market, unlikely as that may appear at the first suggestion. Japan has been and is yet a heavy buyer of the coarse Indian staple for her own mills. It does not seem on the surface that the Japanese mills can import this raw product and send the finished article back to India, to sell in competition with the native cottons for home consumption, though the Japanese factory labor is much more efficient than that of India. Nor is such an outcome probable, even though the Korean cotton crop in time enables Japan to become independent of India for raw material. But what is looked forward to is the possibility of Japan competing with Lancashire in dhotees and other Manchester specialties. Last year, as I am informed, the Japanese Government sent experts to India, who took back large numbers of patterns of materials used by the people of the different sections of the country, which patterns, as is well known, vary considerably. These were carefully distributed among the different mills with a view to their imitation and reproduction. So far as can be learned the Japanese piece goods have not yet made their appearance in the Indian market, but they are likely to appear at any time. American manufacturers who have samples of the output of the Japanese mills may therefore find it advantageous to compare these with the Manchester goods sold in India.

Samples of cotton piece goods largely sold in India, and manufactured in the mills of Manchester, as well as those manufactured in Bombay mills, have been forwarded by Mr. Pepper. When received the samples will be prepared for examination by manufacturers of cotton goods, as was done with samples of similar goods received from China. Those from India will be arranged so they may be forwarded to manufacturing centres.

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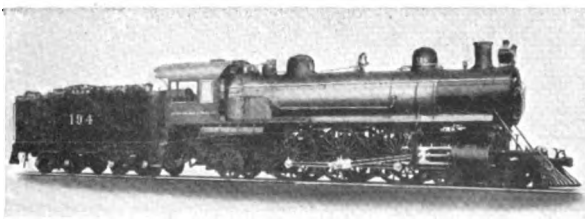
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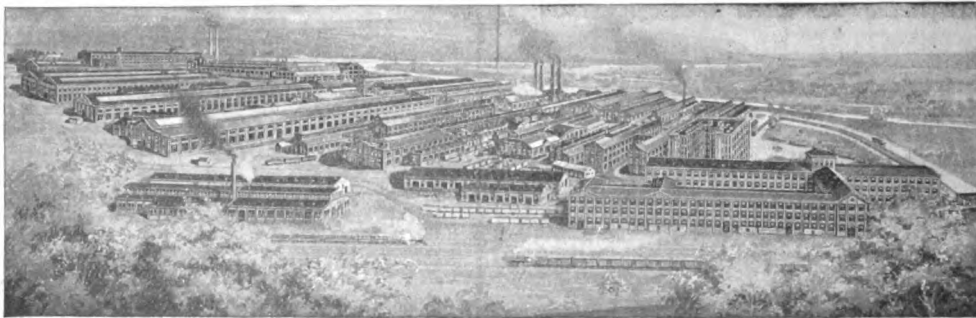
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