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Journal
of
The American Asiatic Association
VOL. IX.



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It is neither necessary nor desirable that judgment should be passed here on the questions raised by the correspondence which follows, transmitted by the American Association of China. But some regret must be expressed that any such controversy as is therein indicated should have arisen within the ranks of the association, and that in overruling the views of the minority the association should have reversed its position in regard to a question so closely affecting the influence of the United States Court for China. Up to November last the American Asiatic Association and the American Association of China were in complete accord in working for the separation of the judicial and commercial functions of the United States Consulate General at Shanghai. As far back as 1903 a communication was received here from the American Association of China stating that the precedent of the action of the British Government in China in separating the judicial from the consular functions was one that should be followed, and requesting the committee of this Association to memorialize the Department of State to that effect. The American Asiatic Association took action on this suggestion, and exerted all their influence to carry it into effect. In the *Journal* of the American Association of China for July, 1905, there occurs the following statement: "The matter is one of great importance, and it is to be hoped will be favorably considered at the next Congress, as it is of pressing and paramount necessity for Americans resident in the countries concerned (China and Korea). The splendid record of the British court in China may be referred to as one example of successful extraterritorial jurisdiction." In 1907 a memorial supported by both associations was addressed to the President and Congress of the United States on the need of a more complete body of laws for Americans in China. In that memorial there was incorporated the following declaration: "Experience has demonstrated that it is impossible for the United States Consul General at Shanghai to perform his judicial functions and at the same time discharge in a proper manner his duties as commercial and diplomatic agent of the nation. It is therefore recommended that he be relieved of all judicial authority, and that the same be conferred upon some official of the United States Court for China."

In the absence of any declared reason for changing the attitude of the American Association of China toward this question, it is naturally difficult to explain resolutions 3 and 4, which are elsewhere published. In these it is asked to have the Vice Consul General placed in a position where he can act as a check on the United States Court for China.

Considering that the vice consul is under the Consul General, and acts in his absence, these resolutions are obviously discordant with the view taken in 1907. There is some satisfaction in the reflection that existing subjects of controversy may be tactfully removed by Judge Wilfley's successor. It can be affirmed with some positiveness that Judge Thayer will be the head of the United States Court for China in the fullest sense of the term. He will not transcend the strict limits of his judicial functions, but he will see to it that nobody is permitted to invade them. A man better prepared by ripe legal experience and better fitted by a disposition of equal suavity and firmness to deal with the situation awaiting him at Shanghai could not have been selected. It is equally fortunate that the incoming President of the United States is thoroughly familiar with that situation, even if it should be new to his Secretary of State. But there is no reason to assume that Secretary Knox will abate one jot of the assurance conveyed by Secretary Root in the telegram which he addressed last November to the Consul General: "I am happy to inform you * * * that the court will continue to have the full support of the Government, and the forces of disorder will have no reason to rejoice as a result of the appointment of Judge Thayer, who will succeed the first judge of this important court."

THAT an authority so competent as "R. S. G." should declare in the London *Saturday Review* that reaction has gained, once more, the upper hand in China, is calculated to give pause to more optimistic views of the situation. One ground for encouragement was not, however, known when Mr. Gundry wrote, and that is to be found in the appointment of the successor of Yuan Shih-kai as president of the foreign board. That must be recognized as at least a slight confirmation of the view that the dismissal of Yuan was made on purely personal grounds, and did not at all affect the policy of the Regent toward the cause of reform, or the validity of any of the edicts which had been issued for its furtherance and support. The members of the Special Mission, who were practically Yuan's appointees, left these shores apparently satisfied with the condition of affairs, and much encouraged by the fact that steps had been taken to reinforce their influence with the chancelleries of Europe by the dispatch of other high officials from Peking to meet them there. The efforts of the mission in Europe will be chiefly devoted to securing the consent of the treaty powers who are still holding off to the customs clauses of the treaties made with Great Britain, the United States and Japan. It is manifestly important for China to secure an increase in its revenue at a time when the reform of the currency is of such vital importance, and it is obviously impossible to compound with the provincial authorities for the abolition of likin and other forms of internal taxation on goods in transit, until the Imperial Maritime Customs is able to demand the surtax provided for in the treaties which guarantee the abolition of internal duties. It is extremely probable that the good offices of the United States have been asked to help the mission with its work in Paris, Berlin and St. Petersburg. No objection has found expression here to allowing China

to levy an effective 12½ per cent. on imports, the fact being recognized that the promises of China to bring about reform in its system of finance and of taxation are largely contingent on having this addition to the sources of national revenue.

Coming on the heels of the agreement with Japan, which has elicited so much approving comment throughout the world, the latest difficulty of the Government of the United States in regard to proposed anti-Japanese legislation by California must be regarded as somewhat absurd. The absurdity is not at all lessened by the fact that in March, 1907, the President of the United States sent a telegram to Governor Gillett, of California, having much the same minatory tenor as that of ten days ago. When the San Francisco school question intervened to disturb the relations between the two countries, and when a patched up settlement of that question was effected by humoring the city and State authorities of California in the matter of Japanese immigration, the opinion was expressed in these columns that the anti-Japanese agitators of the Pacific Coast would renew their attack at an early opportunity. As a matter of fact there can be but one way of settling this agitation, once and for all, and that is by having another unequivocal declaration by the Supreme Court of the United States that the stipulations of a treaty are the supreme law of the land, any such legislation as that repeatedly proposed in California to the contrary notwithstanding. The record of the court on this point has been absolutely uniform for more than a hundred years, but it seems impossible to convince a large section of the people of California that antecedent decisions have any bearing on the issues raised by the Japanese and Korean Exclusion League, and by other demagogues who appear to play a very large part in the public life of the Pacific Slope. Compromise is evidently as much out of place in dealing with the case as would be a complete surrender to the demands of the California politicians.

WHILE the export figures for eleven months of the calendar year show merely a slight improvement in the movement of cotton piece goods to China, it is gratifying to note that there has been a very decided improvement in the demand during the last three weeks, and that orders of sufficient magnitude have been placed to warrant the assumption that the business is once more about to resume normal proportions. The figures of total exports for the eleven months are about the same as those for 1907, while the imports to China continue to show a steady decrease. To Japan the exports are less by \$5,000,000 than those of 1907, but of very nearly the same amount as for 1906. Japanese imports hold their own fairly well, showing a total of \$57,227,042, against an export total of \$30,359,380. In some items the volume of imports from Japan, as distinguished from the value, shows a positive increase. In the matter of silk, for example, the imports for the eleven months have been 9,789,955 pounds, as against 7,918,839 pounds in 1907, though the value for the latter year was \$37,749,435, against \$34,860,540 for 1908. So in tea, the amount imported from Japan is about the same this year as it was last, though the value has declined about \$200,000. The imports of Chinese tea show a loss in quantity of 3,000,000 pounds, and in value of \$640,000.

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the eleven months ending Nov. 30, 1907 and 1908.

EXPORTS TO CHINA.

Months. 1907.	Cotton Cloths. Yards.		Mineral Oils (Illuminating). Gallons.		Wheat Flour. Barrels.	
January.....	1,813,462	\$112,456	7,259,261	\$508,088	80,567	\$269,564
February.....	3,556,567	\$50,293	5,761,237	488,363	115,062	382,467
March.....	4,447,000	\$95,627	11,670,174	939,393	306,946	1,042,870
April.....	6,346,106	\$46,784	10,097,174	741,179	253,943	849,248
May.....	4,118,488	\$91,791	7,751,932	587,927	261,449	880,847
June.....	3,086,840	\$79,272	8,841,082	763,993	310,987	\$1,131,203
July.....	3,863,460	\$72,205	11,456,360	980,855	86,448	310,426
August.....	4,807,901	\$42,629	2,875,430	239,930	102,868	385,654
September.....	1,859,085	\$36,873	6,802,922	557,972	41,289	147,457
October.....	1,965,401	\$41,600	8,978,499	512,315	33,026	123,769
November.....	1,481,290	\$12,653	2,133,690	232,572	6,291	23,413
Total.....	37,145,540	\$2,381,583	85,473,479	\$6,523,964	1,596,870	\$5,542,918

Months. 1908.	Cotton Cloths. Yards.		Mineral Oils (Illuminating). Gallons.		Wheat Flour. Barrels.	
January.....	1,958,137	\$117,654	4,150,529	\$290,075	25,991	\$106,528
February.....	1,323,320	\$6,016	5,557,246	344,315	41,968	164,104
March.....	5,203,069	\$23,061	15,878,626	1,475,370	112,510	405,197
April.....	7,237,119	\$47,477	5,743,270	626,554	54,389	192,578
May.....	10,699,661	\$620,347	16,510,370	1,408,938	12,229	45,578
June.....	8,579,989	\$99,503	21,600,784	1,719,948	1,929	7,574
July.....	12,875,988	\$745,822	18,680,160	1,567,131	20,163	73,439
August.....	10,985,762	\$719,716	12,626,650	998,186	24,260	89,250
September.....	7,882,100	\$398,796	4,582,180	318,529	1,802	7,278
October.....	3,965,177	\$60,258	12,018,320	634,119	5,413	20,691
November.....	4,162,556	\$24,263	2,856,343	257,698	5,217	20,883
Total.....	74,172,792	\$4,242,913	120,184,472	\$9,597,863	305,871	\$1,122,900

EXPORTS TO HONGKONG.

Months. 1907.	Cotton Cloths. Yards.		Mineral Oils (Illuminating). Gallons.		Wheat Flour. Barrels.	
January.....	26,898	\$4,052	250	\$160	58,708	\$193,828
February.....	46,467	7,610	1,996,259	\$93,345	101,949	\$37,496
March.....	66,397	7,630	115,967	13,243	40,509	147,968
April.....	83,997	11,462	985,871	107,746	67,685	248,296
May.....	28,328	3,217	.....	.....	121,187	443,033
June.....	5,000	1,305	3,319,545	\$12,423	146,593	\$26,930
July.....	222,044	\$30,804	1,900,000	159,750	97,293	\$55,580
August.....	11,628	2,613	1,775,960	\$97,984	51,144	\$95,970
September.....	76,096	10,227	.....	.....	99,184	\$67,031
October.....	47,261	6,708	.....	.....	56,102	\$25,526
November.....	39,334	4,344	.....	.....	134,630	\$53,064
Total.....	653,442	\$89,974	9,551,505	\$987,884	972,983	\$3,594,749

Months. 1908.	Cotton Cloths. Yards.		Mineral Oils (Illuminating). Gallons.		Wheat Flour. Barrels.	
January.....	33,055	\$6,586	.....	.....	78,140	\$298,671
February.....	16,555	2,691	.....	.....	44,743	\$171,530
March.....	16,403	2,476	3,389,710	\$27,055	27,396	\$105,350
April.....	74,647	10,113	.....	.....	66,290	\$256,589
May.....	21,282	3,973	2,842,608	\$12,218	118,505	\$409,684
June.....	2,000	185	.....	.....	83,898	\$307,728
July.....	74,730	11,959	750,000	\$1,750	42,569	\$162,422
August.....	34,209	3,496	3,621,240	\$29,387	166,130	\$64,949
September.....	29,430	4,235	500,000	\$4,500	79,108	\$316,641
October.....	17,025	2,259	.....	.....	32,506	\$127,860
November.....	31,270	4,674	1,655,000	\$74,675	112,318	\$436,329
Total.....	350,606	\$52,638	12,757,950	\$1,009,585	851,806	\$3,247,760

DEPARTMENT OF COMMERCE AND LABOR,

Bureau of Statistics.

WASHINGTON, D. C., December 31, 1908.

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Imports of Tea and Silk into the United States for the eleven months ending November 30, 1906, 1907 and 1908.

TEA.

Imported from	1906		1907.		1908.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	7,778,407	1,663,452	9,252,211	2,151,235	8,348,331	1,913,682
British North America....	2,121,280	507,044	2,219,738	540,476	2,187,317	569,310
Chinese Empire.....	28,444,067	3,734,147	27,793,608	3,780,790	24,766,232	3,144,197
East Indies.....	7,172,363	1,019,029	6,565,392	1,098,643	6,275,720	1,000,289
Japan.....	34,190,306	5,646,768	40,748,718	7,125,648	40,731,715	6,971,347
Other Asia and Oceania ..	627,569	114,051	465,369	74,687	512,749	69,354
Other countries	212,801	53,963	272,306	71,351	260,267	100,854
Total.....	80,546,793	12,738,454	87,317,342	14,842,830	83,082,331	13,769,033

RAW, OR AS REELED FROM THE
COCOON.

SILK.

Imported from	1906		1907.		1908.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France.....	424,237	1,695,322	490,375	2,097,516	414,626	1,352,943
Italy.....	3,324,458	13,559,301	3,112,056	15,480,726	3,317,838	12,549,741
Chinese Empire.....	2,358,605	7,350,700	2,836,655	10,600,186	2,705,908	7,095,631
Japan.....	8,490,769	32,482,781	7,918,839	37,749,435	9,789,955	34,860,540
Other countries	92,539	333,542	121,344	533,314	44,453	164,357
Waste.....lbs...free..	1,620,715	831,838	1,713,836	1,153,962	1,008,469	655,811
Total unmanufactured	16,311,323	56,256,557	16,193,105	67,638,989	17,281,249	56,679,112

THE AMERICAN ASSOCIATION OF CHINA.

The subjoined correspondence and excerpts are self-explanatory:

SHANGHAI, December 10, 1908.

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

DEAR SIR—I beg to enclose herewith a copy of letter, with enclosures, sent by this Association to the Secretary of State.

This bears upon the matter of suitable legislation for Americans in China, and I trust you and your Association will give all the assistance you can in furthering this matter, which is of the greatest moment to all Americans in China and to all Americans doing business with China.

For the committee I have to thank you for the interest taken and work done by you in our behalf during the last session of Congress and trust you will continue to further this matter of legislation by every means you may have at your command. I beg to remain,

Very truly yours,

MURRAY WARNER,
Chairman of Committee A. A. of China.

Hon. Elihu Root, Secretary of State, Washington, D. C.

SIR—In October, 1907, the American Association of China forwarded a memorial addressed to the President and Congress of the United States on the need of a more complete body of laws for Americans in China, and of an American Federal building in Shanghai.

That the needs expressed in that memorial are as urgent now as they were a year ago is evident, but through the delay that has taken place in securing enactment of suitable legislation, there has arisen opportunity for Americans in China to examine and discuss a few features of general concern contained in the bills introduced in the last session of Congress.

It is confidently believed that you will welcome any information that can be given in making clear what the majority of worthy Americans in China really desire, what suggestions they most respectfully offer, and what reasons underlie their convictions.

When copies of bills, House of Representatives, numbers 17142 and 21922 and Senate number 6859, bearing on the Judiciary, reached us in China, there came to be a growing conviction that two or three points needed careful reconsideration, and should, if possible, be properly modified before presentation to Congress for final enactment.

The committee of this association decided that the greatest help they could render, would be to collect and summarize the views of respectable Americans in all parts of China, irrespective of membership in this association, relative to the proposed legislation.

A sub-committee was appointed to undertake this work and, in answer to the circular sent out, the percentage of replies was large, showing the widespread interest taken in the questions.

A copy of the report is transmitted with this letter, as a completed summary of the views of Americans in China.

To allow still further opportunity for free discussion, the wishes of Americans, as made known in the report of the sub-committee, were embodied in four resolutions, and considered at a special general meeting of the American Association of China, at which were present eighty members.

These resolutions were proposed by a former president of the association and were seconded by another former president, and were carried by a large majority, there being less than ten dissenting votes.

A copy of these resolutions is enclosed herewith for your information.

With regard to these resolutions, a word of comment may be made.

It is plainly the wish of the large body of reputable Americans in China that there be adopted into the United States Court for China a modified system of trial by jury, conserving to them, however, the privilege of dispensing with a jury when both parties to an action so desire, or when in criminal cases the defendant so desires.

The argument is, that it is not for the judge of the court to insist on the form of trial that he may prefer, but that the preference of the parties to the suit should be respected as to whether the case be tried with or without a jury.

Concerning the form of the proviso for trial by jury in the United States Court for China, suggestions are made with hesitation, but one point, perhaps, should be made clear and that is concerning those who may be exempted from jury service.

A different rule should apply here from that followed in the Federal and State courts of the United States.

With the exception of officers of the United States Government, and those engaged in the practice of law, and medical practitioners in foreign settlements with practice among the foreign community, probably none should be exempt.

Ministers of the Gospel, teachers, doctors in mission hospitals, and such others as are engaged in mission work, would, in nearly every case, be willing to serve as jurors, and could, doubtless, easily arrange for absence from their occupations to serve as jurors.

Concerning the number needed for a verdict, the suggestion of a member of the American Bar in Shanghai seems worthy of consideration, namely, "in civil cases, four of the jury (the jury consisting of five) might be permitted to secure a verdict."

Concerning the formation of a list of persons to serve as jurors, the method of selection of assessors, suggested in Bill H. R. No. 21922, page 6, lines 10-20, would be equally applicable for jurors, the drawing of a jury for each action being as it is in all United States courts.

Emphasis is to be placed on the words in the resolution, "sole judges of the facts," and the findings of such a jury should be final as to facts, and the judge should have no greater authority to set aside the findings of a jury than has a judge of a Federal court in the United States.

It has been suggested that to establish a jury of the American type would be a great strain on the community of Shanghai, and impossible elsewhere, but a canvass of the Americans in China has proved conclusively that this is not necessarily so, and it is found that there would be no difficulty in securing juries at any place in China where the United States court might sit.

Have the juries constituted of five instead of twelve men, then there would be absolutely no strain on any community in China.

It is to be remembered that the difficulties in securing a jury in a criminal trial in the United States do not hold here in China, as we have no sensational press, and the first knowledge the public has of a criminal case is after the details come out in the evidence during the trial and are published in the daily press.

Concerning resolution No. 3, bearing on the preliminary investigation of crime, it is to be noted that, as matters now stand, there is no method by which the district attorney can obtain evidence against suspected persons except it be furnished by the police or volunteered by some individual. This renders it difficult for the district at-

torney in some instances to carry out the duties of his office, unless he swears to a complaint on meagre or hearsay evidence and trusts to securing his evidence from witnesses during the trial. In order to facilitate the workings of his office it is necessary that some means be provided for the secret investigation of crime, in lieu of a grand jury, and the method outlined in the resolution is respectfully recommended.

Referring to the last resolution (No. 4), bearing on jurisdiction of the consular court at Shanghai: According to the bill H. R. No. 17142, the consul general was to be relieved of all judicial authority and that authority was to be conferred upon some official for the United States court for China. That there is real and urgent need that the consul general at Shanghai be relieved of all judicial functions is patent, but it is the general opinion, based on careful consideration and investigation, that, owing to the unusual conditions existing in Shanghai, with its great number of extraterritorial courts and jurisdictions, it is essential to the smooth working of a lower or primary court that it remain and be under the advisory control of the Department of State, and instead of the judicial authority now held by the consul general being conferred upon an official of the United States court for China, it be conferred upon the vice consul general at Shanghai.

I beg leave to enclose a report of the meeting of the association, held November 24, 1908, and under separate cover to send a copy of the association's memorial of last year, with suggestions of proposed amendments marked in the margins.

In conclusion it is my duty to reiterate the hope of Americans in China, that Congress, in its wisdom, will at no distant date determine a code of laws for the United States court for China, and approve an appropriation for the much needed Federal building in Shanghai. I have the honor to be, sir,

Your most obedient servant,

MURRAY WARNER,

President, American Association of China.

SHANGHAI, China, December 1, 1908.

The resolutions adopted at the meeting of the association, held on November 24, 1908, are as follows:

RESOLUTION No. 1.—Resolved that the American Association of China, convened at special meeting, does hereby express thanks and appreciation for the interest manifested by the Department of State and by Congress in considering and forwarding suitable legislation for the United States Court for China; and does petition them to continue their efforts until suitable legislation is enacted.

RESOLUTION No. 2.—Whereas the right of trial by jury is one granted to American citizens under the Constitution of the United States; and

Whereas of such Americans in China as have made known their wishes, in response to a printed circular, nearly 80 per cent have expressed preference for a jury trial, or something similar thereto as other than a trial by one man;

Therefore, be it resolved that we ask that such provision be made in future legislation as will secure to Americans, in both civil and criminal cases, the option of being tried with or without a jury of, say, five, who shall be the sole judges of the facts in each case.

RESOLUTION No. 3.—Whereas, the power vested in a grand jury for the courts of the United States should be vested, for the just treatment of Americans in China, in some United States officer;

Therefore, Be it resolved that we request that the magistrate of the consular court in each consular district, in conducting a private investigation of crime, shall have power to subpoena witnesses, administer oaths, and that said officer, with the district attorney, shall examine the witnesses and determine whether a *prima facie* case of

guilt has been established upon the evidence before a bill of information can be filed by the district attorney.

RESOLUTION No. 4.—Resolved, that it is the opinion of the American Association of China that the consul-general of the United States at Shanghai shall be relieved of all judicial duties, and that the vice-consul-general or some other officer of this consulate-general shall perform the judicial duties now devolving upon the consul-general under the law.

The following resolutions were introduced at the special meeting of the American Association of China, November 24, as a substitute for the resolutions introduced by the committee:

Whereas, the association in November of last year addressed to the President and Congress of the United States a memorial "on the need of a more complete body of laws for Americans in China, and an American Federal building in Shanghai," and supported the memorial by a memorandum upon the needs of the judiciary and consular service in China; and

Whereas, no action thereon was taken at the last session of Congress, and consequently the situation remains unchanged, to the detriment of the efficiency of the public service and the interests of Americans resident in China:

Resolved, (I) That this association transmit a further memorial to the President and Congress of the United States, reiterating the views previously expressed, and emphasizing the necessity for the adoption and promulgation of a code of laws for the guidance of the United States Court for China, and the provision by appropriation of funds for the purchase of land and the erection of buildings for governmental purposes at Shanghai.

(II) That, with a view to fully acquainting the authorities at Washington with the situation, the issue of the illustrated journal of the association, Volume II, No. 5, or so much thereof as is cognate to the subject, be reprinted, and that a copy thereof, together with a copy of these resolutions and of the memorial referred to in resolution I, be transmitted to the President, to the secretaries of each department and to every member of the Senate and the House of Representatives.

These resolutions were supported by the following remarks from Mr. J. F. Seaman and Dr. Hawks Pott:

Mr. Seaman read the reply which he transmitted last September to the circular of the sub-committee, in which he recommended, in the event of another memorial being sent to the authorities, that it take the form of a re-affirmation of the association's view as previously expressed. A new memorial in any other sense would seriously discredit, if not stultify, the association in the eyes of the Washington authorities and tend to weaken, if not destroy, the good impression already made. They could not do better than reiterate the views so fully and cogently expressed in their memorial of 1907. The object now should be to crystallize the sentiment then aroused, in the hope of stimulating a new interest in the situation here and inducing action on their behalf. Their last memorial became the act of the whole association. If those who were new to the position taken by the association would examine the programme then submitted they would agree that it would be the height of folly to adopt a course derogatory to the position they then assumed. Mr. Seaman then read extracts from the association's journal of November last on trial by jury and criminal law. Those extracts he said were a most temperate statement of the opinion they arrived at last year, and which they offered for consideration of the Washington authorities. They only expressed, on the ground of expediency, a preference for trial by assessors rather than by jury, inasmuch as the latter would entail "a severe strain on the community in Shanghai and be impossible elsewhere." He therefore solicited adherence to their former presentation of the question. But he emphatically demurred at the misleading implication conveyed in the phraseology of the present resolution for preference

for a jury trial or something similar thereto, as "other than a trial by one man." He had not heard of any individual favoring trial by one man. On the contrary it was to terminate the present unsatisfactory condition due to the want of a code of laws for the guidance of the court, that they should unite in presenting their needs as consistently, harmoniously and forcibly as possible at Washington. A different presentation than their former one would only confuse the issue, delay settlement and stultify them in the eyes of the authorities as not knowing their own minds. Referring to resolution No. 4, Mr. Seaman said that in the absence of an assistant judge, whose appointment they recommended, such minor judicial duties might with propriety devolve upon the clerk of the court as in the case of the British system, where the registrar tried such actions. The transfer to a subordinate officer of the consulate having no legal experience would be fatally at variance with the purport of their recommendation to relieve the consul-general of all judicial functions, in order that he might be free to discharge, in a proper manner, his duties as commercial and diplomatic agent of the nation (applause).

Dr. Hawks Pott also spoke in favor of the substitute motion and expressed the opinion that they were all agreed on one matter, and that was that all of them believed thoroughly in a man being tried by his peers in a trial by assessors or by a jury who should have the finding as to the facts. They were not arguing as to the question of the assessors or jury having the power of deciding as to the facts or leaving it entirely in the hands of the judge. They had brought forward the memorial because it really covered the ground much better than the resolutions of the committee. In the resolution they argued for five jurors or they might call them assessors. In the memorial, they asked for a small number of assessors—an assistant judge and one or two assessors. He contended that it was better for them to ask for nothing more than two assessors who would have the power of finding as to the facts, and he proceeded to explain how assessors had been tried in Shanghai in the consular courts and had worked well. In support of this he quoted the opinion of their consul-general. It might be possible to get five jurors in Shanghai, but would it be possible in the outports? It seemed to him that by putting five jurors as the minimum they were placing a great burden on a small community of Americans, and asserted that with exceptions there would not be more than ninety men available. As at home, in a jury system in China there would require to be a unanimous decision, while with assessors they could always have a majority finding. The speaker then went on to mention how the memorial stood for an entire distinction between the consular service and United States Court for China, and in support of this he stated that the consul-general had found it a considerable tax on his time, and it placed him in a very difficult position. He ought to be one who should befriend every American citizen, to whom every American citizen could come for counsel and advice, and it was rather difficult to give a man advice one day and the very next to sit in judgment upon him. The resolution in regard to the district attorney brought in again the same difficulty with the consular department. If they thought that there was a danger of too much power being placed in the hands of the district attorney, if they thought that there should be some check upon his power to subpoena witnesses, to put them on oath and to obtain evidence before filing a complaint, that could be remedied very easily by it being done in the presence of some consular official. But the present resolution had turned the whole thing around, and had made the consular officer or consular magistrate the active party in obtaining evidence, and the district attorney very much in the nature of a witness. It seemed to him that they should adopt the substitute motion and reiterate their memorial.

REMISSION OF A PORTION OF THE CHINESE INDEMNITY.

Message from the President of the United States, transmitting copy of an executive order signed on the 28th day of December, 1908, in execution of the joint resolution of May 25, 1908, "To provide for the remission of a portion of the Chinese indemnity," etc.

January 4, 1909.—Read; referred to the Committee on Foreign Affairs and ordered to be printed.

To the Senate and House of Representatives:

I transmit herewith for the information of Congress a copy of an executive order signed by me on the 28th day of December, 1908, in execution of the joint resolution of May 25, 1908, "To provide for the remission of a portion of the Chinese indemnity," together with a letter from the Secretary of State and various documents explanatory thereof and explanatory also of a plan for the education of Chinese students in the United States, to which the Government of China proposes to devote a large part of the remitted indemnity. Copies of these papers have also been transmitted to the Commissioner of Education of the United States with instructions to aid in all appropriate ways within his power in the carrying out of the plans of the Chinese Government for the education of students in America.

THEODORE ROOSEVELT.

The White House, January 4, 1909.

The President:

I send to you herewith for your signature, if it meets your approval, a draft of an executive order in execution of the joint resolution of Congress "To provide for the remission of a portion of the Chinese indemnity," approved May 25, 1908.

The resolution provides that "the remission shall be at such times and in such manner as the President shall deem just."

The plan embodied in this order provides for annual remissions as the payments under the original indemnity bond become due, beginning with the remission of \$483,094.90 in the year 1909, and gradually increasing as the payments under the original bond increase until the remission becomes \$1,383,785.36 in the year 1940. The draft has been submitted to Mr. Tang Shao Yi, the special ambassador of China, and meets his approval.

I send also the following explanatory papers:

1. A copy of a letter from the State Department to the Chinese minister at Washington, dated June 15, 1907, announcing the purpose of the President to ask Congress for authority to remit a portion of the indemnity, and explaining the basis of the proposed remission.

2. An extract from the President's annual message to Congress of December 3, 1907, asking for such authority, and also including the paragraph of the message relating to the education of Chinese students in the United States.

3. A copy of the joint resolution of May 25, 1908.

4. A copy of a letter dated July 11, 1908, from the American minister in China to the president of the board of foreign affairs of China announcing the action of Congress.

5. The translation of a letter from the president of the board of foreign affairs of China to the American minister, dated July 14, 1908, and a supplemental letter of the same date signed by the members of the board of foreign affairs announcing the purpose of the Chinese Government to send and maintain for education in the United States Chinese students, 100 each year for four years, until the number in America amounts to 400, and thereafter a minimum of 50 each year, proposing to confer with the American minister regarding the plan and asking the assistance of the American Government in carrying out the plan.

6. A copy of a cable dispatch from the State Department to the American minister in China, dated August 3, 1908, in response to the minister's cable communication of the substance of the above-mentioned letters from the foreign office.

7. The translation of a draft of proposed regulations for the students to be sent to America to be supported out of the indemnity fund remitted by the United States, submitted by the foreign office of China to the American minister. The minister has been authorized by the State Department to approve this draft and he reports that he has done so with some slight amendments.

I respectfully suggest that a copy of the executive order be transmitted to the Treasury Department with instructions to comply with the provisions thereof regarding the remission of indemnity, that a copy of all these papers be transmitted to the Commissioner of Education of the United States with instructions to aid in all appropriate ways within his power in the carrying out of the plan of the Chinese Government for the education of students in America, and that a copy be laid before Congress for its information.

Respectfully submitted,

ELIHU ROOT.

Department of State,
WASHINGTON, December 28, 1908.

EXECUTIVE ORDER.

Pursuant to the authority of the joint resolution of Congress to provide for the remission of a portion of the Chinese indemnity, approved May 25, 1908, I hereby consent to a modification of the bond for \$24,440,778.81, dated December 15th, 1906, received from China pursuant to the protocol of September 7, 1901, for indemnity against losses and expenses incurred by reason of the so-called Boxer disturbances in China during the year 1900, so that the total payment to be made by China under the said bond shall be limited to the sum of \$13,655,492.69 and interest at the stipulated rate of four per centum per annum, and that the remainder of the indemnity to which the United States is entitled under the said protocol and bond be re-

mitted as an act of friendship, such payment and remission to be made at the time and in the manner hereinafter provided, which I deem to be just, that is to say:

In accordance with the plan of amortization annexed to the original indemnity bond, the amounts payable hereafter by China to the United States would be as set forth in the schedule annexed hereto marked "Schedule A," and identified by the signature of the Secretary of State.

I have caused an account to be made by the Treasury Department in which the payments already made under the original bond are credited as against a debt of \$13,655,492.69, with interest at four per centum per annum beginning July 1, 1901, in lieu of the original sum specified in the bond, and I find that after such credits, and including in such credits the sum of \$85,223.04, which it is assumed will be paid on the 1st of January, 1909, there will remain on that day to be paid and retained by the United States, in satisfaction of the sum of \$13,655,492.69 and interest thereon, the sum of \$9,644,367.60.

It also appears by the said new account that the payment to and retention by the United States of the sums specified in the paper hereto attached, marked "Schedule B," and identified by the signature of the Secretary of State, will satisfy the principal and interest of the said sum of \$9,644,367.60 by the end of the period contemplated in the original plan of amortization. And I direct that after the said 1st day of January, 1909, from the several payments made under the said bond of December 15, 1906, in accordance with "Schedule A," there be retained and paid into the Treasury of the United States only the sums specified in "Schedule B;" and that the remainder of the said several payments so made by China in accordance with "Schedule A" over and above the sums specified by "Schedule B" be returned by endorsing back the drafts therefor, or otherwise, and thus remitted to the Government of China. The sums to be so returned in each year will be as stated in the paper hereto attached marked "Schedule C," identified by the signature of the Secretary of State.

The provision contained in the original bond for an adjustment of interest because payments are made monthly instead of semi-annually will continue to be applicable to the payments of the sums specified in "Schedule B."

In witness whereof, I have caused the seal of the United States to be hereunto affixed.

Done at Washington, this twenty-eighth day of December, one thousand nine hundred and eight.

(Seal of the United States.)

THEODORE ROOSEVELT.

By the President:

ELIHU ROOT, Secretary of State.

Schedule A referred to in the executive order of the President dated December 28, 1908.

ELIHU ROOT, Secretary of State.

SCHEDULE A.

Year	Amount due yearly, payable half yearly	Monthly installments	Year	Amount due yearly, payable half yearly	Monthly installments
1909.....	\$1,022,688.66	\$ 85,223.64	1925.....	\$1,329,784.75	\$110,815.40
1910.....	1,023,688.66	85,223.64	1926.....	1,329,784.75	110,815.40
1911.....	1,080,787.54	90,066.63	1927.....	1,329,784.75	110,815.40
1912.....	1,080,787.54	90,066.63	1928.....	1,329,784.75	110,815.40
1913.....	1,080,787.53	90,066.63	1929.....	1,329,784.75	110,815.40
1914.....	1,080,787.53	90,066.63	1930.....	1,329,784.75	110,815.40
1915.....	1,264,582.18	105,881.85	1931.....	1,329,784.75	110,815.40
1916.....	1,329,784.76	110,815.40	1932.....	1,919,967.11	159,997.26
1917.....	1,329,784.76	110,815.40	1933.....	1,919,967.11	159,997.26
1918.....	1,329,784.76	110,815.40	1934.....	1,919,967.11	159,997.26
1919.....	1,329,784.75	110,815.40	1935.....	1,919,967.11	159,997.26
1920.....	1,329,784.75	110,815.40	1936.....	1,919,967.09	159,997.26
1921.....	1,329,784.75	110,815.40	1937.....	1,919,967.09	159,997.26
1922.....	1,329,784.75	110,815.40	1938.....	1,919,967.11	159,997.26
1923.....	1,329,784.75	110,815.40	1939.....	1,919,967.10	159,997.26
1924.....	1,329,784.76	110,815.40	1940.....	1,923,374.12	160,281.18

Schedule B referred to in the executive order of the President dated December 28, 1908.

ELIHU ROOT, Secretary of State.

SCHEDULE B.

Year	Principal to be retained	Interest to be retained	Total payment to be retained
1909.....	\$158,814.06	\$395,774.70	\$553,588.76
1910.....	159,966.63	379,622.14	539,588.76
1911.....	166,865.90	373,283.47	539,588.76
1912.....	173,019.90	366,566.86	539,588.76
1913.....	179,940.70	360,648.06	539,588.76
1914.....	187,138.38	353,450.44	539,588.76
1915.....	194,628.86	344,964.90	539,588.76
1916.....	202,408.81	337,179.95	539,588.76
1917.....	210,505.16	329,083.60	539,588.76
1918.....	218,925.37	320,663.39	539,588.76
1919.....	227,622.38	311,966.38	539,588.76
1920.....	236,739.68	303,799.08	539,588.76
1921.....	246,261.37	295,327.49	539,588.76
1922.....	256,111.73	286,477.04	539,588.76
1923.....	266,356.19	277,232.57	539,588.76
1924.....	277,010.44	267,578.33	539,588.76
1925.....	288,000.65	257,497.91	539,588.76
1926.....	299,614.49	246,974.27	539,588.76
1927.....	311,569.07	237,020.69	539,588.76
1928.....	324,068.08	215,526.78	539,588.76
1929.....	337,026.56	202,563.20	539,588.76
1930.....	350,506.57	189,038.19	539,588.76
1931.....	364,536.84	175,061.93	539,588.76
1932.....	379,107.92	160,480.84	539,588.76
1933.....	394,273.29	145,316.54	539,588.76
1934.....	410,043.11	129,545.65	539,588.76
1935.....	426,444.84	113,148.99	539,588.76
1936.....	443,502.64	96,036.12	539,588.76
1937.....	461,242.74	78,246.02	539,588.76
1938.....	479,692.45	59,896.31	539,588.76
1939.....	498,880.14	40,708.62	539,588.76
1940.....	518,835.36	20,758.40	539,588.76

Schedule C, referred to the executive order of the President, dated December 28, 1908.

ELIHU ROOT, Secretary of State.

SCHEDULE C.

Year	Amount remitted yearly	Year	Amount remitted yearly
1909.....	\$468,094.90	1925.....	\$ 790,195.99
1910.....	468,094.90	1926.....	790,195.99
1911.....	541,198.78	1927.....	790,195.99
1912.....	541,198.78	1928.....	790,195.99
1913.....	541,198.78	1929.....	790,195.99
1914.....	541,198.78	1930.....	790,195.99
1915.....	724,993.42	1931.....	790,195.99
1916.....	790,196.00	1932.....	1,390,378.35
1917.....	790,196.00	1933.....	1,390,378.34
1918.....	790,196.00	1934.....	1,390,378.34
1919.....	790,196.99	1935.....	1,390,378.35
1920.....	790,196.00	1936.....	1,390,378.43
1921.....	790,196.99	1937.....	1,390,378.43
1922.....	790,196.99	1938.....	1,390,378.26
1923.....	790,196.99	1939.....	1,390,378.34
1924.....	790,196.00	1940.....	1,390,378.36

The Secretary of State to the Chinese Minister, Chentung Liang Cheng.

No. —.

Department of State,

WASHINGTON, June 15, 1907.

SIR: After the rescue of the foreign legations in Peking during the Boxer troubles of 1900, the note of the Powers to China prescribing the conditions upon which the occupation of Peking and the Province of Chihli would be ended, dated December 22, 1900, required in its sixth article the payment of "equitable indemnities for governments, societies, companies, and private individuals, as well as for Chinese who have suffered during the late events in person or in property in consequence of their being in the service of foreigners."

The final protocol under which the troops were withdrawn, signed at Peking September 7, 1901, fixed the amount of this indemnity at 450,000,000 haikwan taels, equivalent in round numbers to \$333,000,000 United States gold. China agreed to pay this sum, with interest at 4 per cent per annum, by installments running through a period of thirty-nine years.

The share of this indemnity allotted to the United States was \$24,440,778.81, and on account of the principal and interest of that sum China has paid to the United States, down to and including the 1st day of June, 1907, the sum of \$6,010,931.91.

It was from the first the intention of this Government, at the proper time, when all claims should have been presented and all expenses should have been ascertained as fully as possible, to revise the estimate and account against which these payments were to be made, and as a proof of sincere friendship for China, to voluntarily release that country from its legal liability for all payments in excess of the sum which should prove to be necessary for actual indemnity to the United States and its citizens.

Such a revision has now been made by the different executive departments concerned, and I am authorized by the President to say that, in pursuance of that revision, at the next session of the Congress he will ask for authority to re-form the agreement with China under which the indemnity is fixed, by remitting and canceling the obligation of China for the payment of all that part of the stipulated indemnity which is in excess of the sum of \$11,655,492.69, and interest at the stipulated rate.

Accept, etc.,

ELIHU ROOT.

EXTRACT FROM PRESIDENT'S ANNUAL MESSAGE OF
DECEMBER 3, 1907.

I ask for authority to re-form the agreement with China under which the indemnity of 1900 was fixed, by remitting and canceling the obligation of China for the payment of all that part of the stipulated indemnity which is in excess of the sum of \$11,655,492.69 and interest at 4 per cent. After the rescue of the foreign legations in Peking during the Boxer troubles in 1900, the Powers required from China the payment of equitable indemnities to the several nations, and the final protocol under which the troops were withdrawn, signed at Peking, September 7, 1901, fixed the amount of this indemnity allotted to the United States at over \$20,000,000, and China paid, up to and including the 1st day of June last, a little over \$6,000,000. It was the first intention of this Government, at the proper time, when all claims had been presented and all expenses ascertained as fully as possible, to revise the estimates and account, and as a proof of sincere friendship for China voluntarily to release that country from its legal liability from all payment in excess of the sum which should prove to be necessary for actual indemnity to the United States and its citizens.

This nation should help in every practical way in the education of the Chinese people, so that the vast and populous Empire of China may gradually adapt itself to modern conditions. One way of doing this is by promoting the coming of Chinese students to this country and making it attractive to them to take courses at our universities and higher educational institutions. Our educators should, so far as possible, take concerted action toward this end.

[PUBLIC RESOLUTION—No. 29.]

[S. R. 23.]

Joint Resolution To provide for the remission of a portion of the Chinese indemnity.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That

the President is hereby authorized to consent to a modification of the bond for twenty-four million four hundred and forty thousand seven hundred and seventy-eight dollars and eighty-one cents, dated December fifteenth, nineteen hundred and six, received from China pursuant to the protocol of September seventh, nineteen hundred and one, for indemnity against losses and expenses incurred by reason of the so-called Boxer disturbances in China during the year nineteen hundred, so that the total payment to be made by China under the said bond shall be limited to the sum of thirteen million six hundred and fifty-five thousand four hundred and ninety-two dollars and sixty-nine cents and interest at the stipulated rate of four per centum per annum, and that the remainder of the indemnity to which the United States is entitled under the said protocol and bond may be remitted as an act of friendship, such payments and remission to be at such times and in such manner as the President shall deem just: Provided, That within one year from the passage of this resolution any person whose claim upon the Chinese indemnity, nineteen hundred, was presented to the United States commissioners or to the Department of State and disallowed in whole or in part may present the same by petition to the Court of Claims, which court is hereby invested with jurisdiction to hear and adjudicate such claim, without appeal, and to render such judgments *de novo*, or in addition to any allowance or allowances heretofore made, as, in each case shall be fully and substantially compensatory for actual losses and expenses of the claimant caused by the anti-foreign disturbances in China during the year nineteen hundred, excluding merely speculative claims or elements of damage: And provided also, That the sum of two million dollars be reserved from the Chinese indemnity, nineteen hundred, for the payment of such judgments, the same to be paid by the Treasurer of the United States as and when they shall be certified to the Secretary of the Treasury by the said court, and any balance remaining after all such claims have been adjudicated and paid shall be returned to the Chinese Government in such manner as the Secretary of State shall decide, and the Secretary of the Treasury is hereby authorized and directed to so return the same: And provided further, That all evidence furnished by the claimants, and statements made by them to the said commissioners or to the Department of State, shall be transmitted by the said department to the said Court of Claims and considered together with such other additional testimony as may be presented by either side, and the Government of the United States shall defend the said claims in the said court by such attorney or attorneys as may be designated for such service by the Attorney-General of the United States: Provided further, That in no case shall the Court of Claims award a principal sum to any claimant which, together with the principal sums said claimant may have already received by decision of the United States commissioners and the Department of State, shall exceed the amount originally claimed by said claimant.

Approved, May 25, 1908.

MR. ROCKHILL TO PRINCE CH'ING.

AMERICAN LEGATION.

PEKING, China, July 11, 1908.

YOUR HIGHNESS: It is with great satisfaction that I have the honor to inform your highness, under direction of the Secretary of State of the United States, that a bill has passed the Congress of the United States authorizing the President to modify the indemnity bond given the United States by China under the provisions of Article VI of the final protocol of September 7, 1901, from \$24,440,000 United States gold currency, to \$13,655,492.29, with interest at 4 per cent. per annum. Of this amount \$2,000,000 are held pending the result of hearings on private claims presented to the Court of Claims of the United

States within one year. Any balance remaining after such adjudication is also to be returned to the Chinese Government in such manner as the Secretary of State shall decide.

The President is further authorized under the bill to remit to China the remainder of the indemnity as an act of friendship, such payments and remissions to be made at such times and in such manner as he may deem just.

I am also directed by the Secretary of State to request the Imperial Government kindly to favor him with its views as to the time and manner of the remissions.

Trusting that your imperial highness will favor me with an early reply to communicate to my Government, I avail myself of this occasion to renew to your highness the assurance of my highest consideration.

W. W. ROCKHILL.

PRINCE CH'ING TO MR. ROCKHILL.

[Translation.]

JULY 14, 1908.

YOUR EXCELLENCY: I have the honor to acknowledge the receipt of your dispatch of July 11, informing me that you have been directed by the Secretary of State to notify me that a bill has passed the Congress of the United States authorizing the President to modify the indemnity bond given the United States by China under the provision of Article VI of the final protocol of September 7, 1901, from \$24,440,000 United States gold currency to \$13,655,492.29 with interest at 4 per cent per annum. Of this amount \$2,000,000 are held pending the result of hearings on private claims presented to the Court of Claims of the United States within one year. Any balance remaining after such adjudication is also to be returned to the Chinese Government in such manner as the Secretary of State shall decide. The President is further authorized under the bill to remit to China the remainder of the indemnity as an act of friendship, such payments to be made at such times and in such a manner as he may deem just. As directed by the Secretary of State, your excellency requests the Imperial Government kindly to favor him with its views as to the time and manner of the remissions and asks an early reply to communicate to your excellency's Government.

On reading this dispatch I was profoundly impressed with the justice and great friendliness of the American Government, and wish to express our sincerest thanks.

Concerning the time and manner of the return to China of the amounts to be remitted, the Imperial Government has no wishes to express in the matter. It relies implicitly on the friendly intentions of the United States Government and is convinced that it will adopt such measures as are best calculated to attain the end it has in view.

The Imperial Government, wishing to give expression to the high value it places on the friendship of the United States, finds in its present action a favorable opportunity for doing so. Mindful of the desire recently expressed by the President of the United States to promote the coming of Chinese students to the United States to take courses in the schools and higher educational institutions of the country, and convinced by the happy results of past experience of the great value to China of education in American schools, the Imperial Government has the honor to state that it is its intention to send henceforth yearly to the United States a considerable number of students there to receive their education. The board of foreign affairs will confer with the American minister in Peking concerning the elaboration of plans for the carrying out of the intention of the Imperial Government.

A necessary dispatch. [Seal of the Wai Wu Pu.]

SUPPLEMENTAL LETTER FROM CHINESE FOREIGN OFFICE.

JULY 14, 1908.

To His Excellency W. W. Rockhill,
American Minister, Peking:

Referring to the dispatch just sent to your excellency,

regarding sending students to America, it has now been determined that from the year when the return of the indemnity begins 100 students shall be sent to America every year for four years, so that 400 students may be in America by the fourth year. From the fifth year and throughout the period of the indemnity payments a minimum of 50 students will be sent each year.

As the number of students will be very great there will be difficulty in making suitable arrangements for them. Therefore, in the matter of choosing them, as well as in the matter of providing suitable homes for them in America and selecting the schools which they are to enter, we hope to have your advice and assistance. The details of our scheme will have to be elaborated later, but we take this occasion to state the general features of our plan, and ask you to inform the American Government of it. We sincerely hope that the American Government will render us assistance in the matter.

Wishing you all prosperity,

Prince of Ch'ing, YUAN SHIH-K'AL
NA T'UNG.
LIEN FANG.
LIANG TUN-YEN.

[Telegram.]

DEPARTMENT OF STATE,
WASHINGTON, August 3, 1908.

Rockhill, Peking:

Your July 15. The Government of the United States has experienced great satisfaction in the expression of the Imperial Government of China concerning the act of Congress authorizing the remission of indemnity, and it is especially gratified by the intention of the Imperial Government of China in regard to the sending of students to the United States each year from the year in which the remission begins. In this intention the Government of the United States finds a renewed expression of the confidence and friendship of the Government of China, which it prizes very highly.

The State Department has called upon the Treasury for a recalculation of the indemnity payments on a basis which will at once accord with the intent of the act of Congress authorizing a remission and with the intentions of the Imperial Government of China in regard to the sending of students to the United States. Upon the coming in of this calculation it will be transmitted to you to form the basis for the elaboration of the general scheme in regard to which the Chinese Government has consulted you.

Root.

PROPOSED REGULATIONS FOR THE STUDENTS TO BE SENT TO AMERICA.

I. GENERAL STATEMENT.

The students to be sent to America are to be supported out of the indemnity fund remitted by the United States. It is proposed to memorialize the Throne fixing the number of students to be sent abroad, with a statement of the general arrangements made for them, and at the same time to notify the American minister.

The board of foreign affairs will be responsible for the establishment of the training schools and the appointment of the superintendent of students.

The board of education will be responsible for the examination of the students after their graduation, as the board of foreign affairs may invite the board of education.

The officials appointed by the board of foreign affairs and the American legation shall be jointly responsible for the selection of the students who are to be sent to America, and for their distribution in American educational institutions.

II. THE GENERAL PURPOSE.

The aim in sending students abroad at this time is to

obtain results in solid learning. Eighty per cent. of those sent will specialize in industrial arts, agriculture, mechanical engineering, mining, physics, and chemistry, railway engineering, architecture, banking, railway administration, and similar branches, and 20 per cent will specialize in law and science of government.

III. QUALIFICATION OF STUDENTS.

The requirements will be—

- (a) General intelligence.
- (b) Good character.
- (c) Good health.
- (d) Respectable social position.
- (e) Suitable age.
- (f) Knowledge of Chinese sufficient to write an essay of several hundred characters.
- (g) General knowledge of Chinese classical literature and history.
- (h) Knowledge of English sufficient to enable the student to enter an American university or technical school.
- (i) The completion of a preparatory course in general studies.

IV. THE METHOD OF NOMINATION OF CANDIDATES.

The board of education will choose the most promising students from all the schools and present them for examination. The board of foreign affairs will also call for applications. Students of both these classes must be fully up to the required standard or they will not be accepted as candidates. (Detailed regulations will be drawn up later.)

V. THE EXAMINATION AND CHOICE OF STUDENTS.

Officials appointed by the board of foreign affairs and one official appointed by the American legation will consult together and report to the board the detailed method of procedure. There shall be three tests:

- (a) Candidates must be inspected as to their physical condition by Western trained physicians.
- (b) They must pass in Chinese.
- (c) They must pass in English and general branches. (Detailed regulations will be issued later.)

VI. THE TRAINING SCHOOL.

The board of foreign affairs will establish a training school for students going to America (or branch schools will be established at Tientsin, Hankow, and Canton for the convenience of students from the different provinces). All the accepted candidates will enter this school or schools. Those sent out the first year will be trained for six months and those sent thereafter will be trained for one year. During this time the character and ability of the students will be closely inspected and only those found satisfactory will be sent abroad. Those found unsuitable will be rejected. (Detailed regulations will be issued later.)

VII. THE SUPERINTENDENCE OF THE STUDENTS ABROAD.

At Washington, Chicago, or some other suitable place centrally located the office of the general superintendent will be established. Some one who has graduated from an American university and who has a reputation for ability will be appointed superintendent of students, and four or five assistants will be appointed to attend to the placing of the students, to their finances, and to inspect their studies. These will make regular reports. (Detailed regulations will be issued later.)

VIII.

After the students have completed their courses of study and obtained their diplomas they will be presented by the board of foreign affairs to the board of education to be examined according to the regulations, and they will receive rank as may be determined by the board of education.

TRADE MARKS IN JAPAN.

The following circular letter has been addressed by the Japanese Vice-Minister of Agriculture and Commerce to prefectural governors and chairmen of chambers of commerce:

"The sound industrial development of a nation can only be brought about by the honest and assiduous application of the people to their occupations. In the present condition of our country it is urgently necessary to stimulate the people to prize commercial morality and to do business with unwearied diligence and attention. At this juncture His Majesty the Emperor has given an Imperial Rescript inculcating honesty and sincerity and encouraging frugality and diligence. This Rescript, deep and far-reaching in its import, must be carefully remembered and strictly adhered to not only by business men but by the whole nation. On casting a glance upon our industrial and commercial circles, however, it will be seen that with the enlargement of the sphere of our business activities, vices attendant to competition have begun to make their appearance. A tendency is noticeable among merchants of attempting to engross business, excluding others; and, among manufacturers, of producing imitated articles and adulterated goods, sacrificing without scruple the interests of others to their own small and transitory gains. Even the rights of inventions, trade marks and other industrial properties are infringed, and cases of imitation and plagiarism are often brought to our notice. Such phenomena are indeed very discouraging for the future of our industrial development. Moreover, cases of unauthorized appropriation of foreign trade marks, commercial names, etc., are reported now and then, and petitions for remedy have been received from the aggrieved parties. It is true that among these complaints set forth by foreigners there are some which cannot be said to be well founded from the legal point of view; but any conduct on the part of our business men that may seem dishonest or fraudulent will bring grave results not only by discrediting our commerce and industry, but also by staining our national honor. The accompanying specimens are a few examples of imitated trade marks, from which an idea may be formed of the existing state of things.* Of course applications for registration of such imitated trade marks are subjected to strict examination, and anything considered by the authorities as calculated to deceive the public is rejected. But at this propitious occasion, the promulgation of the Imperial Rescript, it is considered highly desirable that our business men be persuaded to come into unison and warn one another to use only fair means in the pursuit of wealth and promotion of industry, always bearing in mind that the first principle of business is to acquire credit by honesty and diligence, and thus to make an epoch of improved morality in the history of our commercial and industrial progress. With this object in view, it is requested that you will explain to all concerned and make them understand that the rights of inventions, designs and trade marks must be respected and that unfair competition brings nothing but injurious results, at the same time warning them against the bad practice of turning out debased goods and the shortsighted policy of trying to sell merchandise rashly, irrespective of price. It is also requested that you will instruct all associations of various branches of trades to take proper measures to stop dishonest dealings on the part of the members of their respective associations."—*North China Daily News*.

* The specimens referred to give excellent representations in colors of imitations of trade marks of such well-known commodities as "Chelsea Boot Cream," "Caswell's Royal Chelsea Boot Polish," "The House of Commons" Scotch Whiskey, and "No. 838 4-inch Light Narrow Butts."

REPORT OF COMMISSIONERS-GENERAL TO TOKYO EXPOSITION OF 1912.

Message from the President of the United States, transmitting a report by the Secretary of State covering one from the Commissioners-General of the United States to the Tokyo Exposition of 1912.

JANUARY 14, 1909.—Read; referred to the Committee on Foreign Relations and ordered to be printed.

To the Senate and House of Representatives:

I transmit herewith a report by the Secretary of State covering one from the Commissioners-General of the United States to the Tokyo Exposition of 1912, made in pursuance of the requirements of Section 2 of the act of Congress approved May 22, 1908, providing for "the participation by the United States in an international exposition to be held at Tokyo, Japan, in 1912."

THEODORE ROOSEVELT.

The White House, January 14, 1909.

The President:

The undersigned, Secretary of State, has the honor to lay before the President a report by the Commissioners-General of the United States to the Tokyo Exposition of 1912, made in pursuance of the requirements of Section 2 of the act of Congress approved May 22, 1908, providing for "the participation of the United States in an international exposition to be held at Tokyo, Japan, in 1912."

Respectfully submitted.

ELIHU ROOT.

Department of State,

WASHINGTON, January 12, 1909.

OFFICE OF THE COMMISSION OF THE
U. S. GOVERNMENT TO THE TOKYO EXPOSITION,
WASHINGTON, D. C., January 11, 1908.

The President:

By direction of the American Commissioners-General to the International Exposition at Tokyo, Japan, and in accordance with the provisions of the act of Congress approved May 22, 1908, I have the honor to request that the accompanying report to Congress be transmitted to that body.

I have the honor to be, very respectfully,

J. C. O'LAUGHLIN,
Secretary and Disbursing Agent.

WASHINGTON, D. C., January 11, 1908.

To the Senate and House of Representatives:

In accordance with the direction of the act of Congress, approved May 22, 1908, the American commissioners-general to the International Exposition at Tokyo, Japan, have the honor to submit the following report:

By the second section of said act the commissioners-general were directed to "take such steps as are necessary to ascertain the general plan and scope of the said international exposition, the character, size, and cost of

the buildings to be erected, and the exhibit authorized hereunder that would best serve the interests of the United States and its citizens and will be best adapted to illustrate the growth and development of the country and the character of our people."

Continuing, the section directs—

"That thereafter and as soon as practicable the said commission shall report fully to the President and to Congress the result of such investigation, together with their recommendation and the estimated cost of said participation in said exposition within the foregoing authorization."

The commission has performed the duties imposed upon it by the above act and begs to submit the following summary, which is supplemented by a detailed account of its proceedings and work up to the present date:

1. The commission, finding it impossible to settle with the Japanese authorities by mail and cable certain vital questions relating to the exposition, decided to proceed to Japan, where it discussed the exposition with great thoroughness in a series of conferences extending over several weeks.

2. Formal and official assurances were received while in Japan that the exposition will take place in 1917 instead of 1912.

3. Notwithstanding the postponement the work of preparation is progressing actively, and the commission was officially informed just prior to leaving Japan that a Japanese commission of high officials and experts had been selected to go abroad and study exposition practice in a thorough and scientific way. This commission is now at work in Europe and later will visit the United States for the purpose of conferring with the American commission with respect to certain details which it was not possible to settle in Tokyo.

4. In the original plan for the exposition no provision was made for separate buildings for the exhibition of agriculture, for food products, of mines and mining, of transportation, of forestry, or of the fine arts. The authorities agreed to provide for the exhibition when it shall be held in 1917 a proper building for the exhibits of agriculture and food products, and to give favorable consideration to making similar provision for exhibits of mines and mining, of transportation, of forestry, and of the fine arts.

5. One of the most desirable and advantageous sites on the grounds it is proposed to utilize for the Grand Exhibition of Japan was secured for the United States Government building or pavilion.

6. In order to stimulate the contribution of exhibits, the Japanese authorities agreed to make no charge or to ask no commission on sales.

7. The commission has obtained, accurately and in detail, estimates covering the present cost of labor and material likely to enter into the problem of building construction, which will be furnished architects, builders, and contractors upon application.

8. Taking all the circumstances into consideration, the commissioners-general have the honor to recommend that the commission be continued in its present form with nominal compensation until January 1, 1915, when the salaries of \$8,000 per annum for one commissioner-general and \$5,000 each for two commissioners-general and the secretary, fixed by the law of May 22, 1908, shall re-enter into force, and that in the meanwhile suitable allowance for proper expenses be authorized.

Shortly after the approval of the act the President appointed Francis B. Loomis, of Ohio; Frederick J. V. Skiff, of Illinois; and Francis D. Millet, of New York,

as commissioners-general, and John Callan O'Laughlin, of the District of Columbia, as secretary of the commission.

The organization of the commission was immediately perfected and offices rented in the Hibbs Building, Washington, D. C.

After a conference with Secretary Root and Assistant Secretary Bacon at the State Department, the commission made a careful preliminary inquiry as to the scale of participation of the United States Government in the proposed exposition, and the possible extent of participation by separate States, and particularly by commercial, industrial, and other interests, and communicated by cable and mail with the Japanese authorities to ascertain the plan and scope of the proposed exposition. This work consumed about two months.

It soon developed that the limitations placed by the Japanese Government upon the proposed exposition were of such a character as to be unsatisfactory to American interests, and at the same time it proved impossible to obtain, at the long distance from Japan, the information needed to guide the commission in its dealings with American exhibitors and in the preparation of its report to Congress.

Under the circumstances the commission became convinced that the only way in which arrangements could be made satisfactory to the American people was through direct personal relations with the Japanese Government and the officials designated by it to create and organize the proposed exposition, and the commission decided to proceed to Japan. Further, it was considered important to initiate relations with the commissioners of European countries as soon as possible, and Mr. Millet was authorized to go to Japan by way of Europe for the purpose of studying the Exposition in London and of conferring with the proper government officials in England, France, Italy, and Germany in regard to the plans of those countries for their participation in the Tokyo Exposition.

Mr. Loomis and Mr. O'Laughlin proceeded first to San Francisco in pursuance of the decision to interest the Pacific Coast States in the proposed exposition, and to discuss the matter with the chamber of commerce and business men generally. Then they proceeded to Hawaii, where they consulted with officials and representatives of the various industrial and commercial interests, and upon the request of the Board of Trade of Honolulu formal representations were made to that body regarding the exposition at Tokyo and the participation of the islands therein.

Mr. Skiff went direct to Japan from San Francisco. While the commissioners-general were at San Francisco conferring with prospective exhibitors, preparing to embark for Honolulu, en route to Yokohama, they were apprised of the decision of the Japanese Government to postpone the exposition from 1912 to 1917.

The Secretary of State decided that it would be advisable, in view of all the circumstances, that their journey should not be interrupted, and he directed the commissioners-general by telegraph to proceed to Japan.

The commission was granted the courtesies of the port at Yokohama and was received by a distinguished committee, representing the Japanese Government and the chambers of commerce of Yokohama and Tokyo. It enjoyed the hospitality of Yokohama during the day and the next morning proceeded to Tokyo.

Shortly after the arrival of the commission in Tokyo a series of conferences on exposition matters was begun in the ministry of agriculture and commerce, and continued until most of the questions brought up for discussion were settled.

Formal and definite official assurances immediately were given the commission by the prime minister, the minister for foreign affairs, the minister of agriculture and commerce, and the Japanese commissioners that the exposition had not been abandoned, but postponed until 1917; that it would be known as "The Grand Exhibition of

Japan," and that when held it would be upon a much larger scale than originally planned. It is the distinct endeavor and the definite intention of the Government to make an exhibition distinguished by the quality rather than by the quantity of the exhibits, and to have the group of exhibition buildings impressive by their artistic appearance rather than by their dimensions.

The area of the grounds, it was stated, will be increased from 292 acres to 352 acres. For the exposition in 1912 only 40 acres were to have been used for buildings. For the same exhibition in 1917 a considerably larger area is to be set aside for this purpose.

It had not been intended to hold scientific or other congresses or conferences in 1912. In 1917 arrangements will be made to hold numerous congresses in Tokyo.

The exposition was postponed for the reason that as soon as it became evident that important foreign governments were disposed to participate on an extensive scale the original scope of the enterprise had to be greatly enlarged. The facilities at the disposal of the Japanese Government for handling large exhibits and considerable numbers of people could not be sufficiently increased by 1912 and it was thought wise to postpone the exposition until 1917. Moreover, the Government had adopted an engineering and fiscal program for extended harbor, pier, and railroad facilities, which will complete itself automatically, as it were, without extraordinary expenditure in the year 1916, and also had inaugurated an extensive system of boulevard and street improvements in the city of Tokyo as a part of its progressive policy of municipal government.

An additional reason for the postponement was that in 1917 will be celebrated the fiftieth anniversary of the coronation of the Emperor, an event of deep significance to Japan and of unusual interest to the whole world.

In that year the largest merchant ships will be able to discharge their cargoes alongside the piers at Yokohama, and the exhibits intended for the exhibition can be transferred directly to railway cars on the pier, which will convey their loads into the exhibition buildings. This will greatly facilitate the forwarding of exhibits and considerably lessen the cost of participation to foreign exhibitors, as lighterage and a double handling of goods no longer will be necessary.

Also, the railroad facilities will be adequately increased, and a number of new hotels, which are badly needed, will be erected in Tokyo. Incidentally, it may be observed, while no official statement to the effect was made, if the exhibition had been held in 1912 it probably would have cost the Japanese Government in the neighborhood of \$10,000,000 instead of \$5,000,000, the expenditure originally contemplated. The Government confidently expects to be prepared to meet the larger expenditure with ease in 1917.

The commission was treated with distinguished consideration. Every opportunity was given it to gather information relating to the exhibition, and to obtain facts in connection with commercial and industrial conditions in Japan. It was granted an audience by the Emperor and Empress. It was entertained by the Prince and Princess Fushimi, the former being honorary president of the exposition; by the prime minister, the minister of foreign affairs, the minister of agriculture and commerce, and many other distinguished officials and men prominent in finance, business and art.

The natural consequence of these courtesies was to place the commissioners-general upon a plane of friendly association with the dignitaries of the Government and officials of the exhibition, which facilitated the transaction of business. During the numerous conferences, each of several hours' duration, which were held with the prime minister, the minister of foreign affairs, the minister of agriculture and commerce, and with the exhibition authorities, a sincere desire was manifested to meet the wishes of the United States not only with respect to the character

of competitive exhibits and the location of its building, but with regard to the general plan of the exhibition itself. This attitude on the part of the Japanese officials evidently arose from a desire to manifest the genuine and deep-seated gratitude of their Government for the generous appropriation made unanimously by Congress, upon the recommendation of the President, and the action of the American Government in dispatching the commission to Japan, even after the postponement of the exhibition had been announced.

These conferences were extremely valuable in that they made possible the settlement of the numerous details inseparable from a great international exposition, and their determination in advance upon a harmonious and mutually satisfactory basis must be beneficial to exhibitors from the United States.

It has been the aim of the commission to perform the work of preparation in a thorough and adequate manner, favorable to the best interests of the American Government and exhibitors.

In the matter of agriculture and certain other exhibits, the commission secured a very important and substantial concession. In the arrangements originally adopted by the Japanese authorities no provision had been made for a building for the exhibition of agriculture and food products, and inquiry developed the fact that any country wishing to make an agricultural exhibit would have to do so at its own expense, in a building erected by itself. This practically meant that the products of our farms would have to be housed and installed at our own expense.

As a result of the earnest representations of the commissioners-general, the Japanese authorities finally agreed to provide a suitable building for the installation of our exhibits of agriculture and food products. This will enable a proper presentation of these exhibits, and will save the United States Government an outlay of something like \$200,000 in building construction.

It seems hardly necessary to explain the great value of this concession, for American flour and other agricultural products have already gained a foothold in Japan, and their exhibition, under such favorable conditions as provided for, cannot fail to strengthen their position throughout the Far East.

The commissioners-general also urged upon the Japanese commission the importance of the live-stock interests in the United States, and in reply to their suggestions, the Japanese authorities expressed the intention to provide for this class of exhibits in a liberal and satisfactory manner.

Realizing, furthermore, the great importance to the various States of mining, transportation, and forestry, the commissioners-general urged upon the Japanese authorities the installation of exhibits of these industries in buildings erected for the purpose by the Japanese Government. The Japanese commissioners recognized the value of the proposal made by the American commission, and promised not merely to give it consideration but declared their willingness to go as far as they possibly could to meet the views of the United States.

The commissioners-general secured changes and modifications in the rules and regulations promulgated for the exposition of 1912 which will be applied in 1917, and in the amended form they will work greatly to the advantage of American exhibitors in the matter of display, housing, operation, expense of transportation to and from Tokyo, and installation of exhibits.

The Japanese commissioners stated also, following representations made by the commissioners-general, that it would be the policy of the Government of Japan to encourage, as far as possible, the sale of foreign exhibits to Japanese citizens.

This purpose actuated the policy of the authorities so strongly that they have decided to make no charge of royalty or commission on sales—a most marked departure

from the practice in all previous international expositions.

Nothing is more important to nations participating in a great international exposition than to secure a commanding position in the exposition grounds for a government pavilion. The commissioners-general, in company with engineers, architects, and exposition experts, inspected the site of the proposed exhibition. It lies on the western edge of the city of Tokyo and comprised the Aoyama Parade Ground, upon which is held annually a review of troops by the Emperor, and a portion of the imperial estate of Yoyogi, which is situated a mile distant. It is intended to connect the parade ground with the imperial estate by a long avenue, 100 feet wide. In 1917 all the imperial estate, as well as the parade ground, will be used. The parade ground is a magnificent level plain, with few trees, while the imperial estate covers a rolling country, well wooded and well watered. It is not intended to clear much of the imperial estate, but to retain most of it in its present condition, thus making a beautiful and attractive background for the projected buildings.

The grounds are easily accessible to the city by steam and street railways. It is intended to increase these transportation facilities. The plans under consideration contemplate the erection of large numbers of Japanese houses for the accommodation of visitors who may desire to live in close proximity to the exhibition.

The site selected for the national pavilion of the United States is situated near the centre of the imperial estate. It comprises a gentle elevation which commands an excellent view of the surrounding neighborhood, and at the base of which is a beautiful stream fringed with fine trees.

On account of the general character of the plans of the Japanese Government, it is impossible for the commissioners-general to present in detail a complete scheme of participation by the United States in the proposed exposition. No allotments of space in the various departments yet have been made and the Japanese commissioners requested that a discussion of this matter be postponed. They, however, have given assurances that the interests of the United States will be protected and that its wishes will receive satisfactory consideration when the allotments of space are made, as a recognition of the action of Congress in making the first appropriation for the participation by a foreign government in the exposition and of the visit of the commissioners-general to Japan.

The classification and exhibits determined upon by the Japanese for the exposition in 1912 covered twenty-one departments, which, in turn, were subdivided into groups. The classification included:

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| 1. Education. | 13. Chemical industries. |
| 2. Science and arts. | 14. Textile industries. |
| 3. Fine arts. | 15. Varied industries. |
| 4. Applied fine arts. | 16. Architectural engineering and interior decoration. |
| 5. Agriculture. | 17. Machinery and shipping. |
| 6. Horticulture. | 18. Electricity. |
| 7. Live stock and poultry. | 19. Civil engineering and transportation. |
| 8. Sericulture and filature. | 20. Social economics and sanitation. |
| 9. Forestry and hunting. | 21. Army and navy. |
| 10. Fisheries. | |
| 11. Foods and beverages. | |
| 12. Mining and metallurgy. | |

For the installation of exhibits it was proposed to erect sixteen buildings, as follows:

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|----------------------------|------------------------------|
| 1. Education building. | 9. Fishery building. |
| 2. Science building. | 10. Food building. |
| 3. Fine arts building. | 11. Mining building. |
| 4. Agricultural building. | 12. Industrial building. |
| 5. Horticultural building. | 13. Machinery building. |
| 6. Live stock building. | 14. Electricity building. |
| 7. Sericulture building. | 15. Transportation building. |
| 8. Forestry building. | 16. Army and navy building. |

The American commissioners-general pointed out that the machinery and electrical industries are so intermingled as to make their separation difficult. It is probable that exhibits of these classes will be combined.

Until the details of the plans of the Japanese commissioners are determined upon, and in view of the fact that the exhibition will not take place until eight years hence, it is obviously impossible to submit definite estimates of the expenditures which will be required for a proper exhibition of the United States at Tokyo.

The Japanese commissioners particularly evinced interest in the suggestion that Japan should stimulate the development of a style of exhibition architecture in keeping with the artistic instincts of its people and in harmony with its tastes. It had been planned for the exposition in 1912 to adopt a European style of architecture, but the desirability and value of a distinctive form of Japanese architecture being pointed out, the Japanese commissioners announced their purpose to give especial attention to the matter. The problem now before the architects of the country is to devise a group of buildings which shall be characteristically Japanese and adapted to exhibition purposes.

The Japanese commissioners requested that the American commission should continue in existence, in spite of the postponement, and declared it to be their purpose to call upon it frequently for information and suggestion, pointing out in this manner the United States could give practical demonstration of interest in and friendship for their country.

They, in turn, expect to keep the American commission well informed and frequently communicate to it a vast deal of information which will be of distinct value to American participants. In this connection the Japanese officials made the formal request that all correspondence on the part of prospective American exhibitors and concessionaires be directed, in the first instance, to the American commission.

They furthermore stated that any communications received by them from American citizens would be referred immediately to the American commission.

The Japanese Government is energetically developing its plans for the exhibition in 1917. New officials were designated for service in connection with this enterprise before the commission left Japan. Both the prime minister and the minister of commerce gave assurances that there would be no halt in the work of preparation; that notwithstanding the apparently long interval between the present year and the year in which the exhibition is to be held they would find it was not an excessive period for preparation, and they expected to work continuously from now on until the close of the exhibition.

There was also immediately appointed a commission of high exposition officials and experts to go abroad and study exposition practice in a scientific and minute way. This commission is now in Europe. It was announced officially that it will come to this country in the spring of 1909, and after investigating industrial, commercial, and scientific conditions in the East, and after a brief visit to Washington, it will repair to Seattle to make a careful study of the exposition which will be in progress in that city. The commission feels impelled to call attention to the fact that there rests upon this Government a heavy obligation to entertain the Japanese commission in a manner which, in some degree at least, will discharge with graciousness and generosity a portion of the debt the United States owes to Japan for the sumptuous, liberal, tactful, and thoughtful hospitality recently lavished upon the American fleet, the American commission, and the large delegation of representative business men from the Pacific Coast which visited Japan in October of this year under the auspices of the Japanese Government and as guests of the Japanese commercial organizations.

The prime minister, the minister of foreign affairs, and the minister of agriculture and commerce repeatedly took occasion to express the view that important political and commercial ends had been subserved by the visit of the commission and that it had had a direct and positive bearing for good upon the relations of the two countries.

The press of Japan, from one end of the country to the other, published friendly and favorable notices of its visit. The commissioners-general, in pursuance of their desire to obtain full and reliable data upon industrial and commercial industries in the Empire, traveled to Nagoya, Kioto, Osaka, and Kobe, where they were received with many courtesies, which were tendered in a fashion to demonstrate that real and hearty friendship for the United States inspired them. Indeed, more hospitality was offered than possibly could be accepted. Representatives of chambers of commerce and trade organizations and business men generally manifested the liveliest interest in the work of the commission and evinced a sincere desire to talk and to come into close touch with the commission. The commissioners-general feel constrained to say they were profoundly impressed by the widespread, sincere, and abundant manifestations of friendship and good feeling everywhere exhibited by the Japanese Government and the Japanese people.

The commissioners-general can not refrain from expressing the opinion that the action of Congress in providing for participation in the proposed exhibition upon the important scale established in the original act was both wise and timely.

There is not the slightest doubt that with the appropriation of \$1,500,000 so generously authorized it will be possible to arrange a participation which will redound to the dignity and credit of the country and serve as a means of advertising the products of the United States in what is potentially the greatest market in the world.

The Japanese, Korean, and Chinese people are becoming acquainted with the quality of American foodstuffs, American machinery, American cotton and other textile fabrics. They are finding them satisfactory and suited to their needs. The proposed exhibition will give an opportunity to hundreds of thousands to see our products at first hand. It is imperative, therefore, that our exhibits should be not merely superior in quality, but arranged and housed in a manner which will permit of their proper and effective display. In a word, American participation should be in keeping with the greatness, dignity, and importance of this nation, which has such a vital interest in the Far East as a result of its geographical situation and commercial development.

Not only will the exhibition attract the people of Japan, but there is every reason to believe that it will be visited by influential and prominent merchants and buyers representing every important market in China, Manchuria, Formosa, the Philippines, Australia, Straits Settlements, and India. In fact, the Tokyo Exhibition, in 1917, for the time being will be, so far as exhibitors are concerned, the show window of the Orient, and to this wide scope of the enterprise the consideration of prospective American exhibitors is earnestly invited.

Respectfully submitted.

FRANCIS B. LOOMIS,

F. J. V. SKIFF,

FRANCIS D. MILLET,

Commissioners-General of the United States

Government to the Tokyo Exposition of 1912.

JOHN CALLAN O'LAUGHLIN,

Secretary and Disbursing Agent.

THE GOLD STANDARD LAW OF SIAM.

A FULL TRANSLATION.

(From the Bangkok Times.)

As the matter is of considerable interest we give below a provisional translation of the new Gold Standard Law which appeared in the *Government Gazette* of the 11th instant. Translations are also appended of two Notifications which were issued simultaneously with the Law—the first setting forth certain particulars regarding the coins to be minted under the Act, and the second defining the position of the coins minted under former Acts, besides detailing the temporary arrangement made for the issue locally of legal currency, until the Mint is in a position to receive gold in Bangkok.

THE GOLD STANDARD ACT, R. S. 127.

Whereas the effect of the silver standard of currency, which was formerly in force in Siam, was such as to lead to constant fluctuations in the prices of commodities exchanged with countries where gold was the standard of value, His Majesty the King deemed it expedient, in order that greater stability might be secured, to change the silver standard of the country to a gold standard, and was graciously pleased, in the year R. S. 121, to command that the desired change be inaugurated by closing the Royal Mint to the free coinage of silver, which command was carried out by means of an Act repealing a certain section of the Royal Mint Act of the year R. S. 112.

And whereas, in the year R. S. 122, His Majesty was pleased to direct that the "Coinage Act of 122" be promulgated in order to regularize the metallic currency of the Kingdom, and carry the adoption of the Gold Standard a step further,

Now therefore, with a view to the completion of the policy instituted in the year R. S. 121, His Majesty is pleased to command that the Gold Standard Act, R. S. 127, be enacted as follows:

CHAPTER I.—PRELIMINARY.

Section 1. This law shall be called "The Gold Standard Act, R. S. 127," and it shall supersede all previous Decrees and Enactments relating to the coinage of money in Siam which may be contrary to the provisions of this Act.

Section 2. In this Act the expression "The Mint" shall mean the Royal Mint in Bangkok.

The term "Gold bullion" shall mean gold which has not been coined by the Government as a measure of value.

The term "Silver bullion" shall mean silver which has not been coined by the Government as a measure of value.

The term "Money" shall mean any substance which is regarded as a measure of value.

The term "Coin" shall mean a piece of metal which any Government has issued for use as money.

The term "Subsidiary coin" shall mean coin of a value less than one tical.

The term "Remedy" shall mean the variation from the standard fineness or weight of the coins, as specified in Sections 5 and 7 of this Act.

Section 3. The theoretical unit of the Siamese monetary system shall be the tical of 55.8 centigrammes of pure gold.

The silver tical containing 15.5 grammes of pure silver shall, under this Act, have a value equal to the aforesaid 55.8 centigrammes of pure gold.

The tical shall be divided into one hundred satang.

CHAPTER II.—THE COINS.

Section 4. The following shall be the coins to be minted under this Act:

Gold—Dos or 10 tical piece.

Silver—Tical. 2 salung piece. Salung.

Nickel—10 satang piece. 5 satang piece.

Bronze—Satang.

Section 5. The standard fineness of the coins shall be as follows:

(1) The dos shall contain 900 parts of pure gold and 100 parts of copper.

(2) The tical shall contain 900 parts of pure silver and 100 parts of copper.

(3) The subsidiary silver coins shall contain 800 parts of pure silver and 200 parts of copper.

(4) The nickel coins shall be composed of commercially pure nickel.

(5) The bronze satang shall contain 95 parts of commercially pure copper, 4 parts of tin and 1 part of zinc.

Section 6. The sanctioned remedy in fineness shall not exceed the following limits:

(1) Dos 1½ thousandths

(2) Tical 3 thousandths

(3) Subsidiary silver coins 4 thousandths

Section 7. The standard weight of the coins shall be as follows:

GOLD.

Dos 6.20 grammes.

SILVER.

Tical 15 grammes.

2 Salung piece 7.5 grammes.

Salung 3.75 grammes.

NICKEL.

10 Satang piece 3.5 grammes.

5 Satang piece 2 grammes.

BRONZE.

Satang 5 grammes.

Section 8. The sanctioned remedy in weight shall not exceed the following limits:

GOLD.

Dos 2 centigrammes.

1,000 Dos 2.5 grammes.

SILVER.

Tical 9 centigrammes.

1,000 ticals 12 grammes.

2 Salung piece 8 centigrammes.

1,000 2 Salung pieces 12 grammes.

Salung 5.5 centigrammes.

1,000 Salungs 6 grammes.

NICKEL.

10 Satang piece	20 centigrammes.
5 Satang piece	15 centigrammes.

BRONZE.

Satang	25 centigrammes.
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Section 9. The coins minted under this Act shall be of such size, form and design, and bear such inscriptions and other particulars, as the Minister of Finance may be commanded by His Majesty to notify in the *Government Gazette*.

CHAPTER III.—THE MINTING AND CIRCULATION OF THE COINS.

Section 10. The right of minting and issuing belongs exclusively to the Government and will be exercised in conformity with the provisions of this Act.

Section 11. Any person may, under this Act, tender gold bullion to the Ministry of Finance, for the purpose of being coined. The gold so tendered shall be of such quality and fineness and be tendered in such minimum quantities as may be notified by the Minister of Finance.

If the person by whom the gold is tendered demands gold coins in exchange, the Ministry of Finance shall pay him such gold coins at the rate of 2,680 ticals for every 100 ticals weight (1,500 grammes) of pure gold tendered, provided that there shall be no obligation to pay the coins immediately on the receipt of the gold, but only after the lapse of such reasonable time as may be sufficient for the coinage of the gold tendered.

Section 12. If the person by whom gold is tendered, as mentioned in Section 11, is prepared to accept in exchange any money which is legal tender under Chapter IV of this Act, without specifying any particular denomination, the Ministry of Finance shall so pay him, at its convenience, immediately after the gold has been assayed, at the rate of 2,680 ticals for every 100 ticals weight (1,500 grammes) of pure gold tendered.

Section 13. The gold received for coinage under Sections 11 and 12 shall, at the discretion of the Government, be used either for the purpose of minting gold coins, or for the purchase of silver bullion in such quantities as may be required for the mintage of silver coins, or for any other object, not contrary to the purposes of this Act.

Section 14. Whenever the value of the silver contained in the one tical piece is, in Bangkok, greater than the value of 55.8 centigrammes of pure gold, the Ministry of Finance is prohibited from issuing one tical pieces in exchange for gold.

Section 15. The exchange of gold coins and one tical pieces for subsidiary silver coins, or of subsidiary silver coins for gold coins and one tical pieces, may be effected at the Royal Treasury in Bangkok in even hundreds of ticals. The Ministry of Finance may determine and notify the other Government offices at which, and the conditions under which, the exchanges in question may also be made.

CHAPTER IV.—LEGAL TENDER.

Section 16. Gold coins and one tical pieces shall be legal tender without limit as to amount.

Subsidiary silver coins shall be legal tender only up to the value of five ticals, and nickel and bronze coins only up to the value of one tical.

Section 17. Foreign coins shall not be legal tender except in cases expressly provided for by law or by treaty with a foreign power.

CHAPTER V.—WORN AND DETERIORATED COINS.

Section 18. Gold coins and one tical pieces shall be called in by the Ministry of Finance, for recoinage, when, through reasonable usage, their designs and inscriptions shall be effaced, or their weights diminished below the following limits, that is to say, in the case of gold coins, below the standard weight prescribed in Section 7, by an

amount equal to two and a half times the remedy authorized in Section 8, and in that of one tical pieces, below the standard weight prescribed in Section 7, by an amount equal to five times the remedy authorized in Section 8.

Subsidiary coins shall be called in when, through long usage, their designs and inscriptions are effaced.

All such worn coins as described in this Section shall, if presented at any state treasury, be accepted at their full nominal value, but shall not be reissued.

Section 19. When worn and deteriorated coins are withdrawn for remintage, as mentioned in Section 18, the cost of melting down and reminting shall be charged in full to the general expenditure budget of the Government.

Section 20. Coins which have been reduced in weight otherwise than by reasonable wearing, or which have been mutilated, or which bear any stamp in addition to the National one, shall cease to be legal tender under Chapter IV of this Act, and shall not be accepted or exchanged by the officer in charge of any state treasury or by any official receiving or collecting state dues.

Section 21. Whenever any such short weight or mutilated coins as described in Section 20 are presented to any public officer so empowered by the Minister of Finance under this Act, he shall destroy them in the manner laid down in such rules as may be issued by the Minister of Finance for the destruction of short weight and mutilated coins.

CHAPTER VI.—ILLEGAL TOKENS.

Section 22. No person shall make, use, or put into circulation any piece of metal, or mixed metal, or any object of any substance whatsoever, as a token for money, except by the authority of the Government.

Whoever acts in contravention of this Section of the Act shall be deemed guilty of a petty offense, Class D, under the Penal Code, but the offense described in this Section shall be without prejudice to any punishment prescribed for the counterfeiting of money.

CHAPTER VII.—SPECIAL RESERVE FUND.

Section 23. The Ministry of Finance shall establish a fund for the purpose of maintaining the stability of the rate of exchange between Siam and Foreign Countries.

This fund shall be a separate one, unconnected with other funds in the Royal Treasury, and shall be composed of the following resources:

(1) Of the sum of 12,000,000 ticals, which, to commence with, shall be transferred from the Treasury Reserve or other source allocated by the Government for the purpose. If the Minister of Finance deems it expedient, this sum may be increased, with the sanction of His Majesty.

(2) Of the gross profit resulting from the coinage operations, i. e., without any deduction for expenses.

(3) Of any other sources of income or profit which may be held to emanate from the said fund.

Section 24. The expenses and losses arising out of the operations effected in connection with the purposes for which the fund is created shall be charged to the said fund, but all disbursements of the Mint, such as salaries of employees, cost of mintage, etc., shall be charged to the appropriate head in the expenditure budget of the Government.

Section 25. Any portion of the fund which it may be found necessary to remit and retain abroad shall be deposited in such banks, or invested in such foreign Government securities, of first class standing, as the Minister of Finance may select.

The portion of the fund to be kept in Siam shall consist of gold coins and one tical pieces, or of gold and silver bullion intended for mintage.

Silver ticals included in the fund, under this Section, shall only be drawn in exchange for gold at the rate prescribed in Section 12, or for the purchase of silver bull-

ion for the minting of coins, or, finally, for the purchase of transfers payable to the Government in gold abroad.

Section 26. The particulars of all receipts and payments arising out of the fund, under the operation of this Act, shall be incorporated by the Comptroller General of Accounts and Audit in a special account, in the form prescribed by the Minister of Finance.

The Comptroller General of Accounts and Audit shall make up the account yearly, in time to be included in the general annual accounts of the Kingdom.

Section 27. The Minister of Finance shall be charged with the execution of this Act, and shall be authorized to issue such rules and regulations as may be found necessary for the purpose of carrying out its provisions. All rules and regulations so issued by the Minister of Finance shall be published in the *Government Gazette*, and shall have effect from the date of such publication.

Proclaimed on the 11th day of November, R. S. 127, being the 14,610th day of the present reign.

NOTIFICATION.

PREScribing SIZE, FORM, DESIGNS AND INSCRIPTIONS OF COINS.

Whereas in Section 9 of the Gold Standard Act, R. S. 127, it is provided that the coins minted under that Act shall be of such size, form and design, and bear such inscriptions and other particulars, as the Minister of Finance may be commanded by His Majesty to notify in the *Government Gazette*,

Now therefore, His Majesty is pleased to command that the coins in question shall be in the form of a disc, and shall have such diameters and bear such designs and inscriptions as are mentioned below.

GOLD COIN.

Dos, or 10 Tical Piece—Diameter, 20 millimetres. Design and inscription: Obverse, the likeness of his Majesty, with the inscription "Chulalongkorn Parama Rajadhiraj." Reverse, the figure of the Garuda bearing a shield with the design Chakra and Trident, and the inscription "Dos Nung," "Siama Rath" and the year of coinage.

SILVER COINS.

Design and inscriptions: Obverse the likeness of His Majesty the King, with the inscription "Chulalongkorn Siamindr." Reverse, the Three-headed elephant, with the inscription "Siama Rath," the year of coinage and the name of each denomination of coin.

Diameters: Tical, 30 millimetres. 2 Salung piece, 25 millimetres. Salung, 20 millimetres.

NICKEL AND BRONZE COINS.

Design and inscriptions: Obverse, the "Unalom" with the words "Siama Rath" and the value of the coin. Reverse, the Chakra, with the year of the coinage.

Diameters: 10 Satang Piece, 20 millimetres. 5 Satang Piece 17.5 millimetres. 1 Satang Piece, 22.5 millimetres.

These three coins shall be pierced with holes in the centres as follows: 10 Satang Piece, 5 millimetres; 5 Satang Piece, 4 millimetres; 1 Satang piece, 6 millimetres.

Proclaimed on the 11th day of November R. S. 127 (1908).

(Sd) Kitiyakara, Minister of Finance.

Notification suspending the Operation of certain sections of the Gold Standard Law, R. S. 127:

The Minister of Finance is commanded by His Majesty to proclaim that, whereas it is inexpedient to bring into immediate operation certain Sections of the Gold Standard Act, R. S. 127, by reason of the inconvenience which the inhabitants of the Realm would thereby be caused, His Majesty is pleased to direct that their operation be temporarily suspended, in the manner set forth below:

I. Whereas in Section 9 of the Gold Standard Act, R. S. 127, it is provided that the coins shall be of such size, form and designs, and bear such inscriptions and other particulars as the Minister of Finance may be commanded by His Majesty to notify, and whereas the existing coins of all denominations, viz., the tical, the salung, the fuang, the bronze sik, sio, att and solot, and the nickel 20 satang, 10 satang, 5 satang and 2½ satang pieces, are coins of which the particulars do not correspond with those notified under the present Act, but nevertheless it would be inexpedient to entirely demonetize them all at the present time.

Now therefore, His Majesty is pleased to command as follows:

(1) The tical and the salung, minted under former Acts, shall continue in general use, as heretofore.

(2) The fuang and the bronze sik, sio, att and solot, shall continue in use for the time being, pending their exchange by the public for the new coins.

(3) The nickel 20 satang, 10 satang, 5 satang and 2½ satang pieces, which were issued under Notification dated the 21st day of August, 117 (1898), shall be demonetized, but the officials in charge of the state treasuries shall issue the new satang pieces in exchange for the old ones, until such time as it may be notified that the exchange shall cease.

The exchange of the fuangs, the old bronze coins and the old satang pieces, as prescribed in clauses (2) and (3) above, shall be made at the following rates, viz., bronze coins, 1 tical's worth for 10 satang, and fuangs, 8 fuangs for 1 tical; the old and new satang pieces shall have equivalent values.

The exchange of the coins above referred to may be made at the Royal Treasury in Bangkok and at such other Government offices as the Minister of Finance may designate.

II. Whereas in Sections 11 and 12 of the Gold Standard Act, R. S. 127, it is provided that any person may tender gold bullion to the Ministry of Finance for the purpose of being coined, and that the Ministry of Finance shall, if demanded, pay him gold coins in exchange, or, if no such demand is made, in any money which is legal tender under Chapter IV. of the Gold Standard Act, R. S. 127, the rate of such payment being 2,680 ticals for every 100 ticals weight (1,500 grammes) of pure gold tendered.

And whereas it is not at present expedient to receive gold in Bangkok,

Now therefore it is hereby commanded by His Majesty that Sections 11 and 12 of the said Act, as aforementioned, shall be temporarily suspended, and that for the present the Ministry of Finance shall continue to receive gold abroad, as heretofore, and shall issue in Bangkok legal currency in exchange at the rate of 2,662 ticals for every 100 ticals weight (1,500 grammes) of pure gold received, or 13 ticals for £1 sterling.

III. Whereas in Section 20 of the Gold Standard Act, R. S. 127, it is provided that coins which have been reduced in weight otherwise than by reasonable wearing, or which have been mutilated or which bear any stamp in addition to the National one, shall cease to be legal tender and shall not be accepted or exchanged by any state treasury or official receiving or collecting Government dues.

And whereas there are at present in circulation considerable numbers of bent salungs and fuangs, the immediate refusal to accept which would be a cause of complaint on the part of the public,

Now therefore it is hereby commanded by His Majesty that all state treasuries and all officials receiving or collecting state dues shall for a period of one year from the date of this Proclamation, be authorized to accept, at their full nominal value, all bent salungs and fuangs which may be tendered to them in payment or in exchange.

Proclaimed on the 11th day of November R. S. 127 (1908).

(Sd.) KITIAKARA, Minister of Finance.

THE UNITED STATES AND THE EXHIBITION AT TOKYO.

In the Senate of the United States, January 4, 1909. Mr. Cullom introduced the following bill, which was read twice and referred to the Committee on Foreign Relations: Bill to amend an Act entitled "An Act to provide for participation by the United States in an international exposition to be held at Tokyo, Japan, in nineteen hundred and twelve," approved May twenty-second, nineteen hundred and eight.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That an Act entitled "An Act to provide for participation by the United States in an international exposition to be held at Tokyo, Japan, in nineteen hundred and twelve," approved May twenty-second, nineteen hundred and eight, be, and the same is hereby, amended so that after January first, nineteen hundred and nine, one of the commissioners-general appointed under said Act shall receive as compensation for his services the sum of one thousand dollars per annum until the end of the year nineteen hundred and fourteen, and thereafter the sum of eight thousand dollars per annum until the end of the year nineteen hundred and seventeen, and the other two commissioners-general shall receive no compensation for their services until the end of the year nineteen hundred and fourteen, and thereafter shall receive five thousand dollars each per annum until the end of the year nineteen hundred and seventeen; and so that the secretary shall receive no compensation for his services until the end of the year nineteen hundred and fourteen, and thereafter shall receive five thousand dollars per annum until the end of the year nineteen hundred and seventeen.

The bill (S. 7992) to amend an act entitled "An Act to provide for participation by the United States in an international exposition to be held at Tokyo, Japan, in 1912," approved May 22, 1908, was considered as in Committee of the Whole.

The bill was reported from the Committee on Foreign Relations with amendments.

Mr. Culberson—I presume the Senator from Maine (Mr. Frye) has the bill in charge. I have looked over the report which accompanied it. It shows among other things that Mr. Loomis has been improperly paid \$3,000 of salary. I do not know whether restitution has been made in that case since then or not.

Mr. Frye—He has paid it back.

Mr. Culberson—I am glad to hear it. The report also shows that some four or five hundred dollars were spent out of the appropriation at a banquet given by some one

at Tokyo. I do not know anything about those matters, but it might be well to consider how far we are going in paying money out of the Public Treasury for banquets.

Mr. Frye—This bill is intended to stop all unnecessary expenditures; and I think, as it is drawn and has been amended by the Committee on Foreign Relations, it stops every expenditure except \$1,000 a year to Mr. Loomis, which was regarded as necessary to keep us in touch with Japan.

Mr. Culberson—Very well. If there has been restitution of the salary, and if the appropriation itself is so guarded that extraordinary expenditures can not occur again, of course I have no objection to the bill.

Mr. Bacon—The appropriation of \$1,000, I understand—I presume it is so expressed—covers not only salary but expenses.

Mr. Frye—It does. The committee were very careful to stop all expenditures.

The Vice-President—The amendments of the committee will be stated in their order.

The amendments were, on page 1, line 8, after the words "commissioners-general," to insert "who now receives \$8,000 per annum;" on page 2, line 3, after the words "nineteen hundred and fourteen," to insert "which amount shall also include his expenses;" in line 11, after the word "secretary," to insert "and other employees;" in line 12, before the word "services," to strike out "his" and insert "their;" in line 14, after the word "thereafter," to insert "the secretary;" and at the end of the bill to add "and that no expenses shall be incurred by the commission or clerical or other assistants employed prior to January 1, 1915," so as to make the bill read:

Be it enacted, etc., That an Act entitled "An Act to provide for participation by the United States in an international exposition to be held at Tokyo, Japan, in 1912," approved May 22, 1908, be, and the same is hereby, amended so that after January 1, 1909, one of the commissioners-general, who now receives \$8,000 per annum, appointed under said act, shall receive as compensation for his services the sum of \$1,000 per annum until the end of the year 1914, which amount shall also include his expenses, and thereafter the sum of \$8,000 per annum until the end of the year 1917, and the other two commissioners-general shall receive no compensation for their services until the end of the year 1914, and thereafter shall receive \$5,000 each per annum until the end of the year 1917; and so that the secretary and other employees shall receive no compensation for their services until the end of the year 1914, and thereafter the secretary shall receive \$5,000 per annum until the end of the year 1917, and that no expenses shall be incurred by the commission or clerical or other assistants employed prior to January 1, 1915.

The amendments were agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JAPAN: A RETROSPECT.

BY W. J. S. SHAND.

It would be hard to find a parallel to the astonishing transformation of old Japan in the last fifty years of her history. Looking back, we find her at the period of the death of Tokugawa Iyesada, in 1858, in the throes of internal strife, with the burning questions of the impending restoration of the emperor to his own and the advent of the men from the West. In the following year foreign merchants established themselves in Yokohama, and in April, 1860, the aged statesman, Ii Kamon, was assassinated in Yedo by adherents of the Mito clan as a protest against his far-seeing and liberal policy toward the newcomers. In 1864 the Choshu forts fired on British vessels, and later on others, which led to the bombardment of Shimonoseki. Two years later the Shogun Iyemochi died, and was succeeded by Kei Ki, the last of a line which had governed Japan for 268 years.

Stirring events now followed fast. The civil war commenced with the battle of Fushimi in 1868, terminating shortly in the triumph of the Imperial troops, and the entry of the emperor to the Eastern capital, Tokyo, the old name, Yedo, being now officially abolished. Hereafter progress was the order of the day. New issues of specie and paper money replaced by degrees the quaint little oblong satsu we used to carry in cigar cases; the solar took the place of the lunar calendar, with its puzzling intercalary month every few years to make up time. The ports of Kobé, Nagasaki, Hakodate and Niigata were opened to foreign trade and consulates established. Newspapers began to make their appearance, the first one, the *Nisshin Shinji*, under the editorship of Mr. William Black, a Scotchman; soon followed by the *Mainichi Shimbun* (Daily News), and many others. A college called the Kai-sei-jo was established in the capital and foreign teachers engaged. A mint in Osaka was placed under the direction of Messrs. Gowland and MacLagan, both British subjects.

In 1871 the introduction of the jin-riki-sha (man power cart), now anglicized over the East as "rickshaw," came at a critical time for the immense hordes of bearers and porters who had been employed on the great main roads—particularly the Tokaido, between Kyoto and Yedo. These men had supplied the demands of the processions of the Territorial and smaller Daimyo on their journeys to and from Yedo, and when the Shogun proceeded to do homage to the secluded emperor in Kyoto. These had been out of work since 1868, and much distress was experienced.

In 1872 the first railway line, that between Tokyo and Yokohama, was opened. The *éclat* of this event was heightened by the presence in public, for the first time in the history of the country, of His Majesty the Emperor—a possibility up till then almost unthinkable to a Japanese. I was standing in the crowd when the Imperial coach issued from the gates of the Prefecture. There was a general tendency to go down on the knees and bow the head at this juncture, with difficulty checked by the police, who called out repeatedly, "Tatte ore" ("Remain standing"). At the open-

ing ceremony at the Yokohama station His Majesty was seated on a chair upholstered with gold brocade, while on each side stood the Ministers of State in the ancient court costume, the Emperor alone wearing a military uniform of the Western type. An address was read by Hara Zenzaburo, representing the merchants' guild, whose hands shook with agitation as he held the parchment he was reading from. Scarcely had the Imperial party retired when the crowd—undeterred by the police—made a dash for the platform, and soon no vestige of the chair was left. Its remnants are, no doubt, reverently preserved in many a humble household to this day. The Osaka-Kobé line followed, both being built under British supervision, and the system of carefully laid roads and solid work still continues.

The year 1875 was signalized by the much regretted departure of the Royal Marines and of a body of the French Infanterie de la Marine. The R. M. L. I. had garrisoned the camp on the Bluff concession in Yokohama since August, 1871, and had so identified themselves with the recreations and the social life of our community that their absence was keenly felt. They were preceded by battalions of the Tenth, Ninth and Twentieth regiments, and a corps of the R. M. L. I. in the early days of the settlement, when the disturbed state of the country and the assassination of some of the foreign residents rendered such protection necessary. For some time previous to 1875, however, all danger to life had been reduced to a minimum. A dinner to the men of both corps, and a ball in honor of the colonels and officers, were given, many Japanese officials assisting at the latter. Few will have forgotten the gallant sight as the troops marched down the Camp Hill and the Bund to the pier on the morning of March 6, to the music of the fifes and drums and the cheers of the friends they left behind them.

About this time the more advanced Japanese raised the question of the abolition of the "dai-sho"—the two swords carried still by the old Samurai class. They were now unnecessary and an ever present incentive to bloodshed. So the Government convened a gathering in the capital of representative members of the Han, or leading Daimiates, which were abolished in 1868. The proposal was vetoed by an overwhelming majority. A few months later an Imperial decree threw the privilege open to all and sundry. The effect of this adroit move was soon apparent. The Shizoku, as the official and military class of the old régime are now called, were so disgusted at seeing these time-honored weapons borne by riff-raff that they began to leave theirs at home. Moreover, they found the relief from the sheer weight of the dai-sho, and the inexorable etiquette and ceremony associated with them, so welcome that the reaction became more and more marked. Then, at the right time, another decree abolished the carrying of weapons by all except the military and naval forces, and the police after December 31, 1876, to the satisfaction of the whole nation. Another memorable reform at this period was the discontinuance of the "mage," or top-knot, and the adoption of the

Western style. This change was very rapid, such was the expense and inconvenience of the frequent head shaving, fixing and anointing at the hands of the barber.

In 1877 a serious rebellion broke out in the warlike province of Satsuma, in Kyushu. Space does not admit of dwelling here upon the causes that led up to the outbreak. Saigo Takamori, a warrior of great prowess and noble character, was the leading spirit. The modern Japanese army was then in its infancy; the soldiers had seen no active service of any magnitude, and were unaccustomed as yet to the rifle in actual warfare. The shortage of men was so great that the veriest boys were sent to the front, only to perish by the trenchant blades of the fierce and seasoned fighters of Satsuma. After the lapse of a few months, however, the rebels were hemmed in and defeated at Shiroyama, near Kagoshima, the capital of the province. Saigo, Beppu Shunsuke, and other leaders were killed or died by seppuku (hara-kiri), in keeping with ancient custom. The loss of Saigo was lamented by the whole nation, and not the least by his opponents in arms, his old comrade, Admiral Kawamura, reverently washing the severed head at the last painful scene following on victory. Any photographs of this remarkable man which may have existed must have been impounded, for it was impossible to procure one.

An extraordinary story went the rounds, for the truth of which I cannot vouch, but it is distinctly *ben trovato* and very redolent of the scarcely defunct feudalism. The rifles were discarded to a large extent, as the Satsuma men were wont to wait for the volleys, rush in through the smoke, and sabre the inexperienced rifle men. It was decided to meet them with the old weapon, and a *corps d'élite* was mobilized in Tokyo. The call was well responded to, and by none with more alacrity than the men of Aizu. This was the last clan to succumb to the Imperial forces when the Satsuma and Choshu troops invested and reduced the castle of Wakamatsu in 1868. It was not so much that the swordsmen of Aizu loved the new Government as that here was a chance for a vendetta against their former conquerors, and well they did their work.

From now on progress continued undisturbed. Colleges, schools and museums were founded, and exhibitions came fast and frequent. The army was trained under the German system with all its iron discipline, while the navy continued to follow, as from the first, the British lead. The University and Engineering College, staffed by professors and scientists of the first rank from Europe and America, took the place of the Kaiseijo. Yokosuka, in Tokyo Bay, was selected as the site of a naval station and dockyard, with a French director and staff. Great progress was made also in sanitary matters, notably the introduction of compulsory vaccination, which effectually stamped out the national scourge of smallpox. A few years ago I was the guest, in this country, of a Japanese naval officer, at a dinner where some twelve or fourteen Japanese were present. The conversation turning to this subject, I remarked that on my arrival in Japan in 1871 a large number of all classes were pitted with smallpox, "whereas now, gentlemen," I added, "I look round this table, and not one of you has a trace of it."

A setback to finance was experienced at the end of the seventies owing to the reckless starting of numberless so-called national banks and issues of paper money, which reduced the yen to little more than half its face value. With the advent to office of Mr.—now Count—Matsukata matters took a turn for the better, order was evolved out of chaos, and the currency slowly recovered the lost ground.

In the early eighties the persistent fall in silver began to affect imports from abroad unfavorably. When exchange touched 3s. 6d. for the silver yen and Mexican dollar, we who could recall the rosy days of 4s. 8d. and upward laughed at the absurdity of the thing and looked for a speedy rise. But in vain. Down, down, went silver. Japan adopted a gold standard, and the silver yen today is quoted at 2s. to 2s. 1d. Here was Japan's opportunity for the betterment of her industries. Silk filatures and cotton mills sprang up quickly, clean "books" of the finest raw silk replaced the exasperating old "nibbed" and tricky hanks, to the great relief of the foreign silk inspector. The former fine business in shirtings, yarns and other Manchester goods went from bad to worse, though woollens continued to hold their own. A cutting down of staffs and salaries in foreign hongs resulted, and there came a marked reduction in the scale of living.

At the end of the seventies the navy made a decided advance, beginning with the protected cruiser Tsukushi, followed by the Takachiho and Naniwa, and then, in 1892, by the Matsushima, the flagship at the Yalu battle in 1894.

After a short but sharp contest in freights and passenger fares between the Mitsu-bishi and the Kyodo companies the present fine service of the Nippon Yusen Kwaisha was formed, which has progressed ever since, to the loss of foreign shipowners, and carries the "Hi-no-maru" flag to the ends of the earth.

Limited space prevents any detailed account of the growth of commerce in Kobé, as of the events of recent years, such as the China and Japan war in 1894, the Korean troubles, and the events which led to war with Russia. Moreover, these matters are well within the memory of all.

With two wars in one decade it is not surprising that the cost of living is a good 75 per cent. higher than it was in *statu quo ante bellum*.

In 1899 came the great change, the coming into effect of the new treaties, with a higher scale of customs duties and the abolition of extraterritorial jurisdiction. Thus the magisterial functions of our consular officials ceased, which, I imagine, they do not regret. Moreover, the scope of the service has largely increased by the posts created in Formosa, Korea and the Philippines.

In Japan railway, telegraph and telephone lines are spreading rapidly. There is a fine system of electric tramways in Tokyo and other places, not excluding the almost sacred precincts of Kamakura and Koshigoye. The passport is no longer necessary, and the country is open to the foreigner for travel, without let or hindrance.

The old Japan has passed away in many respects, but lives still upon the stage, in the home life, and, above all, in the rural districts, which are still much as described in the pages of Kaempfer. Despite all outward manifestations, Japan remains intensely conservative.—*London and China Express*.

THE IMPORT TRADE.

One of our local contemporaries published an article recently dealing with the import trade. Some excellent ideas and much useful information were given, but one rather serious error was made. It was stated that the old heavy stocks of nearly all articles had been slowly but almost entirely cleared. China was compared to a convalescent who had passed through the crisis. While it is not desirable to represent local conditions in an unduly gloomy light, the reverse would be equally harmful, for home papers are always ready to reproduce extracts from newspapers in the Far East. The consequence of an article, such as the one referred to, might be that a batch of commercial travelers at once would be sent here, where they will not be needed for many months, at least. The fact is that the stocks in Shanghai approximately are sufficient for eight months; with goods held in the interior and those about to arrive added, there would be no danger of any real shortage occurring even if no fresh orders were given until next May.

During the last year the statement has been made and published several times that importers considered a ten months' supply was not too heavy for such a market as ours. One importer went so far as to say that short stocks (say two months') would be a real danger and famine prices the consequence. Experience does not support that view; but if such a contingency were possible what a grand opportunity would be presented for the piece goods firms to recoup the heavy losses of 1907-8. But why should the Shanghai market be more able to carry heavy stocks than markets elsewhere? Shanghai is not a place where large stocks are consumed; it is a distributing centre; its business is to supply to all the smaller outside markets the goods required. The ideal state for such a market would be to carry no stocks at all, but to transfer all arrivals at once to the interior. Like most ideals this one is impossible, although the requirements of the consuming centres are fairly regular. Demand occurs at the two seasons when new summer and new winter clothing is required. It would be impossible to regulate imports on a perfect basis, because the business is done by so many people working independently; consequently there always will be a certain amount of stocks not wanted at the moment. And these ought to be kept as small as possible, in view of the fluctuating currency. With a drop in silver such as we are now experiencing only a decided scarcity of goods could rule prices up to a payable basis. Large stocks of goods settled at a higher rate will make impossible for months or years the sale of new goods of the same level which have to be settled at much lower rates. Thus when importers must sell (which is always the case with some hong) disasters are the natural consequence. It would not be going too far, perhaps, to say that of all markets in the world those of China in general and Shanghai in particular are the least able to carry heavy stocks.

The question then arises as to what method could be adopted to prevent accumulations of stocks. More than one attempt has been made by importers to arrive at a satisfactory arrangement, but none has been deduced so far. Bargain money for new orders cannot be obtained, for the

very best Chinese hong is neither willing nor able to pay bargain money, and foreign merchants are always quite ready to book their orders. At the present time all the second and third class dealers, being bankrupt, are not likely to cause much trouble in the future unless absolute carelessness is shown in dealing with them.

The new system—if one can be evolved—must be a natural consequence of present conditions, for foreign banks and exporters at home have had a lesson that ought to make them more careful, too, in the future. There are from ten to twenty reliable Chinese dealers left in the market; they will give their orders to some of the hundreds or more importers, and the foreign hong who do not participate in these orders must either close their piece goods trade or carry on speculatively. It remains, therefore, for importers, whether they import goods for Chinese or on their own account, to watch the market closely and not to order any goods that cannot be disposed of, beyond doubt, in the interval. To be able to do this both knowledge of the details of the market requirements and judgment are necessary; and without these qualifications no one can expect to carry on trade successfully in this market and avoid becoming the prey of travelers, compradores' shroffs and weak dealers. The one thing we may reiterate, is to avoid accumulation of stocks. Shanghai cannot carry stocks on account of the currency.—*North China Daily News*.

JAPANESE SPINNING PROFITS.

Consul John H. Snodgrass forwards from Kobe the following clipping from the *Japan Chronicle* relative to the cotton yarn industry of that country:

The cotton spinning industry in Japan enjoyed extraordinary prosperity for some three years. The aggregate net profit of the various companies for 1905 amounted to \$6,500,000 gold; it reached nearly \$7,500,000 in 1906; and was \$8,000,000 in 1907. In other words, these companies cleared a net profit on an average of more than 40 per cent. on the paid up capital in 1905 and 1906, and of over 30 per cent. in 1907. Up to 1904 the profit of the spinning companies had been comparatively small, and no repayment of the fixed capital had been practically carried out. During the three years under review no less than \$5,325,000 was appropriated toward the refunding of the fixed capital. During the same period the amount of the reserve fund, which totaled only \$3,000,000 at the end of 1904, increased to \$11,500,000. The Japanese spinning industry thus enjoyed an unprecedented prosperity during these three years.

During the second half of 1907, however, a reaction began to manifest itself, and the depression reached its height in the first six months of 1908. The total net profit of all the Japanese cotton spinning mills for the first half of 1908 amounted to only \$1,685,000, or one-half the profit realized in the second half of 1907, and two-fifths as compared with the corresponding period of last year. The average rate of dividend for the term was only 11½ per cent. Of the twenty-eight companies six suffered loss, while ten had to be content with no dividend, or were barely enabled to pay a dividend by means of the balance brought forward from the last account. Only eight out of the twenty-eight mills were able to carry out the repayment of fixed capital to a more or less extent.

Generally speaking, however, the spinning companies are now on a much sounder basis than they were three years ago, remarks the *Tokyo Keisai*, on account of the appropriation of \$5,325,000 toward the redemption of fixed capital and of \$8,400,000 for the reserve funds. It may be presumed that they will have sufficient financial power to successfully tide over the existing depression.

DUTIES ON CHINESE RAILWAY MATERIALS.

Consul General E. T. Williams reports that contracts entered into by a number of railway companies with the Chinese Government provided that railway materials required by those companies may be imported free of duty. This has led, however, to a demand on the part of other railway companies not legally entitled to this privilege for similar treatment, with the result that all railway material so far imported into China has been admitted free. Chinese officials now seek to put an end to this practice, as seen from the following quotation from the *Pei Yang Kuan Pao* of August 26, 1908, an official newspaper published at Tientsin by the provincial government, transmitted by the consul general.

"On the 2d of the sixth moon (June 30, 1908) the High Commissioners of Customs, together with the Board of Finance and the Board of Military Affairs, memorialized the Throne, asking that a limit be set to the exemption of the various railway companies from the requirement to pay duty on railway materials imported, and received an imperial decree to the effect that, 'Inasmuch as such exemptions are daily increasing, a limit ought to be fixed; but that, since in some cases the exemption has already been arranged for in the conventions and contracts approved by the Throne, and in others granted only on special request by imperial edict, a distinction must be made between the two classes; and that, therefore, the High Commissioners of Customs, the Board of Foreign Affairs, the Board of Finance, and the Board of Posts and Communications are directed to jointly investigate the subject and report thereon.'

"In reply to this the above mentioned boards reported in substance as follows:

"The lines whose exemption from taxation is already fixed by convention or contract are the Peking-Hankow line, the Chengting-Taiyuan, the Kaifeng-Honan, the Taokou-Chinghua, the Chinese Eastern Railway, the Dongdang-Lungchou, the Laokay-Yunnan, and the Shanghai-Nanking lines. As for the Imperial Railways of North China (Peking to Mukden) and the Kiaochow-Tsinan lines, although their exemption from taxation is not fixed by convention, the High Commissioners of Customs in their memorial of October, 1906, represented them as involving international relations and as requiring exceptional treatment; therefore,

"The present memorialists find no obstacle to the granting of the original petition of the High Commissioners of Customs, the Board of Finance, and the Board of Military Affairs, inasmuch as the said petition includes none of these exceptional cases and the granting of it will not lead to any international complications. They therefore recommend that other railways proposed or completed, and railway supply companies, be granted exemption for the period of three years from the date of the granting of their charters, and that afterward they be required to pay duty on materials imported according to the rates for public property. It is also provided that food supplies for laborers on the various railways shall not be included in the exemption, but be required to pay the usual duties. Stringent measures are to be taken to prevent smuggling and misrepresentation under cover of the exemption laws. If at the expiration of the three-year limit the exigencies of any particular line

should require it, the boards will again memorialize and ask exceptional treatment.'"

The consul adds:

In accordance with this decision all railway materials for any of the lines except those mentioned will be charged duty after three years from the date at which the charter of the line concerned was granted. This period has already passed in the case of some. The rates for public property are the same as for private—i. e., articles on the classified list will pay the specific duty; for instance, rails, Hk. Tls. 0.125 per picul, or 8 cents United States per 133 pounds, while articles not on the list will pay 5 per cent. ad valorem.

Of the railways mentioned as exempted, the Peking-Hankow line has been built and is managed by Belgians; the Chengting-Taiyuan line into Shansi was built on a loan from the Russo-Chinese Bank; the Kaifeng-Honan line is contracted for on a Belgian loan; the Taokou-Chinghua line is built by a British syndicate; the Chinese Eastern Railway is the Manchurian system, now partly Russian and partly Japanese; the Dongdang-Lungchou and the Laokay-Yunnan lines are French, and the Shanghai-Nanking road British. The Imperial railways of North China have been constructed by British capital, but are managed by the Chinese themselves. The Kiaochow-Tsinan line is the German line in Shantung.

The companies specifically mentioned as not entitled to exemption, but as being granted it for three years only from the dates of their respective charters, are "The Railways of Kiangsu and Other Provinces," "The Canton-Hankow Railway," "The Peking-Kalgan Railway," "The Hsinchang-Ningpo Railway," "The Heilungchiao Railway," "The Swatow-Chaochow Fu Railway," "The Szechuen-Hankow line," and other lines in Hupeh; certain companies engaged in the manufacture or import of railway materials, such as "The Yangtze Company," the railway shops of Kuantung, Hunan, Hupeh and Szechuen, and the "Nanking Locomotive Works." To these is added the "Peking Water Works Company." The line under construction from Tientsin to Pukou (Nanking) is mentioned separately as having petitioned for exemption, and as having also been granted three years' exemption.

COTTON GOODS IN INDIA.

Consul General William H. Michael presents the following review of the cotton goods situation in India, writing from Calcutta under date of September 3:

During the last year the textile industry in India has suffered depression with that of Lancashire, and for that matter with that everywhere. A writer says that the weavers of India have earned large profits and will continue to prosper owing to the impetus received by the native industries; that a number of mills have suffered severe loss on their yarn output. This is difficult to understand, inasmuch as the hand loom industry mainly represents the Swadeshi enterprise, and they consume the yarn made by the mills and not the product of the weaving mills. This same writer states that the stocks of cloth produced during the year by the Bombay Cotton Mills, sold and on hand, amounted to 120,000 bales. This does not include the product of the Ahmedabad mills. The opinion is that these heavy stocks, for which there is slow demand, will force the price down at least an anna (2 cents) a pound, or low enough to meet the 25 per cent. reduction of Lancashire goods.

Dhoties have already gone down 25 per cent. to meet the Lancashire cut. The cotton crop in India is reported good, and the American crop good and large, and it looks at this time that cheaper raw cotton in abundance would force the prices of piece goods still lower. Long staple cotton in India has already fallen in price about \$6.66 per 560 pounds, and some brokers say it is bound to go still lower. The reduction of wages of mill hands and the decline in the price of raw cotton will very likely result in forcing prices of manufactured cottons still lower.

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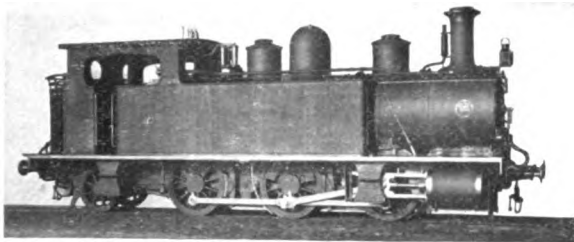
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THE present number of the JOURNAL contains the Constitution and history of the Association, and a list of its membership. It is, therefore, well adapted for the purpose of informing those likely to become members in regard to the purpose and principles of the Association. By way of facilitating additions to the membership a blank form of application will be found enclosed, of which it is earnestly requested that the members of the Association will make liberal use. By death and resignation we lose every year a percentage of members, and it is greatly to be desired not only that their loss shall be made good but that the numerical strength of the Association shall show a steady increase. The work to be done in maintaining and furthering the trade and treaty rights of the United States in the Far East, and in facilitating the opening of new markets there is one of increasing importance and difficulty. It will hardly be disputed that this organization has done a great work during the eleven years of its existence on very modest resources, and it must be evident to all who pay the slightest attention to the tremendous changes which have taken place in Eastern Asia that there are more complex and delicate problems before the Association than any with which it has had to deal in the past. It is of vital importance to every manufacturer and merchant interested in our commerce with China and Japan that the new conditions, which are asserting themselves in these two empires, shall be so shaped as to place Americans on a footing of at least equal opportunity and equal favor with their competitors of other nations. Such obstacles to this end as may from time to time emerge in the sphere of our domestic politics or external policy, it is the special business of this Association to meet and endeavor to remove. It must be obvious that these can be effectively dealt with only by organized effort were it for no other reason that they usually spring from the action of organizations alien to the promotion of good relations between the United States and the peoples of the Far East. The position occupied by this Association in the estimation of the Government and people of the United States is one of acknowledged authority and influence, and in China and Japan the Association is recognized as the most capable and trustworthy exponent of American sentiment and of mercantile interests and industrial aspirations of American origin. There is probably no publication published in

English which is read with greater care and diligence in the great ports of Eastern Asia than the JOURNAL of the Association. On every ground of present utility and future necessity it is thus extremely desirable that our membership should be enlarged, and it is hoped, now that the new fiscal year is about to begin, that members will find the time propitious for bringing some of their friends into personal relations with the work of the Association.

A CONSIDERABLE amount of the space of this number of the JOURNAL is occupied by the annual report of the China Association of Great Britain. This document has a special value as containing the deliberate judgment of men long identified with the foreign trade of China in regard to the conditions which impede the development of that trade and which retard the advance of China along the lines of modern progress. It will be observed that the China Association lays special stress on the necessity of financial reform in the Empire. It places the foreign debt of China, contracted almost entirely in the last thirteen years, at the amount of \$625,000,000, for the service of which an annual sum of between \$35,000,000 and \$40,000,000 is required. Deducting the contribution received from productive public works, the service of the debt involves an annual burden of 50,000,000 Haikwan taels, of which 29,000,000 tals. is the average contribution from the revenues of the Imperial maritime customs, leaving a balance of 21,000,000 tals. to be secured from the provincial revenues. The China Association expresses some skepticism as to whether the amount of the provincial revenues hypothecated for foreign loan purposes is credited to the provincial exchequers in respect to their remittances to Peking. The suggestion is made that the full quota, averaging say 70,000,000 tals. per annum, is still exacted from them, leaving them to make good their loss by such methods as their necessities and ingenuity may enable them to devise. There can be no question that such expedients as have been resorted to by the provincial authorities for the purpose of increasing their revenues must, if persisted in, end in disaster, and the first requisite for a regenerated China is very obviously the reform of a condition of virtual financial chaos.

CLOSELY related to this subject is the obligation of currency reform, accepted by the Chinese Government in all its recent treaties with foreign powers. By these treaties China has undertaken to "provide for uniform national coinage, which shall be legal tender in payment of all duties, taxes and other obligations throughout the Empire." But instead of this, as the report of the China Association points out, there has been witnessed during the past two or three years the coinage by the provincial mints of enormous quantities of debased copper coins, and on such coinage becoming unprofitable the expedient has been resorted to by the provincial authorities, and by private native banks, of issues of vast amounts of paper money, insufficiently secured and entirely uncontrolled by the central authorities. The inevitable result has been the creation of a currency much more disordered than it was before the treaty stipulations were entered into. There can be no question that the unsatisfactory state of trade in China has been in large

measure due to this juggling with the currency. If evidence were needed in support of that contention it will be found in the fact that the copper money of the country—the money of the people—has become depreciated in terms of silver by 50 per cent. and over, as compared with the exchange of a few years ago. The depressing effect of this in the purchasing power of the Chinese millions need hardly be insisted upon, any more than its natural result in the depression of foreign and domestic trade.

A SIMILAR neglect is apparent in the failure to comply with the promise "to initiate and conclude the revision of the existing mining regulations." The two attempts made in this direction were so glaringly inequitable and impracticable that they were unanimously rejected by the diplomatic body. The China Association ventures the assertion that the provinces, loud in their cry of "China for the Chinese," are so doggedly opposed to the exploitation of the mineral wealth of the empire through foreign aid that the Central Government is powerless to deal with the question. An ebullition of the same spirit has somewhat retarded Chinese railway development, and the effort to conduct this through purely domestic agency has been beset with all manner of difficulties. The construction of the Canton-Hankow line, originally an American enterprise, has proceeded very slowly, and was finally interrupted by financial difficulties which had their origin in the dissatisfaction of the Chinese shareholders with the directors of the railway. The effort to negotiate a foreign loan, which is proceeding at the present moment, has developed some new complications, and altogether the unwisdom of any attempt on the part of China to cut loose from foreign co-operations in the material development of the country has been copiously and convincingly demonstrated.

THESE are but some of the features of a situation which makes the relations between foreign powers in China more than usually delicate and difficult. The bearing of that situation on the choice of an American minister to Peking need hardly be insisted on. The successor to Mr. Rockhill ought to be a man of more than usual force, and one possessing a fairly intimate knowledge of the conditions which he will have to face. No better opportunity has ever presented itself in the course of the relations between the two countries to make the influence of the United States one of the controlling factors in the evolution of a new China. Sympathetic aid in the work of reorganization and reform must, of course, be the keynote of our diplomatic policy, but there is an equally obvious necessity for uncompromising firmness in holding China to the letter of her treaty obligations, and in reminding the Central Government that the process of weak and ineffectual compromise between its own responsibility and the vagaries of the provincial authorities must come to an end. There is every reason to believe that President Taft is fully impressed with the importance of securing a man of exceptional qualifications for the mission to China, and there can be no question about his readiness to accept the counsel of those immediately interested in Chinese trade in finding the proper kind of appointee.

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the nine months ending Mar. 31, 1908 and 1909.

EXPORTS TO CHINA.

Months. 1907.	Cotton Cloths. Yards.		Mineral Oils (illuminating). Gallons.		Wheat Flour. Barrels.	
July.....	3,863,460	\$272,205	11,456,360	\$980,855	86,448	\$310,426
August.....	4,807,901	392,629	2,875,430	239,930	102,862	385,654
September.....	1,859,085	136,873	6,802,922	557,972	41,289	147,457
October.....	1,965,401	141,000	8,978,499	512,315	33,026	123,769
November.....	1,481,290	112,653	2,133,690	232,572	6,291	23,413
December.....	1,298,319	96,945	2,070,050	110,435	4,165	17,198
1908.						
January.....	1,558,137	117,654	4,130,529	290,075	25,991	100,328
February.....	1,323,320	86,016	5,557,246	344,315	41,968	164,104
March.....	5,203,069	323,061	15,878,620	1,475,370	112,510	405,197
Total.....	23,359,982	\$1,629,036	59,883,346	\$4,743,839	454,550	\$1,677,546
1908.						
July.....	12,875,988	\$745,822	18,680,160	\$1,567,131	20,163	\$73,439
August.....	10,985,762	619,716	12,626,650	955,186	24,260	85,250
September.....	7,582,100	398,796	4,582,180	318,529	1,802	7,278
October.....	3,965,177	200,258	12,018,320	634,119	5,413	20,691
November.....	4,162,550	214,263	2,856,343	257,698	5,217	20,883
December.....	5,462,472	293,296	.....	.....	1,350	5,599
1909						
January.....	6,179,890	312,182	4,511,030	472,203	2,175	8,545
February.....	18,070,050	1,026,825	8,809,314	824,515	739	2,916
March.....	14,046,400	778,916	5,617,689	455,754	2,752	9,947
Total.....	83,330,389	\$4,590,074	69,701,686	\$5,485,135	63,871	\$234,548

EXPORTS TO HONGKONG.

1908.						
July.....	222,044	\$30,804	1,500,000	159,750	97,292	\$355,580
August.....	11,628	2,615	1,775,960	207,984	51,144	205,970
September.....	76,096	10,227	.....	.....	99,184	367,031
October.....	47,261	6,708	.....	.....	56,102	215,526
November.....	39,334	4,344	.....	.....	134,630	503,094
December.....	41,695	6,094	1,600,000	72,000	121,972	458,258
1909						
January.....	33,055	6,586	.....	.....	78,140	298,671
February.....	16,555	2,691	.....	.....	44,743	171,538
March.....	16,403	2,476	3,389,710	227,055	27,396	105,350
Total.....	504,071	\$72,545	8,265,670	\$666,789	710,603	\$2,681,018
1908						
July.....	74,730	\$11,950	750,000	\$81,750	42,569	\$162,421
August.....	34,209	3,496	3,621,240	259,387	166,130	654,949
September.....	29,430	4,235	500,000	54,500	79,108	316,641
October.....	17,025	2,259	.....	.....	32,509	127,860
November.....	31,270	4,674	1,655,000	74,675	112,518	436,329
December.....	97,348	14,575	.....	.....	90,114	345,505
1909						
January.....	72,801	6,884	.....	.....	102,137	404,913
February.....	154,901	12,454	1,459,420	159,077	71,646	286,497
March.....	27,191	2,137	.....	.....	97,592	396,985
Total.....	538,905	\$62,664	7,985,660	\$629,389	794,323	\$3,132,100

DEPARTMENT OF COMMERCE AND LABOR,

Bureau of Statistics.

WASHINGTON, D. C., April 29, 1909.

Imports of Tea and Silk into the United States for the nine months ending March 31, 1907, 1908 and 1909.

TEA.							
Imported from	1907		1908.		1909.		
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	
United Kingdom.....	6,186,496	1,393,635	7,671,755	1,783,989	10,051,278	2,165,965	
British North America....	1,761,089	422,310	1,864,420	463,142	2,857,993	673,280	
Chinese Empire.....	27,019,432	3,745,372	26,671,656	3,926,657	30,662,414	3,346,504	
East Indies.....	5,079,455	756,818	6,111,837	1,006,983	7,123,018	1,058,014	
Japan.....	35,985,276	5,810,933	45,129,389	7,696,809	42,125,648	6,983,143	
Other Asia and Oceania ..	531,356	93,915	364,066	59,647	442,137	55,655	
Other countries	275,250	61,566	174,182	70,547	302,477	82,016	
Total.....	76,838,354	12,284,549	87,987,305	15,007,774	93,564,965	14,364,577	
SILK.							
Imported from	1907		1908.		1909.		
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	
France.....	328,031	1,269,424	303,660	1,255,299	546,064	1,708,811	
Italy.....	2,840,314	12,384,702	2,050,066	9,647,470	3,640,606	13,753,143	
Chinese Empire.....	2,412,770	8,249,029	1,901,423	7,044,648	3,530,671	9,419,856	
Japan.....	8,198,479	34,459,445	7,306,723	33,007,028	9,998,952	35,399,350	
Other countries	89,485	326,942	56,838	262,259	93,127	361,673	
Waste .....lbs...free..	1,421,199	823,634	1,047,019	775,762	1,325,127	811,442	
Total unmanufactured	15,290,278	57,536,732	12,665,729	51,992,758	19,134,547	61,458,206	

THE CHINA ASSOCIATION.

ANNUAL REPORT OF THE BRITISH ASSOCIATION FOR 1908-1909.

The year 1908, which has witnessed the close of the eventful reign of the twelfth Emperor of the Manchu dynasty, must ever remain memorable in Chinese history. On the two days of November 14 and 15 the world was startled by announcement of the deaths, within twenty-four hours of one another, both of the Emperor Kwang Hsu—titular ruler of the empire—and of the Dowager Empress, Tze Hsi—virtual ruler for forty-seven years. Events so dramatic in themselves, and so extraordinary in their coincidence could not, and did not, fail to provoke significant comment, coupled with interested expectancy as to what they might portend.

In Peking, however—that city of the unknown and unexpected—all remained outwardly calm; peaceful succession to the throne, without hitch, and practically without disturbance, was accomplished by the proclamation of Pu Yi, the infant son of Prince Ch'un and nephew of the late Emperor Kwang Hsu, as Emperor, with the title Hsuan T'ung, under the regency of his father. Such peaceful succession was made the subject of general comment upon China's innate gift of government, and was hailed as ushering in "the new régime in China," with high expectancy of progress and reform.

It was, consequently, with feelings of extreme disquietude that the announcement was received at the beginning of last January of the dismissal of Yuan Shih-kai, ex-Viceroy of Chihli, Grand Councillor and President of the Wai-wu-pu. Yuan Shih-kai has always been regarded as one of China's strongest and most progressive statesmen

and the best administrator in the Empire. That the Boxer movement had not more disastrous consequences, that the attack on Tientsin failed and the legations were saved was undoubtedly due in large measure to his refusal to send his troops (from Shantung) to join the Imperialist forces. Under his Viceroyalty the Metropolitan province became, as the *Times* correspondent remarked, the most advanced in the Empire. "With Tang Shao-yi he led the anti-opium movement. Since he entered the Ministry for Foreign Affairs China has obtained a measure of respect among the Powers which was unknown before." Such is an appreciation of the great statesman who has now been disgraced, and his dismissal would seem to augur ill for the cause of progress. His downfall was due doubtless to various causes, among which what the Chinese call "recorded enmity" was chief. The present Regent is, we may remember, the late Emperor's brother; and it was Yuan's betrayal to Yung Lu and the Empress Dowager of Kwang Hsu's intention to intern the latter, in 1898, that enabled her to organize the counter stroke which involved the Emperor's practical displacement from power. Still it is difficult to believe that his dismissal from the Councils of Peking can be other than temporary.

Apart, however, from this seeming "setback," it has to be admitted that, in the numerous "reform edicts" issued during the year, there is at least *prima facie* evidence of the genuineness of China's aspirations, and of the Regent's intention to carry out the schemes so foreshadowed. Specially to be noted are the decrees providing for the gradual

preparation of the Empire for constitutional government as a preliminary to which it is proposed to establish a provisional constitutional bureau at the capital, composed of representatives from each province. Again, extension of a similar policy is seen in the admission of the principle of local self government—originally instituted by Yuan Shih-kai at Tientsin—and it is decreed that on the Tientsin model there are to be established, within one year, provincial assemblies throughout the Empire. Furthermore, Imperial orders have been given for the promulgation of laws relating to mining, the press, bankruptcy, meetings and societies, and though the characteristic Chinese policy of "putting things off till tomorrow" seems, so far, to have caused postponement of compliance with the decrees, yet it must be allowed that the fact of admission by the Central Government of the necessity of such legislation is of hopeful significance.

But it is on the rock of finance that China seems to be aimlessly drifting, threatening grave danger to all schemes for her advancement and reform. It has been aptly said of China that although she has finances she has no finance, and, apart from her domestic financial difficulties, the truth of the aphorism has illustration in her seeming indifference towards her foreign indebtedness. China's foreign debt, contracted almost entirely in the last thirteen years, now amounts to some £125,000,000, for the service of which an annual sum of between seven and eight millions sterling is required. Toward this service it is estimated that about £1,000,000 is provided by returns from productive works, leaving, say, £6,500,000, or, at present exchange, about Hailkwan Taels 50,000,000, to be provided from other sources; the method of meeting this annual obligation is as delightfully simple as it is startlingly suggestive of threatened danger. There is, first, the hypothecation of the revenues of the Imperial Maritime Customs, officially estimated for last year (less cost of collection) at Tls. 29,000,000, the balance of Tls. 21,000,000 being secured upon the provincial revenues. The annual provincial remittances to the capital are estimated, under normal conditions, at about Tls. 70,000,000, an amount now apparently reduced to (say) Tls. 50,000,000 by the above mentioned hypothecation of provincial revenues for foreign loan purposes. It would appear, then, that the revenue of the Central Government is reduced to this Tls. 50,000,000, plus such local sources of revenue as Peking may possess. It is impossible to believe that the expenses of the Metropolitan Government can be met by any such sum, and the conclusion is unavoidable that the deficit is made up, *more Sinico*, in other ways. It may be doubted, for instance, whether the amount of the provincial revenues hypothecated for foreign loan purposes is credited to the provincial exchequers in respect of their remittances to Peking; that, in fact, the full quota is still exacted from them, leaving them to make good their loss by such methods as their necessities and ingenuity may enable them to devise; and, indeed, there is good ground for such suggestions in the experience of the past few years, during which have been witnessed new forms of "raising the wind," in the shape of increased burdens on trade, public lotteries, sales of office, issues of debased coinage and of unsecured paper

money. Such expedients, if persisted in, can but end in disaster, and it is most earnestly to be hoped that China will take in hand the reform of her financial chaos, and that without delay.

FOREIGN RELATIONS.

In her relations with foreign powers China has recently been comparatively free from international complications, though at times during the year questions which showed temporary signs of reaching an acute stage arose with Japan, France, Portugal and other countries. With Great Britain no serious question arose, as the boycott and its resultant riots in Hongkong were speedily suppressed by the local authorities. Indeed, the already friendly relations between Great Britain and China were strengthened by the Anglo-Thibetan Trade Convention, signed on April 23, 1908, which consolidated Chinese authority over Thibet, and by the withdrawal of British troops from the Chumbi Valley. With Japan the chief causes of friction were the embargo placed by the Japanese on the construction of the Hsin-min-tum-Fakumen Railway and the seizure in February, 1908, by the Canton customs authorities in the neighborhood of Macao of the Japanese steamer Tatsu Maru, a case in which the main question at issue was complicated by a controversy as to whether the vessel seized was at the time in the territorial waters of China or of Portugal, a controversy which though now quiescent was never settled, as the proper delimitation of boundaries promised in the treaty of December 1, 1897, has never been undertaken. Russia, whose presence in northern Manchuria makes friction easy, has cemented her bonds of friendship with China by the entire removal of her troops, including her legation guards at Peking, from northern China, and by the conclusion of conventions dealing with lumbering in Kirin and the Yalu timber forests. The United States remitted a portion of the Boxer indemnity and concluded an arbitration convention, while the cordial relations between the two countries were increased by the visit of an American squadron to Amoy and the mission of H. E. Tang Shao-yi to the United States in the autumn. With France there was some disturbance on the Tonkin-Chinese frontier which resulted in the payment by China of an indemnity of 250,000 francs. An intimation by Germany that she proposed to undertake, henceforward, the protection of Ottoman subjects in China elicited a reply that as Turkey had no treaty with China her function in that respect must be limited. The incident appeared somewhat discourteous to France, which had traditionally occupied the position which Germany assumed. In July there was signed at Peking a treaty of commerce and friendship between China and Sweden extending and modifying the treaty of 1847, but in December the latter country declined to ratify it on the ground that the text as signed diverged too widely from the Swedish draft first presented for negotiation.

IMPERIAL MARITIME CUSTOMS.

In last year's report note was made of the establishment of a board of control over the Imperial Maritime Customs, and of the issue of instructions to commissioners

to reduce the duties of non-Chinese customs officials, and proportionately to increase the positions open to Chinese, a change which, it was admitted, might command sympathy, provided that the efficiency of the service was not endangered.

In June, 1908, announcement was made of the establishment at Peking of a college for the training of Chinese desirous of entering the customs service, who, on graduation, are to be drafted into the customs indoor staff and the post office. The college was opened in August, the first year's number of students being fixed at thirty-six, to be annually increased by the admission of an equal or larger number. Following on this it has recently been announced in the Peking press that the High Commissioner of Taxes has arranged with the Acting Inspector General of Customs that the graduates from the Customs Training College shall start as fourth grade secretaries and assistants, while those who graduate with first class honors will be appointed deputy commissioners at once.

Presuming the truth of this announcement, it would appear that the Board of Control and the Acting Inspector General of Customs are satisfied that theoretical college training is sufficient qualification for the exercise of the practical duties of the service, a conclusion which will hardly be indorsed by business experience, but, on the contrary, it is to be feared that the foisting of theoretically trained and inexperienced secretaries, assistants and deputy commissioners into executive positions of trust constitutes a danger threatening the maintenance of the hitherto high standard of efficiency which has characterized the service, and which it is most vitally important should be jealously safeguarded.

MANCHURIA.

Further inquiries into complaints which still continued to be received of alleged discrimination in freight charges on the South Manchurian Railway elicited the fact that while the actual rates of freight from Dairen and Newchwang had been equalized, yet the railway company had inaugurated a system of freight rebates, graduating from 3 per cent. on shipment of goods to the value of Yen 100,000 up to 7 per cent. on a value of Yen 500,000, of which Japanese merchants, by combining their shipments through the assistance of their guilds, are able to avail themselves, whereas the ordinary shipper, with whom such combination is not possible, is debarred. Another advantage enjoyed by Japanese shippers of cotton goods is through the operation of a syndicate formed by the spinning and weaving companies of Osaka for the purpose of promoting and extending the market for their goods in Manchuria. The syndicate not only enjoys facilities of especially cheap finance through Government assistance, but is further favored by the shipping companies in the matter of exceptionally cheap freights from Osaka to Dairen.

While it is difficult to see how these "special facilities" can be combated, the fact remains that they, in conjunction with the natural advantage of propinquity of market, confer upon the Japanese merchant a peculiarly commanding position in trade.

Letters from China have expressed considerable anxiety

as regards Japanese pretensions to the exercise of exclusive jurisdictional and administrative control in the so called "railway zones" of the South Manchurian Railway. These pretensions seem to be based on the claim of Japan that, as the successor of Russia to the railway, she possesses, southward of Kwangchentsze, identical rights and privileges to those exercised by Russia in her railway territories. The claims of Russia in this matter are based upon an interpretation—not admitted by China—of Article VI of the unpublished French text of the Railway Agreement signed in September, 1896, between China and the Russo-Chinese Bank, in virtue of which Russia is actually exercising full jurisdictional and administrative control in the territories of the Chinese Eastern Railway. The representations from China regarding this matter receive support from a dispatch addressed on February 13 last by Baron Hayashi, Japanese Minister at Peking, to the Russian Minister there, in which Japan explicitly recognizes Russia's claims to "le droit de l'administration exclusive et absolue" in the territories of the Chinese Eastern Railway, and demanding his Russian colleague's definite reply as to whether Russia reciprocally recognizes the enjoyment of similar rights by Japan in the territories of the South Manchurian Railway. In his reply the Russian Minister expressed his thanks for Japan's prompt compliance with Russia's overtures, and declared that Russia "was prepared to take proper steps" when occasion arose as to questions affecting the right of administration in the territories attached to the South Manchurian Railway, which, it was stated, enjoys its existence under the convention similar to the Chinese Eastern Railway, and which is under conditions similar to those governing the latter company in regard to railway zones.

It is pertinent to note what is "le droit de l'administration exclusive et absolue" exercised by Russia in the territories of the Chinese Eastern Railway. It is defined in a notification to the consular authorities of other nationalities stating the condition under which "all foreigners as well as Russian and Chinese subjects" may acquire the right to reside, hold property and carry on business within the precincts of the railway," which conditions, in the form of a personal undertaking and agreement on the part of the applicant, attested by his consul, impose:

(1.) Obedience to all police, building, sanitary and trade regulations in force, or which may subsequently be promulgated.

(2.) Payment of all taxes and dues existing, or that may at the will of the administration or municipality be imposed at any future time.

(3.) Forfeiture or abandonment of all rights to recourse, legal or national, any redress or compensation, in the event of the administration, for non-compliance by the lessee or tenant under the railway with any regulation, decreeing the forfeiture of his lease, the suspension or closure of his business, and the demolition, at his expense, of any buildings erected by him.

Advices from China are to the effect that Japan is arrogating to herself in her "railway zones" rights and privileges identical with the above, and such reports, moreover, receive corroboration in views which have been openly expressed by leading Japanese. A letter from Newchwang

states that "at Kwangchentsze, Kungchuling, Tiehliang, Mukden, Liaoyang, Tashichao and Newchwang large areas have been occupied by Japan, wherein she not only exercises full administrative rights, but claims entire jurisdiction over all nationals. Among other administrative regulations promulgated by the South Manchurian Railway under 'Company Order No. 14' for the government of these territories is the right of domiciliary search and restraint."

It is difficult to believe that Japan will seriously maintain a policy which is in direct negation of that of the open door and equality of opportunity, and which, moreover, is the very policy which was one of the subject of her quarrel with Russia in ante-bellum days, when she denounced the Chinese Eastern Railway Convention, upon which her present pretensions would appear to be based. The matter has already been a subject of protest by the General Committee, who are awaiting additional information, which has been promised from China, before pursuing the matter further.

The question of the Hsinmintun-Fakumen Railway extension again occupies a prominent place in the correspondence attached to the report, and the full information there given renders any lengthy reference to the matter unnecessary here. So far all representations have entirely failed to move the Japanese veto, though it is still hoped that some plan of compromise may be devised.

HUANGPU CONSERVANCY.

In consequence of continued criticism by certain German shipping firms the Huangpu Conservancy Board caused to be published a memorandum by Mr. de Rijke, dated December, 1907, in which he firmly maintained his opinion that "the fairway in the Gough Island Reach * * must be the Junk Channel, and this for the simple reason that such a uniform channel along the other way, the Ship Channel, would be impracticable, even if not prohibitive, in cost."

On July 9 H. M. S. Cadmus proceeded from Shanghai to Woosung, by way of the Junk Channel, and reported that she did not find less than 19 feet of water at half tide. Not the least advantage claimed for the Junk Channel over the Ship Channel is that ships can proceed from the Yangtze to Shanghai by the former without being called upon to make any abrupt turns or to pass over any shallow places. The latest reports are that the work is proceeding satisfactorily, that a recent survey of the Junk Channel shows an additional depth of water throughout of from 1 to 1½ feet; that the minimum depth in the channel is now 12½ feet, and that a depth of 15 feet has been secured over the greater portion; it is expected that the dredging of the intervening shallows will be completed at an early date.

A much to be regretted incident in connection with the works was reported last September, in the shape of alleged irregularities in the conduct of the dredging operations. Owing to differences between the authorities as to the proper method of investigating these charges, the matter, at the date of writing this report, remains unsettled.

OPIMUM.

The opium question has, naturally, a large place among those which have occupied attention during the year. In its controversial aspect of morality the association takes no part, but the practical side is one which must necessarily excite the keenest attention. The year has witnessed the promulgation of fresh edicts, rescripts and memorials aimed against the opium habit, and it has to be admitted that much energy has been shown, not only on paper but in a practical form (though sporadic in its application), in the closing of opium dens, in the public destruction of opium smoking appliances and in the punishment of offenders against the new regulations. That the desire to suppress the opium traffic is genuine on the part of many high officials is not in doubt; what remains to be seen is the measure of support which will be given to the movement by the empire at large. Time must be allowed before attempting to form a judgment on the point, but reports received from various quarters appear to show that, so far, the Imperial orders have met with very partial obedience; moreover, it would appear that the "energy of suppression," which in certain quarters undoubtedly characterized the movement in its earlier days, is showing signs of gradual subsidence.

From a recently issued Blue Book, containing "a report upon the opium question in China," prepared by Mr. S. Leech, Chancellor of the British Legation at Peking, and made after a special tour through the provinces for personal study of the subject, it would appear that very partial effect is being given to the anti-poppy cultivation decrees. In some provinces it is stated that the prohibition is disregarded altogether, in others that the edicts are a "dead letter," or that they are treated with "general apathy" or "general indifference"; in others that the regulations against poppy growing and opium smoking are a "farce," or that "no real desire for reform is shown," while in several districts reports were "most conflicting"; in very few provinces was there found to be any genuine attempt to give real effect to the orders from Peking. Mr. Leech's report is confirmed by Dr. Morrison, who, too, made the matter one of special study during a recent extended tour. Dr. Morrison certainly was able to point to an apparently satisfactory decrease of poppy cultivation in Honan, which, however, he discovered was explained by the simple and ingenious device of the authorities in making an original return of the area under poppy at 25 to 30 per cent. greater than in fact it was! The following extract from Mr. Leech's report is illustrative: "The apathy," he writes, "of the provincial officials * * is to be chiefly noticed in a growing indifference to whether the rules of the decree of November, 1906, are stringently carried out or not. Generally speaking, smokers do not take out licenses. Dens, though officially closed, are in many cases surreptitiously opened. Opium shops are only spasmodically inspected, while anti-opium societies are gradually dying a natural death from lack of funds or interest, or both."

Light will, no doubt, be thrown on the question through the investigations of the Opium Conference now sitting at Shanghai, for it is understood that they will have at their

disposal reports from every part of the empire, carefully prepared by officers of the consular and customs services, as well as by the missionary body. The report of the commission will be anxiously looked for.

Meantime there has been no delay on the part of His Majesty's Government in giving practical effect to their share in the compact. Orders have gone forth for the reduction of Indian opium exports to China by 10 per cent. annually, while as regards the "opium concerned" colonies drastic measures have been set on foot which threaten confusion to colonial finances. As regards Hongkong, where one-fourth or more of the revenue is derived from opium, the policy of His Majesty's Government was expressed in a telegram to the Governor of the colony, dated last May 4, announcing the decision that "steps must be taken to close the opium dens in Hongkong" and giving as a reason for such decision that "we must act up to the standard set by the Chinese Government." The alarm felt at this decision was expressed in a telegram dated May 9, from the local branch of the association, urging that it was unfair to dislocate the colony's finances so suddenly, and that time should be allowed for the gradual adjustment of the burden of taxation. A resolution of protest against what were considered to be the "arbitrary orders of the Imperial Government" was unanimously adopted by the Hongkong Chamber of Commerce and submitted to the local government, who were requested to inform the Imperial Government that "hasty and ill considered action will be generally resented, whereas a policy of gradual reduction, on the lines of the Government's agreement with India, would be loyally supported." In this connection it is to be noted that in a debate in the House of Commons, the Under Secretary for the Colonies admitted that in carrying out the "decisive action" determined upon "there would be difficulties owing to the revenue derived from opium and to vested interests, but they would be dealt with"; he also stated that "they could not do all at once," and therefore hoped that, though it was intended to take action, disappointment would not be felt "if it was not sudden action, in view of the difficulty in arranging the revenue." There is therefore reason to believe that the drastic measures which it was feared were originally contemplated have been modified by considerations of the practical difficulties involved.

But the steps that have been taken by His Majesty's Government for the curtailment of India's opium exports and for the suppression of the trade in the colonies, as well as by the municipality of Shanghai in undertaking to close the opium divans in the Settlements within a year, by no means satisfy the aims of the British anti-opium societies, who express themselves as "by no means satisfied" with these partial methods, and trust that the "Governments which participate in the International Commission at Shanghai will not hesitate to take the necessary steps to put an end as quickly as possible to the production of opium," thereby showing their profound sympathy "with China in her supreme effort to free herself from this enervating and demoralizing scourge." As an article in the *Times*, however, appositely remarks: "The Chinese must make up their minds that neither we nor others will be

duped into making material sacrifices for the sake of sham reforms. If the opium trade is to cease for us the poppy cultivation must cease with them."

MORPHIA.

It has long been feared, however, by those who are able to take a larger view that the use of morphia might be substituted for opium smoking, and the danger appears in course of being realized. The Shanghai Treaty of 1902 imposed a duty upon morphia of 200 per cent. (previously 5 per cent.), with the result that the hitherto customs declared importation of some 200,000 ounces per annum fell, in 1907, to 96 ounces. The Powers, however, are apparently not satisfied with this seemingly most satisfactory result, and have agreed that the importation by their nationals shall be absolutely prohibited. But, despite treaties and solemn prohibitions, it may safely be assumed that the importation of morphia is in no way checked, and that the quantity introduced into China is nearer 10 tons than 96 ounces. On the evidence of Dr. Main, of the Church Missionary Society at Hankchow—a man who has made the cure of the opium habit one of the chief objects of his life's work—we are told that "since the closing of the dens anti-opium pills, containing morphia or opium in some form, have been freely distributed by the gentry, and shops for the sale of these opium pills are opened everywhere, and are doing a roaring trade. Our (opium) refuge has been empty for months, and, in fact, we have now no use for it. Some have been cured, but most of them who frequented the opium dens have simply replaced the pipe by the morphia pill, and the last state is worse than the first."

TRADEMARKS.

During the year the question of protection of British trademarks in use in the Far East has again occupied a considerable amount of the attention, both of our branches in China and of the general committee.

By Article VII of the Shanghai Treaty of 1902 the Chinese Government undertook to afford protection to British trademarks against infringement, imitation or colorable imitation by Chinese subjects. In order to give effect to this agreement with China, the question of extraterritoriality made it clearly necessary that a similar agreement should be come to with the other Powers concerned in the China trade. Great Britain had already, in 1898, concluded an agreement with France for reciprocal protection of trademarks, and subsequent to the conclusion of the Shanghai Treaty similar agreements were entered into with Italy, the Netherlands, Belgium, the United States, Denmark, Germany and Russia; no agreement was, however, arrived at with Japan, though that country had in 1899 joined the "International Convention for the Protection of Industrial Property."

Early in the year the Chinese Government intimated their desire to proceed with negotiations for the purpose of giving effect to Article VII of the treaty of 1902, but it was held that the conclusion of an agreement with Japan—the country more concerned than any other in trade relations with China—was a necessary preliminary to discussion of the question with China. Negotiations with Japan

to this end have been, and still are, in progress, and there is reason to hope that they may shortly be brought to a satisfactory conclusion.

In the meantime, unfortunately, complaints have been unceasing that certain Japanese merchants have continued to make it a practice (or, to quote from their own press, have made it a business) to imitate well known trademarks, to register them at the Japanese Patent Office, and to claim that, according to the laws of their country, such registrations confer rights of unassailable ownership, provided that protest is not entered against the registration within three years. The suggestion has been put forward that, in order to meet the conditions of Japanese law, registration of all marks in use in the Far East should be made in Japan. It is difficult to see the justice of such suggestion. So far as trademarks in use in Japan are concerned, it is, of course, clearly right that these should be registered in that country, and should seek such protection as Japanese law affords, but it is clearly inadmissible that Japanese merchants should, by the simple process of piracy and home registration, be able to acquire an unassailable ownership in property which does not belong to them; it may confidently be asserted that no such procedure would be countenanced in any other country in the world.

But apart from the question of rights acquired through registration, there are numerous marks which, for a multiplicity of reasons, cannot be registered in the patent offices of Europe and America, but which, nevertheless, enjoy recognized protection through the rights of "prior use." It is conceivable that the difficulties which prevent the registration of such marks in other countries do not obtain in Japan, but it is inconceivable that, through the operation of Japanese law, Japanese merchants should be able to ignore and override the rights of protection through "prior use, which command world wide recognition."

The difficulties and complexities surrounding the question have unavoidably resulted in differences of opinion in the course of the discussion. As has been stated, however, there is now seemingly good hope that a mutually satisfactory solution of the difficulties will shortly be found, and the hopes in this direction are strengthened by publicly expressed opinion in Japan itself, as evidenced in their press, in the utterances of their statesmen and in the more recent decisions of their law courts.

CURRENCY.

The obligation of currency reform—accepted by the Chinese Government in the second article of the Shanghai Treaty of 1902—has not only remained unfulfilled during the six intervening years, but the necessity for such reform has been emphasized by the bewildering conditions of currency which have since been created. By the treaty of 1902 China undertook to "provide for uniform national coinage, which shall be legal tender in payment of all duties, taxes and other obligations throughout the empire"; but so far from the creation of such "uniform national coinage," there has been witnessed during the past two or three years the coinage by the provincial mints of enormous quantities of debased copper coins, and, on such coinage becoming unprofitable, the expedient has been

resorted to by the provincial authorities, and by private native banks, of issues of vast amounts of paper money, seemingly altogether uncontrolled by the central authorities, and certainly insufficiently secured, with the inevitable result of the creation of a currency chaos infinitely more confounded than that which already existed. It is urged, with evident reason, that the present unsatisfactory state of trade in China is in large measure due to this juggling with the currency, and, indeed, no further evidence is needed in proof of this contention than is contained in the fact that the copper money of the country—the money of the people—has become depreciated in terms of silver by 50 per cent., and even more, as compared with the exchange of a few years ago.

The currency decree issued on October 5 is an indication that the situation has at last stirred the Central Government to the necessity of action. The decree opens with the statement that "a standard currency is the fundamental principle of public finance," and proceeds to the admission that "the finances of China are in confusion, and the standardizing of the currency is an urgent necessity"; it is consequently, ordained that there shall be introduced a uniform silver currency throughout the empire, of which a coin weighing one kuping or treasury tael is to be the unit. The decree must be received with satisfaction, as indicating an intention to comply with treaty obligations, though there will, doubtless, be differences of opinion as to the convenience of the unit coin which it is proposed to adopt. There are two points, however, which have been remarked in connection with the decree, the first that no reference is made to the question of a ratio between copper currency and the new tael coinage, and, secondly, no indication is given whether the new coins are to be issued solely from mints under the direct control of the Board of Finance.

At best, however, considerable time must elapse before practical effect can be given to the decree, and, meantime, the perils threatened through the "currency juggling" of the provinces are grave and imminent. The General Committee has, in consequence, addressed His Majesty's Government, expressing the hope that through the diplomatic body at Peking strong representations and remonstrances be made to the Chinese Government on the subject, and has, in reply, been informed that His Majesty's Minister in Peking is fully alive to the importance of the question, and has repeatedly made representations regarding it.

SHANGHAI SETTLEMENTS EXTENSION.

The question of the further extension of the Shanghai Settlements has again come into considerable prominence. It will be remembered that when the Settlements were extended in 1898-9 the claim of the municipality that the extension should include a portion of the Pao-shan district, situated on the northern boundary, was point blank refused by the Chinese authorities, who alleged, among other reasons, that the Pao-shan *hsien* was under different jurisdiction to that of the Shanghai *hsien*, with which alone they were prepared to deal. Finding the Chinese immovable on this point, a compromise was eventually agreed on, the municipality abandoning, for the time being, their claim to the much desired "Pao-shan extension," the Chi-

nese on their part ceding the claimed portions lying within the Shanghai *hsien*.

The provisional nature of the agreement was recognized by all parties at the time, it being foreseen, by the municipality at any rate, that the rapid growth of foreign interests in this northern quarter of Pao-shan—a quarter which in part is wedged most inconveniently into the Settlements, and which from its sanitary conditions, and as being the harborage of rowdies and bad characters, has for years given constant trouble—would undoubtedly necessitate the reopening of the question in the near future. These anticipations have proved to be fully justified, for the northern growth of the Settlements has been so rapid that a large district, which in 1898 was open country, is now covered with streets, houses and industrial undertakings, and is thickly populated; moreover, the fact that the Settlement limit is an imaginary line through this district—in some cases the middle of a municipal road—has raised a situation urgently calling for readjustment.

The agreement of 1898 included an undertaking by the Chinese authorities for the efficient policing and sanitation of the excluded district, an undertaking from which little was expected, and from which still less has been realized. On the occasion of a visit of His Majesty's Minister to Shanghai last spring, His Excellency took the opportunity of personally inspecting the Pao-shan quarter, as to which the Viceroy of Nanking, in reply to representations from the consular body, had stated that "though the Pao-shan police may not yet have reached the standard of foreign forces of the kind, they may yet be expected to improve in time," while "the sanitary conditions of the district need cause no anxiety to the foreign residents of Shanghai." Sir John Jordan, however, reported that "his own observations gave him a very different impression, and convinced him that the Chinese municipal experiment there had so far proved a complete failure. Squatters were living huddled together in mat sheds, and the whole condition of the place showed little, if any, improvement upon those of an ordinary Chinese town."

The absolute inefficiency (and worse) of the Chinese local police force has inevitably engendered grave feelings of insecurity both among Chinese and foreign residents in the district, and at least one prominent Chinese resident has appealed for municipal protection. A leading Chinese journal has described the force as being composed of "infamous ruffians dressed in uniform," while the native press generally has been loud in complaint and in acrimonious criticism of their habitual brutality and violence. The municipal reports teem with records of unceasing friction with the Chinese authorities consequent upon the nefarious action of this so called police force; the records are fully given in the *Shanghai Municipal Gazette*, and need not be detailed here; two cases may, however, perhaps be reproduced, the one as illustrative of brutal crime, the other as an instance of callous conduct born of gross undiscipline and inefficiency. Last June, in broad daylight and in a centre of so called Shanghai civilization, the "uniformed ruffians" brutally beat to death a foreman of the Shanghai Nanking Railway, for which crime no redress was ever obtained, the verdict of the native jury being

"death by poison!" In November, by way of raiding a gambling fraternity, which had for months been allowed to flourish in a district on the immediate boundary of the Settlement, the local police, fully armed, were permitted on show of resistance to open modern rifle fire into the crowd; the result on the gamblers seems to have been nil, but two innocent children were killed, while a third received a sword cut on the forehead. The report of the incident states that no steps have been taken by the Pao-shan authorities to bring those responsible for the tragedy to justice, which seems to be regarded as a regrettable incident, but otherwise not outside the ordinary experience of police work.

The prediction of ten years ago that the non-inclusion of the Pao-shan district in the then extension must entail continual friction with the Chinese authorities has been verified to an extent far exceeding the fears then entertained. In the words of Sir John Jordan "the Chinese municipal experiment has proved a complete failure." Indeed so great has been the failure that it may be doubted whether success was ever seriously intended. Meantime, Shanghai's name as the "Model Settlement" is endangered, and the urgency of the community in pressing their demands must command fullest sympathy. To quote from a recent article in the *North China Daily News*: "An extension of the Settlement is asked for in no spirit of aggression. The expansion of such a city as Shanghai, the main trading centre of this part of the Far East, cannot be restricted artificially, and as things are today neither Chinese nor foreigners can have reason to be satisfied with existing arrangements." The extension is called for not only in the interests of order and sanitation, but in those of common humanity.

RAILWAYS.

It cannot be said that during the past year much progress of a satisfactory nature has been made in the development of railway enterprise in China. We have it stated on competent authority that "complaints of violation of contract are being received from nearly every railway in China in which British capital is interested"—complaints which are said to be occupying the "serious attention" of the British Legation. The case of the Shanghai-Ningpo Railway contract is a prominent instance. The terms of this contract, signed on March 6, 1908, seem to be wholly ignored; the Yu-chuan-pu (Board of Communications) borrowed £1,500,000 of British capital for the construction of this important line (over 200 miles in length), the work to be completed in three years under the direction of a British engineer. It does not appear that any attempt has been made to fulfill the terms of the contract upon which the money was borrowed. The appointment of a British engineer was certainly made by the managing director, but we are informed that the Yu-chuan-pu has permitted the Provincial Railway Bureau to repudiate the director, and to repudiate his appointment of the engineer. The latter, we are told, was induced to leave a good appointment, has received one month's pay, is now in Shanghai without an agreement, and is forbidden to interfere in the construction of the railway, the borrowed money meantime lying un-

touched in the bank; meanwhile what work is being done is stated to be elementary and disgraceful. Again we are informed that the state of affairs in connection with the British section of the Tientsin-Yangtze line is a positive scandal, and that the line is making no progress whatever; the managing director—a Cantonese educated in America—is apparently effectively preventing the work of construction. We are told that, though the survey has been completed, no rails have been ordered, no sleepers purchased and no earthworks constructed; furthermore, that the managing director, instead of residing on the railway, finds better attractions in Shanghai, and has been seen only once by the chief engineer in the course of two months. It is a little remarkable, on the other hand, that the section under German control is progressing satisfactorily. It will be remembered that the agreement for the conclusion of this line, signed in January, 1908, was on terms the most favorable hitherto secured by China; the loan, certainly, is guaranteed by the Chinese Government, but that is all; the railway itself is not mortgaged as security, and European experts have no position except that of employees in the service of the Chinese Railway Administration. In the present chaos of China's finances it may be doubted whether investors, when circumstances are more fully understood, will, in future, not require something more than an Imperial edict by way of security.

Meantime there is some satisfaction in noting that work on the Kowloon-Canton line is proceeding steadily though slowly, and prospects are held out that the British section through Kowloon to Shamchun (on the Kwangtung boundary) will be available for traffic by March, 1910. The Shanghai-Nanking Railway is now completed, and would, no doubt, be working with every success were it not that, owing to *likin* obstruction, it is virtually forbidden to earn money by carrying freight, and the earnings are therefore insufficient to pay interest on the capital; the making good of the deficit will no doubt be a subject of interest to the Central Government. The Kai-feng-Chinchow line has been continued to Hsian-fu, and work on the Peking-Kalgan, and Kwang-chengtsze-Kirin lines seems to be pushing ahead with some degree of vigor; the French line from Hanoi to Yunnan-fu is being vigorously prosecuted, in spite of exceptional engineering difficulties, which are apparently causing an expenditure far in excess of original estimates. Last October the Anglo-French loan of £5,000,000 for the redemption of the Peking-Hankow line was successfully floated; a rescript, published in the *Official Gazette* permits the raising of additional money for this object by means of a domestic loan, the first issue of which is to be \$10,000,000, bearing interest at 7 per cent., plus 25 per cent. of the profits; remark is made on an ominous clause in connection with this loan, which forbids any inspection of the accounts!

But special interest in China's railway development through domestic effort naturally centres upon the great trunk line from Canton to Hankow. Last May the reports were that steady progress was being made—that 24 miles of the line north from Canton were in working order, with a daily service of trains, and expectations were held out that by the end of the year 120 miles would be

open to traffic. Then came disquieting rumors of financial difficulties—difficulties which had been predicted in the China press many months before. The Chinese shareholders in the venture were, we were told, so completely dissatisfied with the directors that the second call upon their shares—amounting to \$12,000,000—produced only \$300,000, the balance being represented by threats and menaces against the directorate, and the opinion was widely expressed that the only salvation of the enterprise lay in the assumption of its control by the Central Government. The justification of this opinion appeared in October, when H. E. Chang Chih-tung (the "father" of the enterprise) was appointed by the Central Government to investigate matters, and was virtually endowed with absolute powers over the undertaking, without regard either to the provincial authorities concerned or to the Board of Communications in Peking. What may be the results of this conflict between the provincial and Central authorities remains, of course, to be disclosed, but it is significant that the president of the Board of Communications—a board appointed as the supreme authority in railway and cognate questions—has been disgraced and cashiered; and the circumstances suggest the creation of a situation full of possibilities of interesting development.

MINING REGULATIONS.

It would appear that China's efforts to comply with Article IX of the treaty of 1902, by which she undertook within one year of the signing of this treaty "to initiate and conclude the revision of the existing mining regulations," have been exhausted in the two attempts of 1905 and 1906, the former emanating from H. E. Chan Chih-Tung, and embodied in "seventy-four principal laws and seventy-three appendices," and the latter consisting of a fresh set of mining regulations propounded by the Imperial Government; both were rejected by the diplomatic body as being entirely impracticable, and nothing more has since been heard of the matter.

The fact would seem to be that the provinces, loud in their cry of "China for the Chinese," are so doggedly opposed to the exploitation of the empire's mineral wealth through foreign aid that the Central Government is powerless to deal with the question. The experiences of two British enterprises may be cited as instancing the results of this paralyzing antagonism. On the Anhwei concession, granted to Sir John Lister Kaye in June, 1904, now the property of the London and China Syndicate, many thousands of pounds have been spent in successfully proving its value; despite, however, the large amount of money that has been so spent, and despite the fact that the syndicate has over and over again declared its readiness to provide adequate capital in joint co-operation with Chinese for the full exploitation of the enterprise, permission to work is steadily refused.

The circumstances of the Kiang Pei-ting Coal and Iron Mining Company are practically the same. The working of these mines (in Szechuan) was originally arranged by the late Mr. A. J. Little in conjunction with the native owners, and was continued up to 1905 to the mutual benefit of the joint partnership. It being found necessary to pro-

vide further capital than could be locally obtained for the full development of the property, Mr. Little and his Chinese coworkers applied in 1904 for a special concession with the object of raising the required money through an Anglo-Chinese Company. The concession was granted, through Peking, in December, 1904, and the Kiang Pei-ting Company was started, with registration in Hongkong, in March of the following year. The terms of the concession were most favorable to the Chinese Government, and stipulated, among other things, for half Chinese ownership, a condition which was faithfully carried out and extended to a proportionate representation of Chinese on the directorate of the company. The formation of the company, however, was the starting point of every possible obstruction by the Szechuan authorities to the prosecution of the enterprise, leading to the entire stoppage of all work, which is the position today. The affairs of the Kiang Pei-ting Company were made a subject of representation to His Majesty's Government on September 28 last.

PROPOSED HONGKONG UNIVERSITY.

Early this year the Association received from His Excellency Sir Frederick Lugard, Governor of Hongkong, details of a project in which he is personally interested for the foundation and endowment of a university at Hongkong. The cost of the buildings, estimated at \$290,000, has been generously undertaken by Mr. H. N. Mody, provided that the public, within six months from January 1, will subscribe the amount—£110,000—required for the endowment. The Colonial Government, subject to the concurrence of the Secretary of State, is prepared to give a very fine site for the buildings. Further particulars of Sir Frederick Lugard's appeal will be found in this volume at page 116.

CHINESE STUDENTS.

The influx of Chinese students into foreign countries noted last year has increased, and not a few of those who have come to England have received advice and assistance as to accommodation and educational facilities from the Chinese students' education committee which was formed under the auspices of the Association.

BRITISH ASSOCIATION OF JAPAN.

The amalgamation in all but name of the British Association of Japan with the China Association, which was foreshadowed in the last annual report, has now been effected. The British Association has absorbed the old Yokohama Branch of the China Association, and is taking steps to revive the branch at Kobe.

ANNUAL MEETING.

At the annual general meeting of the Association, held on April 14, 1908, Mr. J. H. Scott was elected president and Sir Charles Dudgeon chairman, and Mr. George Jamieson, C. M. G., and Mr. R. Chatterton Wilcox were, respectively, elected vice chairman and honorary treasurer. Their term of office expires on the day of the next annual meeting, when a general committee and officers will have to be chosen for the ensuing year. C. J. DUDGEON,
Chairman.

THE ANGLO-SIAMESE TREATY.

A treaty between Siam and Great Britain was signed by the Minister for Foreign Affairs for Siam and the British Minister on March 10, 1909.

The objects of the treaty are, first, to settle political questions in the Malay Peninsula, and secondly, in view of the altered conditions which have arisen in the last fifty years, to make changes in the system of jurisdiction over British subjects in Siam.

As to jurisdiction all British subjects registered in the British consulates before the date of the treaty are subject to the international courts—courts which have been in operation and exercised jurisdiction over British subjects in the north for twenty-five years. All British subjects registered after the date of the treaty are subject to the jurisdiction of the ordinary Siamese courts. When the Siamese codes are completed, this distinction will disappear and all British subjects will be under the jurisdiction of the ordinary courts.

Guarantees are provided in the form of European advisers in all cases in either class of courts where British subjects are defendants or accused. When a European British subject is a party, the adviser will sit in the capacity of judge.

All appeals lie to the Bangkok Court of Appeal, in which judgments are to be signed by two European judges.

Henceforward British subjects will be relieved of the restrictions upon holding of landed property, etc. They will be subject to ordinary taxation.

JAPANESE WASTE SILK TRADE FOR 1908.

During the year 1908 arrivals of waste silk in Yokohama totalled 110,909 bales, which, added to the stocks already in hand amounting to 20,579 bales, comprised a total of 131,488 bales. Of this amount, 106,966 bales were exported, and 12,156 bales were reshipped for consumption in the interior, the total sales reaching 119,092 bales, the balance of 12,396 bales being brought forward to the present year. The total quantity of waste silk exported was 7,250,500 *kin*, of the value of Y7,614,026. In the case of raw silk, prices experienced a sharp fall in 1908, but while prices were considerably lower in the year under review, a generally brisk business has to be recorded, this in a measure compensating for the decline in prices. The quantity of waste silk dispatched from the interior to Yokohama during last year constitutes a record, and the sales negotiated showed a great improvement over the previous year. The following figures explain the arrivals and sales of waste silk during the years ending 1908:

Year	Arrivals	Sold to Foreign Firms
	Bales	Bales
1908.....	110,909	106,966
1907.....	78,958	60,498
1906.....	66,810	68,698

AGRICULTURAL CONDITIONS IN CHINA.

The following report, covering the population of China, its agricultural conditions and the need of modern methods in the cultivation of the soil and harvesting the crops, is furnished by Consul J. C. McNally, of Nanking:

The official census of 1902 gives the population of the Chinese Empire as 430,000,000, covering an area of 4,278,352 square miles, and while the vast area is sufficiently great to comfortably accommodate the population, if properly distributed, many are driven, on account of climatic conditions and agricultural advantages, to certain sections, while the localities lacking in natural conditions that would insure an existence are practically deserted.

China proper has a population of about 410,000,000, covering an area of 1,532,800 square miles, the balance of the population and area being as follows:

Divisions	Population	Square miles
Manchuria.....	8,500,000	363,700
Mongolia.....	2,580,000	1,367,953
Chinese Turkestan.....	1,200,000	550,579
Tibet.....	6,430,000	463,320

The above plainly indicates an unequal distribution of the population, due to the necessity of locating in sections where nature provides food. Manchuria is an uneven country, and having extreme seasons does not appeal to the Chinese, many of whose houses are of the flimsiest sort. Mongolia and Turkestan have similar seasons, with frequent sand storms, and the fertility of the countries is not such as to invite the people within their environments. The eighteen provinces of China proper are practically level, have a suitable climate, and are altogether suitable to the tastes of the vast numbers located in them.

While to the casual observer the teeming population of China indicates an abnormal density of population, yet it is a matter of great surprise to persons traversing the Yangtse River and other parts of China to have an unobstructed view for miles on either side of vacant land, which, though rich and capable of producing, is given over to a listless cultivation of some inferior vegetable or reeds, which latter is used for fuel.

China is an agricultural country, and more than two-thirds of its vast population are engaged in agricultural pursuits, but following a system that was in vogue centuries ago. Increased crops are not the result of advanced cultivation or the application of modern devices to enrich the soil, favorable climatic conditions alone stimulating the yield. The implements of centuries ago are being constantly duplicated, and while in some instances a modern

farm implement is brought into service, its reception is not cordially welcomed.

While China's population are entirely dependent upon the earth's natural food productions for their existence, their knowledge of agriculture seems to be limited to raising only a few things. This may be due to the lack of fertilizing facilities, this branch of the farmer's work being such as to make it practically impossible for foreigners to use their products fertilized under the prevailing system. It would seem as though the introduction of some cheap fertilizer would prove a boon alike to the Chinese, the foreigners living in the Empire, and the exporter. Neither do they protect their crops from extraneous influences, and the variable weather and the depredations of insects make the harvest an uncertain element. Droughts or excessive rains oftentimes destroy what would otherwise be a rich production. Rice of the interior, which is the national cereal, could be made to yield more with the application of modern methods of cultivation. The ancient system with regard thereto, whether as to the variety raised under water or that raised on the highlands, is still in vogue, similar in every way to that of centuries past.

No greater practical gift could be offered the Chinese than the establishment of agricultural and horticultural institutions for the dissemination of practical ideas to guide the thousands engaged in farming. This would obviate the periodical sending of thousands of dollars and shiploads of flour to relieve the starving. Famines in China are attributable to the failure of the rice crop, which is either due to excessive rains and high water or some unforeseen circumstance that might be avoided if the grower were acquainted with the proper methods. Practical knowledge would at once relieve the anxiety of famine and prove infinitely more far-reaching and effective to the corporeal wants of the people than anything else. Besides, it would save hundreds of lives by teaching the methods of growing substitutes for rice, to which the people could have recourse in time of rice famine.

Truck gardening, rice growing and the cultivation of the silkworm are the practical work of the interior, but the land contiguous to the lakes and rivers is almost all unoccupied and uncultivated. The rice of the interior is the universal food, and varies in quality and production in accordance with the climatic conditions of the season. The total dependence of the people upon the yearly rice yield, the failure of which brings misery and death to thousands, should encourage the people in the development of some substitute to protect against the ever present spectre of famine that threatens devastation year after year.

There is no doubt that proper care given to wheat growing in China, as well as to other grains, would greatly enhance the product. The vacant lands drained by the great lakes and rivers could, with proper cultivation, be converted into wheat growing farms. The same could be

done with the more elevated lands of the interior. Wheat growing has had indifferent results due to the lack of knowledge, first in locating the proper ground, and secondly on account of the ignorance of the grower as to the proper methods to use in its cultivation. Land entirely suitable for the raising of wheat exists in China, which could be selected by our Western farmer, but, being a comparatively new departure in Chinese farming, such knowledge does not exist here. The introduction of the modern farming implements as used in agricultural pursuits in the United States is decidedly wanting in China. Those used in centuries past have been duplicated and are still in use, and although of the most primitive character they are used to advantage, all things considered.

It is said that there are about 35 flour mills in the Empire, producing 1,500,000 barrels of flour, which, of course comes into direct competition with the foreign made article, and which, as time goes on, will some day develop to satisfactory proportions. The foreign article is bound to feel the competition of the local product; for in the near future more flour mills will be erected, there will be more lands under cultivation, and the wheat raising of the Empire will present itself as a factor of importance in the supply of its own breadstuffs. As China is today entirely dependent upon her home agricultural products, it would be but an increased development of her natural resources if she would enter upon the raising of wheat and the exportation of flour to the markets now being monopolized by the surplus production of India. In the northwest of Kansu, which province is considered among the most fertile in China, wheat of fine quality is harvested. In lower Yunnan the product is large and satisfactory. In the provinces of Kweichow, Quangtung, Fokien, Chekiang and others wheat of a fair quality is raised, all, however, capable of being made richer by the application of the methods of modern farming.

While in certain parts of China grapes are grown and a sort of wine made from the juice, it is not of such a quantity or quality as to invite attention. The native spirit, which is highly intoxicating, is made of the juice of rice and millet, with an addition of some native ingredient. The textile plants are numerous in China, embracing hemp, China grass or ramie fibre, and cotton. Silk is the product of the worm fed on the mulberry tree; paper is made from the pulp of the bamboo, the fibres of which are used for cord or string. Oil is abstracted from a native tree and is called wood oil. Oil is also made from cotton and rape seed, ground nuts, etc. The opium poppy, while decreasing under the influence of Imperial decrees limiting its culture, is yet a highly important element of soil production, and ranks in this regard with cotton, tea, sugar cane and bamboo.

The Chinese national beverage, tea, is of various qualities, the better and most delicate being the first crop, or the sprout. It is harvested three times a year, and the leaves are prepared as black, green, brick and dust tea. The brick is almost all exported to Russia, Siberia and Mongolia; the other kinds are sent to the United States and Great Britain chiefly. It is said, however, that much of the crop is consumed at home.

The Chinese serve their tea in covered cups, the cover being of a saucer-shaped arrangement which can be sufficiently tilted to admit of sipping, after which the cover is replaced. The tea is prepared by placing a few leaves in the cup and adding some boiling water. It is then covered and allowed to brew. The Chinese drink their tea much weaker than it is used in the United States. It is always served very hot, the Chinese being opposed to cold drinks. If one asks for a glass of water it is always handed out hot.

While the apparent blight of China is the absence of forests, unless it be in wild remote parts, some marketable product is produced. Nothing is spared that will in any way serve as fuel, and the hillsides and slopes of mountains, the last to withstand the onslaught of the woodman's axe, are at last yielding to the demand for kindling wood, and even that cannot half supply the market. In consequence, heavy timber must be imported from abroad, not only to use as building material, but to also supply firewood or kindling.

Among the trees that produce a marketable substance can be mentioned the wood-oil tree (t'ungtz-shu), the gum-lac tree (ts'ih-tz-shu), the tallow tree (kuentze-shu), the wax tree (pehlah-shu), the camphor tree (tsao-kioh-shu), the soap tree, etc.

The mulberry tree, which contributes so much to the leading industry of China, is cultivated for its leaves, on which the silkworm is nourished. This latter industry is of great importance, and the manner of breeding and rearing the silkworm is one of the most interesting studies in China. These trees are plentiful in the provinces of Kiangsu, Chekiang and Szechw'an. In other provinces another variety of the silkworm thrives on the wild-oak leaves, but the better quality subsist on the mulberry leaves.

The greatest blessing in the matter of natural productions that exists in China is the bamboo. To recite the different uses to which it is put would cover reams of paper. It is thought that over sixty varieties of bamboo exist, and it can be properly termed the national plant. It is applied to domestic, commercial and industrial uses. Its shoots are a great delicacy and are among the dainty and expensive dishes that usually grace the tables of the Chinese mandarins. Its roots are turned into canes, while the tapering spire is used in making masts, poles, tables, stools, chairs, chopsticks, pipes, umbrellas, fans, musical instruments, buildings, etc.

The fruit trees of China are the peach, apricot, plum, apple, arbutus, orange, banana, jujube, pineapple, mango, chestnut, walnut, persimmon.

Some of the better class of Chinese, aided by the advice of foreigners in whom they have confidence, are about to enter upon a crusade against the further destruction of the meagre forests that now exist, as well as for the cultivation of new ones. The demands of railways for sleepers and construction materials must be met by importations from Russia and parts north of China.

The beauty of the landscape is greatly marred by the absence of forests or clusters of trees, which, apart from the actual value to be derived from them in divers manners, is a condition that is to be otherwise deplored.

AGRICULTURE IN MANCHURIA.

PRODUCTS AND POPULATION OF THE PROVINCE OF SHENGKING.

The following report covering the agricultural conditions and possibilities of Manchuria is furnished by Vice Consul General Frederick D. Cloud, of Mukden:

Reports from all quarters indicate that the year 1908 has been an unusually prosperous one for Manchurian farmers. Especially is this true as regards the farmers of the province of Shengking, where the crop yield is stated to be 20 per cent. greater than the average annual yield. The general range of prices for all farm products is also somewhat above the average.

The government of this province has furnished a few statistics, which I have converted into American values throughout this report, enlarged from independent sources of information, and arranged in a manner that may be of some value to those interested in the present and future of Manchuria as a market for foreign imports. The Manchurian Government is making a serious effort to inaugurate a system for the compilation of vital statistics of all kinds, and the following statistics are based on data furnished by its new bureau of statistics.

The total population of the province of Shengking (Fengtien) is 10,312,241, of which number 2,520,145 are engaged in agriculture.

ACREAGE CULTIVATED AND LAND TENURE.

The total area of the province under cultivation is 4,333,333 acres—that is, there are 1.72 acres of tilled land per capita of the farming population. This of course does not mean that the average sized farm contains only 1.72 acres, for it is well known that farming is carried on, in many cases, by the family or clan, which may number from 5 to 50 people, who work together on one common farm, sharing the proceeds according to their own private arrangements. Such a farm might, and often does, comprise 100 or more acres. No accurate data is available as to the average size of a southern Manchurian farm, but it is not far wrong to put it at 12 acres. This would make the average rural family number 7 persons, which is approximately correct.

Freeholding is the rule throughout the province, but there is also considerable tenancy, the land being leased from (1) the Government, (2) Manchu princes, and (3) Lama priests. In the case of government lands the terms of lease are such as to make the tenants virtual owners, the leases being in perpetuity and the tenant having to pay only a nominal annual rental. To this class of lands belong the large tracts of "banner land," set aside in times gone by for the use and maintenance of soldiers' families. These soldiers belonged to regiments or corps known as "banner corps," hence the term "banner land." Likewise, in the case of large tracts owned by the Manchu nobility, leases are given in perpetuity, but for this class of land the tenant must pay a higher rental than for government land. Land owned by the Lama priesthood, of which there is a considerable amount scattered throughout the province, is leased on long or short terms, and the rental paid therefor

is usually the highest paid for any land. The rental on Lama land ranges from 6 to 15 bushels (1 bushel equals 60 pounds) of beans to the acre, which at present prices and exchange would amount to \$3.30 to \$8.25 per acre.

The following table shows the principal varieties of grain produced, together with beans, and the value and production per acre of the different crops:

Crop	Yield per acre	Value per acre	Value per bushel of 60 pounds
	<i>Bushels</i>		<i>Cents</i>
Kaoliang.....	35.3	\$11.95	34
Beans.....	31.6	17.35	55
Wheat.....	23.3	16.49	71
Maize.....	23.3	7.89	34
Barley.....	28.0	12.48	44
Millet.....	20.3	9.31	44

The following table indicates the approximate acreage devoted to each crop, together with the total amount produced of each and the approximate total value thereof:

Crop	Acreage per annum	Total production	Total value per annum
	<i>Acres</i>	<i>Bushels</i>	
Kaoliang.....	2,166,666	76,596,642	\$26,019,069
Beans.....	1,300,000	40,716,000	\$22,398,800
Millet.....	433,333	9,099,998	4,008,997
Wheat, barley, maize, tobacco, garden truck, etc.....	433,334	.....	3,900,006
Total.....	4,333,333	.....	\$56,316,869

KAOLIANG AND SOY BEANS.

As shown by the table, kaoliang (sorghum vulgare, Barbadoes millet) is the most extensively grown and the most valuable crop, while the soy bean is second. Kaoliang is the food staple of Manchuria, and bears the same relative value in the food economy of Manchurians that rice does with the southern Chinese, or wheat in the United States. Its uses are manifold. Besides furnishing the greater portion of the Manchurian's daily food, it supplies an alcoholic drink, thatching for houses and barns, matting for summer sheds and winter floors, windbreaks to shield the farmer's household from the icy blasts of winter, and fuel to cook his food and warm his house. No part of the kaoliang plant is allowed to go to waste. Even the stubble and roots are carefully pulled up, dried, and put away for fuel. The green blades are gathered just before the grain is fully ripe, tied in bundles, and stored for winter fodder for the donkeys and cattle.

A kaoliang field after the crop has been harvested is absolutely bare, there being nothing left of the vegetation to re-enter the soil, and herein lies the chief and practically the only objection to the continuous cropping of kaoliang. It requires much from the soil, but gives back nothing in return.

The soy bean, on the other hand, is a good soil fertilizer, and is extensively grown throughout the province, especially in the rich valley of the Liao River. The bean is the greatest of all export crops from Manchuria, and can

always be relied upon to afford the farmer ready cash. Bean oil is used throughout China for culinary purposes, being employed as lard is used in American households, while the residue, after the oil has been expressed, bean cake, is exported mostly to Japan, where it is used for fertilizer. The exports of bean cake from China during 1907 amounted to 278,801 tons, valued at \$7,300,000, or \$26.18 per ton of 2,000 pounds. During the same period there were in addition 89,124 tons of beans exported, valued at \$72,560,790, or at the rate of \$28.73 per ton. The total value of China's bean crop exports for the year 1907 was, therefore, \$9,860,790, the greater part of which was produced in southern Manchuria.

Manchuria has a great advantage over most other agricultural regions, in that the soy bean can be grown most successfully throughout the entire region, from Dalny in the south to Harbin in the north. In the United States, on the other hand, this crop is not grown with much success outside of what is known as the cotton belt.

MILLET AND WHEAT.

The crop that ranks third in importance in the province is millet, of which there are several varieties. The best of these varieties is known as Japanese millet, and is grown mostly for human food. It is a hardy crop and highly valued by the farmer for home consumption, but little is produced for foreign export. The annual crop is valued at about \$4,000,000.

The wheat crop of the province has not as yet become large, but is important in view of the growing tendency among all classes to replace the native cereal foods with wheaten cakes and bread. Thus far but little attention has been devoted to wheat growing, but with the advent of modern flour mills in Manchuria, of which there are several in operation and more being constructed, the native farmer is devoting his thought to wheat production. There is no reason, as far as soil and climate are concerned, why the Province of Shengking should not produce vastly more than enough wheat for the consumption of its entire population. At present the native farmer appears to know practically nothing about the proper selection of seed or the proper methods of cropping, harvesting and marketing of wheat. According to the complaints of the flour mills now in operation, the varieties of wheat grown and the quality of the berries are very fair and would make a good medium grade flour if the farmer would only care for his crop in the right way. But this, apparently, he will not do, for when the wheat comes to the mill it is either musty or weather bleached or foul, from which it is impossible to make a good grade of flour. Therefore, until the Manchurian farmer gives more intelligent attention to the seeding, harvesting and marketing of his crop, wheat growing will remain practically where it is, and as a crop it will continue to be of minor importance.

MAIZE AND SUGAR BEET.

Corn is grown to some extent throughout the province, the Liao Valley, to the east of Liaoyang, affording perhaps the greatest area devoted to this crop. At present the crop is of but little value, owing to defective methods of seed selection, planting and cultivation. The soil and the

climate, however, of southern Manchuria, especially throughout the fertile Liao Valley, are naturally adapted to the abundant production of Indian corn. The rich alluvial soil, together with the long, hot summer days and warm nights, combined with copious showers, constitute ideal conditions for the successful production of corn. With good seed and intelligent cultivation there is little doubt but that Indian corn could be made a more profitable crop to the farmer of southern Manchuria than is either kaoliang or the soy bean.

The loose, loamy soils of Manchuria are particularly well adapted to the growing of all kinds of root crops, and are especially favorable for sugar-beet production. The intense summer sunshine not only gives an abundant yield of roots but produces a high percentage of sugar. Tests made last season at the local experiment farm showed amounts of sugar ranging from 14 to 18 per cent.

A large German beet-sugar concern recently sent an expert from Germany to look into the possibilities of the beet-sugar industry in Manchuria. According to my information his report was most favorable, but whether or not the company contemplates the establishment of a factory in Manchuria is unknown. At Harbin, however, such a factory is being installed.

In view of the rapidly growing demand throughout China for refined sugar, there are undoubtedly great possibilities in the beet-sugar industry in Manchuria.

FRUIT PRODUCTION.

There are but a few varieties of fruit grown in the province, among which the pear, grape, and persimmon are the most valuable. The pears are hard and watery, and while they are good keepers, lasting from season to season, they are not a good table pear. Grapes are grown extensively and are the most satisfactory of all the Manchurian fruits. There is practically but one variety of this fruit, which resembles the California red wine grape. It is not a first class table grape, but as it can be kept through the winter and until spring, it is, as before stated, the most satisfactory of all the Manchurian fruits. The large red persimmon is also grown and is much prized by the Chinese. Because of its abundance it is the cheapest of all the fruits, and constitutes almost the sole fruit diet of the poor classes. Besides the fruits mentioned, there are apples, peaches and plums of poor quality and of no great abundance. Apricots, also of inferior quality, are scatteringly grown among the hills in the southern part of the province.

The inhabitants of Manchuria are exceedingly fond of fruit, but, curiously enough, they seem to take little or no interest in fruit growing.

There is no doubt but that great quantities of excellent fruit could be grown in various parts of the province if only intelligent methods of selection, budding, and cultivation were employed. The striking success which has followed the efforts of American missionaries in Shantung Province to improve native varieties of fruit by introducing scions from American fruits is worthy of emulation in Manchuria. The Chefoo apples, pears, and grapes are now sold in nearly every treaty port in China and command prices second only to fruits imported from the United States.

LIVE STOCK AND FARM LABOR.

The following table shows the principal kinds of live stock in the province, the approximate number and total values of each kind, and the average value per head:

Kind	Number	Value	Average value per head
Horses.....	124,008	\$1,585,398	\$12.80
Cattle.....	68,080	508,898	8.00
Mules.....	124,242	1,780,844	14.33
Hogs.....	1,925,280	4,786,140	2.46
Total.....	2,835,570	\$8,661,174	.....

In addition to those mentioned there are said to be upward of 600,000 head of sheep and goats, valued at about \$1,026,148; so that the total value of the live stock of the province is \$9,577,322. This is indeed a nominal figure in comparison to what it might be with consistent and intelligent breeding.

It is a well known fact that the Manchurian farmer, just as with fruits and grains, takes no pains and gives little thought to the breeding of his domestic animals. His hogs have the run of the farm, and subsist, as best they may, from kitchen and other refuse. The result is exactly what might be expected, a loose-jointed beast, compared to which the aboriginal "razorback" of the Ozark mountains is a well bred animal. Yet, as shown by the above table, the province produces annually 1,925,000 head of these animals.

Scarcely any greater attention is bestowed upon the breeding of cattle or horses. Indeed a vast majority of the horses and cattle of the province are brought down year by year from the plains of Mongolia, where the only occupation of the people is stock raising, and while the Mongolian pony is an excellent work animal he is small and poorly bred.

In animal breeding, as in general farming, a little intelligent selection and care would greatly increase the farmer's net profits.

According to information supplied by the bureau of statistics, before referred to, the average wage paid to farm hands ranges from 12½ to 17 cents per day, or from \$3.75 to \$5 per month. Wages vary, however, in different parts of the province, and also in the different seasons. For instance, during the harvest season transient labor from Shantung is paid as much as 28 cents per day, while at other seasons labor may be had for 8 to 10 cents per day. Most of the farm labor of Manchuria comes each year from Shantung and Honan, and with the approach of winter returns to its native provinces.

The Manchurian government has recently offered to grant free transportation to all the people of Shantung, Honan, and other provinces who were willing to migrate to the three eastern provinces and cultivate the untilled lands of Manchuria.

TRANSPORTATION OF AGRICULTURAL PRODUCTS.

The cost of transporting agricultural products is the chief item of expense in the growing and marketing of a Manchurian farmer's crops, and were it not for the fact that he exchanges only a small part of his products for cash, that which is not required for home consumption, he could scarcely make a living on the average Manchurian farm solely on account of the condition of the country roads. The only means of transportation between interior trade marts for farm products and merchandise as well is the two-wheeled Manchurian cart. This vehicle, capable of carrying a maximum load of about 1,600 pounds, is drawn by four to eight ponies or mules. This method of transport is most costly to the farmer, not because of the kind of vehicle used, but because of the almost impassable condition of the roads. The Manchurian cart is indeed the only kind of vehicle that could navigate the deep-rutted, quagmire-like roads which everywhere prevail throughout al-

most the entire year. The only season of passable roads is during the winter when the mud is frozen to a depth of several feet. It is then that the crops are moved and most of the year's teaming is done.

It is obvious, therefore, that until Manchuria has better roads for the transport of its products it cannot hope to become any considerable factor in commercial agriculture. The best that it may logically hope to do under present conditions is to produce a little more than enough to supply the demand of its own people. With good roads and better transport facilities, however, new markets would be reached, the cost of production and marketing would be reduced by more than one-half, production would be stimulated, and the land of the Manchu would enter upon an era of prosperity and progress scarcely second to that enjoyed by the inhabitants of the trans-Mississippi plains during the past thirty years. The making of good roads must constitute one of the first steps to be taken if Manchuria is to have either prosperity or progress. The Manchurian farmer has undoubtedly been greatly benefited by the opening of the south Manchuria and the Chinese imperial railways, but while railway communication is indispensable, good country roads are also a vitally essential adjunct to the economic welfare of an agricultural community.

LAND VALUES AND TAXATION.

The average value of agricultural lands, according to the statistics referred to, ranges from \$8.40 to \$12.30 per acre for first class land, and for second class land from \$5 to \$7.50 per acre. The general average value per acre, therefore, would be \$8.30. This appears to be an exceedingly low average, but it must be remembered that the values quoted are in American currency, \$1 of which is equal, at the present rate of exchange, to \$2.50 of Manchurian currency, and that the cost of living as between the inhabitants of Manchuria and Americans is roughly in the ratio of 10 to 1—i. e., where it costs the American the equivalent of \$10 silver (Mexican) to live, the Manchurian will get along, in his way, on \$1 silver.

In the matter of taxation it is impossible, from the meager information obtainable, to make a statement which would even approximate the facts. There are land taxes, grain taxes, a salt tax, an opium tax, a tax per head on beef cattle and sheep, a butcher's tax, an export tax, police tax, a school tax, etc. Certain of these taxes—the salt tax, for instance—are fairly uniform throughout the province, but in the main they vary with each magistracy, according to the needs of the districts.

AGRICULTURAL DEVELOPMENT IN MANCHURIA.

Prof. Edward C. Parker, of the University of Minnesota, who was recently employed by the Shungking (Fengtien) government to establish at Mukden an Agricultural College and Experiment Station, writing on the subject of agricultural development in Manchuria, says:

"It is the opinion of the writer that the chief problems of agricultural development in Manchuria at the present time are economic, social, and political problems, rather than scientific problems relative to the stimulation of greater productiveness in the soil. The vast acres of uncultivated land in the north are capable of producing a surplus crop for export, even with crude methods of soil tillage, if transportation facilities could be developed to bring the farmer in touch with world markets. The agricultural problem of Manchuria is not so much the problem of making two blades of grass grow where one grew before as to change the existing economic and social conditions of farm life into an advanced condition of commercial agriculture in which the farmer can produce a surplus of food above local demands and find a ready cash market for that surplus. While improved methods of agriculture are undoubtedly necessary if the Manchurian farmer is to produce a large surplus for export, it is still more necessary that there be a market and a means for reaching that market with the surplus crop.

IMPORTANCE OF GOOD ROADS.

"If good roads could connect with railways and waterways in Manchuria, and if capital could organize the facilities for storing and shipping staple agricultural products, thus bringing relatively high cash prices for agricultural products into every community, there is little doubt but that Manchuria would produce a large surplus of crop for export, and in striving to produce a surplus the farmer would be quickened and fully awake to the advantages of improved methods of agriculture. The Manchurian farmer is not so much in need of the agricultural teachings of European and American applied science as he is in need of the far-sighted genius of such men as James J. Hill in the United States and Shaughnessy in Canada, who built the steel paths of commerce into the fertile fields of North America and were content to wait for dividends until the settlers came in and opened the soil. To-day every farming community in America is in touch with the world markets, and, being in possession of the markets, the agricultural problem of the United States is to increase production by the application of science to the art of agriculture. One hundred years ago the American farmer produced his food, fuel and clothing on the land and exchanged very little of his crop for cash. Then, as transportation facilities developed and the inventive genius of the American applied mechanical principles to agriculture, the old system of "produce-and-consume-what-you-produce" farming passed away and crop products are now exchanged for cash, and the farmer buys coal for fuel and factory goods for his clothes. The Manchurian farmer of today is in a stage more remote from the highest modern civilization than the American farmer of one hundred years ago, and this fact must be realized in considering any government policy for the improvement of agriculture.

DEMONSTRATION IS NECESSARY.

"The Chinese character seems to lend itself to the adoption of new methods from demonstration rather than from reading or oral teaching, and thus in formulating plans for improving conditions in Manchuria the work of demonstration should have an important place. Government demonstration and experiment farms should be established in all the important regions of Manchuria and efforts be made to interest the farmers in simple machines, such as plows and seed drills, and in better methods of cultivation in anticipation of the time when better markets for the surplus crops of Manchuria may develop. Such machines as the two horse American plow are within the reach of the common people, and I am convinced that the people would be interested in such machines if they had the opportunity of witnessing their work.

"The potential wealth of Manchuria lies to a far greater extent in the soil than in either timber or minerals, and should Manchuria ever be developed to its full possibilities its products, both in quantity and quality, would be as famous in the world's markets as the wheat of Canada and the cotton, corn and beef of the United States. Manchuria is a country of tremendous agricultural possibilities."

THE RAW SILK TRADE OF JAPAN FOR 1908.

The arrivals at Yokohama of raw silk from the producing centres during the year 1908 aggregated 225,145½ bales, which, together with the stocks in hand of 40,514 bales, carried stocks in Yokohama to 265,659½ bales. Of this amount 209,485½ bales were shipped for export, while 17,241½ bales were returned for home consumption. The total sales during last year amounted to 226,727 bales, and the stocks brought forward to the present year comprise 38,932½ bales. When the above mentioned figures are compared with 1907 it will be found that arrivals of raw silk in Yokohama showed an increase last year to the extent of 24,381½ bales, and sales also showed an increase to the extent of 51,964½ bales, including 40,26½ bales exported and 5,038 bales which were returned to the interior. Not

only did last year's business show a great improvement over the previous year, but the increase is the largest yet experienced. Various causes contributed to the brisk market witnessed last year, but the factor which must be held as greatly responsible was the state of the market during the early part of 1907, which caused producers to accumulate large stocks, these remaining in their hands until the following year, when lack of funds compelled reelers to dispose of their holdings. Although there was a marked increase in the quantity exported, prices were not on a corresponding high margin, as is apparent when the figures are compared. The value of the silk exported during 1907 was ¥116,000,000, while in the following year the total sales only realized ¥108,607,636, showing a fall of over ¥8,000,000 during the period. Of course the abnormally high prices ruling during 1907 are responsible for this, and it is of interest to record the prices ruling during that year, as follows: Fine sized silk, ¥1,268; coarse sized silk, ¥1,258; rereels, ¥1,222, and miscellaneous silk at ¥1,209 per bale, this showing the average price of raw silk during 1907 to be ¥1,256 per bale. The following figures are also instructive as illustrating the fall in prices during 1908: Fine sized silk, ¥957; coarse sized silk, ¥949; and rereels, ¥928, while miscellaneous silk could be obtained at such a low price as ¥797. It will thus be seen that during 1908 the average market value of raw silk was only ¥943, showing a drop of ¥313 in the course of a year. In the following table the sales of various descriptions during the year 1908 are given:

	Stocks	Arrivals	Exported by Foreigners
Filatures	81,796	188,673	98,228
Re-reels	7,567	97,061	10,716
"Orikaeshi"	1,128	9,888	6,249
"Teppo" and others	9	174	0
Totals	40,514	225,145	108,197

	Exported by Japanese	Re-shipped to Interior	Stocks in hand, 1909
Filatures	85,174	12,855	30,818
Re-reels	18,686	5,878	6,289
"Orikaeshi"	1,475	1,088	1,088
"Teppo" and others	23	69	69
Totals	100,998	17,941	38,932

The total sales of raw silk during the past ten years are as follows:

Year	Arrivals	Sold to Foreign Firms
	Bales	Bales
1908	225,145	108,178
1907	200,704	88,877
1906	178,773	108,850
1905	148,878	75,500
1904	189,868	108,851
1903	148,364	84,520
1902	146,875	97,485
1901	148,138	118,435
1900	110,864	81,618
1899	118,797	68,901

Year	Directly Exported by Japanese	Shipped to the Interior	Total Sales
	Bales	Bales	Bales
1908	100,998	17,941	226,717
1907	78,938	12,908	174,768
1906	80,480	13,906	196,945
1905	47,878	11,088	124,437
1904	58,728	18,813	178,888
1903	88,708	12,587	120,888
1902	89,488	11,808	148,351
1901	84,432	10,473	127,348
1900	84,436	10,545	88,888
1899	81,877	16,499	114,851

THE AMERICAN ASIATIC ASSOCIATION.

The Association had its origin in a conference of merchants and others interested in the defense and maintenance of the commercial rights and privileges possessed by the United States in China, held at 59 Wall street, New York, on Thursday, January 6, 1898. It was resolved that a committee of five be appointed by the chair to confer with the appropriate committee of the Chamber of Commerce, and, if deemed desirable, to communicate with other commercial bodies throughout the country in relation to the methods to be adopted to conserve the rights of citizens of the United States in the Chinese Empire. The committee thus appointed consisted of Mr. Everett Frazar, of Frazar & Co.; Mr. S. D. Brewster, of Deering, Milliken & Co.; Capt. E. L. Zalinski, of the Bethlehem Iron Company; Mr. Clarence Cary, of Cary & Whitridge, and Mr. John Foord, of the *Journal of Commerce and Commercial Bulletin*. This committee conferred with the Committee on Foreign Commerce and the Revenue Laws of the Chamber of Commerce, and submitted to it a petition, together with other data bearing on the trade and treaty rights of American citizens in China.

The petition set forth that the movements of European powers then recently occurring, and likely to occur within the territory of the Chinese Empire, did affect and might ultimately prove highly detrimental to the trade privileges enjoyed there by American citizens. It was therefore urged that the Chamber of Commerce of the State of New York should take such immediate action in the premises as might be deemed expedient and proper, to the end that the situation might be brought to the attention of the Department of State at Washington, and that the important commercial interests of the United States, together with the existing treaty rights of her citizens in China, might be duly and promptly safeguarded.

Through its chairman, Mr. Gustav H. Schwab, the Committee on Foreign Commerce and the Revenue Laws submitted a report to the Chamber of Commerce on February 3, 1898, in which, after detailing the proportions which American trade with China had then attained, and adverting to the possibilities of its expansion, attention was directed to the fact that the steps taken by European powers to occupy Chinese territory were calculated to substitute the laws of foreign governments for those of the Chinese Empire to the probable restriction of American trade. Accompanying the report there was submitted a memorial to the President of the United States urging that such steps be taken as might be necessary for the prompt and energetic defense of the existing treaty rights of our citizens in China, and for the preservation and protection of their important commercial interests in that empire.

The report and memorial were adopted, and the latter, signed by the officers of the chamber, was sent to the Presi-

dent of the United States. The reply was transmitted by the then Secretary of State, Mr. John Sherman, and contained the following statement: "This Government having been the first to bring about the opening of the ports of China to foreign commerce, and the commercial relations of the United States with the Chinese Empire having been of large and growing importance during the forty years since its treaties with that empire went into effect, this department necessarily feels a deep interest in conserving and expanding the volume of trade with that country."

The Chambers of Commerce of Philadelphia, Boston, Cleveland and San Francisco were also communicated with, and those of Philadelphia, Boston and San Francisco took action by sending similar communications to the President.

The American Asiatic Association was formally organized at a meeting held in New York on June 9, 1898, with an enrolled membership of a little over fifty. The activity of the organization has been duly recorded in its Journals, which, published at first at irregular intervals, are now issued monthly.

In compliance with a suggestion addressed by the Executive Committee of the Association to certain representative American merchants in Shanghai, "The American Association of China" was provisionally organized at a meeting held in the Municipal Board Room on December 16, 1898. Its primary objects were declared to be "the furtherance of American trade and other interests in China, and the defense of American rights."

A similar suggestion led to the organization of the American Asiatic Association of Japan on June 26, 1899.

The Association has addressed itself, in a variety of ways, to the education of official and public sentiment in the United States in regard to the magnitude of the industrial and commercial interests involved in the maintenance of our existing treaties with China. Frequent occasions have been found to address the President of the United States and the Secretary of State, in personal interviews as well as by letter and memorial, in regard to questions affecting the relations between the United States and the Empire of China. The representatives of the Association have uniformly been accorded, both at the White House and the Department of State, the most respectful attention, and their advice has been welcomed in all matters relating to commercial intercourse between this country and China and Japan.

The general scope of this phase of the activity of the Association may be indicated in the following points of the memorial presented to President Roosevelt on December 18, 1901: (1) The importance of preserving the territorial integrity of the Chinese Empire and of opposing all attempts to place under foreign control the three eastern provinces known as Manchuria; (2) the desirability of repealing the tea duty as an aid to the increase of Chinese exports; (3) the necessity of establishing the validity of the transit passes issued to clear imported merchandise from the payment of inland taxation; (4) the propriety of extending to the enterprise of the Commercial Pacific Cable Company all the

encouragement that could be given to it by the Executive branch of the Government; (5) approval of the efforts then being made to establish an American Asiatic bank in China and the Philippines, and (6) the urging of action on the part of the Government of the United States for the purpose of hearing and determining the claims of American citizens arising out of the loss of life and property during the recent disturbances in China.

The Executive Committee of the Association took an active part in discussing with the Department of State the terms of the new treaty of commerce with China, and did their best to make the terms of that convention more definite, in certain important respects, than those of the antecedent British treaty.

The official representatives of the Association have neglected no opportunity to oppose the offensive application of the provisions of the Chinese Exclusion Acts, and have, at the direction of the collective membership of the Association, thrown all its influence on the side of liberalizing the entire body of that legislation. President Roosevelt's recommendations on this subject have had the very earnest and active support of the Association. The President promptly followed up some remonstrances addressed to him by representatives of the Association in regard to the unnecessary severity of the administration of the Chinese exclusion laws by issuing directions to the Department of State and the Department of Commerce and Labor calculated to remove some of the grievances of which complaint had been made.

The Association was prompt to recognize the value of the co-operation of Japan in establishing the principle of the open door for commerce in the Far East, and the victories of the arms of Japan over the power whose aggressive policy contained the most serious menace to equality of commercial opportunity were hailed by the Association as triumphs for the cause which it had consistently championed.

The Association has never ceased to advocate a reform of the currency system of China, and has used every effort to promote the kind of international agreement under which that reform can be most readily effected. This and other necessary aids to the promotion of American trade in the Far East remain, however, among the objects to which the future activity and influence of the Association must be directed.

Meanwhile, the sphere of influence within which the work of such an organization as this can be most profitably exerted is that of public education. The magnitude of the problems involved in the relations between the United States and the countries of Eastern Asia is too imperfectly appreciated by the great body of the American people to make possible the adoption of any stable and coherent Asiatic policy on the part of their Government. It will be the steadfast endeavor of this Association to bring about the substitution for a policy of makeshift and of temporary compromise by a policy calculated to stand the test of time and to place the United States, as compared with other nations having important Asiatic interests to conserve, in a position befitting its national dignity and its rank as the greatest of Pacific powers.

CONSTITUTION.

ARTICLE I.

NAME.

The name of this Association is The American Asiatic Association.

ARTICLE II.

OBJECTS AND PURPOSES.

The objects and purposes of this Association are:

1. 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;
2. To secure the advantages of sustained watchfulness and readiness for action, attainable by union and permanent organization, in respect of such Asiatic trade, and as well in matters of legislation, or treaties affecting the same;
3. To promote the creation and maintenance of a consular service of the United States in Asia and in Oceania which shall be founded upon the principles of uniform selection for proved fitness, of regular promotion, security of tenure during good service, and adequate compensation;
4. To provide for convenient ascertainment and distribution of information affecting the interests of its members;
5. And, generally to promote a beneficial acquaintance and association of those having interests and pursuits in common concerned with such trade or commerce.

ARTICLE III.

MEMBERSHIP.

Sec. 1. Any person of full age, who is or may become interested in the trade now or hereafter to be conducted by the United States in or with the empires of China, Japan and Korea, or elsewhere in Asia or Oceania, shall be eligible to membership in the Association. Corporations and firms are eligible for membership in the same manner as individuals, and shall be respectively entitled to one vote each at any meeting of the Association, as if they were individual members.

Sec. 2. After the first enrollment, applicants for membership in the Association shall be proposed by one member and seconded by another member in writing.

Sec. 3. Membership shall be acquired only upon approval and election by a majority of the Executive Committee, and upon payment of the current dues. If an applicant for membership shall fail to pay such current dues within sixty days of notice of election, addressed to him by mail at such place as may be given as his address in the application for membership, his election shall be void.

HONORARY MEMBERSHIP.

Sec. 4. The Association may, by a majority vote of the members at any regular meeting or at any special meeting called for the purpose, admit to honorary membership in the Association such person or persons as shall have rendered eminent political, diplomatic or military service in the advancement or protection of American Asiatic trade or commerce, and such honorary members shall not be chargeable with any dues.

ARTICLE IV.

OFFICERS AND EXECUTIVE COMMITTEE.

Sec. 1. The officers of the Association shall be a President, seven Vice Presidents, a secretary and a Treasurer, who shall be elected at the annual meeting or at any special meeting duly called for the purpose, and shall hold their respective offices for one year or until the next annual meeting thereafter, and until their respective successors are elected.

Sec. 2. The officers of the Association shall be ex-officio members of the Executive Committee.

Sec. 3. There shall be an Executive Committee consisting of twelve members.

Sec. 4. The members of the Executive Committee shall be elected at the annual meeting or at any special meeting called for that purpose, and shall be divided into three equal classes, which, selected by lot, shall hold office, in the case of the first until the next ensuing annual meeting; in the case of the second until the second next ensuing annual meeting, and in the case of the third until the third next ensuing annual meeting, or until their successors are chosen.

Sec. 5. Members of the Executive Committee to replace any outgoing class for a term of three years, and to fill vacancies, if any, in the other classes, shall be elected at the annual meeting, but the Committee may itself fill such vacancies, if any exist, pending the annual meeting.

ARTICLE V.

PRESIDING OFFICERS.

The President or, in his absence, one of the Vice Presidents shall preside at all meetings of the Association.

ARTICLE VI.

TREASURER.

The Treasurer shall collect all dues and claims of the Association, and shall deposit its funds in a proper depository to be selected by the Executive Committee; he shall keep the accounts of the Association and report thereon at each regular meeting of the Executive Committee and of the Association. Such accounts shall be audited by the Executive Committee annually. He shall pay all bills when certified as correct, as prescribed by the Executive Committee, and shall also notify persons elected to membership of their election, and sign all checks of the Association unless otherwise provided by the Executive Committee. The Treasurer shall further perform such other duties as may from time to time be prescribed by the Association or the Executive Committee.

ARTICLE VII.

SECRETARY.

The Secretary shall give notice of all meetings of the Association and of the Executive Committee, and shall keep the minutes of such meetings. He shall conduct the correspondence, and keep the records of the Association. He shall furnish the Treasurer the names of all persons elected to membership, and shall be the keeper of the seal of the Association.

ARTICLE VIII.

DUTIES OF EXECUTIVE COMMITTEE.

Sec. 1. The Executive Committee shall adopt a proper seal for the Association, and shall have general charge of its affairs, funds and property. It shall have full power and it shall be its duty to carry out the purposes of the Association according to the Constitution and By-Laws.

Sec. 2. The Executive Committee shall have power to fill all vacancies which may occur in the offices of the

Association for any unexpired term of such office, and also to fill all vacancies in the membership of the Executive Committee until the next annual meeting or until an election may be held to fill any such vacancy. Six of the members of the Executive Committee, including its ex-officio members, who reside or carry on business in the City of New York, may constitute a quorum for the meetings of such Committee.

ARTICLE IX.

MEETINGS.

Sec. 1. There shall be an annual meeting of the Association in the City of New York on the third Thursday in October in each year, beginning with the year 1898, at such hour and place as the Executive Committee may designate.

Sec. 2. At all meetings of the Association ten members shall constitute a quorum for the transaction of business. If no quorum be present, the presiding officer may adjourn the meeting to any other day thereafter.

Sec. 3. Special meetings of the Association may be called at any time by the Executive Committee. Upon the written request of five members the President or, in his absence, the Vice President shall call a special meeting of the Association. The request for a special meeting and also the notice of any special meeting shall state the object for which the meeting is called.

Sec. 4. Notice of all meetings, whether annual or special, shall be mailed to each member of the Association at least three days prior to the meeting, at the address which such members shall furnish to the Secretary for that purpose.

ARTICLE X.

ANNUAL DUES.

Sec. 1. The annual dues for membership in the Association shall be ten dollars, payable annually in advance on the first day of July in each year.

Sec. 2. Should the dues of any member remain unpaid for the space of two months, the Treasurer shall cause him to be notified by mail of the fact, and if such member then fails to pay such dues within two months after such notice shall have been deposited in the mail his name may be stricken from the rolls by the vote of a majority present at any meeting held thereafter, but such defaulting member may at any time thereafter be restored to membership by a like majority vote of the Association at any meeting of the same, and on payment of all such dues as may then be in arrear.

ARTICLE XI.

CENSURE, EXPULSION, ETC.

Any member may be censured, suspended or expelled for a violation of this Constitution or of any rule or By-Law established thereunder, or for any conduct which in the opinion of the Association is improper and prejudicial to the welfare and reputation of the Association, by a vote of three-fourths of the members of the Association present at any regular meeting thereof, provided ten days' previous notice in writing of such meeting has been given to the member whose case may be thus under consideration, together with a statement of the charge which has been made against him.

ARTICLE XII:

RESIGNATIONS.

Resignations of membership shall be made to the Secretary in writing, and shall be duly accepted, provided such member shall be in good standing and shall not be in default of any current annual dues at the time of offering his resignation

ARTICLE XIII.

AMENDMENTS.

This Constitution may be amended at any annual meeting of the Association or at any special meeting called for the purpose by a two-thirds vote in the affirmative, a quorum being present and voting. Notice of proposed amendments shall be furnished to the Secretary at least fifteen days before the meeting at which it is proposed to consider them, and the Secretary shall cause such notice

to be printed and sent to the address of each member at least ten days before such meeting.

ARTICLE XIV.

BY-LAWS.

By-Laws not inconsistent with this Constitution may be proposed and adopted at any regular meeting of the Association, or at any special meeting called for the purpose of considering the same, but the terms or nature of such By-Laws must be set forth in the notice to be given of any meeting at which they are so to be considered.

LIST OF MEMBERS

HONORARY MEMBERS.

Hon. William W. Rockhill, Envoy Extraordinary and Minister Plenipotentiary of the United States to China.
Hon. John Barrett, Director of the International Bureau of American Republics.
J. Edward Simmons, President of the Chamber of Commerce of the State of New York.
Louis Klopsch, Editor of the *Christian Herald*, New York.

MEMBERS.

Abbeville Cotton Mills, Abbeville, S. C.
Adams, Francis A., New York.
American Lithograph Company, New York.
American Locomotive Works, New York.
American Spinning Company, Greenville, S. C.
American Trading Company, New York.
Amory, Browne & Co., New York.
Amringe, George, New York.
Anderson Cotton Mills, Anderson, S. C.
Ansonia Clock Company, New York.
Appleton, Herbert, New York.
Arnhold, Karberg & Co., New York.
Ault & Wiborg Company, Cincinnati, Ohio.
Babcock, L. Hollingsworth, New York.
Baily & Co., Joshua L., New York.
Baldwin, Wm. D., New York.
Baldwin, Wm. H., New York.
Barber & Co., New York.
Barlow, Peter T., New York.
Batcheller, Geo. Clinton, New York.
Bear Mill Manufacturing Company, New York.
Belton Mills, Belton, S. C.
Bemis, W. E., New York.
Bennett, Sloan & Co., New York.
Birdseye, H. W., New York.
Bliss, Fabian & Co., New York.
Borden's Condensed Milk Company, New York.
Bowring & Co., New York.
Brandenstein & Co., N. J., San Francisco, Cal.
Breyfogle, Wm. L., Lake George, N. Y.
Brice, W. K., New York.
Briesen, R. von, New York.
Browne & Co., New York.
Burke, O. P., New York.
Burnham, Williams & Co., Philadelphia, Pa.
Busk & Daniels, New York.
Butterfield, W. J., New York.
Camera, L., Jardine, Matheson & Co., Shanghai, China.
Cameron, Allan, New York.
Capelle, Herman Company, The, New York.
Capen's, A. M. Sons, New York.
Carl, Francis A., Shanghai, China.
Carleton, I. Osgood, New York.
Carlowitz & Co., New York.
Carter, Macy & Co., New York.
Cary, Clarence, New York.
Cary, John C. Lockhart, S. C.
Catlin & Co., New York.
Caughy, Clemens J., New York.
Chartered Bank of India, Australia and China, New York.
Chase & Sanborn, Boston, Mass.
Cheshire, Fleming D., Shanghai, China.
Childs & Co., New York.
China and Japan Trading Company, New York.
Chiquola Manufacturing Company, Honea Path, S. C.
Cholwell, Geo. C. & Co., New York.
Chubb & Son, New York.
Claffin, The H. B. Co., New York.
Clough, W. P., New York.
Collins, Robt. Moore, London, England.
Conant, Charles A., New York.
Copmann, J. W., New York.
Cordes & Co., E. D., New York.
Cordova, Chas. de, New York.
Corn Exchange Bank, New York.
Crawford, William, New York.
Curry, Frank, New York.
Danielson, John W., Providence, R. I.
Deering, Milliken & Co., New York.
Deeves, J. Henry, New York.
Deeves, Richard, New York.
Delacamp & Co., New York.
Denby, Hon. Chas., Shanghai, China.

Derby, Richard, New York.
Dick, Fairman, New York.
Dodge, Francis E., New York.
Dodge, Philip T., New York.
Dodwell & Co., Shanghai, China.
Donald, James, New York.
Draper, Arthur J., Charlotte, N. C.
Dudley, F. N., New York.
Durdan, H. P., New York.
Easly Cotton Mills, Easly, S. C.
Eddy, Thomas A., New York.
Edwards, Chas. A., New York.
Eldredge, Lewis & Co., New York.
Equitable Life Assurance Society, New York.
Fairbanks, Thos. Nash, New York.
Farrell, J. D. (O. H. Cline), Seattle, Wash.
Faulkner, Page & Co., New York.
Fay, Egan Company, J. A., Cincinnati, Ohio.
Fearon, Daniel & Co., New York.
Fireman's Fund Insurance Company, San Francisco, Cal.
Fischer, Emil S., Tientsin, China.
Fiske, Haley, New York.
Fleitmann & Co., New York.
Forbes, Francis Blackwell, Boston, Mass.
Foord, John, New York.
Fraser, Alfred, New York.
Frazar & Sale, Ltd., New York.
Funch, Edye & Co., New York.
Gardner, Wade, New York.
General Electric Company, Schenectady, N. Y.
Gerlach, Prof. Daniel, Brielle, N. J.
Gerrish, W. L., New York.
Gillies, A. P., Tacoma, Wash.
Gillet, Sully, New York.
Gossett, J. P., Williamston, S. C.
Gottlieb, Mitzutany & Co., Chicago, Ill.
Grant, W. Henry, New York.
Green, C. A. (R. G. Dun & Co.), New York.
Greene, Edwin Faraham, Boston, Mass.
Greene, Willard R., New York.
Guggenheim, Daniel, New York.
Guggenheim, Isaac, New York.
Gurley, W. & L. E., Troy, N. Y.
Haines & Bishop, New York.
Hall, Albert C., New York.
Hamilton, John W., New York.
Hanna, John W., New York.
Hancock, H. Irving, Blue Point, N. Y.
Hardley, J. Wheeler, New York.
Harriman, E. H., New York.
Harris, Grenville A., New York.
Hartley Company, The M., New York.
Heintzleman, Percival Stewart, Washington, D. C.
Hellyer, F. (Hellyer & Co.), Chicago, Ill.
Henrietta Mills, Caroleen, N. C.
Hess, R. P., Weed, Siskiyou County, Cal.
Hewlett & Lee, New York.
Hickman, T. I., Augusta, Ga.
Hicks, Chas. F., New York.
Hill, Samuel, Seattle, Wash.
Hinck, A. J. & Brother, New York.
Hirth, Friedrich, New York.
Hopkins & Hopkins, Washington, D. C.
Houlder, Howard & Partners, New York.
Hubbard, John, New York.
Huber, Jacques, New York.
Hubbard, Thomas H., New York.
Hunt & Co., Robert W., Chicago, Ill.
Jacobs, M. R., New York.
Japanese Fan Company, New York.
Jenks, Jeremiah W., Ithaca, N. Y.

Jennings, O. G., New York.
Jones, Andrew D., New York.
Jones, Jos. A. (Arnold, Cheney & Co.), New York.

Kanzow, O. C., New York.
Kerr, Gifford & Co., Portland, Ore.
Kimball, David P., Boston, Mass.
King, Hamilton, Bangkok, Siam.
Kutze, Walter, New York.

Ladenburg, Thalmann & Co., New York.
Lane & Co., Geo. W., New York.
Law, Wm. A. (Vice President Merchants' National Bank), Philadelphia, Pa.
Livermore, John R., New York.
Lodge & Shipley Machine Tool Company, Cincinnati, Ohio.
Loomis, Laurus, New York.
Low, Dr. Seth, New York.

Martin, Edward Elsworth, New York.
Martin, Newell, New York.
Marvin, Geo. (United States Consulate), Mukden, China.
Maryland Steel Company, New York.
McConway & Torley Company, Pittsburg, Pa.
McCook, John J., New York.
McCormick, Frederick (American Consulate), Peking, China.
McIntyre, Wm. H. (Standard Bank of Africa), New York.
McKinley, Wm., Jr. (W. H. Langley & Co.), New York.
Meyer, John Henry, New York.
Meyer, Chas. D., New York.
Mills, A. G. (Vice President Otis Elevator Company), New York.
Minot, Hooper & Co., New York.
Mitsui & Co., New York.
Montgomery & Co., J. and John R., New York.
Moore, Chas. A., New York.
Morewood & Co., New York.
Morgan, Hon. Edwin (American Legation), Havana, Cuba.

New York Leather Belting Company, New York.
Norden & Co., A., New York.

Oake, Walter, Seattle, Wash.
Oelrichs & Co., New York.
Okonite Company, New York.
Orr Cotton Mills, Anderson, S. C.

Pacific Export Lumber Company, New York.
Pacific Mail Steamship Company, New York.
Pacolet Manufacturing Company, Pacolet, S. C.
Pannenberg, W., New York.
Parker, Wilder & Co., New York.
Parsons, William Barclay, New York.
Patton Paint Company, Newark, N. J.
Paul, Hermann, New York.
Peabody & Co., Henry W., New York.
Pepperell Manufacturing Company, Boston, Mass.
Percebois, D. (Imp. Maritime Customs), Shanghai, China.
Philadelphia Commercial Museum, The, Philadelphia, Pa.
Phillips, Wm. (Dept. of State), Washington, D. C.
Phoenix Silk Manufacturing Company, New York.
Piedmont Manufacturing Company, Greenville, S. C.
Pomeroy & Jenks, New York.
Post & Co., Alfred H., New York.
Probst, A. C., New York.
Putnam-Hooker Company, The, Cincinnati, Ohio.

Read, Wm. A., New York.
Reedy River Manufacturing Company, Greenville, S. C.
Reid, John, New York.
Reynolds, Jas. Bronson, New York.
Robbins & Appleton, New York.
Rockhill, Clayton, New York.
Roe, Livingston, New York.
Rogers, James H., New York.
Roome, Wm. P. (Acker, Merrill & Condit), New York.
Russell & Co., New York.

Sampson, Chas. E., New York.
Schatt, Prof. Oliver G. J., New York.
Schieren & Co., Charles A., New York.
Schiff, Jacob H., New York.
Schmitz & Co., C., New York.
Seager, John C., New York.
Seaman, Major L. L., M. D., New York.
Seligman & Co., J. & W., New York.
Sellers & Co., William, Philadelphia, Pa.
Sewall, Harold M., Bath, Me.
Shepard, Augustus D., New York.
Shewan, Tomes & Co., New York.
Sirrime, J. E., Greenville, S. C.
Sloan, Francis H., New York.
Sloane, William, New York.
Smith, A. W., Woodruff, S. C.
Smith, E. A., Charlotte, N. C.
Smith, Elijah P., New York.
Smith, E. R., New York.
Smith, Hogg & Co., New York.
Smyth, E. A., Pelzer, S. C.
Spartan Mills (J. H. Montgomery), Spartanburg, S. C.
Stalchnaver, John (M. Hartley Company), New York.

Stein Company, Abe, New York.
Stevens, Geo. E. (New Haven Clock Company), New York.
Stevens, Richard T., New York.
Stevens, W. H., New York.
Stevenson, W. F. (Canadian Pacific Railroad Company), New York.
Stiebel, Samuel J., New York.
Stillman, James, New York.
Straight, Willard D. (United States Consulate), Mukden, China.
Straus, Isidor (R. H. Macy & Co.), New York.
Suffern & Co., New York.

Tata, Sons & Co., New York.
Tenney, Chas. D., LL.D., Cambridge, Mass.
Textile Commission Company, New York.
Thomson Press Company, John, Long Island City.
Thompson, Henry B., Wilmington, Del.
Thompson, Robert M., New York.
Tompkins, D. A., Charlotte, N. C.
Tucapau Mills, Tucapau, S. C.
Turner Company, J. Spencer, New York.
Tweddell & Co., Wm. H., New York.
Twohey, James A., Washington, D. C.

United Lumber Company, San Francisco, Cal.
United States Steel Products Export Company, New York.

Vacuum Oil Company, Rochester, N. Y.
Vieitor, Geo. F., New York.
Vintschger, Gustave, New York.

Walbank, K. S., Chicago, Ill.
Walker, A. D., New York.
Ward, Geo. Gray, New York.
Washburn, W. D., Minneapolis, Minn.
Webster, Wm. R., Philadelphia, Pa.
Weid & Neville, New York.
Wellington, Sears & Co., New York.
Western Electric Company, New York.
Wheelock, Thomas R., Boston, Mass.
Whitney Manufacturing Company, Whitney, S. C.
Wilcox, Peck & Hughes, New York.
Wilcox, Theo. B. (Portland Flouring Mills Company), Portland, Ore.
Williams, John T., New York.
Wilson & Bradbury, New York.
Wilson, Huntington, Washington, D. C.
Winter & Smilie, New York.
Wisner & Co., Wm. H., New York.
Woodruff, Henry G., New York.
Woodward, Baldwin & Co., New York.

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

EARLY in June the American Ambassadors at London, Paris and Berlin were instructed to convey to the governments to which they are accredited the intention of a strong American syndicate to assert its right to participate in the Chinese loan for the financing of the Hankow-Szechuan Railway. Similar representations were said to have been made to the Chinese Government by Mr. Rockhill, the American Minister at Peking. The names of the American firms and institutions composing the syndicate have been announced as Kuhn, Loeb & Co., J. P. Morgan & Co., the National City Bank of New York and the First National Bank. Beginning with the complications over the offer of the Deutsch-Asiatische Bank to finance the Hankow-Canton loan, the "right" to lend money to China for railroad construction became an international question, in the discussion of which the United States Government very properly recognized the necessity of participating. From the beginning of railroad construction in China the aid of American financiers has been anxiously sought, and for some obvious reasons very decidedly preferred to that coming from less disinterested quarters. About six weeks before the opening of the line of railway between Canton and Fatshan, constructed by the American-China Development Company, was characterized by the Colonial Secretary of Hongkong as an event of national and international significance, Prince Ching concluded with Sir Ernest Satow an agreement containing the following provision: "If China desires to construct a Hankow-Szechuan line, and her capital is insufficient, she will obtain all necessary foreign capital from Great Britain or the United States." This was on October 1, 1903, and the understanding appears to have been formally renewed with Minister Conger in the following year. When subscriptions were invited to the original syndicate in 1895, out of which grew the American-China Development Company, the argument was used that greater readiness existed at Peking to make concessions to American citizens than to those of European nationalities, for the reason, among others, that fewer political complications were likely to be met with where the former were concerned. When the contract for the building of the Hankow-Canton line was made with the company there was added to it a provision that if the agreement should be cancelled which had been concluded by the Belgian syndicate in May, 1897 (after being first offered to the Americans), to construct the railway from Lukouchiao to Hankow, the Director General should authorize the American-China Development Company to undertake the task.

ending with April, 1908, to \$15,348,862 for the corresponding period of the current fiscal year. In imports there has been an advance in value from \$22,938,255 for 1908 to \$24,085,005 for 1909. The exports to Hongkong have declined from \$7,427,401 to \$6,519,148, and those to Japan from \$37,962,442 to \$23,033,027. The imports from Japan remain about stationary at a figure slightly less than \$59,000,000 for the ten months. The exports to what is known as Japanese China have suddenly dropped from a value of nearly \$8,000,000 to \$193,234, and those to British India have decreased from a little over \$10,000,000 to \$8,688,546.

WE trust to be able to present to our readers next month a complete statement of the existing provisions of Japanese law relating to patents and trademarks. Meanwhile, through the courtesy of the Department of State, we are able to present the following summary of recent changes in this law which are of interest to foreign manufacturers and exporters. So far as trademarks are concerned, the new law gives protection to goods selected, certified, dealt with or sold, as well as to those manufactured or produced, and to the colors used in the registered mark. The principle of priority of use is recognized in the provision that marks "which are identical with or similar to marks belonging to another person, and well known to the public, and which are used on identical goods," cannot be registered; while the former provisions prohibiting the registration of marks "calculated to deceive the public," under which so many fraudulent registrations have been cancelled during the past year, is still retained. The principle of priority of registration is, however, applied in cases where two or more persons each have a recognized right; and in general the legal rights relating to trademarks are held to arise out of registration. Moreover, the right may be cancelled if the owner does not use his trademark within the Empire within a period of one year from the time of its registration, or within three years from the time that he has ceased to use it in Japan, unless the mark has been registered as a foreign registered trademark. Under the old law, marks the same as, or resembling, those used by another before July 1, 1899, could not be registered; but according to the revised law, persons who have in good faith used identical or similar marks on the same goods previous to the date given may register their mark, and thus two or more persons may concurrently use the same registered mark.

THE Director of the Patent Bureau of Japan, Mr. Nakamatsu, gives the following as the essential features of the revised patent law: (1) Harmony between the enjoyment of private rights and public welfare; (2) reduction of fee for the benefit of applicants; (3) a simpler and more definite procedure of application. As in trademarks, patent rights are held to arise out of registration. If two or more persons have the right to apply separately for a

patent for the same invention, only the first inventor can get a patent; but if any inventor applies after two years from the obtaining of a patent by another person, he cannot obtain a patent, even though he may claim priority of invention. Moreover, the validity of patent rights does not exclude the working of a patent by a person who, at the time the application for a patent was made, was actually and in good faith putting this invention into practice within the Empire, or making provision to do so. Nor does it exclude the working of a patent by the successor of a person, such as the above named, or conditions which may exist in the Empire from the time the application for the patent is made. If an invention is not worked in Japan in an adequate manner within three years after registration the patent may be revoked; when, however, persons have their domicile or residence in foreign countries or in distant places, or in places in which communication is difficult, the directors of the Patent Bureau may extend the time which is fixed by law for the carrying out of proceedings. A person who is not in Japan cannot apply for patent rights or take any action relating thereto except through an agent, duly authorized and recognized, residing in the country. The right of foreigners generally is limited, as in the case of trademarks, by specific treaty stipulations. When it is considered necessary for military purposes or for the public interest, patent rights may be limited, or they may be expropriated by the Government. The patent may be revoked, or the Government may work the invention themselves. Inventions displayed at an authorized exhibition are protected for a period of six months.

THE Anglo-Siamese treaty, whose provisions were summarized in the last number of the JOURNAL, should be read in connection with the statement of reforms in the Siamese Penal Code given in the present number. Under the treaty Siam renounces her suzerainty over the States of Trengganu, Kelantan and Kedah in favor of Great Britain; while the latter country consents to a gradual abolition of her extraterritoriality in Siam, subject, however, to the condition that European advisers will sit in all the courts in which British subjects are defendants. In addition to this main part of the bargain, the Federated Malay States agree to advance to Siam on easy terms £4,000,000 for the purpose of constructing a railway from Bangkok, southward, to the Malaysian boundary. The position of the three States ceded by Siam, which lie immediately north of the irregular frontier of the Straits Settlements, has been a somewhat anomalous one. British Residents were maintained at their respective courts, but these officials were technically in the service of Siam, whose authority was thus weakened without any additional right of interference being gained by Great Britain. British merchants in Siam protested vigorously against a surrender of extraterritoriality, but with the revision of the Siamese methods of administering justice, and with the apparent advent of a higher standard of judicial conduct, it seems likely that the objections made to the concession contained in the new treaty will be obviated in practice.

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the ten months ending April 30, 1908 and 1909.

EXPORTS TO CHINA.

Months. 1907.	Cotton Cloths. Yards.		Mineral Oils (Illuminating). Gallons.		Wheat Flour. Barrels.	
July.....	3,863,460	\$272,205	11,456,360	\$980,855	86,448	\$310,424
August.....	4,807,901	392,629	2,875,430	239,930	102,862	385,653
September.....	1,859,085	136,873	6,802,922	557,972	41,289	147,458
October.....	1,965,401	141,000	8,978,499	512,315	33,026	123,769
November.....	1,481,290	112,653	2,133,690	232,572	6,291	23,416
December.....	1,298,319	96,945	2,070,050	110,435	4,165	17,197
1908.						
January.....	1,558,137	117,654	4,130,529	290,075	25,991	100,328
February.....	1,323,320	86,016	5,557,246	344,315	41,968	164,104
March.....	5,203,069	323,061	15,878,620	1,475,370	112,510	405,197
April.....	7,237,119	407,477	5,743,270	626,554	54,389	192,578
Total.....	30,597,101	\$2,036,513	66,626,616	\$5,370,393	508,939	\$1,870,124
1908.						
July.....	12,875,988	\$745,822	18,680,160	\$1,567,131	20,163	\$73,439
August.....	10,985,762	619,716	12,626,650	955,186	24,260	85,250
September.....	7,582,100	398,796	4,582,180	318,529	1,802	7,278
October.....	3,965,177	200,258	12,018,320	634,119	5,413	20,691
November.....	4,162,550	214,263	2,856,343	257,698	5,217	20,883
December.....	5,462,472	293,296	.....	.....	1,350	5,599
1909						
January.....	6,179,890	312,182	4,511,030	472,203	2,175	8,545
February.....	18,070,050	1,026,825	8,809,314	824,515	739	2,916
March.....	14,046,400	778,916	5,617,689	455,754	2,752	9,947
April.....	16,786,348	970,822	7,434,152	710,724	1,483	6,819
Total.....	100,116,737	\$5,560,896	77,135,838	\$6,195,859	65,354	\$241,367

EXPORTS TO HONGKONG.

1908.						
July.....	222,044	\$30,804	1,500,000	159,750	97,292	\$355,580
August.....	11,628	2,615	1,775,960	207,984	51,144	205,970
September.....	76,096	10,227	.....	.....	99,184	367,031
October.....	47,261	6,708	.....	.....	56,102	215,526
November.....	39,334	4,344	.....	.....	134,630	503,094
December.....	41,695	6,094	1,600,000	72,000	121,972	458,258
1909						
January.....	33,055	6,586	.....	.....	78,140	298,671
February.....	16,555	2,691	.....	.....	44,743	171,538
March.....	16,403	2,476	3,389,710	227,055	27,396	105,350
April.....	74,647	10,113	.....	.....	66,290	256,589
Total.....	578,718	\$82,658	8,265,670	\$666,789	776,893	\$2,937,607
1908						
July.....	74,730	\$11,950	750,000	\$81,750	42,569	\$162,421
August.....	34,209	3,496	3,621,240	259,387	166,130	654,949
September.....	29,430	4,235	500,000	54,500	79,108	316,641
October.....	17,025	2,259	.....	.....	32,509	127,860
November.....	31,270	4,674	1,655,000	74,675	112,518	436,329
December.....	97,348	14,575	.....	.....	90,114	345,505
1909						
January.....	72,801	6,884	.....	.....	102,137	404,913
February.....	154,901	12,454	1,459,420	159,077	71,646	286,497
March.....	27,191	2,137	.....	.....	97,592	396,985
April.....	80,464	9,309	1,384,800	150,943	70,578	285,223
Total.....	619,369	\$71,973	9,370,460	\$780,332	864,901	\$3,417,323

DEPARTMENT OF COMMERCE AND LABOR,
Bureau of Statistics.

WASHINGTON, D. C., May 31, 1909.

**Imports of Tea and Silk into the United States for the ten months ending
April 30, 1907, 1908 and 1909.**

TEA.

Imported from	1907.		1908.		1909.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	6,847,721	1,570,229	8,174,934	1,902,663	13,448,895	2,864,552
British North America....	1,940,114	463,664	2,039,160	508,768	3,881,742	881,455
Chinese Empire.....	29,521,627	4,039,673	26,844,110	3,951,632	31,289,763	3,408,676
East Indies.....	5,652,843	861,172	6,305,866	1,036,896	8,328,914	1,231,024
Japan.....	36,118,299	5,834,427	45,253,560	7,720,464	42,325,666	7,023,994
Other Asia and Oceania ..	587,532	101,340	377,228	61,798	464,903	58,586
Other countries	320,386	71,954	181,022	73,396	516,937	114,475
Total.....	80,988,522	12,942,459	89,175,880	15,255,617	100,256,820	15,582,762

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

SILK.

Imported from	1907.		1908.		1909.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France.....	410,265	1,611,052	341,036	1,365,642	606,153	1,912,170
Italy.....	3,101,872	14,129,981	2,367,927	10,763,661	4,160,977	15,820,547
Chinese Empire.....	2,724,959	9,399,676	1,973,821	7,207,461	3,910,511	10,320,526
Japan.....	8,715,492	36,954,913	7,765,618	34,610,700	10,674,066	37,680,360
Other countries	112,226	432,506	56,910	262,553	102,806	391,739
Waste .....lbs...free..	1,699,707	1,013,262	1,115,003	798,078	1,564,618	932,863
Total unmanufactured	16,764,521	63,565,043	13,620,315	55,008,387	21,019,131	67,064,202

DIPLOMATIC AND CONSULAR SERVICE OF THE UNITED STATES.

DIPLOMATIC SERVICE.

CHINA.

Name and rank.	Residence.	Where Born.	Whence Appointed.	Date of Commission.	Salary.
.....E. E. & M. P.	Peking.....	.....	.....	.....	\$12,000
Henry P. Fletcher, Sec. of Leg.....	Peking.....	Pa.....	Pa.....	April 26, 1907.....	2,625
Charles D. Henney, Chinese Sec.....	Peking.....	Mass.....	Mass.....	March 11, 1908.....	3,600
Leland Harrison, 2d Sec. of Leg.....	Peking.....	N. Y.....	Ill.....	January 14, 1909.....	1,800
Willys R. Peck, Asst. Chinese Sec.....	Peking.....	China.....	Cal.....	November 9, 1908.....	2,000
J. Paul Jameson, Stud. Int.....	Peking.....	D. C.....	Pa.....	August 27, 1907.....	1,000
Nelson T. Johnson, Stud. Int.....	Peking.....	D. C.....	Okla.....	August 27, 1907.....	1,000
Myrl S. Myers, Stud. Int.....	Peking.....	Pa.....	Pa.....	August 27, 1907.....	1,000
Esson M. Gale, Stud. Int.....	Peking.....	Mich.....	Mich.....	June 4, 1908.....	1,000
Harold O. Henry, Stud. Int.....	Peking.....	France.....	R. I.....	June 4, 1908.....	1,000
Mahlon Fay Perkins, Stud. Int.....	Peking.....	Mass.....	Cal.....	January 14, 1909.....	1,000
Raymond P. Tenney, Stud. Int.....	Peking.....	China.....	Mass.....	June 2, 1909.....	1,000
Horace Remillard, Stud. Int.....	Peking.....	Mass.....	Mass.....	June 2, 1909.....	1,000
Capt. James H. Sears, Nav. Att.....	Tokyo.....	N. Y.....	Navy.....	December 9, 1908.....	....
Capt. James H. Reeves, Mil. Att.....	Peking.....	Ala.....	Army.....	February 16, 1907.....	....

JAPAN.

Thomas J. O'Brien, Amb. E. & P.....	Tokyo.....	Mich.....	.....	June 11, 1907.....	17,500
Peter Augustus Jay, Sec. of Emb.....	Tokyo.....	R. I.....	R. I.....	June 21, 1907.....	3,000
Ransford Stevens Miller, Jr., Japanese Sec. and Int.....	Tokyo.....	N. Y.....	N. Y.....	July 24, 1906.....	3,600
George P. Wheeler, 2d Sec. of Emb.....	Tokyo.....	.....	Wash.....	July 21, 1906.....	2,000
William K. Wallace, 3d Sec. of Emb.....	Tokyo.....	N. Y.....	Colo.....	January 14, 1909.....	1,200
Charles Jonathan Arnell, Asst. Japanese Sec.....	Tokyo.....	.....	Wash.....	June 25, 1908.....	2,000
Edwin L. Neville, Stud. Int.....	Tokyo.....	Ohio.....	Ohio.....	August 27, 1907.....	1,000

Benjamin G. Sinclair, Stud. Int.	Tokyo	Vt.	Vt.	January 14, 1909	1,000
Francis R. Eldridge, Jr., Stud. Int.	Tokyo	N. J.	Md.	January 14, 1909	1,000
George C. Hanson, Stud. Int.	Tokyo	Conn.	Conn.	June 2, 1909	1,000
Joseph W. Ballantine, Stud. Int.	Tokyo	India.	Mass.	June 2, 1909	1,000
Capt. James H. Sears, Nav. Att.	Tokyo	N. Y.	Navy	December 9, 1908	....
Lt. Col. James A. Irons, Mil. Att.	Tokyo	Pa.	Army	February 16, 1907	....
Capt. Harry H. Pattison, Att.	Tokyo	Ohio	Army	February 24, 1908	....
2d Lt. Nicholas W. Campanole, Att.	Tokyo	N. Mex.	Army	February 24, 1908	....
2d Lt. James B. McIlroy, Att.	Tokyo	Ohio	Army	February 24, 1908	....
2d Lt. George V. Strong, Att.	Tokyo	Ill.	Army	February 24, 1908	....

SIAM.

Hamilton King, E. E. & M. P.	Bangkok	Canada	Mich.	April 27, 1903	10,000
..... Sec. of Leg. & C. G.	Bangkok				2,000
Leng Hui, Int.	Bangkok	Siam	Siam	August 27, 1901	500

CONSULAR SERVICE.

CONSUL-GENERAL AT LARGE.

Name.	Where Born.	Whence Appointed.	Date of Commission.	Salary.
Fleming D. Cheshire	N. Y.	N. Y.	May 24, 1906	\$5,000

For eastern Asia, including the Straits Settlements, Australia, Oceanica and the islands of the Pacific.

CONSULS, VICE-CONSULS, ETC.

CHINA.

Place.	Name and Title.	Where Born.	Whence Appointed.	Date of Commission.	Salary.
Amoy	Julean H. Arnold	C.	Cal.	May 1, 1908	\$4,500
Do	V. & D. C.				....
Do	Mar.				1,000
Do	Int.				1,000
Antung	Frederick D. Cloud	C.	Ind.	June 22, 1908	2,500
Canton	Leo Allen Bergholz	C. G.	Vt.	May 25, 1906	5,500
Do	V. & D. C. G.				....
Do	Everett A. Colson	Mar.	Me.	October 21, 1908	1,000
Do	Int.				1,000
Chefoo	John Fowler	C.	N. Y.	June 10, 1908	4,500
Do	Chas. L. L. Williams	V. & D. C.	Ohio	July 1, 1908	....
Do	D. C.				....
Do	Mar.				1,000
Do	Chas. L. L. Williams	Int.	Ohio	July 1, 1908	1,500
Tsinanfu	Agt.				....
Chungking	Percival Heintzleman	C.	Pa.	January 22, 1909	3,500
Do	V. & D. C.				....
Do	Int.				1,500
Foochow	Samuel L. Gracey	C.	Pa.	April 5, 1897	4,500
Do	Henry O. Nightingale, V. & D. C.		Pa.	February 10, 1909	....
Do	Henry O. Nightingale	Mar.	Pa.	February 10, 1909	1,000
Do	Int.				1,000
Hankow	William Martin	C. G.	England	February 3, 1905	4,500
Do	Hubert G. Baugh	V. & D. C. G.	India	February 17, 1909	....
Do	Hubert G. Baugh	Int.	India	February 17, 1909	1,500
Harbin	Roger S. Greene	C.	Mass.	January 21, 1909	4,000
Do	Gordon Paddock	V. & D. C.	N. Y.	May 1, 1909	....
Mukden	F. D. Cloud, Consul at Antung, is Vice Consul Gen'l in charge at Mukden	C. G.	N. Y.	June 22, 1906	4,500
Do	V. & D. C. G.				....
Do	M. G. Faulkner	Mar.	Mo.	March 27, 1908	1,000
Do	Int.				1,500

Place.	Name and Title.	Where Born.	Whence Appointed.	Date of Commission.	Salary.
Nanking	James C. McNally.....C.	England.....Pa.	Pa.	March 30, 1907.....	4,000
Do	Charles Reider.....V. & D. C.	Pa.....Pa.	Pa.	February 19, 1908.....	1,000
Newchwang	Fred D. Fisher.....C.	Oreg.....Oreg.	Oreg.	January 21, 1909.....	4,500
Do	Clarence E. Sargent.....Mar.	Japan.....Cal.	Cal.	April 29, 1909.....	1,000
Shanghai	Amos P. Wilder.....C. G.	Me.....Wis.	Wis.	May 17, 1909.....	8,000
Do	W. Roderick Dorsey, V. & D. C. G.	Md.....Md.	Md.	June 25, 1908.....	1,500
Do	P. Heintzleman is temporarily acting as V. C. G. in Shanghai.....				
Do	Willard B. Hull.....V. C. G.	Iowa.....Iowa	Iowa	November 27, 1908.....	2,000
Do	Frank W. Hadley.....V. C. G.	Kans.....Cal.	Cal.	April 9, 1909.....	1,800
Do	Clarence E. Gauss.....D. C. G.	D. C.....Conn.	Conn.	June 7, 1907.....	2,500
Do	Thaddeus C. White.....D. C. G.	N. Y.....N. Y.	N. Y.	April 22, 1909.....	1,000
Do	Thaddeus C. White.....Mar.	N. Y.....N. Y.	N. Y.	July 30, 1908.....	1,000
Do	John I. Viney.....Stud. Int.	England.....Va.	Va.	October 8, 1906.....	2,000
Do	Willard B. Hull.....Int.	Iowa.....Iowa	Iowa	November 27, 1908.....	1,800
Do	Frank W. Hadley.....Int.	Kans.....Cal.	Cal.	April 9, 1909.....	2,500
Swatow	Albert W. Pontius.....C.	Minn.....Minn.	Minn.	January 22, 1909.....	5,500
Tientsin	Edward T. Williams.....C. G.	Ohio.....Ohio	Ohio	March 10, 1908.....	1,000
Do	George H. Butler.....V. & D. C. G.	Me.....N. Y.	N. Y.	April 9, 1909.....	1,500
Do	Charles Henry Williams.....Mar.			December 21, 1908.....	8,000
Do	George H. Butler.....Int.	Me.....N. Y.	N. Y.	April 9, 1909.....	1,000
Hongkong, China	William A. Rublee.....C. G.	Wis.....Wis.	Wis.	May 17, 1909.....	1,200
Do	Stuart J. Fuller.....V. & D. C. G.	Iowa.....N. Y.	N. Y.	April 20, 1906.....	1,000
Do	James Chue.....Int.	Australia.....China	China	May 9, 1906.....	2,000
Saigon, Cochin China	Jacob E. Conner.....C.	Ohio.....Iowa	Iowa	August 15, 1907.....	500
Do	Miller Joblin.....V. & D. C.	Ark.....Va.	Va.	March 24, 1909.....	

JAPAN.

Dalny, Manchuria	Adolph A. Williamson, V. & D. C.	D. C.	D. C.	December 10, 1908.....	3,500
Do	Adolph A. Williamson, Stud. Int.	D. C.	D. C.	October 8, 1906.....	1,000
Kobe	George H. Scidmore.....C.	Iowa.....Wis.	Wis.	June 2, 1909.....	5,000
Do	Walter Gassett.....V. & D. C.	Mass.....Hawaii	Hawaii	November 29, 1905.....	1,800
Do	Walter Gassett.....Int.	Mass.....Hawaii	Hawaii	November 29, 1905.....	3,500
Nagasaki	Carl F. Deichman.....C.	Mo.....Mo.	Mo.	May 31, 1909.....	1,200
Do	Carleton Miller.....V. & D. C.	Iowa.....Iowa	Iowa	May 13, 1907.....	5,500
Do	Carleton Miller.....Int.	Iowa.....Iowa	Iowa	May 13, 1907.....	1,000
Seoul, Korea	Thomas Sammons.....C. G.	N. Y.....Wash.	Wash.	March 30, 1907.....	500
Do	Ozro C. Gould.....V. C. G.				
Do	Ozro C. Gould.....D. C. G.	Minn.....Minn.	Minn.	December 21, 1908.....	1,000
Do	Ozro C. Gould.....C. A.	Minn.....Minn.	Minn.	December 30, 1907.....	3,000
Do		Int.			
Tamsui, Formosa	Samuel C. Reat.....C.	Ill.....Ill.	Ill.	May 31, 1909.....	6,000
Do	G. Padgett Taylor.....V. & D. C.	England.....Formosa	Formosa	June 13, 1907.....	1,000
Yokohama	Henry B. Miller.....C. G.	Ohio.....Oreg.	Oreg.	March 8, 1905.....	1,800
Do	Elwood G. Babbitt, V. & D. C. G.	Ohio.....Mass.	Mass.	July 7, 1906.....	1,000
Do	John K. Caldwell.....V. & D. C. G.	Ohio.....Ky.	Ky.	April 16, 1909.....	1,800
Do	Henry B. Albright.....D. C. G.	Ohio.....Ohio	Ohio	June 8, 1908.....	1,500
Do	Elwood G. Babbitt.....Int.	Ohio.....Mass.	Mass.	July 6, 1906.....	1,000
Do	John K. Caldwell.....Int.	Ohio.....Ky.	Ky.	April 16, 1909.....	1,000
Hakodate	Edward Julian King.....Agt.	N. Y.....N. Y.	N. Y.	March 2, 1904.....	

STUDENT INTERPRETERS IN CHINA.

Shanghai	John I. Viney.....England.....Va.	Va.		October 8, 1906.....	1,000
Peking	J. Paul Jameson.....D. C.	Pa.	Pa.	August 27, 1907.....	1,000
Do	Nelson T. Johnson.....D. C.	Okla.	Okla.	August 27, 1907.....	1,000
Do	Myrl S. Myers.....Pa.	Pa.	Pa.	August 27, 1907.....	1,000
Do	Esnon M. Gale.....Mich.	Mich.	Mich.	June 4, 1908.....	1,000
Do	Harold O. Henry.....France.....R. I.	R. I.	R. I.	June 4, 1908.....	1,000
Do	Mahlon Fay Perkins.....Mass.	Cal.	Cal.	January 14, 1909.....	1,000
Do	Raymond P. Tenney.....China	Mass.	Mass.	June 2, 1909.....	1,000
Do	Horace Remillard.....Mass.	Mass.	Mass.	June 2, 1909.....	1,000

STUDENT INTERPRETERS IN JAPAN.

Dalny	Adolph A. Williamson.....D. C.	D. C.	D. C.	October 8, 1906.....	1,000
Tokyo	Edwin L. Neville.....Ohio	Ohio	Ohio	August 27, 1907.....	1,000
Do	Benjamin G. Sinclair.....Vt.	Vt.	Vt.	January 14, 1909.....	1,000
Do	Francis R. Eldridge, Jr.....N. J.	Md.	Md.	January 14, 1909.....	1,000
Do	George C. Hanson.....Conn.	Conn.	Conn.	June 2, 1909.....	1,000
Do	Joseph W. Ballantine.....India	Mass.	Mass.	June 2, 1909.....	1,000

GENERAL INFORMATION REGARDING CONSULAR OFFICERS.

Consular officers are expected to endeavor to maintain and promote all the rightful interests of American citizens, and to protect them in all privileges provided for by treaty or conceded by usage; to visa and, when so authorized, to issue passports; when permitted by treaty, law, or usage, to take charge of and settle the personal estates of Americans who may die abroad without legal or other representatives, and remit the proceeds to the Treasury in case they are not called for by a legal representative within one year; to ship, discharge, and, under certain conditions, maintain and send American seamen to the United States; to settle disputes between masters and seamen of American vessels; to investigate charges of mutiny or insubordination on the high seas and send mutineers to the United States for trial; to render assistance in the case of wrecked or stranded American vessels, and, in the absence of the master or other qualified person, take charge of the wrecks and cargoes if permitted to do so by the laws of the country; to receive the papers of American vessels arriving at foreign ports and deliver them after the discharge of the obligations of the vessels toward the members of their crews, and upon the production of clearances from the proper foreign port officials; to certify to the correctness of the valuation of merchandise exported to the United States where the shipment amounts to more than \$100; to act as official witnesses to marriages of American citizens abroad; to aid in the enforcement of the immigration laws, and to certify to the correctness of the certificates issued by Chinese and other officials to Chinese persons coming to the United States; to protect the health of our seaports by reporting weekly the sanitary and health conditions of the ports at which they reside, and by issuing to vessels clearing for the United States bills of health describing the condition of the ports, the vessels, crews, passengers and cargoes; and to take depositions and perform other acts which notaries public in the United States are authorized or required to perform. A duty of prime importance is the promotion of American commerce by reporting available opportunities for the introduction of our products, aiding in the establishment of relations between American and foreign commercial houses, and lending assistance wherever practicable to the marketing of American merchandise abroad.

In addition to the foregoing duties, consular officers in China, Turkey, Siam, Korea, Maskat, Morocco, and a few other so-called un-Christian countries, are invested with judicial powers over American citizens in those countries. These powers are usually defined by treaty, but generally include the trial of civil cases to which Americans are parties, and in some instances extend to the trial of criminal cases.

VICE-CONSULAR OFFICES.

A vice-consular officer takes the place and exercises all the functions or powers of a consul-general or consul when the latter is temporarily absent or relieved from duty. He

receives no salary except in the absence of the consul-general or consul, when he receives one-half of that officer's salary (in the absence of an agreement to the contrary). For the period during which the consul-general or consul may be absent beyond sixty days and the time necessary to make the journey to and from the United States, the vice-consular officer receives the entire salary of the office. It is usual to give a vice-consul regular employment as a clerk in the consular office, in which case he receives regular compensation at the rate of from \$300 to \$1,500 a year, according to the importance of the office and the nature of the work to be performed.

DEPUTY CONSULAR OFFICERS.

A deputy consular officer is a subordinate of a consul-general or consul, under whose supervision he exercises consular functions, usually of a routine character. He never assumes the responsible charge of the office, that being the duty of the vice-consul. His compensation is limited to that which he may receive for performing duties as clerk, and varies from \$300 to \$1,500 a year, according to the importance of the post.

CONSULAR AGENTS.

A consular agent is an officer subordinate to a consul-general or consul, exercising similar powers at ports or places different from those at which the consulate general or consulate is situated. He acts under the direction of his principal, and one-half of the fees collected by him constitute his compensation, which may not exceed \$1,000 in any one year.

CONSULAR ASSISTANTS.

There are twenty consular assistants, who are appointed by the President and hold office during good behavior. They may be assigned, from time to time, to such consular offices and with such duties as the Secretary of State may direct. When so assigned they are subordinate to the principal officer at the post, and perform such clerical or other duties of the office as he may designate. They receive a salary of \$1,000 a year for the first three years, and thereafter \$200 a year additional each succeeding year until a maximum salary of \$1,800 is reached. Candidates for the office of consular assistant must be over eighteen years of age.

CLERKS IN CONSULAR OFFICES.

Clerks are employed at the various consular offices and receive compensation varying, as a rule, from \$300 to \$1,500 a year, beginning with their arrival and entrance upon duty at the consular office. Their duties embrace bookkeeping, letter writing, recording correspondence, and routine consular work. They are frequently appointed upon nomination of a consul-general or consul, but the Department of State exercises its right to make independent appointments whenever that course appears to be in the interest of the service. Preference is given to American citizens for clerkships of all grades, and *only* such citizens will be consid-

ered for appointment to positions the compensation of which is \$1,000 a year or more.

COMPENSATION OF CONSULAR OFFICERS.

All consular officers whose respective salaries exceed \$1,000 a year are prohibited from engaging in private business in the country in which they have their official residence. Consular officers are required to account for all fees collected by them, and the salaries fixed by law or regulation constitute their sole and only compensation, except as specially provided in the case of consular agents, who are compensated, up to the limit of \$1,000, by one-half the fees collected by them.

TRAVELING EXPENSES.

Consuls-general, consuls, vice and deputy consular officers, consular agents, and student interpreters are entitled to additional compensation of five cents a mile when traveling under orders of the Secretary of State, and in going to and returning from their posts, except in connection with leaves of absence. Consular assistants are allowed actual and necessary traveling expenses, but no provision is made for traveling expenses of clerks in consular offices.

EXAMINATIONS.

As will be seen by reference to the foregoing regulations for promotion and examination, all candidates for the offices of consul of class 8 or 9, consular assistant, and student interpreter, and also candidates for the offices of vice and deputy consular officer and consular agent who may desire to become eligible for promotion are required to pass the prescribed examination. Candidates for the offices of vice and deputy consular officer and consular agent who do not desire to become eligible for promotion, and of clerk in a consular office, are not required to be examined.

Rules Governing Interpreters and Student Interpreters in China and Japan.

The annual Diplomatic and Consular Act, approved May 21, 1908, provided for six student interpreters to serve in Japan and for ten student interpreters to serve in China. Rules governing the appointment and service of such officials were published on August 16, 1906, and they shall be regarded as inoperative immediately upon the promulgation of the following rules:

1. Applicants for appointment as student interpreters must be citizens of the United States, unmarried, and between the ages of 19 and 26, inclusive. They must be young men of good character, strong constitution, and good deportment and education. In the establishment of their eligibility, letters of recommendation will be given consideration.

2. Applications for appointment as student interpreter shall be made in the applicant's own handwriting and shall be accompanied by the following information: (a) The name and address of the applicant, his age, where he was born,

where he was educated (stating the length of time spent in each school and college or university and the general course of study pursued), and the occupations he has engaged in; (b) the name and address of his parents or guardian and of what State his father is a citizen. Letters of recommendation should accompany these applications, which should be mailed to the Department of State.

3. After a candidate has been designated for examination and informed of the date selected for such examination he shall present himself at the Department of State for that purpose, and at the time specified. Before undergoing the mental examination candidates will be required to pass a physical examination before a physician or medical officer named by the Board of Examiners. Upon passing successfully the physical examination candidates will then undergo the examination as to mental qualifications. This mental examination will be both oral and written, and its scope will be to determine the applicant's general education, natural fitness for the service, and good command of the English language. This examination will be on a scale of 100 and a mark of 80 will be necessary to pass.

4. After the examination the Board of Examiners designated by the Secretary of State will report to him in writing the results thereof. Thereupon the names of the successful candidates will be submitted to the President, who will make appointments from among their number to fill the vacancies reported by the Secretary of State.

5. The appointments will be irrespective of the political affiliations of the candidates. Inasmuch as student interpreters are intended for the consular service, although some of them may serve in Japan or in China as interpreters (language secretaries) of embassy or legation, or their assistants, in appointments due regard will be had to the rule that as between candidates of equal merit appointments should be so made as to tend to proportionate representation of all the States and Territories in the consular service.

6. Upon appointment each student interpreter shall sign an agreement to continue in the service so long as his services may be required, within a period of five years.

7. The salary of student interpreters is fixed by law at \$1,000 per annum. They are entitled to additional compensation of five cents a mile when traveling under orders of the Secretary of State, and in going to and returning from their posts, except in connection with leave of absence. For each student's tuition there is an annual allowance of \$125, while quarters for them are also provided at both Tokyo and Peking.

8. After appointment student interpreters will report for duty to the head of the mission to which they are to be attached, in Japan or in China, as the case may be. They will devote themselves, under the supervision of the head of the mission and under the immediate direction of the language secretary thereof, to the study of the language of the country. At the same time, at the discretion of the chief of mission, they may take some part in the official work thereof, to the end that they may gain a knowledge of the routine work of the foreign service. Their retention in the service will depend upon their progress in mastering the language and generally upon their efficiency and good conduct. To determine their progress in the language they

will be examined quarterly by the language secretary of the mission. Annually a report of the results of these examinations, setting forth the progress made in the language by each student interpreter, will be made to the chief of the mission by the language secretary. The chief of the mission will transmit this report to the Department, together with his own report upon the efficiency, good conduct, and general standing of each student interpreter. The results of these reports will be entered upon each student interpreter's record at the Department of State.

9. Student interpreters shall remain attached to missions for at least two years, unless within that period the exigencies of the service shall make their detachment for duty elsewhere immediately necessary; in the latter event, if qualified, their examination can be held at a time designated by the Minister; provided, however, that when the end of the first year, or any time thereafter, discloses the fact that the student interpreters have failed to make satisfactory progress in their studies, the Minister may at his discretion recommend that such unsuccessful students be allowed to resign, or he may request of the Department their transfer to positions as Consular Assistants in the consulates in China or elsewhere. Ordinarily, after such two years of study they will be examined by a board composed of the language secretary and two qualified Americans designated by the chief of the mission. This examination shall be both oral and written, and shall call for a fair knowledge of the written and spoken language of the country and of its history, institutions and laws. A mark of 80 on the scale of 100 will be required in order to pass. The results of this examination will be noted upon the student interpreters' efficiency records. Those who are successful will be classified as having passed the first examination, and will be entitled to the rank of Second Assistant Interpreter, which carries with it a salary of \$1,500 per annum; provided, that in the service there shall be no more than three Second Assistant Interpreters in Japan and no more than five Second Assistant Interpreters in China.

10. At an interval of two years from the passage of the first examination, or at an earlier date if the student concerned is considered qualified to pass, a second examination will be given, more difficult than the first and similar in scope, with the additional requirements of a fair knowledge of international and commercial law and an intimate knowledge of Consular Regulations and general practice. Similarly to the first examination, the results will be noted upon the student interpreters' efficiency records at the Department of State, the successful being classified as having passed the second examination, and will be entitled to the rank of Assistant Interpreter, carrying with it a salary of \$1,650 per annum; provided, that in the service there shall be no more than two Assistant Interpreters in Japan and no more than four Assistant Interpreters in China. Those who fail may take the second examination again one year later. It is intended that passage of the second examination shall indicate the student as qualified for the post of Assistant Japanese or Assistant Chinese Secretary at the embassy or the legation; or, if in China, the Assistant Interpreter shall be eligible for promotion to the office of Assistant Assessor on the Mixed Court at Shanghai.

11. At an interval of two years from the passage of the second examination, or at an earlier date if by reason of the superior efficiency of the student such a course is deemed justifiable, there will be given the final examination which will be more difficult than the second examination and of similar scope, with the additional requirement of a fair knowledge of common, criminal and admiralty law. On passing this examination, the Assistant Interpreter shall be entitled to the rank of Interpreter, with a salary of \$1,800 per annum; provided, that in the service there shall be no more than two Interpreters in Japan and no more than three Interpreters in China. Such rank shall indicate him as qualified for the grade of consul or for the post of Japanese or Chinese Secretary at the embassy or the legation; or, if in China, the Interpreter shall be eligible for promotion to the office of Assessor on the Mixed Court at Shanghai.

12. All examinations will take place at the diplomatic mission in the country of which the students or interpreters are studying the language. In the event, however, that the exigencies of the service shall not permit the interpreters to return to Tokyo or Peking for the purpose of taking the required examinations, the Ambassador or Minister, as the case may be, after the preparation of the papers by the language secretary, shall mail them in personal and sealed envelopes to the consul in whose office the interpreter is serving, and said consular officer shall conduct the written examination in the same manner as if it were being held in Tokyo or Peking.

13. The chiefs of the missions concerned exercise a supervisory control over the movements of the student interpreters and interpreters and make such transfers as may be deemed advisable in order that these officers may receive the broadening influence resulting from a knowledge of conditions at the various ports. Their transfers and advancement in the service will be determined upon the passage of the various examinations and upon the efficiency and capacity for good work which is displayed.

14. The Department discourages student interpreters from marrying until they have been in the service for a period of at least four years.

15. As soon as student interpreters shall have been promoted to the rank of second assistant interpreter, they may be granted leave of absence for a period not to exceed sixty days (exclusive of transit time, when permission to visit the United States is expressly granted). The application for such leave of absence shall be made to the Secretary of State and must receive the approval of the officer under whom the interpreter may be serving at the time. Subsequent to the first leave of absence those provisions of the Consular Regulations which govern the granting of leaves of absence shall apply to the interpreter corps.

16. Whenever the Secretary of State deems it expedient to fill vacancies in the number of student interpreters authorized in Japan or China, the number of vacancies to be filled and the date on which the examination of candidates will be held at the Department of State will be publicly announced through the press.

P. C. KNOX.

Department of State, Washington, March 25, 1909.

THE TREATY POWERS AND CHINA.

ADDRESS BY MR. F. ANDERSON, CHAIRMAN OF THE SHANGHAI BRANCH OF THE CHINA ASSOCIATION AT THE ANNUAL MEETING.

We cannot point to any great achievements in regard to what may be called "work done," but in this respect we reflect the state of affairs in China generally. There have been great changes in the Government—the late Emperor and Empress Dowager have passed away from the Celestial Empire on earth, a Regency has been established—the Prince Regent has inaugurated his reign by making great changes in the Central Government as the "ship of state" started on a new voyage.

It is perhaps difficult to say that, in such a year, there is, to use a commercial expression "nothing doing," but if we leave out of account the changes on the throne and in the Government, and confine our attention to those of administration, we shall find that the most that can be said is that it has been a time of "great cry and little wool."

PROVINCIAL CONTROL.

Perhaps the most striking development for the time being is the tendency to greater assertion of Provincial "rights" by the Provinces, at the expense of Central Control. The country has heard a great deal about Constitutional Government—it is evident that if the principle of representation is admitted the local gentry will have a more direct share in the government of the country in the future than in the past—apparently they are not prepared to wait until the new system has been inaugurated, but feeling that they are, even more than formerly, a power in the land, they are disposed to exert authority more and more in the direction of controlling Provincial affairs, and are inclined to regard many public works as local affairs, in which they are entitled to take a hand; even although the Central Government may be providing the funds out of foreign loans. The Provincial Administrations seem inclined to encourage this movement, in the absence of a united Government under a strong leader at Peking, and perhaps to this cause, as much as to any other, may be attributed the unsatisfactory control of railway funds, the mismanagement of the currency and the impediments thrown in the way of developing the mining resources of the country. There may be much to say in favor of local management of purely local affairs, there is certainly a great deal to say against too great or too sudden changes in an old established and complicated system of government like that built up in China; many of us would only be too glad to say "Why not leave well alone?" if we could only feel that there were no dangers ahead, but although it is disheartening to find it so difficult to get anything done, we believe that we are doing good work in quietly and temperately making representations to those in authority when we feel that British interests are likely to be affected by the course of events, and in saying British interests it would be difficult to point to an instance in which British interests conflict with the best interests of China herself.

HANKOW-CANTON RAILWAY.

Take, for instance, the most recent bone of contention, the friction arising out of the Hankow-Canton Railway loan negotiations. Can anyone who has the best interests of China at heart say that in discouraging her from borrowing more foreign money, except under conditions which stipulate that the funds will be applied to the purpose for which they are borrowed, we are not acting the part of real friends? We have seen cases in which part of the money borrowed went into other than reproductive channels, and with this experience in our minds, we have tried to urge upon the Chinese authorities that it is unsound if not dangerous to add indefinitely to their foreign obligations on those lines. Knowing that at current rates of exchange it costs China about Tls. 60,000,000 a year to meet her foreign obligations, that under her present fiscal system her revenue is not elastic, that her currency has become disorganized and is in urgent need of measures calculated to restore it to a sound basis, it is no act of true friendship to China to make it easy for her to borrow money on a large scale, under conditions which encourage her to add to her liabilities with producing corresponding assets. We believe that China has ample resources to meet all her obligations, and far more than all her present indebtedness, but unless salutary reforms are seriously taken in hand a time may arise in which this country may find itself confronted with financial troubles—perhaps at some great national crisis, when all her resources and strength would be wanted. The contention that it is interfering with China's "sovereign rights" to hypothecate loans for special purposes seems to us to be quite misleading. No British financier has the slightest desire to interfere with China's "sovereign rights;" in the absence of constitutional government as understood in Western countries he looks upon the loan agreement as a substitute for a Chinese Act of Parliament, under which the purposes for which loans are negotiated are specifically laid down, and he expects these conditions to be adhered to. There are two policies, one to lend China as much money as she likes to borrow, and care nothing about what becomes of it, the other to lend for definite specific purposes, under agreements that the funds will be spent only for these purposes. We fear that with the divided control which prevails in China the first policy may lead to financial trouble—that financial trouble means political trouble, which in turn would mean for China an attitude of "on the knee." The second policy will enable her to develop and add to her resources, will strengthen her credit and help her to stand erect and firm in times of trouble. Among the various questions to which the committee have called attention repeatedly this year, greater stress has been laid on currency reform than any other, because we are convinced that in depreciation of copper cash, the currency of the millions, and in the uncontrolled issue of bank notes, lie the seeds of trouble; we have not been alarmists, but we have felt it to be our duty as repre-

senting British commercial interests in the Far East to impress upon the higher authorities the necessity of warning China against the further development of unsound financial methods, which, if unchecked, must bring about a financial crisis sooner or later.

We have had interviews with high Chinese officials both here and at Peking who tell us that the present system is but a temporary expedient, and that the whole question is under consideration of the Chinese Government.

Now, we quite appreciate the difficulties which surround this question, and if China has men of sufficient experience in financial matters to inaugurate a new system on a sound basis, it would be better that she should undertake the task herself. But if Chinese experts of ability and the necessary experience are not available, in view of the fact that errors and mistakes in financial affairs are apt to prove extremely costly, we think it would be wiser policy for China to engage the services of at least one foreign expert, whose experience and advice might prove to be invaluable.

There need be no question of establishing a financial department under foreign control; but it is essential that there should be central control on a sound basis which will command the confidence of the country.

CREDIT SYSTEM AT TIENTSIN.

As a subject closely allied to currency the attention of the committee has been drawn to the system prevailing at Tientsin of selling to Chinese on terms of credit, by the crisis in the trade there, and by the claims put forward by foreign merchants there for compensation from the Imperial Government.

If the Chinese Government is prepared to accept responsibility for native commercial debts, there will be no lack of claimants from every port in the country; the amount of bad debts at Shanghai alone in the last two years cannot but be very large. No Government in the world would undertake such a responsibility, and it must be admitted that there is point in the Chinese comment that the presentation of the claim is proof that foreigners are not always as reasonable as they pretend to be. The committee are opposed to any extension of trading under the credit system. All the principal Chinese firms who buy on credit at Tientsin have branches here, where they pay cash; the capital necessary for the conduct of their business is either their own or is supplied by Chinese bankers, who can follow the security when the goods are sent to the interior. If foreigners sell on credit the same amount of Chinese capital will not be required—it will be withdrawn, the resources of the native firms will become less, while no foreign firm or bank can follow the security into the interior.

There is a movement to advocate the introduction of the credit system here, as Chinese maintain that on equal terms a cash basis must give way to a credit basis, but in conjunction with the Chamber of Commerce we are opposed to a change which would add greatly to foreign responsibilities without increasing the trade, and which in troublous times might prove to be disastrous to foreign interests.

If foreign merchants choose to deliver cargo which is

represented by their own money we have no desire to make any comment on transactions of that nature, but the case is different when they in their turn get credit to finance the business, and are delivering cargo paid for by borrowed money. The issue is a clear one, and there is no doubt that Shanghai is dead against facilities being granted to undermine our cash business here, by giving credit to our own customers at Tientsin. We are glad to be in a position to acknowledge that the sympathies of the foreign exchange banks are against the development of the credit system, and we can only hope that shipping firms and financial houses at home will co-operate with them.

MANCHURIA.

In the earlier part of last year many complaints reached us of obstruction to trade in Manchuria which were laid before H. M. Minister and the London committee. It is satisfactory to know that in response to representations many of the difficulties complained of were removed. The harvest in Manchuria has been exceptionally abundant, and a great expansion of exports has taken place this year; under former conditions we might have looked for a corresponding increase in imports, but no development in this direction can be recorded. Ever since the war foreign trade seems to have lost its vitality, and rightly or wrongly the change is attributed to what is looked upon as the numbing influence of Japan on foreign trade in that great territory. From its position Manchuria is a country which has created many political difficulties in the past, and there is no reason to believe that an aggressive policy there will prove to be less dangerous in the future than it has been in the past years. British subjects in China do not look with a jealous eye upon the legitimate expansion of Japanese influence, but we do feel that when Japan puts a veto on the development of western Manchuria, as in the case of the Faku-men Railway, we cannot help feeling doubts about what is called the open door basis. We know that the Japanese tell us that they are prepared to extend the South Manchurian Railway system in any direction, but they must know that the object lesson which they have given to China in the management of that system precludes China from extending it westward. As deeds are more powerful than words Japan is judged here more by what she does than by what she says. We know that the ruling classes in Japan are not unanimous in upholding the policy of obstruction, and we can only hope that the voice of the liberal minded minority will prevail in the long run and that Japan will of her own accord give way on this question.

TRADEMARKS.

Another point upon which Japan has been unfavorably criticised here is the trademark question. We are glad to admit that Japanese judges and officials are taking a more liberal minded view of the law as it affects this question. Under former decisions the attitude of a Japanese trader toward his British confrère was very nearly described by the phrase—"what's thine is mine, what mine's my own"; now it is quite clear, whatever the views of unscrupulous traders may be, that Japanese statesmen do not want to take any unfair advantage of Great Britain in this question—we have heard them say so. Under these circumstances

we cannot understand where the difficulty arises. We claim protection for our old established marks—Japan admits that it is only fair that they should be protected; where then arises the difficulty in recognizing priority of usage? If the Japanese Government admits the principle, we are all prepared to wait until it suits it to amend the laws which conflict with it.

OPIUM.

We have done little or nothing about this question, as we have regarded it, as it were, "*sub judice*." Total suppression presents many difficulties, and we have no desire to add to these difficulties by anything we may do or say.

KIANGPEI.

We have made representations both in China and to London about this case. It cannot be for the best interests of China to have so clear a case of bad faith advertised to the world. There is nothing to be gained by delay—there is much to lose; from a national point of view the amount involved is trivial, and we trust that long before another meeting comes round China will consent to a settlement of this irritating matter either by direct agreement or by arbitration.

INCREASE IN IMPORT DUTIES.

We understand that the Chinese Government has repeatedly called attention to Article 8 of the Mackay Treaty and has asked that a meeting of the principal Powers concerned be convened for the purpose of seeing what steps can be taken to carry into execution the increase in the import tariff agreed to in principle in 1902. Little or no progress has been made in the matter, mainly because Article 8 is only one of many articles in that treaty which have been allowed to remain in abeyance, and while it may be necessary to consider this question before long, it can only be claimed in fairness that Article 8 hinges on other Articles. We have pointed out that it may prove to be quite illusory to rely on a great increase in import duty producing a corresponding increase in revenue, if likin and other levies, whether under a new name or not, are allowed to continue.

There is a point beyond which taxation tends to curtail consumption. If this happens under the proposed increase the volume of trade will be smaller, many means of employment will be taken away, life will become a harder struggle and the Government will not receive the revenue they expect. If China is serious in abolishing likin without replacing it by some substitute, she has a very difficult task before her; we do not desire to put obstacles in her way, as we know what great efforts will be necessary to bring about the fundamental changes stipulated for in the Mackay Treaty. All these changes would be for her own advantage, but perhaps as a whole they constitute a perfection unattainable under existing conditions. But we should all welcome evidence of a desire to make these changes.

Mining Laws.—We cannot but feel that there are great difficulties connected with this question, in that, between extraterritorial rights and the absence of consular authority in the interior foreigners engaged in mining, away in remote districts, may be said to be under no law. Perhaps a modified right of inland residence under consular license visé by the Chinese authorities might help to solve the mining, and perhaps other questions.

MANCHURIAN RAILWAY JURISDICTION.

The following is a translation of the Preliminary Agreement, signed on May 11, between the Chinese and Russian Governments in regard to administration, etc., in the settlements along the line of the Chinese Eastern Railway.

Differences of opinion having occurred in the interpretation of the agreement for the construction and working of the Chinese Eastern Railway dated August 27, 1896 (Kuang Hsü, 22nd year 8th Moon 2nd Day) the Governments of Russia and China have decided upon the following general arrangements, having reference to the organization of municipalities on the lands of the said railway:

Article 1.—As a matter of fundamental principle the sovereign rights of China are recognized on the lands of the railway company; they shall not be prejudiced in any way.

Article 2.—China will take all measures resulting from her sovereign rights over the railway lands, and neither the railway administration nor the municipalities shall upon any pretext whatsoever oppose these measures so long as they are not contrary to the agreements concluded with the railway company.

Article 3.—The existing agreements of the railway company remain in full force.

Article 4.—All laws, ordinances and legislative measures resulting from the sovereign rights of China shall be compiled and published by the Chinese authorities in the form of proclamations.

Article 5.—High Chinese officials and official agents visiting the properties of the railway shall be received by the railway administration and by the municipalities with all proper deference and ceremony.

Article 6.—Municipal bodies are to be established in the commercial centres of a certain importance situated on the lands of the railway. The inhabitants of these commercial centres, according to the importance of the localities and the number of the residents, shall elect delegates by vote, who shall choose an executive committee; or else, the residents themselves shall take part in the business of the municipality and a representative who shall be elected from among them who will take upon himself to carry out the resolutions decided upon by meeting of all the residents.

Article 7.—No difference shall be made on the lands of the railway between the Chinese population and that of other nationalities; all the residents shall enjoy the same rights and be subject to the same obligations.

Article 8.—The right to vote shall belong to every member of the community who owns real property of a fixed value or who pays a fixed annual rental and taxes.

Article 9.—The president shall be elected by the assembly of delegates and chosen from among them without distinction of nationality.

Article 10.—The assembly of delegates shall have power to deal with all local questions of public utility. Such institutions as interest only a section of the residents, such as churches, chambers of commerce, schools and charitable organizations, shall be maintained by the section of residents concerned by means of subscriptions.

Article 11.—The assembly of delegates shall select among

its members and without reference to nationality the individuals to be entrusted with the management of municipal affairs; their number shall not exceed three. In addition the president of the Chiaoshechü and the director of the railway shall each nominate one delegate. These delegates and the members above mentioned, including the president, shall form the executive committee.

Article 12.—The president of the assembly of delegates shall also be president of the executive committee.

Article 13.—The president of the Chiaoshechü and the director of the railway, occupying a position superior to the presidents of the assemblies of delegates and of committees, have a right of control and personal revision, which they may exercise whenever they think fit. The delegates mentioned in Article 11 shall submit to them reports on current affairs. In addition all decisions arrived at by the assemblies of delegates shall be submitted for the joint approval of the president of the Chiaoshechü and the director of the railway. Thereafter these decisions shall be published in the form of a notification in the name of the executive committee and shall become binding upon all the residents, irrespective of nationality.

Article 14.—In the event of decisions by the assembly of delegates not being approved by the president of the Chiaoshechü, or the director of the railway, these decisions shall be returned to the assembly for further consideration. If the original decision is adopted by a majority of three-quarters of the members present it becomes binding.

Article 15.—Important questions having reference to the public interest, or the finances of the municipalities in the commercial centres of the railway lands, shall, after discussion by the assemblies of delegates, be referred for the consideration and approval of the president of the company (a high Chinese official, in accordance with Article 1 of the agreement of 1896), together with the head office of the Administration of the Chinese Eastern Railway Company.

Article 16.—The Chinese Eastern Railway Company shall itself administer properties specially set apart for the service of the railway, such as stations, workshops, etc. All other unleased lands of the railway company, as well as buildings, reserved for the exclusive use of the company shall, if these lands and buildings have not been handed over to the municipalities by mutual arrangement, be temporarily subject, as before, to the management of the railway company. Properties under this heading shall be provisionally exempt from land tax, etc.

Article 17.—The general arrangements above mentioned shall serve as a basis for determining detailed regulations in regard to the municipalities and police; the sale of taxation will also be determined. It is agreed that the discussion of these regulations shall commence within a period of not more than one month, reckoning from the date of signature of the present agreement.

Article 18.—Until definite regulations have been decided upon and have come into force in regard to the municipal organization the municipalities will provisionally conform to the existing methods of procedure, applying thereto Article 13 of the present arrangement which refers to the right of control of the president of the Chiaoshechü and the director of the railway in regard to municipal matters. If

the president of the Chiaoshechü or the director of the railway should not approve of the decisions of the assemblies of delegates, and if no agreement can be arrived at as the result of discussions between these officials, two special delegates shall be separately chosen by the Chinese and foreign residents respectively. The president of the Chiaoshechü and the director of the railway shall select jointly with these two delegates a fifth person, either Chinese or foreign, well esteemed of the general public, to discuss the difficulty and settle it on a basis of common agreement. The Chinese Chamber of Commerce at Harbin is authorized to nominate three members, who shall be admitted to the executive committee of that town and participate in its affairs upon the same footing as the other members of the said committee. The Chambers of Commerce of the towns of Manchuria and Hailar will each select two delegates as members of the executive committees of these towns. In other commercial centres, where only general assemblies exist, the Chinese and the Russian population shall take part on a footing of equality in the management of municipal affairs. The elections of assemblies and committees shall take place in accordance with the new detailed regulations as soon as these shall have been fixed.

The text of the present instrument has been drawn up in Chinese, Russian and French, four copies in each language, all of which have been duly signed and sealed with the respective seals of the parties concerned.

In case of doubt the French text shall rule.

Done at Peking, April 27, 1909 (First year of H. M. Hsuan Tung, 3rd moon, 21st day).

(Signed) LIANG TUN-YEN,
SHIH CHAO-TSI,
YU SZU-HSIANG,
J. KOROSTOVETZ,
D. HORVAT,

—North China Daily News.

FILIPINO-JAPANESE TRADE.

A considerable time ago a trade relation between Japan and the Philippine Islands was opened by the Chinese, Spanish and Dutch merchants. Exports from Japan reached yen 197,249 in 1890, and have greatly increased since. After the islands came under the suzerainty of the United States, trade between both countries has never been less than yen 2,500,000. The following figures are from 1901 till 1908:

Year.	IMPORTS TO JAPAN.	Yen.
1901	2,981,031
1902	1,493,865
1903	3,421,554
1904	2,468,707
1905	1,367,612
1906	1,143,116
1907	2,159,178
1908	1,623,147
Year.	EXPORTS FROM JAPAN.	Yen.
1901	2,580,268
1902	1,731,739
1903	1,675,519
1904	1,675,847
1905	1,363,673
1906	1,375,437
1907	1,795,726
1908	2,358,713

Articles exported from Japan to the Philippines are cotton thread, coal, potatoes, silk cloth, matches, cotton cloth, etc. The demand for these articles shows a bright increase this year.

PHILIPPINE FOREIGN COMMERCE IN THE CALENDAR YEAR 1908.

(Prepared in the Bureau of Insular Affairs.)

Commercial imports into the Philippines for the calendar year 1908, exclusive of Government Free Entries, amounted to \$29,186,120, and exports to \$32,601,072, with an excess in export values of \$3,414,952. Reduced trade activity which has recently prevailed throughout the world characterizes the figures for the year, and import values were smaller by \$1,267,690, while exports were \$496,795 less than in 1907.

Imports of rice during American occupation have constituted a very large portion of the import trade of the islands, and in view of the fact that these foreign purchases are to supplement local shortage in production of a vital necessity of the people, and are more the measure of their misfortune than an indication of healthy trade activity, any accurate estimate of general commercial conditions during a given period requires the elimination of this large and abnormal element from the total. The following table gives the relation of rice to other imports and to the total during the ten complete years of American occupation:

Cale- ndar Year.	Rice.	Other Imports.	Total.
1899.....	\$3,523,652	\$15,669,334	\$19,192,986
1900.....	4,365,056	20,498,723	24,863,779
1901.....	5,108,341	25,054,130	30,162,471
1902.....	8,784,388	24,557,778	33,342,166
1903.....	12,552,382	21,259,002	33,811,384
1904.....	7,710,754	21,866,977	29,577,731
1905.....	6,745,975	23,304,575	30,050,550
1906.....	3,991,913	22,411,855	26,403,768
1907.....	4,166,744	26,287,066	30,453,810
1908.....	5,552,571	23,633,549	29,186,120

These figures show an unprecedented activity in 1907 in the general import trade exclusive of rice, and though a decline of more than two and a half millions appears in 1908 the figures for the year compare favorably with those of many years previous. It is, however, in the large increase of \$1,385,827 in the value of rice imports, measuring as it does the local crop shortage, that the most unsatisfactory feature of the import trade for the year is to be found. Rice purchases had steadily declined since 1903 when, due to the exceptionally large quantity required and the high price paid, the value of this staple foodstuff amounted to over twelve and a half millions and made up more than a third of all imports, though high prices prevailing in 1907 resulted in a slightly increased value for a reduced quantity. In 1908, however, the high average price of the previous year has been maintained upon a very substantial increase in quantity, and the most hopeful feature of the rice situation has been a steady decline in prices from the exceptionally high point reached in the first quarter of the year. French East Indies supplied almost the whole of these imports as heretofore.

Opium presents another somewhat abnormal element, though of less importance, affecting the comparative value

of the import totals, inasmuch as these imports in consequence of legislative action have ceased to figure in the returns. Importations of this drug prior to the adoption of restrictive measures reached an annual value of over seven hundred thousand dollars. Increased taxation of the traffic was succeeded by administrative restrictions and this in turn gave place to absolute prohibition by Congress of opium imports for other than medicinal purposes after March 1, 1908. The result has been that this large item of previous years, amounting to \$446,049 in 1907, has entirely disappeared from the figures of 1908 and cannot be properly considered a factor of legitimate trade decline.

With the elimination of the abnormal features of rice and opium, a net reduction in the general import trade of \$2,207,468 appears in the figures of 1908 as compared with those of the previous year. Among import items of considerable value substantial gains are recorded for coal and fresh beef, but these offset only to a slight degree reduced purchases of cotton goods, cattle, iron and steel, illuminating oil, wheat flour, and boots and shoes.

It is in imports of cotton and manufactures that the far greater portion of this reduction is to be found. This trade reached an exceptional value of \$9,026,469 in the previous year, but declined to \$7,216,682 in 1908—a loss in value of \$1,809,787. Most countries participating to any important extent in these imports shared in this decline. A notable exception, however, is to be found in the case of Japan, whose sales increased from \$457,612 to \$614,203 in the face of the general reduction. By rapid strides in the past three years Japanese textiles have won third rank in the cotton cloth trade of the islands, while Japanese yarns rank second. The heaviest declines in values are found under cotton cloths and cotton knit fabrics. In the reduced totals of the latter Spain's trade falls off from \$626,875 to \$252,426 and thus becomes a practically equal contributor with Germany, the only other important source of imports of knit goods. Cotton yarns were imported to the value of \$1,287,549 and indicate increased activity in the local weaving industry in spite of the heavy stocking up of the textile market in 1907. In the seven million dollar cotton trade, half was of British origin, while American goods were a remote second, and Japanese a close third.

Though the large and increasing beef trade is doubtless in some measure indicative of an improved standard of living, it is to be considered, like rice imports, as one of the measures of the island's misfortunes. The sweeping disaster of the rinderpest scourge of several years ago and the recurrence of epidemics throughout the islands since are large factors in the dependence on foreign beef supplies.

These beef imports assume two forms, one a refrigerated beef trade exclusively from Australia, and the other a cattle trade from the adjacent coasts of the China Sea, the

proximity of which to the Philippine market for this class of cargo has thus far given this nearby source of supply an advantage with which Australia has not been able to successfully compete. While the cattle imports also include draught animals, these are not a very large feature of the total, and it may be considered a beef-on-the-hoof trade, chiefly for the supply of the slaughter house at Manila.

The aggregate value of refrigerated beef and cattle imports during the past year was \$1,504,550, or an increase of \$35,381. But the proportion has undergone a marked change; fresh beef imports more than doubled and made up nearly half the total, while the far more important cattle trade of previous years declined from a value of \$1,119,638 in 1907 to \$770,310. This change was coincident with the inauguration of rigid cattle inspection and quarantine regulations, based upon the view that the constantly recurring epidemics of cattle plague were due to infection from foreign sources. These restrictions not only had their bearing upon the changed character of the beef traded for the year and substitution of fresh beef for beef on the hoof, but also upon the source of supply. Investigation developed that the French methods of cattle inspection in Indo-China assured a much better guarantee of immunity from disease upon arrival in the islands than was found to be the case in Chinese cattle, and though China had heretofore practically monopolized the cattle trade the figures for 1908 show that of the reduced trade French East Indies contributed nearly half.

The wheat flour imports that for the first time exceeded a million dollars in value in 1907, amounted to \$943,022 in 1908, a reduction of \$98,834. This peculiarly American trade of earlier years, the United States under the disadvantages of distance and transportation has been steadily losing to Australia since 1904. In the past year, however, higher Australian prices have prevailed with reduced shipments, and the year's reduced total shows a value of \$530,923 credited to United States and \$411,639 to Australia, American wheat flour recovering the lead lost in the previous year.

A two million dollar iron and steel trade is recorded for 1908, which falls below the average, and is \$286,988 below the figures of the previous period. Of practically 70 per cent. of the total contributed by United States and United Kingdom the value credited to the former was \$806,109 and to the latter \$566,089. British products reached an exceptionally low value, but in the American trade a slight increase is shown in spite of the reduced total.

Imports of illuminating oil, which reached the exceptionally large total of \$859,278 in 1907, declined to \$719,303 in 1908. The American product dominated the market with a value of \$556,207, but imports from the Dutch East Indies, the only other source of any importance, slightly increased and amounted to \$157,698.

Imports of coal increased from a value of \$513,680 to \$597,507 and were as in previous years almost exclusively from Australia. This increase is the more significant since during the past year active exploitation of local coal fields has taken place, and vessels engaged in the inter-island trade have drawn upon this supply. Facilities for largely increasing the present domestic output are being installed,

and the indications are that the local product will soon begin to appreciably affect the present importation.

Coffee and cocoa are both products of the Philippines, and the former some twenty years ago, before the advent of the coffee blight, was an important item of export, amounting to one and a half million dollars in value, but during American occupation they have figured as imports of steadily increasing value. Foreign purchases of coffee amounted to \$165,795 in 1908, and cocoa to \$229,647. British East Indies is the chief source of both these commodities and Dutch East Indies to a minor degree, though in the large increase in coffee of the past year the Java product begins to take a prominent place.

The boot and shoe trade for the year fell below the figures of 1907 by \$68,715 and amounted to \$351,034, of which the United States contributed \$283,410. Spanish trade further declined from \$82,417 to \$53,456, and the year's figures still more confirm the supremacy of the American shoe in the Philippine market.

Low hemp prices completely dominate the export total of 1908, and a survey of the figures suggests a year little short of disastrous to this, the chief export industry and heretofore considered the most prosperous of the islands. So heavy was the shrinkage in value of this staple that though returns from sugar and copra far exceeded those of any previous year during the American period the net reduction in total export values reached nearly a half million dollars. The following table shows the quantities, value and annual prices of hemp exports from 1899:

Calendar Year.	Tons.	Value.	Price per Ton.
1899.....	69,048	\$7,993,574	\$116
1900.....	89,438	13,290,400	149
1901.....	124,257	15,976,640	129
1902.....	111,500	19,290,610	173
1903.....	137,752	22,000,588	160
1904.....	121,637	20,944,177	172
1905.....	128,383	21,757,344	169
1906.....	102,439	19,612,632	191
1907.....	115,395	19,689,493	171
1908.....	129,313	16,501,956	128

From the above it appears that though the quantity of hemp exported in 1908, amounting to 129,313 tons, exceeded that of any previous year but 1903, the average price marked the lowest level since 1899. The contrast between the average price of \$172 per ton during the previous six years and \$128 per ton in 1908 measures one aspect of the loss to the industry, while it explains a reduction of \$3,387,537 in receipts from the staple, though fourteen thousand tons more were marketed than in 1907. Of the reduced value for the year, amounting to \$16,501,956, the United States took \$7,797,926, while \$6,792,962 worth found a British market.

Philippine sugar was marketed to the extent of 141,448 tons during the year and under more favorable price conditions than during the previous period, resulting in a total value of \$5,703,641, an increase of over a million and a half dollars. The average price was 1.8 cents as compared with 1.5 cents in 1907, and the shortage in the world supply brought the United States into the market on a

larger scale than since the period of high prices in 1905. Of the total the American purchases were about a third, while the bulk of the remainder was taken by the Hongkong-Chinese market.

Copra, like sugar, was exported in 1908 in largely increased quantities, and though the price was materially less than that of the two previous years, it still maintained its second rank in the value of Philippine exports with a total of \$6,058,886, and added \$1,274,735 to the previous year's record. France took about two-thirds, while shipments to Spain were valued at \$729,300, and American purchases increased slightly over those of 1907 and amounted to \$220,892. The related cocoanut oil industry took foremost place among exports of minor importance with a value of \$342,280 and found its largest market in the United States.

Exports of leaf tobacco amounted to \$1,708,756, with a slight improvement in price and increase in quantity over those of 1907. Spain, as heretofore, was the largest purchaser with slightly over a million dollars' worth, while Austria-Hungary took the larger part of the remainder.

Manufactured tobacco exports were valued at \$1,117,900, a consequence of smaller sales of cigarettes. Of these widely distributed, and were slightly less than in 1907, chiefly in contributed exports the Hongkong-Chinese market took a somewhat reduced but still leading value, while Australia and British East Indies increased their purchases, and the United States figured nominally to the extent of \$18,748.

Philippine products of minor importance figuring in the export trade were generally characterized by reduced values. The case of cocoanut oil, previously referred to, was, in fact, the only noteworthy instance to the contrary. Relatively heavy reductions figured in maguey, miscellaneous vegetable fibres, hats, ilang-ilang oil, and to a less extent in other commodities.

With this review of the leading features of Philippine commerce for 1908 carried into detail, the general conclusion seems to be warranted that in spite of the seemingly unfavorable conditions, measured by import returns of 1907, the figures compare favorably with the average of recent years, and that the exceptional import activity of that period would in fact explain even a greater reduction in purchases than is found in the figures of 1908. In the export trade increased quantities in all of the four great staples of the islands indicate an increasing industrial activity, but the two dominating factors in the year's trade—increased imports of rice and the low price of hemp—are not to be minimized and have heavily offset an otherwise satisfactory commercial condition.

Imports from the United States in 1908 were valued at \$5,101,836, as compared with \$5,067,538 in the previous year. The strength of the American position in the Philippine market rests upon the great staples, iron and steel, cotton and manufactures, wheat flour, and illuminating oil. These comprise more than half the total, but the remainder is made up of a more widely diversified class of articles than is to be met with in purchases from any other country. The American cotton trade shows a considerable falling off in the reduced total, and amounted to only \$662,033. These imports reached an exceptional value

of over a million dollars in the previous year and the absorption of abnormal stocks is thought to explain the seemingly reduced demand. The value of American illuminating oil was also less by \$79,527, but substantial increases in flour, iron and steel, lumber, and other items more than compensated for these losses. Exports to the United States were to a slightly greater value and amounted to \$10,450,755, of which \$7,797,926 was for hemp and \$1,966,166 for sugar. An increased quantity of nine thousand tons of hemp found an American market on the basis of lower prices at a reduction of a million and a half dollars in value as compared with 1907, but increased purchases of Philippine sugar about equaled this difference, while copra and cocoanut oil, amounting to \$220,892 and \$205,052, respectively, were the only other products worthy of mention to find an American market.

JAPAN'S FOREIGN TRADE.

The foreign trade in Japan for past forty-one years from the first year of Meiji (1868) till last year shows for fifteen years an excess of exports over imports and for twenty-six years the reverse, as below:

EXCESS OF IMPORTS.	Yen.
1868.....	4,860,401
1876.....	3,746,849
1882.....	8,275,157
1883.....	7,823,178
1884.....	4,198,819
1885.....	7,789,723
1886.....	16,707,881
1887.....	8,103,429
1888.....	250,276
1889.....	3,956,939
1891.....	16,600,004
1892.....	19,776,674
1893.....	1,455,693
1895.....	6,851,600
1906.....	4,970,784

EXCESS OF IMPORTS.	Yen.
1869.....	7,874,655
1870.....	19,198,624
1871.....	3,948,119
1872.....	9,148,168
1873.....	6,471,949
1874.....	4,144,508
1875.....	11,364,517
1877.....	4,072,381
1878.....	6,886,694
1879.....	4,777,232
1880.....	8,231,214
1881.....	132,358
1890.....	25,125,075
1894.....	4,235,869
1896.....	53,831,713
1897.....	65,165,695
1898.....	111,748,404
1899.....	5,472,032
1900.....	82,831,852
1901.....	30,467,102
1902.....	13,428,194
1903.....	27,633,076
1904.....	52,099,842
1905.....	167,044,407
1907.....	62,054,473
1908.....	58,011,789

COMMERCE OF JAPAN WITH THE UNITED STATES.

Japanese imports from the United States in 1908 amounted to 78 million yen, or 39 million dollars, the value of the yen being in round terms 50 cents. The share which merchandise from the United States formed of the total imports into that country was in 1908, 17.8 per cent.; in 1907, 14.57 per cent., and in 1888, 8.67 per cent. This total of 78 million yen is practically twice as great as a decade ago, the imports from the United States in 1898 having been 40 million yen, and in 1888, 5½ millions. The exports from Japan to the United States were in 1908, 122 million yen; in 1898, 163 millions, and in 1888, 63 millions; forming in 1908, 32.2 per cent.; in 1898, 29.06 per cent., and in 1888, 37.45 per cent., of the total exports of Japan.

These figures are from the official publication of that government, entitled "Annual Return of the Foreign Trade of the Empire of Japan, 1908," just received by the Bureau of Statistics of the Department of Commerce and Labor. A comparison of the figures of this document with those of similar official publications for earlier years shows that the value of merchandise from the United States imported into Japan in 1908 exceeded that of any earlier years except 1907 and 1905, having been in 1908 about 3 million yen below the figures of 1907, and 27 millions below 1905, when imports from the United States in the closing year of the Russo-Japanese war were abnormally heavy. The percentage which merchandise from the United States formed of the total imports was larger in 1908 than in 1907, despite the slight falling off in total—this increase in percentage in the face of a decline in total being due to the fact that Japan's total imports were materially less in 1908 than in 1907, having been in 1908, 436 million yen, and in 1907, 494 millions.

Wheat and flour from the United States show a marked decline in 1908 compared with 1907, the value of wheat imported from this country falling from a little more than 2¼ million yen in 1907 to practically 2 millions in 1908; while flour fell from more than 5¼ millions in 1907 to a little less than 2¾ millions in 1908, though it may be added that the United States supplied a very large proportion of the wheat and flour entering Japan in 1908 as well as in 1907. Of condensed milk the United States is also the largest source of supply, the value of this article imported from the United States being considerably more than that from all other countries combined, and the quantity of 1898 showing a slight increase over 1907. The value of condensed milk imported from the United States alone in 1908 was 1,319 thousand yen, the yen, as already indicated, equaling practically 50 cents in United States currency.

Petroleum and its products are important articles in the import trade of Japan, and especially in its trade with the United States. Of the 72 million gallons of petroleum oil imported into Japan in 1908, 43 millions came from the United States, 29 millions from Dutch India, and but 5 gallons from any other country. In lubricating oil the reliance upon the United States is still greater, the quantity imported from this country being 93 per cent. of the total imported. Of paraffin wax, also a product of petroleum, three-fourths of the imports are from the United States, the total value of paraffin imported in 1908 amounting to 2 million yen, of which practically 1½ millions came from the United States.

Raw cotton forms the largest single article in value imported into Japan from the United States, its value being in 1908 26½ million yen, against 28¾ millions in 1907. In this article, raw cotton, India supplies a larger share of Japan's total importation than does the United States, the value of cotton from India in 1908 being 39½ million yen,

and from China 16¼ millions. American cotton is also higher in value per unit of quantity than that of India or China, since 800 thousand picul of cotton from the United States was valued at 26½ million yen, 1,500 thousand picul from India at 39½ million yen, and 652 thousand picul from China at 16¼ million yen. (The picul equals 133¾ pounds avoirdupois.) In cotton goods, however, the United States supplies but a small share of the total imports into Japan. The total value of imports into Japan of cotton goods of all classes amounted in 1908 to 17 million yen, of which over 16 millions was from the United Kingdom, and practically all of the remainder from other European countries—Germany, Belgium, France, and Switzerland—the total of all cotton goods imported from the United States being stated at 94,904 yen.

In printing paper the United States showed a large increase over the figures of 1907, but had as her rivals Great Britain, Belgium, Germany and Sweden. The total value of printing paper imported into Japan in 1908 was 2,549,675 yen, of which 744,553 yen in value was from Belgium, 686,724 from Great Britain, 503,291 from the United States, 343,140 from Germany and 146,662 from Sweden, the quantity from the United States, however, showing an increase of about 80 per cent. over 1907, while all of the other countries in question showed a falling off in 1908 compared with 1907.

In iron and steel manufactures Great Britain, Germany and Belgium are active competitors of the United States, and in many cases supply greater quantities than does this country. Under the general head of "pigs, ingots, slabs, and blooms," Great Britain supplied 2,115,261 yen in value; Sweden, 512,774 yen; Germany, 259,344; China, 861,104, and the United States but 66,530 yen in value. In bars and rods, wire, tin plates, galvanized sheets, hoops, bands and angle iron the United States also supplies but a small proportion of the total imports. In steel rails, however, the United States supplied, in 1908, 2,407,884 yen in value, against 2,193,132 yen in value from Germany and 384,793 from Great Britain. In iron and steel pipes the quantity from the United States also exceeded that from any other country. In iron nails the principal sources of supply were Germany and the United States, though the quantity from Germany was more than three times as great as from the United States. In locomotives nearly the entire importations were from the United States, the total value of locomotives imported in 1908 being 1,722,983 yen, of which 1,355,043 were from the United States. Of railway cars imported in 1908 about ¾ million yen in value were from the United States, and of electric machinery two-thirds of the total came from the United States, as was true of sewing machines and paper making machinery.

The active rivalry of the various commercial nations for participation in the trade of Japan is shown in a comparison of the total figures of 1908 with those of 1900, by countries. Imports from India increased from 23½ million yen in 1900 to 491.3 millions in 1908; from Great Britain, from 71½ million yen in 1900 to 107¾ millions in 1908; from Germany, from 29 million yen in 1900 to 46¼ millions in 1908; from Switzerland the imports in 1900 were 3 million yen, and in 1908, 2,689 thousand; from France in 1900 the imports were 8 million yen, and in 1908, 5¼ millions; from Belgium in 1900 practically 8 million yen, and in 1908 71.3 millions; from the United States in 1900, 62¾ million yen, and in 1908, 77½ millions. The percentage which the United States supplied of the imports of Japan was, in 1888, 8.67 per cent.; in 1898, 14.57 per cent., and in 1908, 17.8 per cent.; while the share which the United Kingdom supplied was, in 1888, 43.81 per cent.; in 1898, 22.84 per cent., and in 1908, 24.71 per cent.

Exports to the United States from Japan exceed in most cases the imports from this country, the exports to the United States in 1907 being 131 million yen, against 80½ millions of imports therefrom, and in 1908, 122 million yen, against 78 millions of imports.

THE SOUTH MANCHURIA RAILWAY.

(Correspondence of the *Far Eastern Review*.)

NEWCHWANG, December 27, 1908.—The South Manchuria Railway, the only tangible asset left to Japan as a result of her victory over Russia; a railroad with the bridges dynamited, the rolling stock deteriorated, the stations demolished, the roadbed destroyed, its trade paralyzed, in fact, an utterly hopeless industrial wreck; this is the picture of the war scarred road as it came to Japan, a road which, in its short history, has passed through all the gamut of legitimate railway adversities, and a storm of invective and abuse which would have swamped any ordinary enterprise.

THE SOUTH MANCHURIA RAILWAY.

Who has not heard of it, by its many synonyms! "The tentacle of the Octopus," "the strangler of trade," "the secret rebater," "the wicked discriminator," "the absorber of Manchuria," "the cunning agent of Japan's designs on China," "the ungrateful corporation which borrows money from its ally to spend it in America," "the soulless monopoly which exacts all and gives nothing in return," "the bar to further extension of Chinese railways," "the land grabber," "the mine robber"—all these and some more added, according to the viewpoint and the supply of superlatives, sum up the popular foreign conception of this enterprise.

The South Manchuria Railway under former administration, especially under military rule, had many faults and drew on itself much deserved criticism. If there were anything the unskilled military operators omitted doing, if anything went wrong, if a porter or conductor looked cross-eyed or a railway guard practiced his poor English on the unsuspecting traveler in his desire to perfect his accent, or the soldier responded "Wakarimasen" to the crude efforts of the traveler to speak Nipponese, or anything else under the sun happened to the occasional traveler in the military zone, it was all wicked and intentional. Forthwith, the irate and insulted foreigner wrote a letter to his favorite newspaper in the treaty ports to prove that the wily Japanese and slippery allies were not playing the game, or carrying out the spirit of the alliance.

Were there a shortage of cars, it was charged up to deliberate discrimination. If the Japanese merchant at Newchwang or Dalny had his freight handled first, it were an imposition on equal rights and opportunity. Because the road preferred to haul freight to Dalny, 162 miles further than Newchwang, at the same rate to develop its own property, it was an unpardonable crime against the vested interests of the icebound port of Newchwang; because the directorate has two members formerly of the Mitsuis, ergo, it established conclusively that Mitsuis' freight would have preferential treatment. But why prolong the tale of alleged iniquities of the sinful company! If a list were printed of all the crimes and irregularities which a soulless corporation might practice, and a composite photograph taken of the whole, the only suitable legend, according to the critics, would spell out THE SOUTH MANCHURIA RAILWAY COMPANY.

And the company, during all this torrent of criticism

and abuse, has kept quietly at work "sawing wood." To paraphrase the remark of the late Speaker Reed, it has "stood silent, mute, speechless, dumb, and, in addition to this, it has not been saying a word."

My impressions of the "Octopus" were in line with the above before making a visit to Manchuria. After two months spent traveling throughout the Three Eastern Provinces, studying conditions and receiving first hand impressions, my viewpoint has been altered, and it may be that the devil is not so black as he is painted. While there is still considerable legitimate criticism which may be directed against the Japanese policy in Manchuria, I am safe in stating that, to-day, an impartial, unprejudiced observer who sees for himself, and draws his own conclusions, refusing to be guided by those who have axes to grind, can find no legitimate cause for complaint with the operation of the road as a public carrier. Eliminating international politics and friction with China, which will always be present while Japan controls the road, and confining comment to the railway and its work, there is much to be said in favor of the company and praise for its enterprise. The administration has encountered and overcome obstacles which reflect the highest credit on the officials, and has pursued its work, in the face of public distrust and hostile criticism, to a successful completion. The administration is entitled to the reward for its labors, and it ill becomes even its most bitter political and commercial opponents to withhold just recognition and praise for what it has accomplished.

When the South Manchuria Railway Company was organized, and the property taken over from the military authorities, it was a poor apology for a commercial road. The Russians, in their retreat, had destroyed the roadbed, dynamited the bridges, burned the stations, withdrew the rolling stock, and did everything possible to make the line useless to the enemy.

The Japanese army had to relay the track to narrow gauge to suit the cars and engines hurriedly loaned by the Japanese lines, rebuild the bridges temporarily, repair the stations, and make herculean efforts to meet the enormous demands on its equipment to supply the immense army in the North. The road was constantly taxed beyond its capacity, and this condition prevailed until after evacuation. It was natural that the bulk of the freight should consist of military stores and vast quantities of Japanese products for their men, and it follows that a large amount of this merchandise found its way into the native stores.

With a limited equipment of rolling stock, narrow gauge at that, hardly sufficient to cope with their own traffic, is it any wonder that at times the foreign shipper at Newchwang could not get a car while his Japanese competitor could? This may be an infringement on the doctrine of equal rights, but it is human nature, and all the conventions and treaties in the world cannot provide against such a situation.

It was at this early stage of the road's history under

Japanese administration that the cry of discrimination against shippers was first heard, and it continued over the entire period that the company was making gigantic efforts to widen its track, import new cars, and place itself in a position to handle the immense volume of freight. Criticism at such a time was of course admittedly unfair. Again, the most persistent and emphatic note of protest arises from the fact that the railway company, in order to build up its own terminal at Dalny in the leased territory, charges the same rate to that port that is made to Newchwang. Here is an interesting question which has many sides to it, but all we hear is the cry of Newchwang that it is being discriminated against and that such treatment is a violation of equal opportunities.

Dalny, the terminus of the road, is an ice free port; Newchwang, the natural port of Manchuria, which formerly held a monopoly of the trade, is closed by ice for at least four months of the year. The latter port is the headquarters for foreign firms engaged in the Manchurian trade and has large vested interests, particularly British. The distance by rail from Newchwang to Dalny is 162 miles.

The freight rates on the South Manchuria Railway from the terminus at Changchung to either port are the same—yen 16.30 per ton on first class freight, 13.80 on second class, 11.30 on third class, and 8.80 on fourth class, while the carload rate is yen 13.50 for first, 11 for second, 8.50 for third, and 6 for fourth class.

The Newchwang merchants protest against the discrimination in favor of Dalny, whose prosperity will be at their expense. But there is another side to the question. The great bulk of Manchuria's exports, in the shape of bean cake, go to Japan, whether shipped from Dairen or Newchwang, and the trade is largely in the hands of Japanese. The railway company, in order to build up its line and port, carries this immense amount of freight 162 miles further at the same rate. If the rate between Changchung and Newchwang is a legitimate one, it is evident that the extra haul must be at a loss to the railway. The rates between Mukden and Newchwang, where the Imperial Chinese Railway comes in competition with the Japanese line, are almost equal, which would indicate that the tariff throughout is based on fair returns.

In criticising the Japanese road for its discrimination against Newchwang, the interests of the shipping seem to have been lost sight of altogether. Just at a time when the producer must sell his crop the port of Newchwang closes for the winter. Formerly, when this port monopolized the trade, there was no other remedy, and, willy nilly, the traffic went to Newchwang to be stored in the godowns of the big hong until navigation opened. With the opening of the railway and the outlet to the ice-free port of Dairen the crop movement is facilitated, the farmer secures immediate value for his crops, and the Japanese market receives its bean cake in time for fertilizing the ground for spring planting. The loser is the Newchwang merchant, who is deprived of his storage profits and income from handling the freight.

These facts are, of course, ignored by the vested interests of Manchuria and they call attention to the wickedness of the sly Japanese to arouse public sentiment against them.

This is legitimate propaganda, but up to the present, while we have heard nothing but denunciation of Japan's policy, no one has pointed a way out of the difficulty. Would they have the South Manchuria Railway Company raise the freight to Dalny for the benefit of Newchwang during the summer months, and hold the same high tariffs during the winter months to the detriment of the shipper and the market while Newchwang is closed tight?

The tariff between Newchwang and Dalny ranges from yen 8.10 per ton to yen 4.50 per ton regular, and from yen 6.60 to yen 3 on carload lots. In this respect the South Manchuria Railway is like all soulless corporations, and consults its own interests first, and these lie in Dairen. It's really remarkable how the Japanese have absorbed foreign ideas and tactics along with other good things.

Perhaps the European railway corporations are truly altruistic and never operate to their own advancement, but in America there are many similar cases to Newchwang and Dalny. If a railroad desires to build up its own terminal port, and charges reduced rates to the shipper for the privilege, the other ports may criticise and condemn, but that's all. The situation in Manchuria is similar, but what are you going to do about it?

Treaties have nothing to do with the case in point. Alliances, the open door, equal opportunities and all other conventions cannot alter the situation. There is only one remedy and that is for China to repurchase the line from Japan as soon as possible, but that only solves the political side of the question. The situation of Newchwang under any management having the interests of the company at stake must always be the same, and as the years go by, instead of improving, it will grow worse. The immense future import and export trade of Manchuria will never be controlled by a port that lacks open communication the year round.

The heyday of Newchwang's prestige and prosperity is past. Any impartial observer not blinded by prejudice can read the handwriting on the wall. Car traffic in winter and river junks in summer will postpone the inevitable day, but sooner or later the port will dwindle and lose its prominence. Both native politics and the railroads operate against it. The most important question now before the port is the conservancy of the Liao River, and a petition from the Chamber of Commerce and the Consular Body has been sent to the Viceroy asking that steps be taken to safeguard the waterway. The river is silting up and the junk borne traffic from the upper reaches of the Liao is threatened. This in itself constitutes a grave danger to the commercial prominence of the port. This work, unlike the conservancy projects of Tientsin and Shanghai, will have to be undertaken by the Chinese authorities, and their hearty co-operation to preserve the vested interests of foreigners is well known.

The Chinese Government has engaged the services of a well known engineer, Mr. Hughes, to study and report on a certain harbor west of Newchwang which will be ice free and open the year round. This gentleman is at present conducting a survey and making observations. A new port will then be opened and made the terminus of the Imperial Railway of North China, as an outlet for the winter traffic of

such part of Manchuria as comes under the influence of that road. What of Newchwang then?

Perhaps the Chinese Government will be guided by altruistic motives and contribute large sums to the conservancy of the Liao, for the perpetuation of foreign vested interests in Newchwang, and abandon the project for an ice free port, in which all the property will be under its control. Maybe, but not very likely. The Chinese Government, like the Japanese Government, has absorbed a few ideas from foreign soulless corporations. If this project goes through, as appears probable, the foreign interests of Newchwang will be, between the Rising Sun and the Dragon, scorched on the one hand and bitten on the other. And then the discrimination we hear so much about on the side of Japan will have to be shouldered also by China, for if this port is to be built for political purposes to offset Dalny and be under the management of the Imperial Railways of North China, a government concern, it is natural to suppose that the Imperial Railway management will offer some inducement to shippers to build up the new Chinese port and make a profit on the expenditure. It's really up to Newchwang to protest.

But I am wandering away from the subject of this article, the original discriminator, etc., and have only digressed to point out how utterly wicked is the action of the South Manchuria Railway in its attitude toward Newchwang.

In the matter of car discrimination, here again the Japanese Railway Company was found guilty in the past, but there was a plausible reason, as noted above. The car equipment was insufficient for the demand, and naturally the big Japanese firms who supplied the army had the preference. That was the first concern of the road, and of course considerable merchandise of Japanese origin found its way to the market, to the exclusion of other foreign goods. Here was a problem for the altruist to work on. Dalny was practically closed to foreign trade during military occupation.

The wharves were occupied by vessels carrying material for the army and the railway. Naturally every car that could be spared went to Dalny, and as there were no foreign houses in business, spare cars were loaded with Japanese merchandise products for the Manchurian market. Of course this was wrong, and opposed to all the ethics of brotherly love, equal rights, etc. The Japanese, although they were making desperate efforts to import new equipment for the standard gauge, and incurring heavy debts to purchase cars and locomotives, should have consulted the interests of foreigners in Newchwang, and spent millions or so in extra narrow gauge cars to handle their business, only to be later thrown away. The wharves at Dalny should have been cleared of vessels carrying heavy railway material for the road and room made for ships carrying foreign goods for the Manchurian market.

In our imagination, we can see the American, British, or other governments assuming this unselfish attitude under the same conditions.

At the same time, the passenger cars were also inadequate, small, stuffy, narrow gauge boxes, devoid of ventilation, refrigerators in winter and the other extreme in summer. Columns have been written about these awful con-

ditions and impositions on the traveling public. The conductors were surly and impatient, the porters were rude, and the guards were overbearing and insulting. If there were any good feature about the road, it was overlooked entirely by the ever ready letter writer who signed his initials to the stuff sent to his favorite paper in the treaty ports of China.

And during all this time, the South Manchuria Railway officials said little, but redoubled their energies. An occasional defense was offered by their friends in Japan and elsewhere, but these of course emanated from subsidized organs, and were not worthy of credit. No, the pendulum had swung too far the other way. Nothing could alter the conviction of the average foreigner that Japan was not playing the game.

And now what is the situation? To-day the railway has been standardized throughout. Luxurious Pullman sleeping and dining cars and day coaches are at the service of the traveler. Hundreds of freight cars and locomotives are in operation; bridges have been rebuilt, stations remodeled, hotels are being constructed. An army of courteous employees have been trained and are now in attendance, and the road and its service brought up to the highest standard. Everybody, it would seem, would be happy; but no, there is still trouble. The railway company is an ungrateful corporation. It borrowed its millions from London, receiving about 95 and paying 6 per cent, and of course giving ample security, and then turns round and proceeds to spend the money in America.

The ubiquitous letter writer again works overtime to tell his troubles to his treaty port paper. He growls at the service, and the American Pullman is the last straw. The latest effusion to a Shanghai daily sums up the situation;

"In any case, and under the best conditions, a railway that deliberately exposes passengers to the unnecessary horrors and discomfort of the American corridor bunk system, where all civilized people, unfettered by trusts and emigrant traditions, have adopted sleeping cars that permit of quiet and privacy, owes an explanation to the public at large.

"And when you come to think of it, why should British capital have been spent by the South Manchuria Railway in introducing these transatlantic atrocities?"

Why! indeed! we echo, and, immediately, the chorus from an old music hall ditty runs through my mind:

"I owe tin dollars to O'Grady,
He thinks he has a mortgage on me life,
He comes around to see me every mornin',
And at night he sinds his wife."

Nothing can satisfy the earnest growler who is looking for trouble.

Here was a situation where a railway needed care, needed locomotives, needed everything, and needed everything quickly to cope with the traffic and appease the critics. It borrowed the money in London, paying good interest, and giving good security, and then looked around to see where it could get the equipment delivered in the shortest possible time. British builders could do it, in fact wanted to do it, offered to do it, but time was the essential quantity, and the contracts went to America where the material was either on hand or could be delivered quickly. Not that the material was any better. American material never did amount to anything outside the American continent, and it is really remarkable how the railroads there can operate over immense distances with the miserable equipment they use.

The Japanese made an awful blunder here and nearly broke up the alliance. But there is this satisfaction for the

critics. The equipment purchased in America is of course very inferior and will soon wear out. The South Manchuria Railway Company will then have to borrow a few more millions and with plenty of time for delivery it will of course purchase really serviceable cars and locomotives and bring about a rapprochement with the disgruntled ones.

But here I am digressing again, and wandering from the subject of the wicked discriminator, etc., etc. All this discrimination in cars is of course ancient history. What is the situation today? The writer has made many anxious inquiries throughout Manchuria trying to secure evidence of this crime of car discrimination, but without success. Everybody is being served as rapidly as possible, and, in Newchwang particularly, the railway company seems to be striving to gain the good will of the foreign shipper.

The most serious charge against the road was an incidental remark from the Newchwang manager of the greatest corporation in the world, the so-called original "Octopus," who claimed that he had to pay his freight in advance while the Mitsui and others had a current account payable every two weeks or monthly. This, of course, is unfair competition, and real discrimination against the poor old Standard Oil Company, which needs the money, and it is probably keeping the good people at 25 Broadway awake nights.

And speaking of the Mitsui firm, it is also claimed that the house has two of its men on the board of directors, and the natural inference is that the Mitsuis' freight receives preferential treatment, and again we have the cry of discrimination from freight shippers. It is a fact that two of the best men of the house of Mitsui are directors of the railway, and from personal observation it might easily be concluded they were evidently placed there because of their business qualifications and fitness for the job. The fact is lost sight of that the South Manchuria Railway Company is a stock company, also that the house of Mitsui is the strongest, wealthiest, and most influential concern in Japan. Its ramifications are many, and it is represented in some of the leading industrial concerns in Japan, besides being allied with other strong aggregations of capital.

When we stop to consider that only Japanese or Chinese can hold stock in the company and the Chinese refrained from subscribing it left the stock to be taken up in Japan, it occurs to us as a logical inference that the house of Mitsui, being the strongest firm in Japan and allied to many other large corporations, subscribed for and now control a certain proportion of the stock, and it is not unlikely that the house has adopted the well known foreign custom of having their shares represented on the directorate. This is really unpardonable on the part of the Mitsui people, and the practice should be discontinued and discouraged. Such tactics might be tolerated or overlooked elsewhere, but it is positively wicked for those so young at the game to ape their elders.

And now we come to the real bona fide, out and out, old time discrimination. It is a hard nut to crack, a difficult problem to solve. In America they are still pondering over the subject and striving to down the rascally corporations. The Americans thus have troubles of their own, while out here the same question becomes mixed up with the open door, equal opportunities, sovereign rights, etc., until it becomes so confused that it takes on the status of a *casus belli*, or something as bad.

The South Manchuria Railway Company owns a coal mine at Fushun. At least it is in possession. And this is one of its principal assets. It's a long story about the coal mine, but to clear up matters it ought to be presented. The Chinese say it belongs to them. The original concession was granted to two Chinese merchants. One was a good business man and the other was not, so the one that was not sold out to the one that was and became eliminated from the enterprise. The good merchant operated the mine and sold his product at Mukden and neighboring towns, making a good profit. Then came the Russian railway and its companion, the bank, and the miner sold

his coal to the railway at a good profit. But the water came up in the shaft and prevented operations until pumps could be secured. The Russo-Chinese Bank loaned the miner about 40,000 roubles with which to purchase pumping machinery and restore the mine to a working basis. One of the guarantees for the loan was that the superintendent and other principal employees should be Russians, to which the Chinese owner acceded. And then work was resumed, more coal produced, and a good market found with the railway.

Then came the war, and the retreat of the Russians. When the Japanese advance reached the mine, they found Russians in charge and coal ready for the use of the railway.

Now, the Japanese simply say that the mine was being worked by Russians, supplying coal to the Russians. They found Russians there when the army arrived, and therefore the mine was Russian and so belongs to the Japanese as spoils of war. The Chinese Government has remonstrated and attempted to submit the question to arbitration. The Japanese Government simply refuses to discuss the matter and says in effect to China, "You cannot prove to us that the mine was not Russian."

In the meantime the mine is made part of the Government assets in the South Manchuria Railway Company, and forms part of the security for the loans for the reconstruction of the road. The equipment of the mines has been increased to secure an output of 3,000 tons a day, and the railway is being double tracked to handle the enormous tonnage. So far as Japan is concerned, it is apparently a closed incident, and what is China going to do about it?

Now, the important phase of the situation is that Japan has a coal mine, on which she has spent millions, and expects to secure commensurate profits. The mine is a part of the railway and here comes the old, old story. What chance has any other coal mine along the railroad of competing? There are other mines at Liaoyang, but it is cheaper to ship by cart than by railway. There are other mines, but their product is debarred from competing with the railway mine. When we remember that railway companies operating coal and iron mines in America have discriminated against the independent operator until the matter was made the subject of Congressional investigation, and even today there is small chance of a square deal under such conditions, we can appreciate the situation in Manchuria, where there is no supreme law but that of the stronger to insure fair treatment.

This matter has not yet reached an acute stage in Manchuria, for the independent mines are a few small Chinese affairs, but the seeds are planted for a crop of trouble in the future, and the world will again hear of discrimination, to which will be added rebates and all the other corporation crimes in restraint of trade.

As to rebates, this is another sore point for the foreign shipper. You can hear various statements about secret rebates to favored Japanese firms. Perhaps they are true. I have heard of secret rebates before. So has everybody in the United States and out of it. It is taken for granted that many of the largest trusts have been fostered and nourished on this system and have used their advantage to cripple the independent or small producer. It is deplorable that the Japanese should so far forget themselves to adopt a habit which is very bad form now in the United States. The trouble has always been the impossibility of securing evidence to convict. The Sherman law in America keeps the rebaters hustling nowadays to devise new evasions. The same situation exists in Manchuria. The average foreigner or Chinese merchant will confide to you that the big Japanese firms are receiving secret rebates, but it is extremely difficult to secure corroborative evidence. In fact, I know that this matter was thoroughly investigated by a foreign government official in Manchuria, who reported to his superiors that no proof could be brought to support the allegation.

The railway company gives rebates to any firm whose freight bills exceed yen 100,000 per annum. The printed

regulations concerning rebates are printed for public distribution and we quote from them.

REGULATIONS CONCERNING REBATES.

ART. I. The South Manchuria Railway Company will allow rebates at the following rates to any one person or firm who pays a sum of freight over yen 100,000 every year commencing on October 1 and ending on September 30 of the following year :

Over Y. 100,000.....	under Y. 150,000.....	3 %
" 150,000.....	" 200,000.....	3½ %
" 200,000.....	" 250,000.....	4 %
" 250,000.....	" 300,000.....	4½ %
" 300,000.....	" 350,000.....	5 %
" 350,000.....	" 400,000.....	5½ %
" 400,000.....	" 450,000.....	6 %
" 450,000.....	" 500,000.....	6½ %
" 500,000.....		7 %

ART. II. Those desirous of qualifying for the allowance of rebates as provided in the preceding article shall present an application in the company's form and shall receive the recognition of same by the company.

ART. III. The allowance of rebates is subject to the following conditions :

The company reserves the right to cancel its recognition given to a client, whenever it considers him to have acted in any manner prejudicial to the interests of the company.

ART. IV. The rebates due will be paid on the elapse of six months after the end of every one year's term, namely, on March 31.

ART. V. In case a client qualified for the rebates wish to appoint an agent or agents for the shipment and delivery of goods, his or their names and addresses shall be notified in writing to the company.

This seems fair enough, but the system is a bad one and just now in the United States it has made a number of undesirable citizens out of some prominent captains of industry. The difference between the 3% rebate to the small shipper and 7% to the big shipper amounts to a fair profit to the latter. It opens the way, however, for a profitable freight brokerage business for the Japanese, under which the small shipper may secure a partial reduction by having the agent handle his freight.

The tendency of such rebates is to give the big shipper a decided advantage over the small operator, and the firm controlling the export trade in bean products and the import trade in cotton goods, rice, matches and saki has an assured 4% and possible 7% over the small trader. The exports of beans and bean cake through the port of Dalny for the six months ended December 31, 1907, amounted to approximately 70,000 tons, or approximately, say 140,000 tons for the year. The average rate on this class of freight from stations beyond Liaoyang is about yen 7 per ton in carload lots, a total of yen 980,000 from this product alone.

As Japan consumes nearly all the bean products, that trade will necessarily remain under the control of their nationals and insures a 7% rebate in freight. There seems to be no provision against pooling, and it seems feasible for the foreign importers to pool their interests and also secure the maximum rebate.

There is no attempt made to conceal these rebates. Every shipper can procure the freight schedule from the company and take measures to secure the maximum reduction. But the cry of discrimination is abroad and the Chinese and foreigners point to the preferential treatment accorded a few large Japanese firms who control the trade, making it impossible for them to compete, without sacrificing their profits.

Here is a situation not unlike many other similar ones in other parts of the world. In America, while there is no actual evidence of secret rebates to the big shipper, yet the public is convinced that such rebates are given. The steamship lines favor the best customers and grant big discounts for cargo lots; the Shipping Ring at London is accused of granting secret rebates to favored firms in Singa-

pore, and the other firms are protesting against such treatment.

Once again the question may be asked, Well, gentlemen, what are you going to do about it? Which foreign nation can approach Japan with clean hands and remonstrate? The United States? Hardly. Americans invented the system and Japan has simply improved on it. Great Britain, the nation most vitally concerned, ought to do it. The Royal Commission on Shipping Rings now investigating the Conference rebates will hardly dare antagonize the most powerful shipowners of Great Britain, even though Singapore call aloud for relief and punishment for the wicked rebaters. The Japanese firms in Singapore have already rights under the most favored nation clause which deserve serious consideration from the Royal Commission.

While waiting for the next move, the South Manchuria Railway Company is working overtime hauling immense quantities of freight, paying attention to business and making profitable returns for the shareholders. If the employees of the road were surly and uncivil in days gone by, it is not so now. I traveled from Dalny to Mukden, Mukden to Changchun, back to Mukden and Dalny, and again to Newchwang, always on the express, stopping off for a few days at the larger towns. In a life filled with travel I do not remember of a more enjoyable, comfortable, or delightful experience in a railroad train. The cars are regular Pullmans, bought in Chicago and set up here by Pullman's men, comparing favorably with those on the best roads of America. They represent comfort to the American, but to the European, who desires privacy, they are an abomination. If the railway company would publish in a conspicuous place that there are two private compartments to each sleeping car, for those who wish to pay the extra charge, it would relieve the road of a lot of criticism, and spare the contented traveler from listening to the explosions of wrath from disgruntled continentals who are forced to sleep with the common herd in the beastly American corridor bunk car fit only for emigrants.

The whole trouble in this respect lies in the fact that nearly all the passengers on the South Manchuria Railway are Europeans who have never previously been introduced to a Pullman sleeper. The Pullman sleeper habit is an acquired vice. It takes time to develop any appreciable qualities in the processes provided by Pullman to tuck the traveler away for the night. The South Manchuria Railway Company should issue with each ticket full instructions as to good form, to direct the behavior of passengers in such a car. The American, as a rule, recognizes the rights of others and especially when he is confined to the limitations of a Pullman. He does the regulation acrobatic "stunt," gets under the curtain, and after indulging a few contortions in disrobing, lies down and goes to sleep peacefully. Some Europeans disrobe in the corridor, make a lot of unnecessary noise and go behind the curtains muttering all kinds of direful threats against the Japanese in general for buying the abominable cars, and against the Americans in particular for inventing them.

But they seem to be happy in the morning after a comfortable night's sleep in the "bunk," and when the beds are made up are quite satisfied with the car. The dining car, however, is a winner. Whatever maledictions have been called down on Pullman for inventing the sleeper have been offset by the blessings on the dining car. The meals are excellent, the prices moderate, and the attendance all that could be desired. To the chronic growler, however, there is always some flaw in the service.

My experience is that the treatment and service on the South Manchuria Express cannot be excelled on any train in the world. The conductor, guard, porter and table boys are obliging and courteous, and go out of their way to serve passengers.

The simple, expeditious, efficient American baggage check system was recently adopted by the company. This is a blessing, and Russia and China could readily take a lesson, and do likewise to advantage. There is no hideous weigh-

ing of trunks to squeeze a few yen from the passenger for excess baggage, nor does the passenger have to follow up his trunk to see that it gets placed aboard the train, and then have to watch it at every station to see that some one does not appropriate it.

The Japanese are exerting every effort at the present time to overcome the effects of past management and criticism of the road. It is only since November that they have been able to show results and make good. Now they are running a railroad in earnest and looking for the support of the traveling public. They are entitled to the good words and patronage of the public for the fine service.

I left Dalny on the express, Christmas morning, for Newchwang. There was only one other foreign passenger on the train, the Russian Consul, who was on his way home, and two Japanese, one a newspaper editor in Dalny, and the other an army officer. Probably, I was the only one who had paid a fare.

As the train pulled out of Dalny, I went into the dining car. To my great surprise and delight, the car was a mass of decorations. Festoons of silk ribbon draped from window to window and arched across the top, banks of flowers and greens, silk flags all arranged most artistically, gave the whole interior a most decided cheerful holiday aspect. Once before I had traveled in one of the famous limited trains in America on a Christmas Day, but there were no decorations, nor any attempt made to make the homesick traveler feel brighter, not even the dinner varied much from the usual menu, but the attendants were there with palms outstretched waiting for the Christmas present just the same.

The contrast was marked. The Christmas dinner served on the train in "heathen" China was a real Christmas feast and the waiters tried to make it pleasant and cheerful. There were no hints for tips from any member of the crew, and when I gave the boy some yen for a Christmas remembrance it was a long time before he realized that it was all for him.

That train probably ran through to Changchun after I left at Tashihchao with only one Christian passenger. After that can anyone accuse the South Manchuria Railway Company of discourtesy or lack of attention to their passengers? I consider it one of the most delicate compliments that could be paid to the foreign traveler.

Fancy a railway train being decorated in Europe or America for a Japanese or Chinese religious holiday. With all our boasted enlightenment we have not reached that stage.

THE ANTUNG-MUKDEN RAILWAY.

Shortly following the occupation of Antung by the Japanese forces on May 1, 1905, owing to the almost impassable character of the mountain roads in this region and the necessity of facilitating a more rapid movement of supplies, the construction of a light railway was begun by their engineer corps and its extension continued with the advance of the army as far as Shichiaotzu, a point about thirty miles to the southeast of Mukden. The country to the north and west of Shichiaotzu, drained by the Taitzu River, a tributary of the Hun Ho, being quite level and ordinary methods of transportation comparatively easy, this point was made the terminus of the railway until August, 1906, when the Okuragumi, a large Japanese concern, received from the military authorities a contract to extend it to Mukden. The construction of this section, covering a distance of 33 miles, was finished in less than one and one-half months.

While the railway follows practically the same route as when first laid, considerable grading has since been done, unsafe wooden bridges have in several places been removed and the gullies filled in with crushed stone, and at a few points the distance has been shortened and crossing over the mountains made less dangerous by cutting through

ledges. The work of improving the road is still going on, gangs of Chinese workmen, each under a Japanese foreman, are scattered along the entire distance, and ties as well as other railway materials seem to form the bulk of the freight at present handled. No tunneling has yet been done and probably will not be until the survey of the permanent railway has been completed.

Wherever it could be done without making the route excessively circuitous, the road has been constructed side by side with river beds, sometimes following a comparatively straight line and again winding among the mountains. There are four points at which the line crosses the tops of the mountains and where the train either circles around the spurs or moves from side to side after the manner of a heavy laden team going up or down a hill. At one place the line recrosses itself in parallel tiers one above the other as many as five times. Frequently the steep grades (1 in 30), the sudden turns and unstable wooden bridges follow one another in such a manner as to make the descent especially dangerous. Accidents are said to have been of very frequent occurrence formerly, but improved grading with crushed stone and more careful methods of operation have greatly lessened their number.

The gauge is 2 feet 6 inches. The rails, as well as the rolling stock, including locomotives and trucks, were supplied by the Baldwin Locomotive Works. The system possesses altogether 150 locomotives, 100 of these being of 16 and the remainder of 11 tons. The freight cars are all open and similar to those used for hauling sand in America. There are two sizes, one with a capacity of 2, and the other 5 tons. The entire carrying capacity of the railway is only some 1,200 tons. Besides these open cars there are a number with tops and designed especially for the passenger traffic. At both Antung and Mukden there are several wooden buildings, which were once used for the storage of military supplies, but at present seem in large part to be lying idle. The intermediate points also have storing facilities, used principally for the supplies of the railway employees, as well as substantial buildings of Chinese architecture for stations and the dwelling houses of the railway officials.

The line was formerly under the control of the military authorities until its transference to the South Manchuria Railway Company, in December of 1908.

The line was opened to general traffic, both freight and passenger, in August, 1908. Two schedule time runs are daily made from each end, in addition to more or less regular ones between some of the intermediate points. The journey from Antung to Mukden requires two days. The through trains both leave in the morning, one at 6 o'clock and the other at 9, and reach Tsaohohu (Sokako) 12 hours later. Operation after dark would, of course, be subject to a great deal of risk, so that passengers are obliged to pass the night at this point, resuming their journey on the following morning at the same hours as before. Tsaohohu is not at all a suitable place to recover from the day's fatigue. It has a number of Chinese inns and one in Japanese style, neither particularly inviting to the foreigner. The traveler must bring his luncheon with him to Antung, as neither food nor drink can be secured until reaching Tsaohohu, and unless he is sure of satisfying his hunger with *cuisine japonaise*, which is all that is to be had here, he should equip himself at Antung with two days' subsistence.

At present, however, the importance of this railway as a channel of immigration is slight, and even with improved accommodations it can give but little encouragement in the region traversed by it to Japanese colonization or the small commercial enterprise so characteristic in parts of Manchuria more easily accessible. Indeed, there is nothing perhaps except the spirit of adventure which would induce the merchant, prospector or immigrant to avail himself of this route for reaching interior Manchuria. The train leaving at 9 o'clock consists entirely of freight cars. Two or three of these may be loaded with freight, but the most

of them are intended for passengers, who clamber into them pell-mell and struggle among themselves for squatting room. The discomfort of traveling in this manner during a heavy rain or a cold north wind can readily be imagined. The earlier train has attached one or two of the passenger cars already mentioned. These, however, are not any more comfortable to sit in than the freight cars, and preferable to them only in affording shelter from inclement weather. In fact, the experience of traveling by this route probably helps one to form a good picture of what the railway was in its early days, and the distance, 187 miles (100 as the crow flies), is undoubtedly the greatest covered by a line of its kind. The average speed is about 9 miles an hour, although as high as 12 miles is reached on the level.

As already stated, the greater part of the freight handled consists of railway supplies. The amount of general goods carried is almost too small to be considered, and the supposition that the absence of a custom house at Antung has been taken advantage of to ship large quantities of merchandise into the region made accessible by this railway is not borne out by the actual conditions. The rate, 10 sen (5 cents) a ton per mile, for most commodities, is so high as to leave only a small margin of profit, and in some cases is entirely prohibitive.

The standard gauge railway to connect Antung with Mukden, it is expected, will follow the same general course as the present one. Since its completion, however, will probably require the larger part of three years, the new company is to continue the operation of the present line, and will undoubtedly carry on improvements and at the same time considerably extend the *modus operandi*. With its present narrow gauge, however, this railway, even when worked to its utmost limit, can give no more than a very small stimulus to the mineral, agricultural, industrial or commercial development of the region which it affects.—*Far Eastern Review*.

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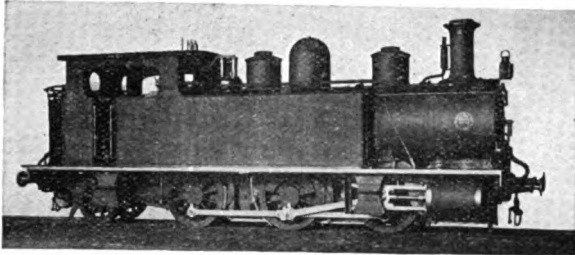
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Journal of The American Asiatic Association

VOL. IX.

September, 1909

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Subscription Rates :

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Japan,	Two Yen per year

All communications relating either to the reading matter of the JOURNAL or to its advertisements should be addressed to

JOHN FOORD, PUBLISHER,

78 Beekman Street,

New York City.

THE eleventh annual dinner of the Association will be held at Delmonico's, Fifth avenue and Forty-fourth street, on Monday, September 20, at 7 p. m. The guest of honor of the occasion will be the Honorable Charles R. Crane, newly appointed Minister to China, and the chief feature of the dinner will be the opportunity it affords to give public expression to the emphatic approval of those having commercial relations with the Far East of the President's choice of a representative business man as the American Minister at Peking. It was fully expected that the President of the United States would honor the dinner with his presence, but the arrangements for his trip to the West interfered with that intention. A letter, however, will be sent by President Taft to be read at the dinner, setting forth his profound sense of the importance of the duties to be assumed by Mr. Crane, and his entire confidence that the new Minister will prove equal to all his responsibilities. It is probable that one or more members of the President's Cabinet will attend the dinner. It may be difficult for our members to appreciate the necessity for the rule which has been adopted in regard to this dinner, namely, that each member should be entitled to one place only at the table. It should be explained that, having enlisted the co-operation of interests outside of the Association in the endeavor to make the dinner an especially notable one, the Executive Committee felt bound to respect the request of their associates that more importance should be given to the representative character than to the number of the diners. The names of those present will form not the least important part of the record of the dinner, and will go out to the world at large as evidence that the President's choice meets with the emphatic approval not only of men eminent in the varied activities of American life, but also of those prominently identified with the industrial and commercial interests doing business with the Far East.

THE question of American participation in the pending Chinese railway loan has been satisfactorily adjusted. Of the total amount of \$6,000,000, the American group of bankers will be allotted one-fourth, and with the allotment goes

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FOOCHOW, Dodwell, Carhill & Co., Agents.

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JOHN FOORD, PUBLISHER,

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New York City.

THE twelfth annual meeting of the Association for the reception of reports and the election of officers for next year will be held in the committee room of the Chamber of Commerce of the State of New York on Thursday, October 21, at 3:30 p. m. The great increase of interest which has lately been manifested in the relations between the United States and the countries of the Far East obviously enhances the importance of the work of the Association, and tends to increase its influence. As the accredited source of information in regard to the affairs of the countries of eastern Asia, and the official medium of communication between Americans interested in the commerce of these countries and their own Government and people, the Association has a well established place among the great public organizations of the United States. While there are happily no questions pending between us and China or Japan which vitally concern the position and prospects of our trade, there are not lacking subjects which might profitably be discussed at the annual meeting of the Association. A free interchange of views in regard to the conduct of the work of the Association is always desirable, and the Executive Committee will find its hands strengthened by suggestions from members as to the ways in which the influence of the Association can be most effectively exercised.

A FULL report will be found elsewhere of the speeches delivered at the Annual Dinner of the Association. All of them are pitched in a key of moral and intellectual elevation which serves to make the occasion notable, and, taking cognizance as they do of the new era which is opening in our relations with China, they form, collectively and severally a contribution of unusual value to the study of the problem of the Far East. The guest of the evening was the recipient of compliments as discriminating as they were sincere, and Mr. Crane's just appreciation of the nature of the task before him entirely justified the confidence which all of his friends have expressed in his discrimination and sound judgment. To go to China to carry out the spirit of Mr. Taft's Shanghai speech is not so simple a matter as it might seem, but it will be the easier for our Minister at Peking to translate the address of Mr. Taft into the formulas of diplomacy, that its author occupies the place of President of the United States.

It should not be forgotten that what Secretary Taft declared at Shanghai to be the policy of the United States was that which had been formulated seven years before by Secretary Hay. To seek the permanent safety and peace of China, the preservation of Chinese territorial and administrative entity, the protection of all rights guaranteed by her to friendly powers by treaty and international law, and, as a safeguard for the peace of the world, the principle of equal and impartial trade with all parts of the Chinese Empire, is a compendious statement of our attitude toward China on which it would be difficult to improve. But there were some points which Mr. Taft emphasized in the course of his address which go to make what may be called the characteristically American view of the situation in China. Mr. Taft was entirely frank in his declaration that the American Chinese trade is sufficiently great to require the Government of the United States to take every legitimate means to protect it against diminution or injury by the political preference of any of its competitors. While recognizing the fact that we cannot complain of loss of trade effected by the use of greater enterprise, greater ingenuity, greater attention to the demands of the Chinese market and greater business acumen by our competitors, he made it plain that we should have the right to protest against exclusion from Chinese trade by a departure from the policy of the open door. Then followed a statement whose significance Mr. Crane will be the last of all men to minimize: "How far the United States would go in the protection of its Chinese trade no one of course could say. This much is clear, however, that the merchants of the United States are being aroused to the importance of their Chinese trade, that they would view political obstacles to its expansion with deep concern, and that this feeling of theirs would be likely to find expression in the attitude of the American Government."

ON the general question of the attitude of the United States Government toward the financial and commercial interests of its nationals in China, the speech of General Hubbard was highly suggestive. Commenting on the new energy shown by the Administration in securing for the American group of bankers a share in the pending Chinese railway loan, he pointed out that this indicates the existence of an active interest on the part of our Government in the development of business in China. It indicates further that the Government means to stand behind those who are working for that purpose; that it is going to help the new Minister not only as it usually helps its ambassadors and ministers abroad, but with more direct and more cogent assistance. General Hubbard is entirely correct in the assumption that the result of the efforts of Mr. Crane and the Government must depend upon the treatment which the latter extends to its own citizens and to the Chinese. In exacting respect for its own citizens it should be actuated by the rules that it enforces against others. That is to say, it ought not to countenance monopolies; it ought not to give privileges, it ought to do equal and exact justice to all. Considering that China has not more than begun its borrowing for railroad construction, there is special

force in General Hubbard's contention that if the United States is to guarantee or to assure to China the strength of the lenders of some part of the money that China needs, it must have lenders on whom it can rely. So far those selected have been of the highest financial strength and responsibility, but, as General Hubbard very properly adds, let us hope that the selection of some does not exclude others, and let us hope that those who have for years been working in the Far East to develop commercial relations between the two countries will not be disappointed in the selection.

WE reproduce elsewhere the railway loan agreement which supplements the Anglo-Siamese Treaty, whose significance is perhaps not fully recognized in this country. The very important concessions made in the treaty with regard to jurisdiction are based on a recognition of the fact that Siam is starting on a course of development which will ultimately end in the emancipation of that kingdom from the principle of extra-territoriality. As the *Rangoon Gazette* points out, Japan has rid herself of this bondage; China has expressed a desire in that direction, and Turkey has shown herself under the new régime anxious to reopen the whole question and to discuss with the foreign powers the whole scope of her relations with the rest of the world. France began by making concessions in her treaty of Siam in 1907 in return for the cession of a good deal of territory. While, as the *Gazette* remarks, the exact arrangement entered into with Great Britain can hardly be said to grant all that was desired by Siam, it marks a very definite advance toward the complete emancipation of the Siamese administration of justice from any kind of foreign control. Opinions appear to differ somewhat as to the value of the railway loan agreement, but it is unquestionably as complete an arrangement as could be devised for assisting in the development of the peninsula right up to its junction with the solid mass of the Asiatic continent. Commercially speaking, it may not be immediately profitable, but there can be no question that its value for administrative purposes is well worth paying for. Already the construction work on this railway of some seven hundred miles, which is to be known as the "Royal Southern Railway," has been begun, and contracts are let for the work south of Petchaburi, in the north of the peninsula, and from Trang across the peninsula, east to Singora further south. In about twelve months the first call will be made for rolling stock, consisting of from twelve to fifteen locomotives and between three hundred and four hundred cars. These will be purchased by open tender. A contract for twenty thousand tons of steel rails has already been let. Curiously enough, there were no bids from the United States, although due notification was given and the price paid was a very good one. Incidentally, it may be remarked that our Minister at Siam, the Honorable Hamilton King, is a man who takes the closest possible interest in the material development of the country to which he is accredited, and who misses no opportunity to keep the Department of State fully informed as to the opportunities which Siam offers to American commerce and enterprise.

**Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States
to China and Hongkong, during the seven months ending July 31, 1908 and 1909.**

EXPORTS TO CHINA.

Months. 1908.	Cotton Cloths. Yards.		Mineral Oils (illuminating). Gallons.		Wheat Flour. Barrels.	
January	1,558,137	\$117,654	4,130,529	\$290,075	25,991	\$100,328
February	1,323,320	86,016	5,557,246	344,315	41,968	164,104
March	5,203,069	323,061	15,878,620	1,475,370	112,510	405,197
April	7,237,119	407,477	5,743,270	626,554	54,389	192,578
May	10,699,661	620,347	16,510,370	1,408,938	12,229	45,578
June	8,579,909	509,503	21,600,784	1,719,948	1,929	7,574
July	12,875,988	745,822	18,680,160	1,567,131	20,163	73,439
Total	47,477,203	\$2,809,880	88,100,979	\$7,432,331	269,179	\$988,798

1909						
January	6,179,890	\$ 312,182	4,511,030	\$472,203	2,175	\$8,545
February	18,070,050	1,026,825	8,809,314	824,515	739	2,916
March	14,046,400	778,916	5,617,689	455,754	2,752	9,947
April	16,786,348	970,822	7,434,152	710,724	1,483	6,819
May	14,363,533	820,464	5,583,220	547,976	50	290
June	25,506,743	1,622,497	4,287,410	368,394	1,369	7,508
July	15,188,956	889,619	3,667,910	399,802	875	4,450
Total	110,141,920	\$6,421,325	39,910,725	\$3,779,368	9,443	\$40,475

EXPORTS TO HONGKONG.

1908						
January	33,055	\$ 6,586	.....	\$.....	78,140	\$298,671
February	16,555	2,691	.....	.....	44,743	171,538
March	16,403	2,476	3,389,710	227,055	27,396	105,350
April	74,647	10,113	.....	.....	66,290	256,589
May	21,282	3,973	2,842,000	312,218	118,505	409,684
June	2,000	185	.....	.....	83,898	307,728
July	74,730	11,950	750,000	81,750	42,569	162,421
Total	238,672	\$37,974	6,981,710	\$621,023	461,541	\$1,711,981

1909						
January	72,801	\$6,884	.....	.....	102,137	\$404,913
February	154,901	12,454	1,459,420	159,077	71,646	286,497
March	27,191	2,137	.....	.....	97,592	396,985
April	80,464	9,309	1,384,800	150,943	70,578	285,223
May	37,512	4,669	.....	.....	21,894	91,066
June	157,991	20,293	1,000,000	109,000	5,356	26,561
July	48,106	4,643	2,137,200	232,955	11,983	55,092
Total	578,966	\$60,389	5,981,420	\$651,975	381,186	\$1,546,337

DEPARTMENT OF COMMERCE AND LABOR,

WASHINGTON, D. C., August 31, 1909.

Bureau of Statistics.

Imports of Tea and Silk into the United States for the seven months ending July 31, 1907, 1908 and 1909.

Imported from	1907.		TEA.		1908.		1909.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	4,824,254	1,175,723	4,388,374	1,041,286	9,224,469	2,110,399		
British North America....	1,381,276	337,970	1,343,135	352,747	3,569,700	791,447		
Chinese Empire.....	14,830,537	1,827,624	9,609,277	1,315,143	14,877,969	1,434,081		
East Indies.....	3,294,830	566,876	3,193,232	530,389	6,090,719	926,712		
Japan.....	11,114,815	2,024,707	13,460,591	2,437,296	21,273,410	3,921,518		
Other Asia and Oceania ..	301,466	47,038	327,403	47,586	276,260	34,461		
Other countries	238,849	59,858	161,622	70,849	524,306	95,011		
Total.....	35,986,027	6,039,796	32,483,634	3,795,296	55,836,833	9,313,629		
RAW, OR AS REELED FROM THE COCOON.								
Imported from			SILK.					
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France.....	371,499	1,540,990	200,815	686,292	446,310	1,412,294		
Italy.....	2,056,040	10,229,837	1,702,462	6,434,933	2,863,844	11,146,123		
Chinese Empire.....	1,662,141	6,013,835	1,276,930	3,308,015	2,680,318	6,636,008		
Japan.....	3,862,874	18,233,134	4,970,251	17,506,929	6,512,841	22,757,484		
Other countries	91,568	389,161	23,996	88,364	83,135	309,637		
Waste .....lbs. free..	1,269,330	824,041	551,090	390,960	1,263,072	711,350		
Total unmanufactured	9,313,452	37,230,998	8,725,544	28,415,493	13,849,520	42,972,896		

THE ANGLO-SIAMESE TREATY.

The Selangor *Government Gazette* of July 30 contains the following:

AGREEMENT.

This Agreement, made this tenth day of March, 1909, between the Government of the Federated Malay States (hereinafter called the lender) and the Railway Department of the Kingdom of Siam (hereinafter called the borrower).

Witnesseth as follows:

1. The lender agrees to advance to the borrower a sum of money not to exceed four million pounds (£4,000,000) sterling on the terms and for the purposes hereinafter mentioned.

2. The moneys received by the borrower under this agreement shall be devoted to the construction, equipment, maintenance and operation of the railways of the borrower in the Siamese dominions of the Malay Peninsula. These objects shall be held to include such matters (for example, telegraph and telephone lines, terminal wharves, etc.) as are usually incident to the construction, equipment, maintenance and operation of railway lines.

3. The above sum shall be paid to the borrower in London in partial payments, as demanded by him from time to time; provided, however, that the demands so made may not exceed a total of seven hundred and fifty thousand pounds (£750,000) in any one year. The lender also reserves the privilege of notifying the borrower at any time that in future he will require three months' written notice of any demand for such partial payments.

4. The borrower shall pay interest at the rate of four per cent. (4 per cent.) per annum of the moneys actually received by him from time to time. Interest shall run on the respective partial payments from the date they are received by the borrower. Interest shall be payable at half yearly intervals, that is to say, on January 1 and July 1 in each year.

5. Payments of interest and principal shall be made in London.

6. The amortization of the loan will be effected within a period of forty years by yearly annuities according to the table attached to this agreement. The first redemption will take place within fifteen years from the date of this agreement.

At any time after the expiration of ten years from the present date the borrower shall have the right to redeem at par all or any part of the principal remaining unpaid.

In case, however, the borrower intends to anticipate redemption by larger payments than those provided for by the table of amortization, he shall give three months' notice to the lender.

7. For the repayment of the principal and interest due under this agreement the borrower pledges as security the sections of railway, above referred to, as those sections are successively constructed. If, therefore, at any time the borrower fail to pay any sum, whether of principal or interest, due by him under this agreement, and if such default continue for a period of not less than six months, the lender shall be at liberty to enter into possession of the sections of the railway then completed under this agreement, and to work the same until the default has been made good. The net profits obtained by the lender from any such working shall be set off against the indebtedness of the borrower.

8. Since the proceeds of this loan are to be used for the specific purpose mentioned in Section 2 hereof, it is agreed that, until the completion of the construction of the lines to be built under this agreement, the construction, equipment, maintenance and operation of those lines shall be kept distinct from that of the other railways of the borrower.

9. The borrower shall keep such books and accounts as shall be necessary to show the amount expended by him from time to time out of the sums received by him from the lender under this agreement. These books and accounts shall be open to inspection by the lender at all reasonable times, so that he may satisfy himself that the moneys advanced by him have been applied to the purposes for which they were lent.

The Railway Department of the Federated Malay States shall be at liberty to inspect the plans, showing the route along which the railway is proposed to be constructed, the sections, specifications and estimates of the cost of the railway, and the number and locality of its sidings, stations, level crossings, goods, sheds, signal stations and other works from time to time, as the survey and preparation of working drawings proceeds.

In witness whereof the parties hereto, acting by their duly authorized representatives, have hereunto set their hands on the day first above mentioned, at Bangkok.

For the Government of the Federated Malay States,
RALPH PAGET.

For the Railway Department of the Kingdom of Siam,
DEVAWONGSE VAROPRAKAR.

ELEVENTH ANNUAL DINNER OF THE ASSOCIATION.

The eleventh annual dinner of the Association was given at Delmonico's, Fifth avenue and Forty-fourth street, New York, on Monday, September 20, 1909, at 7 p. m. The committee of the Association was aided in bringing together a notable assemblage of those identified with American interests in the Far East by representatives of the American group of Bankers concerned in the Chinese Railway loan, of the Standard Oil Company, and of the American Tobacco Company. Members and guests to the number of 165 sat down to dinner.

The Honorable Charles R. Crane, Minister of the United States to China, was the guest of honor of the occasion.

The chair was occupied by the President of the Association, the Hon. Seth Low. At the speakers' table were seated the following:

Hon. President Seth Low.
Chas. R. Crane,
Dr. Wu Ting-Fang.
Att'y Gen. G. W. Wickersham,
Gen. T. H. Hubbard,
N. Murray Butler,
Gen. Jas. H. Wilson,
M. Hanihara,
Prof. Benj. Ide Wheeler,
Dr. C. C. Creegan,
Judge Alton B. Parker,
S. D. Webb,
Wm. Skinner,
Dr. Lyman Abbott,
Richard Watson Gilder,
John P. Finley,
W. T. Jerome,
M. E. Stone,
Judge L. R. Wilfley,
Prof. F. W. Williams.

R. Fulton Cutting,
E. M. Shepard,
J. J. McCook,
J. B. Reynolds,
John H. Watkins,
John Stryker Hord.

TABLE D.

James A. Moffett,
Walter Jennings,
W. E. Bemis,
R. H. Hunt,
R. C. Veit,
Martin Cary,
C. M. Everest,
W. H. Libby.

TABLE E.

J. M. W. Hicks,
C. S. Keene,
J. Fletcher, Jr.
Junius Parker,
J. T. Wilcox,
W. S. Schroder,
R. L. Patterson,
R. B. Dula.

TABLE F.

Robert Christie,
D. R. Aldridge,
Howard Ayres,
Benjamin Strong,
C. E. Gudebrod,
Jno. W. T. Nichols,
George Nichols.

TABLE G.

Chas. A. Moore,
J. W. Johnston,
F. H. Leggett,
Geo. B. Cortelyou,
John C. Jay, Jr.
G. H. Putnam,
R. W. Gilder,
H. A. Haines.

The occupants of the other tables were as follows,

TABLE A.

F. A. Vanderlip,
T. P. Shonts,
P. M. Warburg,
F. L. Hine,
H. P. Davison,
Chas. H. Sabin,
William Salomon.

TABLE B.

G. G. Allen,
Julian Kennedy,
Peter Arrington,
Thos. F. Millard,
C. K. G. Billings,
W. W. Fuller,
B. N. Duke,
Geo. J. Whelan.

TABLE C.

Jas. S. Fearon,
C. R. Scott,
C. D. Palmer,
C. Lewis,

TABLE H.

C. F. Meyer,
Philip Ruprecht,
W. M. McGee,
James Donald,
J. I. C. Clarke,
Dr. Robert Coltman, Jr.,
H. A. McGee.

TABLE I.

Jas. R. Morse,
Wm. H. Stevens,
John Thompson,
Geo. H. Macy,
Hon. Chas. E. Littlefield,
James A. Farrell,
Edwin Hawley,
J. W. Copman.

TABLE J.

G. F. Baker, Jr.,
T. H. McEldowney,
H. M. Kilborn,
W. H. Sallmon,
Theodore F. Miller,
George Marvin,
W. D. Baldwin,
C. A. Conant.

TABLE K.

C. C. Dula,
T. J. Maloney,
H. D. Kingsbury,
M. M. Wedbee,
R. K. Smith,
M. J. Condon,
J. Peterson,
Otis Smith.

TABLE L.

Dr. K. Asakawa,
Prof. A. C. Coolidge,
Albert Shaw,
C. R. Miller,
Rollo Ogden,
Baron Schlippenbach,
C. Gneist,
E. L. Burlingame.

TABLE M.

S. A. Moritz,
W. J. Westcote,
A. E. Norden,
Dr. S. A. Brown,
A. H. Post,
W. F. Stevenson.

TABLE N.

Wm. E. Beattie,
E. A. Smyth,
H. P. Durdan,
J. W. Dorsey,
C. Howard Metz.

TABLE O.

A. D. Walker,
J. H. Rogers,
E. H. Laing,
W. S. Brown,
H. B. Montgomery,
S. L. Davis,
K. J. Imanishi,
Thos. A. Phelan.

TABLE P.

J. V. Matthews,
W. R. Harris,
Delancey Nicoll,
A. N. Brady,
H. M. Francis,
S. M. Strook,
Norman Hapgood,
J. S. Phillips.

TABLE Q.

A. Cordes,
John Foord,
F. H. Kinnicutt,
D. S. Schaurman,
N. B. Day,
Wm. A. Burns,
Dr. W. P. Wilson,
W. S. Harvey,
E. B. Raynor.

TABLE R.

F. D. Waterman,
W. H. Page,
R. A. Suffern,
C. Th. Smith,
J. D. Whelpley,
C. A. Green,
Wingshin S. Ho,
Prof. Isaac T. Headland.

TABLE S.

Rudolf Scherer,
John R. Freeman,
Capt. Alex. Ross Piper,
C. D. Kidder,
Roger Williams,
Wm. A. Burns,
W. H. Putnam.

MENU

Oysters.

Chablis.

Clear Green Turtle Soup.

Sherry.

Radishes. Celery. Olives. Carciofini.

Timbales à la Rothschild.

Kingfish Sauté Meunière.

Persillade Potatoes. Cucumbers with Peppers.

Sweetbreads à la Bussy.

Mumm's Selected

Brut, 1900.

Green Peas with Lettuce.

Roman Punch.

Breast of Guinea Chicken Zingara.

Château Couffran.

Heart of Lettuce.

Peaches Melba.

Assorted Cakes.

Cheese. Coffee.

Liqueurs.

SPEAKERS

THE HONORABLE SETH LOW,

President of the Association.

THE HONORABLE CHARLES RICHARD CRANE.

HIS EXCELLENCY DOCTOR WU TING-FANG.

DOCTOR NICHOLAS MURRAY BUTLER.

GENERAL THOMAS HAMLIN HUBBARD.

ORDER OF SPEAKING.

The health of the President of the United States and that of the Emperor of China having been drunk with enthusiasm, the chairman read the following letter from President Taft:

BEVERLY, Mass., September 5, 1909.

MY DEAR MR. LOW—I have your letter of September 2, and greatly regret that I shall not be able to be present at the dinner to be given in honor of Mr. Crane on the eve of his departure to Peking as Minister of the United States to China. Our relations to China in the Far East, of course, are of great importance, and I am sure that Mr. Crane carries with him the spirit of friendship toward the great Middle Kingdom and her people, and the interest in their development, which correctly represent the feeling of our Government and our people toward China. I earnestly hope that his mission will have a successful issue, and I beg you to convey to him my sincere wishes for a pleasant voyage and patriotic and useful service.

Sincerely yours, WILLIAM H. TAFT.

Hon. Seth Low, President American Asiatic Association, Bedford Station, N. Y.

"THE GUEST OF THE EVENING."

THE CHAIRMAN—It is a great pleasure to all who are here tonight, Mr. Minister, to have this opportunity of greeting you before you leave for China, and there are very many not here who join with us in wishing you success in your truly important mission. We think ourselves, and the country, fortunate that the President has been able to secure your services at this time; for we share the view that we believe to be his, that no greater opportunity for enduringly useful service exists today in the whole field of the diplomatic relations of the United States than is to be found in China. We congratulate you that this opportunity is yours, because we believe that you are singularly well equipped to render signal service to our country in that post.

By common consent the years that are now passing are years of momentous importance to China, and therefore to

all the nations of the earth. The great awakening of the Chinese people, as we of the Western world are sometimes tempted to call it, from the point of view of the Chinese can scarcely appear to be other than a revolution the most remarkable in their history. It is just about 400 years since the first Portuguese traders opened up commercial relations with that ancient empire. The civilization of China can be traced back, with no more than the usual amount of tradition, to a period coeval with the building of the Pyramids. The Grand Canal of China was begun 489 years before the birth of Christ. During this long period the territorial dominions of the Chinese were greatly extended from time to time, but until the sixteenth century they lived unknown to Western civilization, and unconscious of it. Ever since 1511, when the Portuguese traded with them for the first time, Western civilization has been knocking at the doors of China, only too often with ungentle touch, and Chinese civilization, until within the last few years, has constantly held it at bay. When one reads the history of the relations of the Western nations with this ancient empire he is sometimes tempted to wonder whether the Chinese name for a foreigner, of a "foreign devil," is not a name that is itself a definition, rather than simply an epithet of contempt. However that may be, two things stand out from history: The first is the marvelously impressive fact that for 4,000 years China has been sufficient unto herself. With her vast population, without curiosity as to the rest of mankind, she has been content to live and to let live. The second fact, not less impressive, is that after 400 years of contact the aggressive civilization of the West has broken down the centuries old barriers of Chinese isolation, until, in this day in which you and I are living, China herself is striving to find out what Western civilization is able to give that she will value. I return to my figure of the Pyramids. Napoleon said 100 years ago to his soldiers, drawn up at the base of those monuments of ancient Egypt, which Webster called "The Mother of Nations," "Forty centuries look down upon you." How should we feel if the Egypt of that remote and forgotten day were asking of us guidance and light? I think we should feel, as we ought to feel toward China, the contemporary of that ancient Egypt, that we must give to her the very best that we have. (Applause.)

I conceive, therefore, that the interests of the United States in China far exceed our trade relations with that country, great and important as these surely are. Good trade relations we ought certainly to cultivate and advance; for it is still true, as it always has been, that commerce is the handmaid of civilization. Business intercourse, to be possible, involves the maintenance of peace; and business intercourse, to be permanent, must rest on a basis of mutual advantage. You may trade with a man once upon the basis of getting all the advantage for yourself; but no permanent business relationship can be built up on any such one-sided terms. The sort of commercial relationship which the United States wishes with China is of that honorable kind that may endure definitely, because it involves advantage to both sides. It has been to me, and I believe it has been to all the members of

the American Asiatic Association, and, as I think, it has been to the great body of our countrymen, a matter of profound gratification that this Administration has taken the attitude that it has in regard to the recent Chinese Railway loan. Very much more is involved for China, and for the United States, than the mere participation in that particular loan, or any other loans like it that may follow. The Arctic current starting from the Polar seas sweeps along the Northern American coast, making the water cold, and so affecting the land climate as to give to the Eastern shores of Canada long and severe winters. The Gulf Stream, on the other hand, starting from the Gulf of Mexico, carries its warm currents around the North of Scotland, only disappearing at last beyond the North Cape. The effect of the Gulf Stream is to give to the British Isles a delightful climate, although they lie so far to the north that Aberdeen, in Scotland, and Sitka, in Alaska, are in the same latitude. In other words, both currents carry with them wherever they go the influence of their place of origin, and this is precisely as true of national influence as it is of the influence of ocean currents. Whenever American influence is felt it will be the influence that is characteristic of America; and he is a poor American indeed who will believe for one moment that China, in its great awakening, should be deprived of the uplifting and illuminating influence that is characteristic of our country at its best. Already the United States stands for the integrity of China as an administrative entity; already it stands for the open door in China—a phrase that surely means that China is not to be exploited in the interest of any one country, however powerful; but that, in opening their minds to influences from without, the people of that ancient empire shall be free, not only to trade with, at their pleasure, but to learn from, at their pleasure, all the nations of the world. Already the United States stands for that sort of education in China which, in the hither East, has commended and is commending itself to the wonderfully diverse populations of Turkey. Already the United States, in the hour of China's need, when she was suffering from famine, has more than once displayed toward her that touch of nature that makes the whole world kin. And only recently our country has returned to China many millions of dollars out of the Boxer indemnity, because we have felt that the amount paid by China was excessive. The response made to this action is characteristic of the old China and worthy of the new China that is being born. She proposes to use the money so returned to send Chinese students to the United States and maintain them here, to the end that her people may know more about a country whose idealism leads it to act in that way. (Applause.) Where is the American who does not rejoice at influences such as these exercised by his country upon a China that for the first time in 4,000 years is trying to learn what the Western world has to teach? (Applause.)

Mr. Minister, it is your privilege to represent in China the vitally important commercial interests of the United States already established, and to be established, in that vast empire, and it is also your privilege to represent there all that is best in the United States (applause); all its

idealism, all its love of peace founded on justice and mutual respect, all its belief in education, all its readiness to learn. Yours would be an unhappy task if there were essential conflict between these two things. It shall be the business of the members of this Association so to conduct their commercial affairs that they shall strengthen and not weaken your hands when you are striving to uphold and develop the commercial relations between the United States and China, and when you are striving to increase the just influence and weight of your country in the Far East. (Applause.) I congratulate you that you are going to a China that has at least the beginnings of a public school system based on the Western knowledge; to a China that is actively striving to destroy the miserable traffic in opium; to a China that is abandoning the cruel deformation of the feet of its little girls, and to a China whose mind is opening wider every day to everything that is really good news from the West. Mr. Minister, you take with you all our good wishes. When you return, may you be like Wordsworth's "Happy Warrior," "the warrior that every man in arms would wish to be." (Prolonged applause.)

RESPONSE OF HON. CHARLES R. CRANE.

With the opening of this century the war between Russia and Japan brought the Pacific into view as a centre of great political importance. The result of that war gave Asia the greatest moral shock it has had in centuries. The war was followed by the uprising in Russia. The uprising in Russia was followed by the revolution in Turkey, and the revolution in Turkey by the revolution in Persia, and these were all followed with a feeling of great unrest through India.

Toward the end of the last century there was rather a widespread opinion that China was on the eve of breaking up. She certainly was menaced externally and internally; but in 1907 a distinguished American citizen proceeding to the Philippines was asked to speak in Shanghai. I should like to quote all of this speech and advise you all to read it and to reread it, but for the time being I shall only quote one paragraph, as follows:

"China has no territory we long for, and can have no prosperity which we grudge her, and no political power or independence as an empire, justly exercised, which we would resent." (Applause.)

The result of this speech was to give heart to the Chinese people, and through it our former Secretary of War, now President Taft, was instantly recognized as the great friend of China and the author of a helpful and constructive policy for the whole East.

With our Western country filling up with a fine strong body of men; with our extensive shore line on the Pacific, and our powers of production calling for outside markets, we are singularly fortunate at this moment to have at the head of our Government one who understands so well the conditions existing around the Pacific; one who has so profound a sympathy for the people struggling up toward the light, and one in whom these people have so much confidence.

As this is a century which belongs to the Pacific, and in which history is being rapidly made, it is of more importance that our President should be right about its problems than that he should be so about any of our internal ones.

The Shanghai speech was so frank and so clear, and sounded so much like one of good old Uncle Grover's, that I felt that possibly the Government might be safe in the hands of one Republican. (Applause.) Since that speech all talk of dismemberment of China has quieted down.

We believe that although China has great problems to solve, such as the administrative problem, the opium problem, the currency problem, the revenue problem, she is perfectly capable of solving them alone if she can be kept free from menace; and we also believe that if she increases in prosperity she will make a better market than if she deteriorates.

Of course, in this development she will require much foreign material, and in a perfectly legitimate and friendly way Secretary Knox has determined that we shall have our share.

It may not always be necessary to repeat the new form of holdup which our State Department has recently been so successfully engaged in—of forcing money on China.

When I was in China some thirty years ago the foreign business was largely in the hands of some fine old American houses. They have not prospered much in recent years, but with the new outlook and the new interest we have there I hope to see them get back to their former dominating position. (Loud cheers.)

During the century we shall need a market there, and we ought to be laying the foundations at the present time.

There is no mystery or secrecy about my mission to the East. I go there under the simplest form of instructions from the President and from the Secretary of State, to carry out the spirit of the Shanghai speech, and with a profound respect for and great confidence in the Chinese people, a great desire to serve well the people who send me so far, and pride in the spirit of the program to be carried out: whatever is for the prosperity and benefit of the Chinese, it is the best thing for us. (Prolonged applause.)

CHAIRMAN—I am going to ask you, gentlemen, to rise and drink a toast to the Chinese Minister to the United States, His Excellency Dr. Wu Ting-fang. (Loud cheers.)

DR. WU TING-FANG.

I feel extremely grateful for the toast proposed by your chairman and so cordially received by you. As the chairman has said, I am Minister to America. Well, gentlemen, I have just come back from Peru, to which country I am also accredited. I stayed there a little longer than I expected, on account of official business, and I want to say how extremely pleased I am to be able to return in time to join you, gentlemen, in doing honor to your distinguished citizen who is going to represent you in China. His Excellency has reminded me that we have met before, and I am glad to meet him here again, and I expect soon to meet him once more in my own country.

From his remarks just now it gives me great pleasure to hear of his kind feelings toward China. He is going to

represent your interests in China, and I have no doubt he will look after them faithfully. As the chairman has aptly said, in business relations we hope both parties may be benefited. The time has gone by when a nation puts up some peculiar interest of its own detrimental to the interest of other nations.

In the twentieth century we are becoming more civilized and better educated. The chairman in introducing Mr. Crane said that China was shut up for many centuries. Yes, my nation was closed to foreign commerce for centuries, as our people thought we had everything we wanted; that we did not want to have our doors open to foreigners, and at that time we did not think it necessary to have foreign intercourse. It was the feeling of some conservative statemen in China who thought that by allowing foreigners to come to China to trade it would be detrimental to the interest of China; yet this was not many years ago, only about half a century. We held to that view for many centuries, but circumstances obliged us to open our doors. We could not help it, our doors were forced open; but now the doors of China are wide open, and foreign trade and commerce are being carried on in China, and there is a commerce with the outside world, and our countrymen have begun to go to other countries to trade, and the foreign commerce of China has been increasing and is increasing every year.

You will therefore see that we have become wiser, and we now know it is good to have foreign trade. It is better to come in contact with other people in order to learn what we do not know.

Take the case of railways, to which reference has been made by our chairman. I remember that some years ago I was one of the first directors to build the first railway in China. Not many years ago, and I am glad to see a gentleman here who some years ago was in China, and while I was in Tientsin he made a survey, and he can corroborate me when I say that most of the statemen in China did not see the utility of constructing railways. As I said just now, I constructed the first railway, and I remember what difficulty I had. It was no use talking to my people about the advantages of railways, so I constructed a small road in order to show the people of China what a railway was. That being completed, in order to let the officials know something of railways, we thought it a proper time to construct a railway nearer to Peking, and we applied for permission and were granted a concession, and I with foreign engineers and some others began the survey of the road. When our survey was nearly finished an Imperial edict came to stop us on account of complaints made by different censors and officials against railways. That was not long ago—not more than twenty years. You therefore see that at that time the people did not think a railway was useful for China. There was a great variety of opinion about it. Some said the railway was bad for China; others said it was good, but not on the coast of China. Then others said railways should not be constructed to reach the capital seat of empire. Out of all the opinions given by various officials, 95 per cent. of them opposed railways. Now, what is the result? Nobody would say anything now against railways; we all know they

are good. So you see, gentlemen, the state of things which existed in China. China is different now from what she was. China is now open to all the world, and all we wish is reciprocity. China had to be compelled to open her doors to foreigners and foreign trade, and we now ask you to treat us justly and equitably. (Cheers.)

Your great President has been to China several times and to the Far East many times. No greater authority than he on subjects relating to the Orient. His policy is just and fair, and I am pleased that this important post of Minister to China has been conferred on this good citizen of yours. I feel sure he will go to China, as he said just now, to do justice to both parties.

I remember some years ago a gentleman representing a syndicate came to China for some concession, and we began to discuss the matter with him. This gentleman was a highly respectable man for whom I had the greatest regard, being thoroughly honorable, but he had no experience in Oriental affairs. During one of our first interviews he said: "We have come to China to make a little money. We are not philanthropists and have not come here for the love of China. We have come to get a concession."

Now, as soon as we heard this, that was the end of the negotiations. Of course, we know that foreign merchants go to China expecting to do business and to make a little profit, but it is unnecessary to declare that policy. (Laughter.) He might have said it in some different way; he might have said: "It is for the mutual benefit of both parties" (applause); then very likely he would have got the concession, with more to follow; but he was indiscreet and too blunt, and that was the end of it. Gentlemen, China is not like America, England or any part of Europe. We have been thought to be a peculiar people. We are peculiar in some ways—in politeness, civility and in manners. (Laughter.) Therefore you see when merchants come to China they ought to study the conditions, circumstances and manners of the Chinese, or what you may call the peculiarities of the people, and deal with them accordingly and justly. (Applause.)

As I said just now, I have recently returned from South America, and in going and returning I had the opportunity of passing through Panama, and the chief engineer there was good enough to show me over the canal works. I consider that canal a gigantic and wonderful undertaking, and when completed it will do great things for the world—not only for your country, but for the countries on the other side, South America and the other nations of the Far East. As we know, there is a great trade between this country and Europe; but who can anticipate what, when the canal is opened, the trade between the Orient and America will be—it may exceed the commerce and trade between this country and Europe in course of time.

Chinese trade, as I have been saying, is increasing every year, and when the canal is opened ships from New York will go right through and carry more goods not only to countries in South America, but across the Pacific Ocean to China and the Far East. My country has been opened but recently compared with other nations, and if you look

at the trade returns you will find business increasing every year. Trade is only in its infancy. We cannot tell what it will amount to; but if you are alert you will expand your trade with us tremendously.

Mr. Crane is going to my country, having had experience there, in Europe and other countries, and he will see for himself what China will be in a few years, and I congratulate you, gentlemen, on having one of such experience to go to China to represent you. In his hands your interests are safe, and I wish him every prosperity and success. I hope that in the near future I shall be able to congratulate him in his unqualified success.

Gentlemen, I will not keep you any longer, but before sitting down I must avail myself of this opportunity, because I may not have it again, as I may be leaving for China at no distant date. I see some of these gentlemen here who have been in China already, recognizing some of them as my personal friends in China. Gentlemen, I wish you all good luck, and if you come to China again I hope you will be fair and just and conciliatory, and not like the gentleman I before mentioned. (Loud applause.)

PRESIDENT NICHOLAS MURRAY BUTLER.

MR. CHAIRMAN AND GENTLEMEN—I shall be glad to speak briefly about both parts of that text. What I do not know is China; who knows it, is Mr. Crane. My only title to speak at all on this occasion is a very considerable, and I hope you will believe it to be a very commendable, knowledge of Mr. Crane. I have known him for a good many years, and it is no small pleasure to testify in this company that we may all congratulate the President and the people, without the slightest reserve, upon the selection that has been made in our new Minister to China. (Applause.)

Some of you do not know Mr. Crane as well as I do, and in spite of his presence I am going to speak for a moment about him.

Mr. Crane combines in a most unusual degree the qualities requisite for success as an American diplomat; especially does he possess the qualities most needed in the post for which he has just now been designated. We have all been told and have read, justly and truly enough, of his practical sagacity, of his business success and of his grasp of affairs; I want to assure you that he adds to all these the even more desirable characteristic of a fine, delicate sympathy and true sentiment, which will lead him to see into the mind of that mysterious people and interpret us to them and them to us in no small measure. If our Minister to China were to be simply a minister of commerce and labor his task would be of one sort and kind; but, going as he does as a minister of education and ideas, as well as a minister of commerce and labor, as a link between peoples and nations and traditions, it is a fortunate thing for us that the bearer of this responsibility is to be a man so well equipped on the intellectual and sentimental side as is Mr. Crane.

It is the fashion in these days to decry the diplomatic career, but I cannot share in that view. While the telegraph and the cable have, of course, entirely changed the routine of the diplomatic office, and have altered the daily life of the diplomat in no small measure, yet the very closeness

of our present international relationships has raised to new importance, new significance and new responsibility every slightest word and act of the man who stands before a great people as the accredited representative of another nation. I like to think that in the important negotiations between governments that are going on in Europe, in Asia and in America, special knowledge, skill and human sympathy are not less valuable than they once were, but more so. Mr. Root, while Secretary of State, truly said that in the conduct of international affairs the first duty of the statesman was to understand the point of view of the other side, because his task after all was not to gain advantage but to do justice. (Applause.) And this for the obvious reason that if advantage were gained unjustly it could be but temporary, while to establish a reputation for justice is to obtain a permanent advantage.

It is an interesting thing to follow the sweep of opinion in these days as regards our international relationships, and to observe the delicacy of the task of approaching the question of commerce as an aid to international good feeling and relationship. The great nations of the world appear without exception to be confronted today by urgent invitations to two opposing policies: the one, so to order their fiscal policy as to throw barriers about their international trade that they may protect their standards of living as well as obtain revenue; the other, so to expand their international trade and relationships as to gain wealth through successful international barter. It must be obvious that to respond in equal measure to these two conflicting policies is almost, if not quite, impossible.

Those among us who seem to believe that we can always sell abroad, but never buy away from home, are not, I think, the best friends of the prosperity, the standard of living, or the rate of wages in our own or in any other country. (Loud applause.) We have been told tonight with perfect truth that there was a time when every nation was deemed sufficient unto itself, and when its only outside relationships were those of friction and antagonism. That time has passed. The policies which distinguished it are outworn and useless. When we are preaching the open door to China, then Germany, France, Austria, Italy and the United States must not forget the complementary obligations which rest upon them. These great problems of international trade and finance are not likely to be solved by formulas, or by political battle cries, or by fustian. They will only be solved by a careful study of conditions in order that each nation may preserve its own ideals, its religious and ethical beliefs, its political methods and standards, its social organization and life, and yet make its contribution to the civilization, the trade and the progress of the world. The time has gone by when our ministers going to the other side of the world could be sent with any other message than one of invitation to a closer, more intimate, more just and more profitable intercourse of every kind. (Applause.)

Mr. Crane is going to what I have called the other side of the world. I wonder whether, when Mr. Lowell, thinking of the civilization which has its home on the other side of the Atlantic, spoke of a certain condescension in foreigners, he did not have it in mind that there is at times just a little condescension in Americans. But we cannot deal with great nations in terms of condescension. We cannot deal justly with any nation without sympathetic insight into its religion, its form of government, its letters and its life, however these may vary from our own. Not everything in this world is fixed and permanent, after all. The most dramatic and most amazing event in the history

of mankind is the rise out on the eastern shores of the Mediterranean and beyond of the springs of civilization, which formed the little streams which slowly trickled westward, growing wider as they crossed Europe, finally bursting out into what we proudly call Western civilization. Nothing that has ever happened is so amazing and so dramatic as the history of that movement; but way out beyond the limits of that movement, and largely outside of its influence, lives this great and ancient people of China, with an economic life, a social system and religion of their own. We are sending to them a Minister; a sympathetic, wise, American gentleman, who will understand them, and whose reflection has taught him that perhaps in one of the far off days, ten thousand years from now, the world may so change, the centre of gravity may so alter, that, to steal a line from Kipling:

"The dawn may come up like thunder out of China 'cross the Bay." (Loud applause.)

THE CHAIRMAN—I will ask you to rise and drink to the health of Prof. Benjamin Ide Wheeler, President of the University of California. I am sure Professor Wheeler will agree with me that the only thing now for him to do is to tell us what he does not know.

PROFESSOR BENJAMIN IDE WHEELER.

It certainly affords to the assembled audience a certain advantage in that you have called upon me with no further notice. I do thank you for the few minutes you have given me, but so far as the diners are concerned it is a permanent advantage, and I stop to congratulate them upon the fact that a man is given no particular time in which to think upon that thing in which he does not believe, and so you will have to take instead a picked out mess of what I do believe in.

It is a most encouraging thought, Mr. Chairman, that you point to me as representing the institution by the Golden Gate to discuss what the President of Columbia does not know regarding the Oriental question, and yet it must be looked upon as somewhat of a risk, to say the least, to call upon a Californian to discuss the Chinese question. (Laughter.)

There are evidently no combustibles stored in or about this hall, and yet really there are some things I should like to say, combustibles or no combustibles.

When some 2,200 or 2,300 years ago Alexander stayed his conquering march at the Hydaspes, in northwestern India, he created at the point where his march stopped a picture which has run straight through the life and history of mankind, by the Indus River, the roof of the world. All that is on the west of it has more or less shared in the use of the same implements and life and thought; all in the territory west of it belongs more or less to one civilization, one religion; even Mohammedanism is nothing but a second growth on the old Asiatic soil representing the territory that was half converted to the Occident; and the civilization we live and breathe in is all of it built out of a combination of the life and civilization west of that point. The civilization of the great river valleys finds its ways in the terms of the life of men, toward the Mediterranean, where the life was created which is our life, digested finally and placed in the hands of the Greeks by virtue of their ability to frame a declaration of independence of the human spirit; then tossed over to the Romans; then to the people of northern Europe; then it found its way across the Atlantic; but still it was a part of the Mediterranean, and when it came to the shores of the Atlantic, people still held to it, and as they went into this continent of ours, they backed in, with their faces still bent on the Mediterranean, and they backed in until some of them came to the Missouri River, and when they set their faces really westward, and it is only the men who have passed the Missouri River that know the sentiment of the further part of our country, and know what the outlook is toward its future history. It is now Orienting itself toward another outlook, and the Orienta-

tion is in terms of the thought and the life of the people west of the Missouri River. It is true enough that the history of this country for its first two centuries was determined by its place on the Atlantic facing Europe; but just as certain will this view of the next two centuries be determined by its position on the Pacific facing China.

When Alexander stayed his conquering march he not only made a Western world which has made our life, but he left behind and out of account, to come on its own way, a whole one-half of the world—India, China and Japan. And they went their own way, with a thought of their own, a philosophy of their own, into which we do not venture so easily. We say they are an inscrutable people. When a man first thinks he is going to understand a man of China then is he of all men the most miserable, in that he has thought he understands, for their lives are shaped on another philosophy, on another view of the world. They have grown up by themselves; they have their own way of thinking, and must be judged by their own way of thinking. But a swing about has come in the affairs of men, and not long since. The Old World looked inward toward the Mediterranean, and built its policies on the thought of things centred about the eternal pool, but the world has come in recent years to be administered in terms of navies floating in the great outer ocean; power has come to be quoted in terms of coaling stations and navies that control the powers of Oceanus, that finds its way around the globe; they are the things in terms of which national destiny now is quoted, and that is what has turned the whole world that looked in upon the Mediterranean wrong side out, looking out now upon the outer sea. It has turned inside out a world that looks from America toward Europe, and from nearer Asia toward the Mediterranean, and has set it, having been turned wrong side out, looking toward the Pacific Ocean, and the destiny of the peoples to the west of this world is the next two centuries to be determined in terms of the hem of the Pacific. One hem of it, the American hem, a little strip pent up between an ocean covering more than half the circuit of the world, pent up between that ocean on the one hand and 1,200 to 1,500 miles of desert on the other, has now been occupied by the men of the white races in Europe; and the other hem is in the hands and in the charge of a people that is awakening to a new life, awakening, we may hope, to a new life which it will administer itself. The policy of this nation, enunciated as I have always believed more clearly by John Hay than by another man, insists that China shall have, as she ought to have by right of her years, the administration of her own awakening; the adaptation of her own life to the equipment and mechanism of the world of today. But one-half the world, gentlemen, a full one-half of it, has come into its say; one-half of the world that has never been used, that has never worked with the other half, has come into its say, and problems that are facing the world of old speak in terms of the descent of the white man on the western coast of our country over toward the Chinaman, the Hindoo and the Japanese on the other side of the ocean, and the Pacific is to be the arena, is to be the forum, the great market place in which this is to be wrought out. There are plentiful grounds and opportunities of misunderstanding, until we shall have come to see eye to eye, until we shall have come to understand that our lives have been reared on different models, different philosophies, and on the stimulus of a different faith. But we are human; we have human interests. It is our interest to exchange with each other in peace, and to make our general contribution to the service of the whole world, and because there are grounds and reasons for misunderstanding, all the more is it important that we should understand each other; that we should know exactly where all of us are concerned.

It is a fortunate thing that a man is selected to represent us on the other side of the forum who has that sympathy for peoples of varied antecedents which Mr. Crane has. I

echo most strongly the sentiment of the President of Columbia in his remarks, and I know somewhat whereof I speak—I know the man, and I know he has that sympathy for peoples of different history, of different pen-craft, of different instincts, which enables him to see things as the other people see them. The stubbornness, the inflexibility of people who refuse to see things as other people see them, these are what make wars and not the things that create peace, and we are to be congratulated that we have a man who has human sympathy, historical sympathy, and a knowledge of men in their habitat and under their own varying conditions.

I am glad to say that the first suggestion made to President Taft looking toward the appointment of Mr. Crane came from a sturdy, public-minded citizen of California. I know who he was; I know the man. California through one of its public-minded citizens told Mr. Taft first "There is the man." And so, from the opening of the Hudson over to the Golden Gate, we may say at least officially by the word of mouth of the President of Columbia and the President of the University of California, this is an appointment whereof the American people approve. It is the sort of appointment that ought to be made more often than it is made. It was not made probably in accordance with the ordinary recipes of political procedure. All the more has it our approval; all the more do New York and San Francisco approve. I believe what President Butler himself just now said—that it is probably a fact that the nomination and appointment of Mr. Crane is on the whole the most fortunate and popular appointment made by the present President of the United States. In the interest of a good understanding, where good understanding is of great account; in the interest of American affairs, and a fair, aboveboard, open, enlightened Americanism, and in the interest of a people of proven civilization, of compact thought, of a right to live, it is of advantage for all interests, and this event which we celebrate tonight is a matter of interest, is a matter of importance to all that is best in the opening civilization of the twentieth century. (Cheers.)

THE CHAIRMAN—I think the gentlemen here will understand why I used to say that a university president only needs to know those two things. Most of you know that many years ago my father went out to China and lived there for seven years, and he returned from there along in 1840, and after that spent the remainder of his active business life in commercial dealings with China and the Far East. Less than twenty years ago I remember to have heard him say that so far as he could recall no American bank, no American insurance company, no American business undertaking of any kind had any branch outside of the limits of the United States; as if the whole energy and thought and purpose of the American people for the last generation had been given without reserve to the development of things at home. The gentleman whom I am to introduce to you now is himself the president of an international banking corporation, a corporation that by its very name, no less than by its occupation, makes clear to us, if we would reflect upon that statement of old conditions, that it is not only a new China which is appearing above the horizon, but a new United States. I have very great pleasure in introducing to you, and now ask you to rise and drink to the health of our friend, Gen. Thomas H. Hubbard, the president of the International Banking Corporation.

GENERAL THOMAS H. HUBBARD.

The subject assigned to me by the President seems to be the International Banking Corporation. That is advertised in the usual methods, and I must thank Mr. Low for adding his advertisement to it tonight. Lest I should forget what I want to say, I will mention that the committee a few days ago asked me to speak on the subject of our commercial and financial interests in China. Now, there are

various definitions of the word "interest." We speak of a man having a large interest in the Great Northern or Copper, or what not, meaning that he has property in it, that he owns or controls a certain part of it. Our commercial and financial interests in China under this definition would be what we own there, what we have the right of possession in there. In that sense we have no commercial or financial interest in China. France and Great Britain and Germany and Japan have ports or territorial possessions from the western limits of the China Sea to the northerly limit of the Yellow Sea, in what is, or formerly was, Chinese territory. The United States has no port and no place in China where its commerce can say it is at home. France and England and Germany and Japan and Russia have railroads entering in China or what was China. Their financiers are lending money to build these railroads controlled by the great Chinese Empire. The United States has no railroads in China, and its financiers have contributed no capital for the building of railroads which has not been withdrawn. The commercial and financial interests of the United States in China, in the sense of which I am now speaking, are represented by the efforts of individuals, and the efforts of individuals have done most to build up this country. I speak of the efforts of individuals, as contrasted with the work of the government; and among those who for some years have been endeavoring to cultivate trade relations with China, the Standard Oil Company and the American Tobacco Company, requiting with a true Christianity the afflictions with which they have been visited by their own government at home, have shown in China and other parts of the East the best examples of American energy, intelligence and business integrity. And yet with all this our trade with China is almost infinitesimal. Perhaps that expression is too strong, but the figures are something as follows: The imports into China, during the five years from 1903 to 1907, averaged roughly \$250,000,000; the imports from the United States were about \$25,000,000. The exports from China to other countries averaged during those five years about \$150,000,000, and the exports from China to the United States in the same period averaged about \$15,000,000. And of this 10 per cent. of the whole trade which the United States got, a large part was conducted, and the greater part was financed, by foreign houses.

There is another definition of "interest," which is illustrated by saying "you are interested in benevolent projects, you are interested in the welfare of your neighbor." In that sense, in the sense in which commercial and financial interests mean things that concern our welfare, our commercial and financial interests in China are vast. As you have remarked, Mr. President, your distinguished father was a resident of Canton before the English had taken Hongkong; very long before the death of French or German missionaries was considered an equivalent for territorial acquisition; very long before any of these European possessions in China, already referred to, existed. I mention this because, as a matter of sympathy and a matter of precedent, our relations with China should continue. So in the first treaty between the United States and China in 1844, both parties expressed their purpose that friendship and peace and good will should exist between the two countries, and that if other nations threatened disturbances, the United States, on being apprized, would use its efforts for conciliation, for peace.

But beyond the matter of sentiment, and the matter of traditions, we have been growing nearer to China for years. We have been growing nearer by the purchase of Alaska, by the acquisition of Hawaii, by the possession of the Philippines, and we are growing still nearer by the opening, not far away, of the Panama Canal. These things are preparing the Pacific Ocean for extended commercial use, and will make it, as has been suggested tonight, in the near future, the great theatre of commercial transaction. They are making the Pacific Ocean, for commerce between the Orient and this country, what the Atlantic is for commerce

between this country and the European nations. The possibilities of trade between the two countries are vast. It is difficult for any one now to appreciate to what limit it may grow or may not grow. The advantage to the United States of increased commercial relations with China needs no argument. To illustrate—as people get together, they grow more and more alike. I do not mean to say that the Chinese and the citizens of this country are ever going to be exactly alike. I do say that they will be more nearly alike than at present. Now, suppose they were to be exactly alike, and that the proposition was to dress the citizens of the Chinese Empire and feed them just as our people are dressed and fed, and to dress and feed our people just as the citizens of the Chinese Empire are dressed and fed. What a vast commercial transaction that would be! That, I say, is a thing that we do not anticipate. We do not expect that all the citizens of the Empire will dress as we do; we do not expect to dress so becomingly as the distinguished gentleman at my right. (Applause.) But we do expect, and can reasonably expect, that there will be an interchange by which each nation will get from the other what the other can best furnish and what each nation most needs.

I say this merely by way of suggesting the possibilities of great commercial transactions between the two countries. The possibilities are vast. The advantages to China—I speak with some hesitation and deference in the presence of His Excellency—the advantages to China are equally great. In two directions I will look at them now. One is in the direction of having the United States as a balance wheel for the European nations whose presence in China has preceded ours; and another is in the development of Chinese railroads. That is a vast subject. The story of railroads in this country is too long and too intricate to be entered upon now. It is, however, I believe, the fact that the railroads have done more than any other one thing in maintaining the Union of the several States. I do not mean to say that the railroads were essential in producing the result that followed the Civil War. I do mean to say that while States are distant, while the citizens do not know each other, there is an opportunity for jealousies that do not occur where there is constant communication. Constant communication makes the people homogeneous. Our people travel from the Pacific to the Atlantic and from the North to the extreme South constantly. They know each other; they get acquainted. If this were not so, I do not believe that the Union would exist today.

Now, we have in rough figures about one mile of railroad to every thousand citizens of this country; China has less than one mile to every 70,000 citizens. It is not to be expected that China will build railroads to the same extent that the United States has them, but it is true that if the Chinese provinces are to be bound together in consolidation, if communication is to be had readily between the central seat of government and the provinces, railroads must be built. That is what kept this country together. That, in my opinion, with deference to His Excellency, is what will solidify China.

What the United States wants is not to deal with spheres of German influence in Asia, spheres of English influence there, spheres of French. It wants to deal with China as one great nation—with its people, economical, industrious and proverbially honest, with the Empire as the centre of a great government—not with spheres of influence, but with China.

Now the distinguished guest of the evening is going to China with excellent equipment. The predictions that have been made of his success are flattering, and I hope they are all true. But he has had able predecessors, and business, commercial business, halted under their administrations. What is the difference between his situation and theirs? There is, of course, a growing friendship between the two countries, but it grows slowly. The chief difference as it occurs to me, is that a powerful corpora-

tion is entering upon a new field of operations in China. I mean that corporation which is known as the United States of America. The lawyers in my audience will say that the United States is not a corporation and that federal courts have decided that even a State is not a corporation amenable to the harsh provisions of the Sherman Act. I prefer to look upon the recent action of the United States in reference to the railroad loan that has been mentioned as an act of a corporation. It certainly is the reverse of the action of the United States by its State Department, as that action has heretofore been molded. The United States, whether as a corporation or not, has asked China to borrow money from America. I think I do not put the proposition too bluntly: it has asked China to borrow money from some Americans. Of course when the agent for a lender proposes to a borrower that he shall borrow from his client, he must give assurance that the client has the money to lend and is a party fit to be dealt with. That difficulty, I take it, has occurred to the United States, or to the State Department, in the negotiations so recent and still unfinished for the present railway loan. If the United States is to guarantee or to assure to China the strength of the lenders, it must have lenders on whom it can rely. It was forced, I take it, to make a selection of such lenders. The selection, if one had to be made, could not have been better. The parties selected are of the highest financial strength and responsibility. But let us hope that the selection of some does not exclude all others, and let us hope that those who have for years been working in the East to develop commercial relations between the two countries will not be disappointed by the present selection. I am afraid some of them feel so.

Perhaps I dwell too long on this phase of the subject. Whether this method forced upon the Government in conducting this transaction was fortunate or unfortunate, it indicates that the Government does take an active interest in the development of business in China. It indicates that the Government means to stand behind those who are working for that purpose. It means that the Government is going to help our distinguished guest not only as it usually helps its ambassadors and ministers abroad, but with more direct and more cogent assistance. How the efforts of Mr. Crane and the Government may eventuate, depends, I think, upon the treatment that the Government extends to its own citizens and to the Chinese. In respect to its treatment of its own citizens, it ought to be actuated by the rules that it enforces against others. As a corporation it ought not to exempt itself from any rule that it enforces against other corporations. It ought not to countenance monopolies; it ought not to give special privileges; it ought to do equal and exact justice to all. In respect to China and the treatment it received from the United States and from other nations, two texts always come into my mind. One is, "The Assyrian came down like the wolf on the fold." It seems to me that has been the guiding principle of many nations in dealing with China in the past. The other is from a higher authority, "And if ye lend to them of whom ye hope to receive, what thank have ye? For sinners also lend to sinners to receive as much again. But love ye your enemies and do good and lend, hoping for nothing again, and your reward shall be great and ye shall be of the children of the Highest, for He is kind to the unthankful and to the evil." Commerce and banking have not accepted that text as the rule of conduct, but fair dealing, open speech, adherence to promises, whether in writing or verbal, those are an approach to it, and if they are followed between the United States and China, our relations should be, and certainly will be, increased and improved. But if we follow the course of the Assyrian we shall, soon or late, meet the Assyrian's fate.

CHAIRMAN—Gentlemen, the speaking bill of fare has been exhausted like that of the dinner itself, and I have only to say as we part, once more to the Minister, how sincerely our good wishes go with him, how earnestly we want to help him if it is in our power to do so.

RAILROAD BUILDING IN ASIA.

*By the Secretary of the Association.**(From the Iron Age.)*

The railroad builder is at work in Asia as never before. Ten years ago Benjamin Taylor asked his fellow countrymen the pertinent question: "Do we realize all that is implied in the fact that of about 450,000 miles of railroad in the world Asia has not more than 30,000—that while Europe has a mile of railroad for every 2,400 inhabitants, Asia has one only for every 28,000?" Reference was added to the overwhelming character of the mere thought of the work involved in remedying this disproportion and of the enormous possibilities of the Pacific area when railroads and steam and mechanical invention have had a chance to do for its teeming populations what they have done for the peoples in the Atlantic area. But already the mileage actually in operation in Asia is expanding so rapidly that the figures of one year become worthless almost as soon as they are tabulated.

At one end of Asia the Germans are at work tunneling the Taurus Mountains; at the other, the Russians are preparing to attack the problem before which they quailed twenty years ago of conducting an iron road across the rugged chasms and through the rocky defiles of the valley of the Amur. To supply the Western link of an all British South Asiatic railroad a serious movement is on foot looking to the construction of a line from the Mediterranean to the Persian Gulf, across northern Arabia; and under the direction of a Chinese engineer educated in America there has just been completed a line from Peking to Kalgan as the first step toward the crossing of the Gobi desert and the making of a junction with the Trans-Siberian Railroad at Lake Baikal. Throughout the great intervening stretch of 7,000 miles between these contrasted spheres of railroad enterprise at either extremity of Asia, existing railroads are being extended and new ones planned. The Indian roads are reaching out on one side through Burmah to the frontier of China, and on the other through Beloochistan to southern Persia, now at length open to the railroad builder.

A few months ago two states, formerly feudatory to Siam, passed under the suzerainty of Great Britain, and it was one of the terms of the bargain that the Federated Malay States should advance to Siam on easy terms \$20,000,000 for the purpose of constructing a railroad from Bangkok to the Malaysian boundary. In Indo-China the French have already built 820 miles, and are extending their system eastward to participate in the great trade of southern China that is and will continue to be tributary to Canton, and north and westward into the Chinese province of Yunnan. In China itself the progress of railroad building, which was described in the *Iron Age* of November 23, 1905, has made rapid strides, and American capital and enterprise, which had then retired discouraged from the field, have reappeared with a peremptory demand to have their share in financing projects which were coming to be regarded as exclusively destined for the employment of European capital and the consumption of European railroad material.

All this lies on the surface of the record, which he who runs may read, and, reading, compile. But we shall have a very imperfect appreciation of the railroad situation in Asia if we fail to take account of the political considerations which have hitherto controlled it and of the radical changes in the situation which have followed the Russo-Japanese War and been modified by the entente firmly established between Great Britain, France and Russia. It is true that in these days all politics ultimately resolves itself into the interests of trade, and that the political stimulus given to railroad building is, in the last analysis, commercial. But there must be admitted to be an essential difference between a railroad constructed in obedience to a deliberate policy of acquiring territory or markets by conquest and one provided with the sole view of developing a profitable traffic without the establishment either of a sphere of interest or one of sovereignty.

To give an intelligible idea of the forces that have gone to the making of the present railroad situation in Asia, a brief historical retrospect is necessary.

It was hardly at the call of commercial necessity that the Czar Alexander III issued his famous edict: "Let a railroad be built across Siberia in the shortest way possible." It is true that when the enterprise was fairly under way, and the sums annually expended on it began to assume startling proportions, reference began to be made to the experience of our own Pacific railroads, as an illustration of how quickly traffic might grow in a new country and desert places traversed by the iron road become populous. For obvious reasons the analogy was not apt, though if a political precedent were required it would have been sufficient to say that Russia needed a railroad across Siberia to bind the two divisions of her empire as much as the United States did to attach the Pacific States and Territories to the Union. But here again there was a notable difference, for the shortest way between the country east of Lake Baikal and the port to which Russians had given the proud title of Vladivostok, or "dominator of the Pacific," lay through the territory of a neighbor. That is to say, to avoid the great northern bend made by the Amur and save the construction of bridges and tunnels to span the innumerable streams and pierce the formidable mountains of that region, it was necessary to take the shorter and comparatively easy cut across Chinese Manchuria.

So, ten years after the issue of the Czar's edict, permission was given to construct a railroad, to be called the Eastern Chinese, from Stretensk to Vladivostok by way of an obscure settlement on the Sungari, since known to fame as Harbin. This was the agreement of September 6, 1896, between the Chinese Government and the Russo-Chinese Bank. A Russian commission which went through the country about that time gave away, rather naively, on its return to Odessa, the real purpose of the Manchurian Railroad as follows: "The Chinese are not only delighted with the idea, from which they expect great benefits, both

in commerce and agriculture, but openly state that they would be more than delighted if all Manchuria became Russian territory, and that the greater part of the inhabitants in such a case would cut off their pigtails, or, in other words, become Russian subjects." Thus was a beginning made in what Prince Ukhtomsky, four years later, called Manchuria's "painless identification with Russia."

It was, of course, expected that the process would be greatly facilitated by the agreement of March, 1898, under which permission was obtained to continue the Eastern Chinese Railroad southward from Harbin to Talienwan and Port Arthur. In spite of the declaration contained in the agreement of 1898, that this railroad concession is never to be used as a pretext for encroachment on Chinese territory, nor to be allowed to interfere with Chinese authority or interests, the agreement was no sooner made than it was used as the basis of protest against the extension of the Imperial Chinese railroads beyond the Great Wall on money borrowed from a British syndicate on the security of the lines already constructed south of the wall between Peking, Tientsin and Shanhaikwan.

To the British Ambassador at St. Petersburg, Count Mouravieff gave the Russian view of the situation as follows: "Taking up a map of North China, he drew attention to the projected line for the Northern Extension Railroad to Newchwang and the close propinquity of the northern terminus to the line which was to serve as outlet for the trade of the Russian Trans-Siberian Railroad. He had concluded and signed an agreement with the Chinese Government by which China agreed that if this extension was made the line should only be constructed with China's own money and always remain in Chinese hands and under Chinese control. * * * This agreement was not directed against the interests of England or of any other Power; the limitation being general in its character, applying to all non-Chinese charters, Russians included, could not be regarded as infringing the treaty rights of most favored nations. The agreement itself was one which two independent powers were clearly entitled to conclude."

The upshot of the controversy was that the Russian Government withdrew its objections to the building of the railroad from Shanhaikwan to Newchwang, with a branch line to Hsin-min-ting (30 miles northwest of Mukden), and that an agreement was made between the governments of Great Britain and Russia under which "Great Britain engages not to seek for her own account, or on behalf of British subjects or of others, any railroad concessions to the north of the Great Wall of China, and not to obstruct, directly or indirectly, applications for railroad concessions in that region supported by the Russian Government. Russia, on her part, engages not to seek for her own account, or on behalf of British subjects or of others, any railroad concessions in the basin of the Yangtse, and not to obstruct, directly or indirectly, applications for railroad concessions in that region supported by the Russian Government."

While the northern extension of the Imperial Chinese railroads was under discussion the Russian Foreign Minister had declared that "as regarded railroad enterprises to the south of Peking in central and southern China

neither the Russian Government nor Russian enterprise had any interest whatever, and all the persistent rumors to the effect that the Russian Government or Russian money had any share in the Belgian railroad concession schemes were quite unfounded." The Belgian concession was for the construction of the railroad from Peking to Hankow, 760 miles up the Yangtse, in the heart of China. Outside observers of Russian policy might, however, be pardoned for remembering the close connection between the Belgian syndicate and the Russo-Chinese Bank, and for speculating on how long it would take Russia to digest Manchuria. In any case, there remained the stubborn fact that Russia was determined that there should be no further interference with her monopoly of railroad construction and operation in the three Eastern provinces of China, and that, moreover, as the *Novoe Vremya* blurted out in April, 1898, she was determined to possess her own rail from Manchuria to the capital of Korea. Recalling the further fact that Russia was equally determined that, if she could prevent it, there should be no continuous railroad across Asia except her own, the change which Russian collapse wrought in the Asiatic railroad situation may be partially understood.

Had commercial considerations dominated the construction of a trans-Asiatic road the southern route would necessarily have been preferred. Here there are both trade and population, and the distance of 2,000 miles across the Indian Peninsula is already traversed by railroads. In Central Asia the Russian railroad builder had been already at work a quarter of a century before. It took Russia ten years to subdue the wild Turcoman tribes of trans-Caspia, but, that done, the work of connecting the Caspian by railroad with Merv, Bokhara and Samarcand was promptly begun. The first 700 miles of this railroad was laid across a howling wilderness on which were but four small oases. It was begun in 1880, completed to Samarcand, and was paying its expenses in 1890. Since then trade and traffic have developed rapidly, and communication with Russia proper has been so far perfected that a traveler from Moscow can now reach the Afghan frontier, within 60 miles of Herat, in five days. Ashkabad, the capital of trans-Caspia, and an important Russian railroad centre, is only 160 miles northwest of Meshed, the capital of the Persian province of Khorasan.

As soon as the Russians got their railroad to Ashkabad they insisted on the Persians building a good road from the frontier to Meshed, so as to connect the three places and furnish an outlet to Persia for the rail-borne commerce of Russia. The cart road cost the Persians some \$150,000, and it was used as a highway for Russian commerce only. For railroads Persia was to remain forbidden territory. That decision was reached in the early eighties, when Russia beat England in the struggle for influence at Teheran. It was as an offset to the trade and mining concessions granted to Sir Henry Drummond Wolff, the English Minister at the court of the Shah, that the Russian Minister demanded and received the sweeping concession against progress that no railroad should be allowed in Persia. As Truxton Beale, formerly our Minister there, put the case: "Persia was to lie fallow, free from foreign entanglements, until Russia saw fit to make use of her."

Some five years later Russia made her hold on Persia more secure by advancing to the Government of the Shah 22,500,000 roubles. About that time Great Britain had been moved to prevent the acquisition by France of a coaling station at Muscat, near the eastern entrance of the Persian Gulf. This conjunction of events elicited the following suggestive comment from a French newspaper published in Shanghai: "It is a fine revenge for the Muscat episode; more than that, it is the postponement to the Greek Kallends of the (British) trans-Asiatic Railroad. Russia has determined to prevent without fighting any competition with her trans-Siberian Railroad; it is as clever as it is happy."

Meanwhile the Germans had appeared on the scene. In December, 1899, our consul at Sivas announced that the controversy in regard to railroad construction in Asia Minor had been settled by a concession granted to the Anatolia Railroad Company, which was to extend the then existing line, terminating at Konia, via Marash and Bagdad to Bassorah. It was added that few railroad lines could be of greater prospective importance than this 2,000 miles of railroad uniting the Persian Gulf with Europe, forming a rapid transit to and from the East, opening up large tracts of agricultural country, and paving the way for German commercial supremacy in Asia Minor and Mesopotamia. As a matter of fact the project was an old one. Sixty-four years previous to the Sultan's grant to the Anatolia Railroad Company Sir Francis Chesney had surveyed for the British Government the route for a railroad along the Euphrates Valley from the Mediterranean to the Persian Gulf. For half a century the construction of this very important link in the overland route to India has been one of the imperial ambitions of Great Britain, and it was only after the acquisition of a controlling interest in the Suez Canal shares and the occupation of Egypt that the Euphrates Valley scheme passed out of the range of discussion.

In September, 1886, it was reported that a concession for a system of Anatolian lines had been discussed in Europe, and it was regarded as a remarkable revelation of the progress of German influence at Constantinople. The project fell through apparently because the concessionaires failed to appreciate the proper methods of acquiring favor with Turkish ministers. The concession was actually granted in 1887 to an English syndicate, with power to extend the line to Bagdad within ten years, but it was again revoked.

When the contract for the line to Angora, opened in 1892, was refused to English and French syndicates it was granted to the German company because the Sultan and his ministers had no experience of German ability in such enterprises, and intrusted them with the work upon the theory that they were the least likely upon the whole to carry it out. The rapidity and thoroughness with which the line was completed opened the eyes of the Porte to German capacity in the matter of railroad building, and in 1896 the line was established to Konia. From that point it was evident that the first part of any possible trunk line from Constantinople to the Persian Gulf was already in German hands, so that the sequel to the competition for the con-

struction of the Bagdad Railroad was already certain. The well known director of the Deutsche Bank, the late Dr. Siemens, was the chief agent in this transaction, which resulted in the Bagdad Railroad convention of December 23, 1899. Under that agreement the Anatolia Railroad Company undertook to construct within a maximum period of eight years and to exploit a railroad line of the regular gauge of 1.44 metres from Konia to Bassorah, by way of Bagdad, on conditions and guarantees to be determined by common agreement between the Sublime Porte and the company.

The most important part of these guarantees was that known as "kilometric." Each concession for the various sections of the road carried with it a kilometric guarantee of progressive amount until it attained the maximum of \$3,300 per kilometre. The delay in the construction of this line, which has only shown marked activity during the last year or two, has been due to the poverty of the Turkish treasury and to the indisposition of the Powers to grant the requisite increase of Turkish customs required to meet this new draft on the national finances.

The German colonial enthusiasts promptly urged that steps should be taken to form solid self governing settlements of German emigrants in Asia Minor; but the Director of the Deutsche Bank curtly reminded them that the Sultan would never consent to the gradual occupation of his territory by agricultural army corps. It was accordingly given out that the Anatolian Railway Company had no thought of meddling with politics; but behind all German utterances on the subject it was shrewdly suspected that there lay the conviction that commercial interests gradually convert themselves into political possessions in weak states. Even Dr. Siemens agreed that Mesopotamia, with the marvelous Babylonian system of irrigation restored, must become the granary of the East once more, relieving industrial Germany from its present dependence upon American and Russian wheat. As a matter of fact, within the present year General Sir William Willcocks has been intrusted with the task of superintending the reorganization of the ancient irrigation systems of this region. Nothing but the sheer neglect of centuries has led to the decay of one of the most extraordinarily fertile countries of the ancient world, and all expert observers have testified to the fact that the restoration and proper maintenance of the old canals will bring back the productiveness, trade and civilization of past ages.

The progress of the Bagdad Railroad and the new understanding between Russia and England about Persia have tended to revive the discussion of an overland route to India and an all-British railroad line across Southern Asia. As long ago as September, 1899, there appeared in the *Nineteenth Century* an article by the well known English engineer, C. A. Moreing, entitled "An All-British Railway to China." Mr. Moreing argued that, as Russia was then strengthening her influence and recasting the map of Asia in her own interests by building a trunk line to China, Great Britain should do the same; only the British road should be a continuous line from the Mediterranean to the Yangtse, through southern Asia. Part of this contemplated railroad—that passing through India—was already built, and it would not take long to extend the system to Burmah. In the whole distance to be traversed Mr. Moreing could find no difficulties equal to those which the Russians had encountered on their line, and he gave the following as his deliberate judgment in regard to the whole scheme: "It has for some time been apparent to those who have studied the political development of Arabia, Persia and Beloochistan, to say nothing of Farther India, that

Great Britain is the future mistress of southern Asia. No other European nation will ever be permitted to settle on the shores of the Indian Ocean, and the surest way of consolidating our rule in a region where no other Power but ours can be allowed to intrude is to link up our scattered possessions and supply the quick means of communication that a railroad from the Mediterranean to mid-China would afford."

For obvious reasons, M. Moreing rejected any idea of reviving the old Euphrates Valley project, and proposed to start his all-British South Asiatic Railroad from Alexandria and proceed through the Isthmus of Sinai, northern Arabia, the Persian Gulf and Beloochistan. He showed that it was only 2,400 miles from the Mediterranean to Karachi, which could be done in three days, as against the nine or ten days which a steamer requires. Indian lines would take the passenger on to Kunlong Ferry on the Chinese frontier, while surveys have shown the existence of practicable routes from Kunlong Ferry to the Upper Yangtse.

Curiously enough, the same magazine that published Mr. Moreing's article in 1899 contained another on the same subject in January of the present year. This is entitled "A Railway to India," and the author is C. E. D. Black, lately in charge of the Geographical Department of the India Office. This writer takes his cue from the completion of the Hedjaz or Pilgrim Railroad to Medina, which he thinks may prove an epoch making event for Great Britain. It is the first railroad opened in Arabia, and Arabia and Persia are the two countries that block access—though in another sense they may be said actually to supply the opportunity for communication—between India and the Mediterranean. It should perhaps be explained that it was the Bagdad Railroad project which suggested to the late Sultan an ambitious scheme of his own—the Damascus-Hedjaz Railroad. Abdul Hamid engineered this out of his own purse, supplemented by contributions from good Mohammedans, and it was largely built by the free labor of Turkish troops. The line is a narrow gauge one, but, by an agreement with the Franco-Belgian company operating from Beyroot, the Sultan simultaneously provided for the linking of the Hedjaz line, whose ultimate destination is Mecca, with the Bagdad project at or near Aleppo.

But to return to the overland route to India, Mr. Black points out that between London and Port Said there is no route under British control except the sea. Thus, when one reaches Egypt, the half-way house to the East, the question inevitably suggests itself: "Cannot a shorter and more direct route to India be found than the long round-about way down the Red Sea and across the Indian Ocean to Karachi or Bombay?" A railroad following more or less directly the thirtieth parallel of latitude from Egypt through northern Arabia and southern Persia to Quetta or Karachi would traverse the shortest line between Egypt and India and prove an immense convenience to traders, soldiers, civilians and others traveling in either direction between these two countries.

To describe this route rather more in detail: The westernmost section would start from Port Said or Ismailia, where it would join the Egyptian railroad system—the last section of the Cape to Cairo line—and traverse Arabia Petraea in a southeasterly direction to the head of the Gulf of Akabah. Thence the line would ascend the Wady-el-Ithm, one of the lateral gorges leading up to the plateau of northern Arabia. Across the neck of the Arabian Peninsula the line would pass due east for 800 miles to Bassorah, a short branch diverging to the port of Koweit, near the head of the Persian Gulf, which the Germans have earmarked as the southern terminus of their system.

This is, unquestionably, "the short cut of the land route to India," though Mr. Black is mistaken in saying that it was never suggested as a feasible route to Karachi or Bombay before he examined the geography of the region. As far back as 1863, when W. G. Palgrave crossed the whole breadth of Arabia from the Red Sea to Bahrein, in

the Persian Gulf, he found a well watered country, admirably suited for the construction of a railroad. He found the people everywhere keen traders, and the only form of outrage he had to fear came from the minions of the Government. This track across Arabia from Bahrein to Mejaz on the Red Sea is actually the most ancient trade route of which we have any knowledge. It was by this route that, some 7,000 years ago, civilization was introduced into ancient Egypt, and it was by this road that bronze first found its way to Phoenicia, and thence by Tyrian and Carthaginian traders was carried all through Europe. Its reopening would thus be only a return to primitive conditions.

At Bassorah the proposed railroad would cross the Shat-el-Arab on its way to the East, and the Karun River further on. The crossing of this stream presents no more formidable difficulties than have been surmounted in the crossing of the Yellow River in China. Circling around the head of the Persian Gulf, the railroad would traverse Persia by whatever route might be considered feasible, either passing through Shiraz, with a branch to Bushire, Kerman and Nushki, or by a more southern line through Beloochistan as far as Karachi, where it would close with the Indian systems. Mr. Black's table of distances coincides very closely with those given by Mr. Moreing ten years ago, and he concludes that the total distance from the Mediterranean to the Indian rail head, 2,200 miles, ought to be easily covered in sixty-six hours, as compared with 3,050 miles or nine and one-half days in a steamship—a saving of 850 miles in point of distance and six and one-half to seven days in respect of time. As to cost, Mr. Black says that he was furnished with an estimate some years ago which was carefully framed by two experienced engineers who had personal knowledge of part of the region to be traversed. The estimate ran to \$30,000 per mile, and he claims that subsequent figures, relating to the Hedjaz Railroad from Damascus to Medina, and to a previous undertaking from the Syrian coast to Damascus, proved that the estimate was not too low. For a total distance of 2,200 miles from the Mediterranean to the Indian frontier, this would work out to \$66,000,000, or, with an addition of \$15,000,000 for rolling stock, \$81,000,000 altogether, or considerably less than the cost of the Suez Canal.

From Mr. Moreing's point of view the grand objective point of this South Asiatic Railroad scheme is Shanghai, the great entrance port and commercial mart of the Middle Kingdom and meeting place of the eastern and western bound steamship lines. It was already apparent, when he wrote, that from the Yangtse were to range the future lines of communication which are to open up the Celestial Empire. Down the upper valley of the river itself the rich products of Szechuan would be brought oceanward; from Hankow to Peking, and from the northern bank of the river opposite Chinkiang to Tientsin would run lines that would exploit northern China; while from Nanking via Soochow to Shanghai would run a British line destined to open up the rich and densely peopled alluvial tracts lying around the estuary. Since Mr. Moreing wrote this latter enterprise has become an accomplished fact, and the other lines of communication which he roughly traced are already in course of construction.

Beyond China, Mr. Moreing saw that the proposed railroad would revolutionize the traffic with Australia, as it is only 3,500 miles from Madras to Perth. Nor would it be very long before an unbroken line of rail connecting Calcutta with Singapore would make the latter the port of embarkation for Australia. Briefly, it needed in 1899 no argument to show how indispensable was the proposed railroad to Great Britain if she is to keep her grip on southern Asia, and since that time the words of Mr. Moreing have probably acquired a new significance, not only for Great Britain but for the rest of the world: "The building of such a line would be a clear declaration to the world of intentions which, though known to statesmen, are only vaguely surmised by the public at large, and are ignored by the more restless and ambitious spirits of rival nations."

THE GOLD EXCHANGE STANDARD IN THE LIGHT OF EXPERIENCE.

BY CHARLES A. CONANT.

When the Government of British India sought, in 1893, to give a fixed gold value to about £120,000,000 in rupee silver, it undertook an experiment of great importance to the financial world, and one which was naturally viewed in many quarters with grave misgivings. The experience of fifteen years which have followed that experiment has taught many lessons in monetary science. It may, indeed, be said to have blazed a new path in the principles of money—at least, in their practical application. The effort to raise the coins to a fixed gold value by scarcity alone was not successful, but it led to other devices, which, imitated or improved upon in Mexico, the Philippines, and the Straits Settlements, as well as in India, have created a new type of monetary system which has come to bear the title of the gold exchange standard.

The gold exchange standard differs in several respects from the limping standard. It has been the product of definite purpose and plan in the Philippines and in Mexico and to a certain extent in India. While in British India it has been, like the limping standard, a compromise with existing conditions, it has there, as elsewhere, received a definite form and substance which separated it from the limping standard as evolved in France and in other countries which found themselves with a large amount of legal tender silver on their hands when the metal had fallen below the official parity. There are two other essential differences between the limping standard and the gold exchange standard. One is that the gold exchange standard contemplates a circulation of token coins of silver without any necessary concurrent circulation of gold or paper. The other is that the gold exchange standard contemplates definite and comprehensive measures to maintain the value of the token coins at par with gold instead of relying purely upon custom and scarcity to give them value.

The essential principle upon which the exchange standard has been established is that the value of money is governed by the law of supply and demand. So long as supply was indefinite and excessive, as under the system of the free coinage of silver, there was no way of preventing safely and effectively the decline in the gold value of the coins to the bullion value of their silver contents. The moment, however, that Government undertook to limit the supply of coins to the demand for them, it took an important step to separate their value from that of their bullion contents and to give them a value based upon the demand for them as money signs required for carrying on exchanges. Strangely enough, while this principle had been in operation for many years in the case of subsidiary coins, its bearing upon the use of silver in countries where the standard had been depreciating was not clearly comprehended until within recent years. Those who understood the principle doubted its sufficiency to give a fixed value to silver coins as the sole medium of exchange, or they distrusted the ability of any government to judge accurately the number of coins required.

Upon the latter point they would have been correct if dependence had been placed upon guesswork or any empirical method of determining the amount needed. It remained to find the true solution of the problem by so regulating the quantity of the coins that it would respond automatically to the demands of trade. The correct method of doing this is through the system of exchange funds. As this system is operated in the Philippines, it is not possible to obtain gold coin for silver except in small quantities, but it is possible always to obtain drafts upon New York at par, plus the usual charges for exchange between gold standard countries. These drafts have to be purchased with actual silver coin or coin certificates. In either case the coins and certificates are, by the requirements of the coinage law, held in the Philippine Treasury. The law does not permit their deposit by the treasury in current account at a bank, which would turn them back into the general circulation.

For practical purposes the volume of currency in circulation is contracted to the same extent as if a corresponding amount of gold were taken from the circulation for export. When the current turns and rates for money become high in the Philippines, Philippine currency can be released for local circulation by the purchase in New York from the gold standard fund of bills upon the Philippine Treasury. The rule of locking up the proceeds of the sale of bills is not rigidly applied to the funds in New York, because the influence of the Philippine purchases upon the local circulation there would be insignificant. On the contrary, the Government obtains a generous interest rate, which has at times been as high as 4 per cent., upon the deposit of Philippine funds with New York bankers. During the stress of the autumn of 1907 considerable transfers of capital were made from Manila to New York by means of the purchase of New York drafts from the Philippine Treasury. The process, often repeated even under less serious pressure, clearly shows that the monetary system of the Philippines is linked to gold, and that capital can be freely transferred upon a gold basis between Manila and other markets.

The experience of fifteen years since the free coinage of rupees was first suspended in British India, of five years since the new system was established in the Philippines, and of nearly four years since it was in operation in Mexico, have settled most of the doubts which were felt when the experiment was undertaken in India. In the first place it has been made clear that the value of the coins in exchange, as fixed by law, has not been influenced by variations in the price of silver bullion. This statement, of course, applies only to one side of the problem—the fall of the gold value of the silver in the coin below its face value. It would not be possible under any system yet discovered, except such uneconomic devices as prohibiting exportation, to prevent the disappearance of silver coins when the value of their contents rises above their legal value in

exchange. Both the Philippines and Mexico have faced this menace to their monetary circulation since their systems were inaugurated, but both have succeeded in removing it. In the Philippines the contents of the silver unit—the peso—was reduced in 1906 from about 371 grains to 247 grains in pure silver. The amount fixed by the law of 1903 was practically the same as the contents of the old Mexican dollar. The adoption of a coin of this weight was caused partly by the desire to avoid the distrust which some feared might arise from reducing the weight. At the time of the passage of the law, moreover, the price of silver was nearly at the lowest point in its history, having touched the minimum of 21 11-16 pence in January, 1903, and being at an average price of 22½ pence in March. The adoption of so heavy a coin, however, was not in accordance with the original recommendation made by the present writer to the War Department in November, 1901. The weight then recommended was 385 grains, nine-tenths fine, or about 347 grains of pure silver.

In Mexico the rise of the silver coins above the legal gold value proved a blessing in disguise. It enabled Mexico to go almost to an absolute gold standard by selling her silver at a premium. From May 1, 1905, to October 22, 1907, the old silver piasters were exported to the amount of \$85,956,202, while gold coinage was executed to the amount of \$71,646,500 (about £7,200,000). The gold has gone chiefly into the reserves of the banks, which have in circulation about \$5,000,000 in notes. Gold holding of the banks, which were only \$15,832,840 in January, 1906, were \$54,165,483 in October, 1907, while silver holdings declined over the same period from \$49,781,155 to \$14,399,924. This influx of gold came about because silver at 33 pence was above the Mexican coinage ratio of about 32 to 1, and much of it was sold by the commission on money and exchange at a direct profit to the Mexican Treasury. In view of the subsequent fall in silver below 23 pence, at which rate Mexico is in a position to replenish her supply of subsidiary coinage, her statesmen may claim the credit of following the great rule of profit in the commercial world as well as on the stock exchange—to sell when things are dear, and to buy when things are cheap.

The coincidence in the rise of silver and the adoption of the Mexican monetary reform in 1905 was in some degree accidental. It facilitated the reform, not only by introducing gold, but by removing the objections which would otherwise have been heard from the miners of silver to the rise in gold wages which would have accompanied a fixing of the exchange at a point above the value of silver bullion. It was the intention of the Mexican Government, however, to proceed resolutely, though deliberately, to a fixed exchange, and they would undoubtedly have accomplished this result, even if they had not been aided by the rise in the value of silver. Its subsequent fall has in no wise impaired the stability of the gold standard.

Some fears were expressed in the Philippines as to the willingness of the natives and of Chinese traders to accept a silver coin at a gold value fixed by law, which was obviously above its value as bullion. This difficulty has proved almost negligible. Silver within less than three years has been above 33 pence per ounce, and below 23

pence. It is doubtful if the Government officials in India or the Philippines have so much as taken note of the daily fluctuations since the price dropped below the legal parity of the coins, and it is certain that the exchange value of the coins has been in no wise impaired by their fall in bullion value. When the last reduction was made in the weight and fineness of the Philippine coins, lowering by almost 30 per cent. their silver contents, the precaution was taken of advising the public by means of an official circular, translated into the various languages and dialects of the islands, why the change had been made, and that it would not affect the exchange value of the coins. Provincial and municipal treasurers were also directed to carry on a campaign of education among the people by way of explaining the character and effect of the change. The greatest menace to the value of the new coins lay with the Chinese, for in China for many hundreds of years local bankers and merchants have adhered to the rule that a coin derived no value from the stamp, but was worth just what it would fetch on the scales. The Chinese traders at first undertook to discriminate in this manner against the new coins of the Philippines. In some cases they refused to receive them except at a discount varying from 20 to 40 per cent. They also offered 1.05 in the new coins for 1.00 in the old, evidently in the hope of exporting the old at a profit while they continued to be worth as bullion more than their legal gold value. The success of this discrimination was local and extremely shortlived. The first consignment of the new coins reached Manila on May 4, 1907, and when the treasurer of the islands prepared his annual report on October 15, 1907, he was able to make the following statement of conditions:

"At this time, October 15, the new coin is accepted without question in every part of the islands, and no reports or complaints have been received for the past two months as to discounting it, and, so far as can be ascertained, no premium is now paid for the old coin. In fact the demand for the new coin for exchange purposes has so far exceeded the supply that it became necessary to withdraw nearly half a million of the new pesos from the banks to meet the requisitions therefor from the provinces."

The hesitation which prevailed, therefore, in many quarters in regard to the ability of a government to overcome the conservatism of the East in its preference for coins of full bullion value has not been warranted by events. This demonstration is of importance if the exchange standard is to be considered for China. At present the Government of China is not perhaps strong enough and sufficiently centralized to assure its subjects that it can give a definite gold value to a token coin and maintain it honestly and efficiently. The trial of the system, however, in the Philippines, in British India, and in the Straits Settlements, in all of which there are many Chinese, has probably so far cleared the air upon this point that the Chinese Imperial Government would be able to establish the gold exchange system if it did so under sufficient guarantees to the financial world that it would be honestly and intelligently maintained.

Next in importance to the settlement of this question of native willingness to accept the new system may be con-

sidered the degree of difficulty in maintaining it. It is not surprising, perhaps, that when it was proposed in an incomplete form for British India, it should have been denounced as a "fair weather" device—"a leap in the dark," which would not stand the test of business depression, deficient crops, and an unfavorable balance of trade.

The most serious difficulty which has been foreseen by critics of the gold exchange system relates to the sufficiency of the exchange funds. Up to the period of the general panic of 1907 and the crop failure in India in the spring of 1908, it might fairly be said, perhaps, that the system had not been subjected to any but "fair weather" conditions. The experience of India, however, has thrown striking light upon the possibilities and limitations of the system in time of stress. The test in India has been of such magnitude, moreover, that its results are much more conclusive than any test which might have been afforded in a smaller country dealing with a less enormous mass of token coins. If the test had come before the exchange funds had acquired a respectable size, the system might have been allowed to break down, through timidity and delay in taking proper measures of protection, and discredit have thus been cast upon it before it had been fairly tried.

What happened in India was that the failure of the crops deprived the country of the usual means of compensating by exports the heavy imports of foreign goods which had been contracted for. It became necessary, under the settled principles of exchange, to find gold to fill the gap. Usually the exchange account substantially balanced itself by the sale in London of Council drafts upon the Indian Government to obtain gold to pay the interest on the debt held in England. These drafts were purchased by importers in London, and used to pay for the Indian crops; but all through the spring of 1908 purchasers for drafts failed to appear, because there had been no considerable exports of Indian crops to be paid for. Hence Council drafts were without a market, and for a moment it seemed that the link which bound the Indian monetary system to the gold market of London had been severed, and that the silver rupee might drop as disastrously as the Mexican dollar before its free coinage was suspended. This would have added the influence of an appalling disaster to the burden already imposed upon Indian finance by the failure of the crops, for it would have compelled the Indian importer of English goods to find a greatly increased number of rupees to meet his gold obligations in London. Obviously, it was a disaster which, if it had occurred, would have invited the bankruptcy of the country, reflected lasting disgrace upon English financial foresight, and perhaps even have led to organized revolt.

The Indian Government had available for meeting the crisis about £18,500,000, principally invested in securities in London. This fund, known as the gold standard reserve, was distinct from the currency reserve, consisting of gold received for currency notes, which amounted in the spring of 1908 to about £12,000,000. It was against the former fund that the Indian Government felt compelled to offer to sell exchange in India. Such offers were made for a time in limited amounts of £500,000 each, but they proved substantially adequate for meeting the demand, and by

early summer the demand fell below the supply. The offer of exchange in this form for rupees maintained the value of the rupee coinage, contracted the amount of rupees in circulation in India, and enabled the Indian merchants to meet their obligations without the loss which they must have suffered if the currency had been allowed to depreciate in gold value. The actual sales of bills upon the exchange funds in London reached, between March 26 and August 13, 1908, the considerable total of £8,058,000. Of this amount £2,000,000 was taken from the currency reserve in gold, which was "earmarked" at the Bank of England, incidentally affording a relief to the London money market which was keenly appreciated. Most of the remainder was obtained by the sale of securities to an amount which reduced such holdings from £14,019,676 on March 31 to £9,415,708 on July 31.

The test to which the Indian system, as the most important example of the gold exchange standard, was thus subjected was perhaps of a higher importance than was realized by those in the thick of the conflict. It was plainly intimated, however, in the annual report on financial conditions for 1908 that, if necessary, the Indian Government would have issued short-dated securities in order to still further replenish the exchange funds in London. This would have been the true means of meeting the situation if the existing fund had been unduly impaired. The argument against it would have been that the demand was indefinite, and might become so large as to be unmanageable. The fact that the demand for exchange was met without the issue of new securities and without trenching upon the reserve funds beyond the amount of £8,000,000 out of £18,500,000 affords pretty strong evidence that there is a natural limit to such demands.

It is in this principle, that there is a natural limit to the possible drain upon the exchange funds, that the security of the new system lies. It is this principle, buttressed by the experience of India, Mexico, and the Philippines, which meets the argument made in the criticisms of M. Arnauné, Director of the French Mint; Prof. Bertrand Nogaro; and the more guarded and judicial analysis of M. Marcel Détioux: that the exchange system might be imperilled by an adverse balance of trade. It is only the supply of local currency on the margin of possible export demands which needs to be safeguarded. The substratum, which can never leave the country unless under the influence of an almost inconceivable economic cataclysm, is analogous in some respects to the "authorized" circulation of the Bank of England. It represents the irreducible minimum below which the local need for currency can never fall. If the supply on the margin of the international exchange movement is adequately guarded, then the whole system is secure. If it were conceivable that the demand for exchange would equal the whole amount of the local currency, or even the half of it, then it would be necessary to maintain exchange funds equal to the whole amount of token coins or the half of them in order to insure safety. But obviously this could never be the case.

This argument against the exchange standard is only a repetition of the dilemma sometimes presented by untrained minds in regard to bank notes: What would happen if all

the notes should be presented at one time for redemption? That question has been answered by banking experience; the question in regard to the gold exchange system has been and must be answered by experience in substantially the same manner. No country can be subjected to such stress as to consent to part with its entire monetary circulation, or even the half of it. On the contrary, every influence which tends to contract the circulation tends to create a condition which makes further contraction more difficult. Rates for the loan of money are affected, prices of imported goods are influenced, imports fall off and exports increase, and inevitably in the modern money market local equilibrium is restored, often with considerable strain, but none the less without pulling down the pillars of the financial temple.

The experience of last spring in India proves the adequacy of a reserve of fifteen or twenty per cent. of the circulation to maintain the steady parity of a token coinage. There is apparently no evidence that serious distrust of the rupee arose, even when the Government was hesitating as to just what steps should be taken to meet the demand for exchange. Even if such distrust had arisen, however, it could have expressed itself through financial channels only by the demand for drafts on London. These would not have been very valuable to the average local tradesman except as he was able to sell them back again to the banks for the very rupees which had aroused his distrust. In this respect the gold exchange standard may be said to put a brake upon the disposition to export currency from fear alone, when the exportation is not demanded by the balance of trade.

If any mistake was made in the management of the Indian currency, it was in the investment of too large a proportion of the gold standard reserve in securities. While investment in securities is naturally attractive because of the income earned, and while it is not subject to just criticism while kept within certain limits, the possession of actual gold to a considerable amount is highly desirable. It would not be necessary, perhaps, that such gold should be "earmarked." If the Indian Government had a large deposit account in such an institution as the Union of London and Smith's Bank, or the London City and Midland, it would possess for the purposes of the Indian Government the character of gold. Drafts against such a deposit could be sold without the discount or delay which might be required in disposing of securities. It seems highly desirable, therefore, in spite of the prudence with which the recent pressure was met, that at least thirty or forty per cent. of the gold standard reserve should in the future be kept either in "earmarked" gold or in the form of demand deposits.

In the case of the Philippine Islands the reserve is not "earmarked," but is at present entirely in the form of deposits with New York bankers. The problem in the Philippines is really child's play compared to that in British India. The entire circulation of the Philippine Islands is about 40,000,000 pesos (£4,000,000), against which a large reserve has accumulated as the result of the recoinage at a reduced rate, as well as by the profits on the original coinage. It is hardly conceivable that an emergency would

arise which would impair this reserve; but if this should occur, the scratch of a pen in Washington would remedy the situation. This would be accomplished by depositing gold or its equivalent in the exchange fund in New York to the credit of the war and navy, and placing an equivalent amount of local currency at the command of the military forces in the Philippines. Such a deposit would operate to increase the resources at the command of military disbursing officers in the islands without increasing the amount actually in circulation until the occasion arose to disburse it. The Panama currency has been steadily maintained at par by friendly interchanges of this sort, even with a very insignificant official exchange fund. No Governor of the Philippines, therefore, need have any fear of his ability to maintain the parity of the Philippine coinage.

Whether the exchange standard would stand the strain of a great war is yet to be subjected to practical test. It may be said, however, that its capacity to meet such a test would run upon all fours with the capacity of any monetary system which does not consist exclusively of gold coin. The experience of France in the war with Prussia seemed to justify the suspension of specie payments for the purpose of husbanding the national stock of gold. The history of the Spanish exchange, where the coins have followed the value of the bank notes instead of that of silver bullion, is another case in point. Both Russia and Japan, however, in the war of 1904-5, succeeded in maintaining complete convertibility of their bank notes. There is no reason why the gold exchange standard should not be successfully maintained so long as the country where it was established retained its national independence and pursued a sound financial policy. The issue of large amounts of debt would not in itself impair the stability of the standard, unless the Government, in order to obtain gold, ravished the exchange funds in financial centres. The questions involved would be substantially the same as those involved in maintaining the parity of bank notes or paper money: first, the disposition of the Government to maintain its credit; secondly, the resources which the Government was able to command. Without either good intentions or monetary resources, the monetary system, along with the fiscal system, would break down. It is not apparent, however, that a country operating upon the gold exchange system would find any greater difficulty in maintaining the system than the Bank of Japan had in maintaining the convertibility of its notes during the war with Russia.

If there were a disposition in time of war to transfer capital abroad by excessive demands upon the exchange funds, it could be counteracted in three ways. One would be the automatic influence of the deficiency of currency which would arise at home. Another would be the issue of loans abroad, from which exchange demands could be met. A third would be the deliberate elevation by a small percentage of the charge for exchange. This would amount to a slight depreciation in the currency, but if kept within prudent bounds it would probably permit the maintenance of an adequate circulation without disturbance to local prices and without even a theoretical depression below the

2 or 2½ per cent. which affected the notes of the Bank of France in the war of 1870.

The gold exchange system may indeed be said to be an extension of the banknote system to token coins. The token coin is, in effect, a metallic banknote, whose maintenance at gold par is subject to the rules of sound banking. Its advantages over the banknote in undeveloped countries are that it conforms to a strong prejudice in favor of "hard money," not subject to the vicissitudes of tropical climes, and that the output can be more safely regulated, where new coins are issued only for gold, than where a bank may increase its note issues to take over assets of speculative or doubtful character. In the advanced countries, with a highly organized credit system, gold, and gold alone, is the proper form of full legal tender coin; but in the less advanced countries of the Orient silver token coins have the advantage that they conform in size and denominations to the small scale of local transactions, that they are not so rapidly absorbed by hoarding, and that their very non-exportability enables the Government to keep in circulation a quantity of currency which might under a different system be drained away to richer countries, and leave the community denuded of an adequate medium for carrying on exchanges.—*The (London) Economic Journal*.

THE FUTURE OF PHILIPPINE TRADE.

(From the New York Sun.)

WASHINGTON, August 22.—A number of New York business houses are reported as showing an active interest in the commercial opportunities now presented in the Philippine Islands. New conditions have arisen through the passage during the recent session of Congress of a measure entitled "An act to raise revenue for the Philippine Islands and for other purposes." Broadly, the bill gives free entry into the Philippines to actual American products shipped under specified conditions, while imposing duties on merchandise from other countries.

There is a striking difference in trade conditions in Porto Rico and the Philippines. Their total imports from all countries during recent years appear thus:

	Porto Rico.	Philippines.
1901	\$8,918,136	\$30,279,406
1902	13,209,610	32,141,842
1903	14,449,286	32,971,882
1904	13,169,029	33,220,761
1905	16,536,259	30,876,350
1906	21,827,665	25,799,266
1907	29,267,172	28,785,855
1908	25,825,665	30,918,357
1909	26,544,326	.....

For commercial purposes the figures of the Bureau of Statistics are to be preferred to those of the War Department. They are obtained from invoices and manifests at

shipping ports and represent actual shipments. According to those figures our sales have taken a decided jump during the last three years. The returns stand thus as reported by the Bureau of Statistics:

UNITED STATES EXPORTS TO THE PHILIPPINES.

1901	\$4,014,180	1906	\$5,458,867
1902	5,251,867	1907	8,657,956
1903	4,028,677	1908	11,455,707
1904	4,831,860	1909	11,182,175
1905	6,198,384		

For the purpose of locating a part of this increase take the average sales of lines and articles for the years 1904, 1905, 1906, in comparison with the average of 1907, 1908 and 1909, thus:

AVERAGE YEARLY EXPORTS TO THE PHILIPPINES.

Merchandise.	1904-5-6.	1907-8-9.
Agricultural implements.....	\$55,700	\$25,580
Breadstuffs	347,300	604,000
Cars, carriages, etc., including street and steam railways	99,000	185,660
Patent and proprietary medicines...	32,000	72,000
Baking powder	7,360	24,300
Cotton cloth	403,000	744,000
Cotton apparel and knit goods....	525,460	1,180,900
Fish	59,400	107,660
Electrical and scientific appliances, including telegraph and telephone..	143,000	218,400
Iron and steel, and manufactures thereof, including railway material and locomotives	976,000	2,661,300
Leather, shoes, harness, etc.....	300,000	614,000
Meat and dairy products	370,000	418,000
Mineral oils	476,000	912,000
Paper and manufactures of	122,870	183,900
Spirits, wines and malt liquors....	215,000	120,000
Furniture	46,000	46,000
Lumber and timber	368,700	220,000

This exhibit indicates in general our recent trade with the Philippines and its movement. There are numerous items of a considerable total value which suggest the requirements of American residents rather than those of Filipinos. There remains a large percentage of the total imports presumably under the new schedules more easily than heretofore to be captured by American trade seekers. The trade of the islands in manufactured cotton goods amounts to approximately \$8,000,000 a year. More of that should now be secured. A large share of that trade, not far from one-half of it, has gone to England. Japan is a keen competitor, with a small but growing trade. In the total trade of the last six or seven years this country has made important gains; England, Germany and China have about held their own, and France, Spain and Hong-kong have fallen behind.

There should now be a \$10,000,000 trade open to capture by New York merchants, and more than that in the future. How much of it will be captured will depend upon the energy and the intelligence applied to the campaign.

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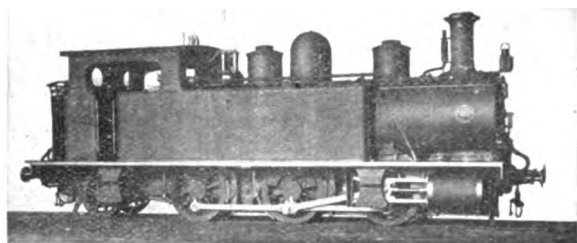
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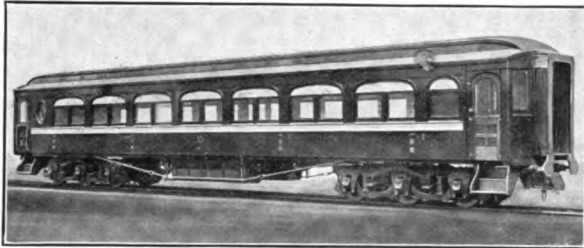
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78 Beekman Street,
New York City.

THE sudden interruption of the official career of Mr. Charles R. Crane is a regrettable event, for many reasons. For one thing, the penalty exacted seems rather out of proportion to the gravity of the indiscretion of which he has been convicted. Had the issue of peace or war been involved in Mr. Crane's keeping of his own counsel, the sharing of it with others could hardly have been reckoned a more heinous offence. The intimation that our Department of State was carefully examining the new agreement concluded between Japan and China in regard to Manchuria, with the probability that the agreement would be made a subject of diplomatic protest, could not possibly be regarded as an unfriendly act by Japan, however unfortunate the premature publication of the fact might be held to be. Any objections interposed by the United States to that agreement could have had neither more nor less weight than the efforts made by Secretary Hay during the Russian occupation of Manchuria to bring about a general international assent to the principle of the Open Door. If the agreement be thought by our Government to be contrary to the letter or the spirit of the treaty of Portsmouth, a courteously worded diplomatic protest is all that could possibly come out of it. Japan would unquestionably receive such a protest in the spirit in which it was offered, and would probably be able to furnish good reasons for claiming the exclusive rights which China has conceded to her in Southern Manchuria. Under no conceivable circumstances could an exchange of views on this subject have imperiled the good understanding existing between the two nations, or left either bitterness or rancor behind it. To have visited with such drastic severity Mr. Crane's share in making public a not obviously inflammatory piece of news was, without reference to the correctness of the intelligence, to give a sinister aspect to the diplomatic relations of the two countries—a step surely as unnecessary as it was probably far from the intention of the Department. There may be more in the incident than has been made public, but, on the known facts of the case, the treatment accorded to Mr. Crane has hardly been such as to make the place he has vacated very attractive to any man of robust self respect.

THE text of the much discussed agreement about Manchurian railways and mines will be found on another page of this JOURNAL. In one of his letters to the London *Times*, some of which we have also reproduced, Mr. Valentine Chirol gives a very fair presentation of the reasons which actuated Japan in objecting to the construction by

China of the Hsinmintun-Fakumen Railway. These were, briefly, that the proposed 50 mile extension was merely the first section of a very considerably larger scheme, which aimed at making a direct connection between the Imperial railways of North China and the Russian Trans-Siberian system. While much might be said, on economic grounds, in favor of such a scheme, the Japanese position in regard to it was a perfectly intelligible one. China is not yet strong enough to be able to furnish a guarantee that a virtual exercise of foreign sovereignty might not attend the building by foreign capital of such a railway as was planned in Manchuria. In adverse possession, such a railway would be an obvious menace to the safety and independence of Japan. Be these reasons conclusive or not, the fact has to be remembered that the preservation of the status quo in the Far East, which Great Britain and the United States agree in regarding as desirable, is absolutely dependent on Japan's ability to guard her own safety and preserve her national independence. The moment that either is placed in serious jeopardy, the process of the dismemberment of China will begin where it left off, and the strict construction of the principle of the Open Door in Manchuria will give place to questions of much more serious import. It is at least one step in the process of enabling China to stand on her own feet that she should have been able to exact from Japan respect for her sovereignty in Chientao, and should have secured the acknowledgment of at least a property right in the coal mines of Fushun and Yentai. This marks a considerable advance over the abject submission of Peking to the Manchurian pretensions of Russia, and leaves China free to demonstrate that there is enough capacity in her Government and sufficient enterprise among her people to make her three Eastern provinces a rich and flourishing portion of her Empire.

THE visit of forty-six representative bankers, manufacturers and business men of Japan on a tour of inspection of the manufacturing establishments of the United States has had its due share in the diffusion of sound views in regard to the natural relations between the two countries. The head of this commercial commission, Baron Shibusawa, has omitted no opportunity to make it plain to those whom he addressed that the object of the visit of the Commission was to expand the friendly relations between the two countries and to broaden the basis of their trade. He insisted that no interference on the part of sensational newspapers or otherwise could mar the friendly relations between Japan and the United States. The Baron was chiefly desirous of showing that there could be no ground for complaint in the fact that Japan does not buy from the United States as much as the United States buys from Japan. For, as he insisted, the articles which the United States buys from Japan are mostly raw materials, which go to our mills for manufacture into finished goods. Moreover, the Baron shares the prevalent impression that Americans do not pay the same amount of attention to their foreign trade as is given by other nations. For example, he referred to the fact that automobiles were becoming popular in Japan, and that Americans could easily put

their cars on the Japanese market if they would pay some attention to the type which is most salable there. However this may be, it is entirely obvious that the representatives of the commercial and financial interests of Japan are not at all disturbed about the possibility of diplomatic complications coming up between the two nations. It is the problem of trade, and that only, which they came here to study, and this is one which their visit may help to place in a fair way of solution.

THE export and import figures for the first eight months of the calendar year are not particularly suggestive of a revival in Far Eastern trade. Our total exports to China for the eight months ending with August were close upon \$15,000,000, as against a little over \$18,000,000 for the corresponding period of 1908. On the other hand, the imports showed an increase of nearly \$6,500,000 over the \$13,000,000 recorded in 1908. The exports to Hongkong show about the same ratio of decrease as do those credited to the Chinese Empire, the falling off being accounted for by shrinkage in the exports of mineral oil and wheat flour. Happily, there is some evidence that the exports of cotton cloth are returning to their normal volume. As will be observed from the figures elsewhere published, the total exports of cotton domestics for the eight months are almost \$8,000,000 in value, against less than \$3,500,000 for the corresponding period of last year. The trade with Japan tested by its total value shows even less encouraging indications than that with China. The exports for the eight months in question have been a little over \$16,000,000, against \$24,000,000 for the same period of 1908. The imports from Japan, however, show considerable elasticity, the exact figures for 1909 being \$42,844,051, against \$37,254,426 for the corresponding period of 1908. This, it will be observed, is largely accounted for by the increasing proportion of silk and of tea which Japan sells to the United States.

THE papers received by the Chinese mail on the eve of sending the JOURNAL to press throw some interesting light on the impression created in China and among the treaty powers by the Manchurian and Chientao conventions. It is said that Germany sent a message of congratulation to Japan on the termination to a very undesirable deadlock. The favorable comments which the conventions elicited in the German and French press found only a faint echo in St. Petersburg, where there seemed to be a fear that something lay behind the agreements which had not been disclosed. Among other things, the Russian papers expressed a fear that Japan would establish a naval base at the mouth of the Tumen River, and effect railway connection between that point and Kirin. In Manchuria itself the people found a grievance in the railway extensions provided for by the treaty, and from Kirin and Mukden the anti-Japanese movement spread through outlying centres, and, although pressure was brought to bear on the Chinese Chambers of Commerce to check the movement, it threatened for the time being to paralyze Japanese trade in Manchuria. Not only Japanese but also Chinese merchants who deal in Japanese goods were subjected to this boycott, which seems to have no better origin than the vague impression that China had suffered a humiliation, and there was a desire to punish the aggressor in the readiest and most effective way. On this state of things the *North China News* makes this significant comment: "Japan's possessions in South Manchuria are too vast for her to allow their development to be endangered by a boycott; and unless the movement subsides within a reasonable time China may again have cause to rue her inability to manage her own affairs."

**Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States
to China and Hongkong, during the eight months ending Aug. 31, 1908 and 1909.**

EXPORTS TO CHINA.

Months. 1908.	Cotton Cloths.		Mineral Oils (Illuminating).		Wheat Flour.	
	Yards.		Gallons.		Barrels.	
January.....	1,558,137	\$117,654	4,130,529	\$290,075	25,991	\$100,328
February.....	1,323,320	86,016	5,557,246	344,315	41,968	164,104
March.....	5,203,069	323,061	15,878,620	1,475,370	112,510	405,197
April.....	7,237,119	407,477	5,743,270	626,554	54,389	192,578
May.....	10,699,661	620,347	16,510,370	1,408,938	12,229	45,578
June.....	8,579,909	509,503	21,600,784	1,719,948	1,929	7,574
July.....	12,875,988	745,822	18,680,160	1,567,131	20,163	73,439
August.....	10,985,762	619,716	12,626,650	955,186	24,260	85,250
Total.....	58,462,965	\$3,429,596	100,727,629	\$8,387,517	293,439	\$1,074,048

1909						
January.....	6,179,890	\$ 312,182	4,511,030	\$472,203	2,175	\$8,545
February.....	18,070,050	1,026,825	8,809,314	824,515	739	2,916
March.....	14,046,400	778,916	5,617,689	455,754	2,752	9,947
April.....	16,786,348	970,822	7,434,152	710,724	1,483	6,819
May.....	14,363,533	820,464	5,583,220	547,976	50	290
June.....	25,506,743	1,622,497	4,287,410	368,394	1,369	7,508
July.....	15,188,956	889,619	3,667,910	399,802	875	4,450
August.....	25,069,380	1,496,575	3,347,280	316,173	800	4,373
Total.....	135,211,300	\$7,917,900	43,258,005	\$4,095,541	10,243	\$44,848

EXPORTS TO HONGKONG.

1908						
January.....	33,055	\$ 6,586	.....	\$.....	78,140	\$298,671
February.....	16,555	2,691	.....	.....	44,743	171,538
March.....	16,403	2,476	3,389,710	227,055	27,396	105,350
April.....	74,647	10,113	.....	.....	66,290	256,589
May.....	21,282	3,973	2,842,000	312,218	118,505	409,684
June.....	2,000	185	.....	.....	83,898	307,728
July.....	74,730	11,950	750,000	81,750	42,569	162,421
August.....	34,209	3,496	3,621,240	259,387	166,130	654,949
Total.....	272,881	\$41,470	10,602,950	\$880,410	627,771	\$2,366,930

1909						
January.....	72,801	\$6,884	.....	.....	102,137	\$404,913
February.....	154,901	12,454	1,459,420	159,077	71,646	286,497
March.....	27,191	2,137	.....	.....	97,592	396,985
April.....	80,464	9,309	1,384,800	150,943	70,578	285,223
May.....	37,512	4,669	.....	.....	21,894	97,066
June.....	157,991	20,293	1,000,000	109,000	5,356	26,561
July.....	48,106	4,643	2,137,200	232,955	11,983	55,092
August.....	154,785	15,835	83,176	10,688	14,191	60,474
Total.....	733,751	\$76,224	6,064,596	\$662,663	395,377	\$1,606,811

**Imports of Tea and Silk into the United States for the eight months ending
August 31, 1907, 1908 and 1909.**

Imported from	1907.		TEA.		1908.		1909.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	5,596,518	1,357,928	5,086,995	1,193,071	9,458,712	2,165,309		
British North America....	1,602,907	389,022	1,591,426	422,573	3,699,745	822,567		
Chinese Empire.....	17,671,115	2,264,234	12,538,404	1,712,272	16,795,707	1,688,404		
East Indies.....	4,262,232	721,411	3,784,552	622,361	6,530,110	998,114		
Japan.....	19,232,800	3,561,884	21,165,870	3,806,781	26,004,864	4,722,275		
Other Asia and Oceania ..	327,206	51,299	379,898	54,250	293,262	37,286		
Other countries	247,209	63,497	172,283	74,713	533,629	99,224		
Total.....	48,939,987	8,409,275	44,719,428	7,886,021	63,316,029	10,533,179		

Imported from	RAW, OR AS REELED FROM THE COCOON.		SILK.					
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France.....	399,425	1,671,569	231,896	792,360	499,203	1,561,692		
Italy.....	2,291,853	11,379,962	1,974,771	7,463,403	3,156,547	12,282,069		
Chinese Empire.....	2,004,603	7,346,461	1,602,902	4,135,121	2,945,181	7,246,151		
Japan.....	4,851,900	22,961,759	6,366,050	22,388,398	7,651,076	26,803,889		
Other countries	101,422	436,421	24,141	88,976	93,098	350,558		
Waste .....lbs...free..	1,394,513	908,103	684,981	471,583	1,382,268	779,754		
Total unmanufactured	11,043,716	44,704,275	10,884,741	35,339,841	15,727,373	49,024,113		

ANNUAL MEETING OF THE ASSOCIATION.

The twelfth annual meeting of the Association was held in the rooms of the Chamber of Commerce of the State of New York on Thursday, October 21, at 3.30 p. m. In the absence of Mr. Seth Low, the president of the Association, Mr. Silas D. Webb occupied the chair.

The report of the secretary was as follows:

SECRETARY'S REPORT.

In last year's report reference was made to the improvement which had taken place in the relations between China and the United States, and the probable accession of William H. Taft to the Presidency was hailed as being of good augury for the drawing of these relations still closer. The prediction was hazarded that in the event of Mr. Taft succeeding Mr. Roosevelt there would be no need to instruct him in regard to the demands of our Far Eastern policy, or the desires of those identified with Chinese commerce. He had given, notably during his visit to Shanghai, admirably lucid exposition of both, and had on two occasions studied on the spot the questions which vitally affect the future of this republic as a Pacific power. From the very beginning of President Taft's administration it became obvious that American interests in the Far East were to receive a great deal more attention from this Government than they had ever done before. In his Inaugural Mes-

sage the President directed attention to the necessity of applying our exclusion laws without unnecessary friction, governed by the principle of mutual concessions between self respecting governments, and he expressed the hope that the incoming Congress would be alive to the importance of encouraging in every feasible way our trade with the Orient.

Early in June the American ambassadors at London, Paris and Berlin were instructed to convey to the governments to which they are accredited the intention of a strong American syndicate to assert its right to participate in the Chinese loan for the financing of the Hankow-Szechuan Railway. This right was based on an agreement containing the provision that if China desired to construct a Hankow-Szechuan line, and her capital was insufficient, she would obtain all necessary foreign capital from Great Britain or the United States. The original agreement was concluded between Prince Ching and Sir Ernest Satow, the British ambassador, on October 1, 1903, and was formally renewed with the American minister, Mr. Conger, in the following year. When the question actually came up for settlement it was found that the Deutsch-Asiatische Bank had concluded a contract with the representatives of the Chinese Government for the financing of the Hankow-

Canton Railway which the British group of bankers had regarded as their exclusive field. By way of facilitating a settlement on this point an arrangement was patched up to the effect that subscription to the Hankow-Szechuan Railway, which had been expressly reserved for British and American bankers, should be the property of the Germans. At this point the State Department of the United States was heard from, and a personal letter from President Taft to the Prince Regent of China gave emphasis to the fact that this Government was prepared to stand by the legitimate demands of its financiers for a share in Chinese railway loans with the contingent rights regarding the supply of material and rolling stock. These representations had their due effect, and while it is impossible to indicate the precise status of the negotiations which followed, the fact stands out plainly that American interests in China have entered upon a new phase, and have received for the first time the energetic backing of the Government.

In November last, when his Excellency Tang Shao-yi was on his way to this country as special envoy to convey to the President of the United States the thanks of his Government for the return of part of the Boxer indemnity, it was resolved by your executive committee to invite him to be the guest of honor at the annual dinner of the Association. The death of the emperor and empress unfortunately intervening his excellency was regretfully compelled to decline the invitation. When Mr. Charles R. Crane was appointed Minister to China the season was deemed unpropitious for securing an attendance at the dinner, but the American group of bankers and other interests specially desirous of paying respect to Mr. Crane having offered to co-operate, the dinner was arranged to take place on September 20 with Mr. Crane as the guest of honor. The occasion proved a highly successful one, and the speech making was pitched in a key of moral and intellectual elevation which served to make the occasion notable. Unfortunately Mr. Crane's declared intention to go to China to carry out the spirit of Mr. Taft's Shanghai speech was interfered with by the decision of the Secretary of State that he had exceeded the bounds of diplomatic propriety in giving out for publication certain statements in regard to the attitude of this Government toward the newly concluded agreement between Japan and China. The post of minister to China is consequently still vacant, with as yet no trustworthy indication of who will be selected to fill it.

On October 8, 1908, there was signed a treaty of arbitration between the United States and China in accordance with the provisions of Article 19 of the convention for the pacific settlement of international disputes, concluded at

The Hague in July, 1899. This treaty is remarkable for its distinct recognition of the equality of China, since the contracting parties bind themselves to submit questions of a legal nature, or differences relating to the interpretation of treaties existing between them. The agreement to arbitrate is thus general and express, for difficulties concerning extra-territoriality are not excluded.

On November 30, 1908, a new agreement was concluded with Japan by the exchange of notes between the Secretary of State and the Japanese ambassador declaring the policy of their respective countries in the Far East. In these it was explicitly declared that the policy of both governments, uninfluenced by any aggressive tendencies, is directed to the maintenance of the existing status quo in the region mentioned, and to the defense of the principle of equal opportunity for commerce and industry in China. It was also declared that should any event occur threatening the status quo as above described, or the principle of equal opportunity as above defined, it remains for the two governments to communicate with each other in order to arrive at an understanding of what measures they may consider it useful to take. This agreement would seem to have an intimate bearing on questions that have been recently raised in regard to the position of Japan in Manchuria.

In the course of the year a considerable revision has been effected in the law of Japan relating to patents, trademarks, designs and utility models. In regard to trademarks the principle of priority of use is recognized in a way that it has not been before, and according to the revised law persons who have in good faith used identical and similar marks on the same goods before the date of the law of 1899 may register their marks notwithstanding the adverse provision of the old law. Another improvement in the new law is that it will not be necessary for the plaintiff in a piracy case to prove that the defendant knew that the trademark was registered. The machinery of the patent office has been supplemented by the establishment of a court of appeal, thus furnishing a new defense of private rights. Fees are reduced and penalties increased, and there has been established on the whole a closer relation between the enjoyment of private rights and the presumed requirements of public welfare.

The subject of providing improved accommodations for the consular establishment of the United States in China, Japan and Corea came up again during the short session of Congress, but without leading to any definite action. It will be part of the work of your executive committee to impress the importance of the bill of Senator Cullom providing appropriations for consular buildings in the Far East on the new Congress.

The only other subject in regard to which it was found necessary to address the legislative branch of the Government last year related to the securing of a drawback on imported burlaps used in packing bales of cotton domestics for export. While the new tariff bill was under discussion the requisite change in phraseology was inserted in the House bill, but was dropped in the Senate and not restored in conference committee. The friendly attitude of the Treasury Department and the general disposition of members of both houses to recognize the justice of granting to the wrapping of a bale of cotton cloth the same drawback that is enjoyed by the bag which contains flour for export encourage the belief that the needed change in the law may be conceded at the next session of Congress.

TREASURER'S REPORT.

The following is a summary of the report of the treasurer:

The last annual report, dated October 22, 1908,	
showed funds in hand of.....	\$1,215.06
Since that date receipts have been as follows—	
To dues collected from members.....	2,630.10
To contribution from Mr. William P. Clyde..	100.00
Total	\$3,945.16
By disbursements to October 18, 1909. \$2,626.46	
To balance in National Bank of Commerce	1,318.70
	3,945.16
The arrears of unpaid dues amount to \$1,020.	

REPORT OF THE NOMINATING COMMITTEE.

The following report of the nominating committee was read, and the secretary was instructed to cast a single ballot on behalf of all the members present for the entire ticket, which was accordingly declared elected.

NEW YORK, October 19, 1909.

The undersigned, appointed a nominating committee to select a ticket for officers of the Association, to be elected for the coming year, beg to report as follows:

President—Seth Low, New York.

Vice Presidents—Lowell Lincoln, New York; John H. Converse, Philadelphia, Pa.; Theodore B. Wilcox, Portland, Ore.; S. G. Hopkins, Washington, D. C.; John B. Cleveland, Spartanburg, S. C.; F. Hellyer, Chicago, Ill.; Ellison A. Smyth, Pelzer, S. C.

Treasurer—William S. Brown, New York.

Secretary—John Foord, New York.

Executive Committee (1912)—Thomas A. Phelan,

Charles A. Conant, Silas D. Webb and I. Osgood Carleton, all of New York.

(Signed) J. S. FEURON,
WM. H. STEVENS,
J. W. COPMANN.

AMERICA AND THE FAR EAST.

Since, then, the United States is definitely committed to a forward movement in regard to China, it is of the utmost importance that no misunderstandings should be allowed to mar the beginning of such a new era, and in this respect we cannot but take exception to the saying of the *Journal* that "other Powers have their reasons for viewing with some suspicion the entry of a new competitor into the arena of international financial enterprise in China." So far at least as Great Britain is concerned this view, which has been voiced far less guardedly by other American publications, was disproved at the outset by the attitude both of the British press and Government. It is true that the latter tried to persuade President Taft to refrain from dealing directly with Peking in the matter of the railway loan. But the worst construction that could be put upon this suggestion was that the British Government was anxious to remove as far as possible any appearance of competition for China's favors, which might strengthen her belief that she can obtain money on her own terms. The policy advocated by Mr. Crane is that which was marked out by President Taft in his speech two years ago in Shanghai, when he said that "the United States will not only welcome, but will encourage this great Chinese Empire to take long steps in administrative reform." In this there is nothing inconsistent with perfectly legitimate commercial ambitions, nor anything to which Great Britain will not heartily subscribe. But one danger appears, namely, that by encouraging China in the belief that she must have full control of her political affairs, and must emancipate herself from foreign admonitions, incentive may be given to the agitations of the noisiest and least responsible section of the Chinese nation, and America is not more likely than any other country to benefit by the resulting confusion. In the present extremely critical condition of feeling in China attempts to increase the reputation for friendliness of one nation by blackening the character of its neighbors can only deepen the general sense of mistrust among the Chinese, and now that the American public has begun to study Oriental affairs it is to be hoped that serious organs will do their utmost to correct the misapprehensions to which the jingo spirit is prone.—*North China Daily News*.

APPEALS FROM THE UNITED STATES COURT FOR CHINA.

The following letter from Mr. Stirling Fessenden, of Shanghai, has been transmitted by the secretary of the American Association of China:

(COPY.)

LAW OFFICES OF JERNIGAN & FESSENDEN,

3 HONGKONG ROAD.

SHANGHAI, China, April 22, 1909.

Murray Warner, Esquire, President of the American Association of China, Shanghai:

DEAR SIR—In connection with the subject of jury trial in the United States Court for China which has recently been under consideration by the Executive Committee of the Association I beg to bring to your attention a recent opinion of the United States Circuit Court of Appeals which has an important bearing upon the subject.

Prior to the date upon which this opinion was handed down by the Circuit Court of Appeals it was generally assumed and understood that upon appeals from the United States Court for China, and especially in criminal cases, the Appellate Court would review the facts as well as the law. The phraseology of the act creating the United States Court for China easily lends itself to this construction, and the fact that the Appellate Court had apparently reviewed the facts in two criminal cases heard on appeal from the United States Court for China tended to confirm this assumption.

That this assumption is erroneous is settled beyond all possible doubt by the opinion of the Circuit Court of Appeals for the Ninth Circuit in the case of Toeg & Read vs. Thomas Suffert, which is as follows:

"UNITED STATES CIRCUIT COURT OF APPEALS FOR THE NINTH CIRCUIT.

"R. E. Toeg and H. H. Read, partners doing
business at Toeg & Read, Appellants,

vs.

"Thomas Suffert, Appellee.

No. 1535.

"UPON APPEAL FROM THE UNITED STATES COURT FOR CHINA.

"Jernigan & Fessenden, Chickering & Gregory, for appellants.

"No appearance for appellee.

"Before Gilbert, Ross and Morrow, Circuit Judges.

"Gilbert, Circuit Judge, delivered the opinion of the court.

"The appellants in this case seek to review by appeal a judgment of the United States Court for China rendered in an action at law which they brought against the appellee to recover upon a promissory note. Section 3 of the Act of June 30, 1906, creating a United States Court for China, provides:

"That appeals shall lie from all final judgments or decrees of said court to the United States Circuit Court of Appeals of the Ninth Judicial Circuit, and thence appeals and writs of error may be taken from the judgments or decrees of the said Circuit Court of Appeals to the Supreme Court of the United States in the same class of cases as those in which appeals and writs of error are permitted to judgments of said Court of Appeals in cases coming from District and Circuits courts of the United States. Said appeals or writs of error shall be regulated by the procedure governing appeals within the United States from the District courts to the Circuit Court of Appeal, and from the Circuit Courts of Appeal to the Supreme Court of the United States, respectively, so far as the same shall be applicable, and said courts are hereby empowered to hear and determine appeals and writs of error so taken."

"It is apparent from a reading of this section that it was the intention of Congress to recognize the distinction between cases at law and cases in equity and admiralty, and to provide that the mode of procedure by which the Appellate jurisdiction of this court may be invoked shall conform in all respects to the statutes and rules of court governing appeals and writs of error from the District and Circuit courts. The statute is not unlike the statute which was construed in *Chase vs. United States*, 155 U. S., 489. The case could have been brought to this court only upon writ of error. For want of jurisdiction we are required to dismiss the appeal, notwithstanding that the appellee has made no motion nor appearance herein. *Jones vs. La Vallette*, 5 Wall., 579; *Genesee vs. Campbell*, 11 Wall., 193; *Devine et al. vs. Ramsay et al.*, 11 How., 184; *Behn Meyer & Co. vs. Campbell & Co. Tauco*, 200 U. S., 611.

"The appeal is dismissed.

"Opinion filed February 1, 1909.

"F. D. MONCKTON,

"Clerk U. S. Circuit Court of Appeals, Ninth Circuit."

As the interpretation of this opinion may not be clearly apparent to the lay mind, it may be well to explain it briefly.

The procedure and practice of the Federal courts recognizes two methods by which the judgments and decrees of trial courts may be reviewed in the Appellate courts. One of these methods to which the term appeal is applied in its technical sense admits of a review by the Appellate Court of the facts and the law. The other method is by what is known to the legal profession as "writ of error," which does not admit of a review of the facts, but is restricted solely to a review of question of law. The opinion quoted above holds that judgments of the United States Court for China in actions at law can only be reviewed by the Circuit Court of Appeals by writ of error, which, as stated, restricts the review solely to questions of law. All criminal cases are actions at law, and hence it is conclusively settled that the findings of fact of the judge of the United States Court for China in all actions at law, whether criminal or otherwise, are final, and will not be reviewed in the Appellate Court.

Questions as to the improper admission or rejection of testimony or evidence are questions of law, and will be dealt with accordingly, but when the findings of fact are made and no error appears in the ruling of the trial court upon objections to the admission or rejection of testimony the findings of fact so made are conclusive and cannot be reviewed.

Trusting that these comments may be of interest to you, and possibly to others, I am sincerely yours,

(Signed) STIRLING FESSENDEN.

THE FAR EAST REVISITED.

(Special Correspondence of the London Times.)

The following letters belong to a series of communications in regard to the condition of affairs in China which have deservedly excited widespread attention. The writer is believed to be Mr. Valentine Chirol, the foreign editor of the *Times*:

THE FINANCIAL MORASS.

Reform is on everybody's lips today in China. Hide bound mandarins profess their devotion to reform in principle. The native press preaches reform in tones of growing insistency. Patriotic associations clamor for reform. Committees innumerable have been instituted to prepare measures of reform. Imperial commissioners have been sent abroad to collect information and to report upon reform. Memorials to the throne discourse upon reform with the same eloquence as the edicts that issue from the throne. There are to be constitutional reforms, military reforms, administrative reforms, financial reforms. But the first condition for any reform—the condition precedent to all reforms—is a radical readjustment of the relations between the Central and the provincial governments. There's the rub.

PEKING AND THE PROVINCES.

There is a Central Government in China, but there has never been a centralized system of government. The two chief functions of government in China are to keep things fairly quiet and to collect revenue. The business of the Central Government is to provide ways and means for the Court and the Manchu clans who came in with the reigning dynasty to supply the great Peking boards or public departments which preside over the administration of the empire, and to maintain the dynastic dependencies outside the eighteen provinces. The business of the provincial governments is to maintain public order in the eighteen provinces and to remit to Peking so much of the revenue which they collect as the Central Government requires for the purposes above set forth. So long as they discharge those obligations the Central Government asks very few questions. It seldom attempts to exercise any strict control either over their methods of administration or their mode of levying revenue. Peking tries to get as much and the provinces to give as little as they can. The burdens imposed upon the provinces are not a fixed quantity, and every province seeks to shift a portion of its burdens on to another. *Il est avec le ciel des accommodements*, and the Peking authorities are generally open to that form of persuasion which is known all over China under the name of "squeezes." In practice the relations between the Central and the provincial governments resolve themselves into an unwritten agreement to divide between them the official plunder of the empire in proportions constantly varying according to considerations of temporary expediency—and "squeezes." In spite of frequent and often serious friction, this working agreement has not until recent years been strained to the breaking point, because, after all parties had exhausted their customary efforts to get the best of the bargain, there was always a margin of profit—and often a

very large one—left to be divided between the provincial bureaucracy and that of Peking.

That margin has been growing beautifully less since China has begun to borrow money abroad, and the Central Government has been compelled to make provision for the service of a foreign debt. At no time do the funds annually remitted to Peking from the provinces appear to have amounted to more than about 90 million taels (at the present rate of exchange a little over £11,000,000)—a sum that would be very moderate, considering that China has a population of between three and four hundred millions, if it conveyed any adequate idea of the amount of taxation that it represents. But though only the scantiest provision, if any, is made, either at Peking or in the provinces, for expenditure for purposes of public utility as we understand them in the West, ample provision is undoubtedly made, though it does not appear in any public accounts, for the vast army of officials and their countless hangers-on in the provinces and in the capital. Today the Central Government, instead of being able to dispose of whatever sums are remitted from the province for the purposes for which such remittance was originally intended or for other less avowable purposes, has to assign, in the first place, about 60 million taels to the service of the foreign loans. It tries, of course, to extract a proportionately larger sum from the provinces, and so far, no doubt, the provinces have to some extent met these new demands, but only by a series of ruinous devices—the imposition of new indirect taxes upon trade, the sale of official titles, the systematic debasement first of the copper and then of the silver currency—in the province of Chih-li even the silver "shoe," the ark of the currency covenant in China for centuries past, has been tampered with—and lastly, the circulation of paper money with as little real security behind it as the assignats of the French Revolution. But devices of this kind can only postpone, they cannot avert, the day of reckoning. In some respects they must aggravate it. For, besides draining the resources of the country, every one of these devices has been accompanied by the creation of a fresh legion of needy officials to work it, and incidentally to absorb a large part of the proceeds. Thus the mass of vested interests concerned in the maintenance of the ancient methods goes on increasing, and while there is less to go around there are more hungry appetites to feed.

PROVINCIAL RESTLESSNESS.

The provinces in the meantime grow more and more suspicious of Peking, more and more restive under its exactions. For instance, in every railway loan contracted by the Central Government, in every concession granted by it to foreigners, they suspect a "deal" for which they will have to pay without sharing in the profits. They do not object in principle to such deals, for they clamor for the right to contract loans and grant concessions on their own account—a right which the Central Government equally loudly proclaims its determination not to concede to them. One of the most singular features of the present situation

is the bold front with which the provinces claim to control the action of the Central Government in all such questions. Originally the Central Government no doubt welcomed and possibly instigated the opposition of the provincial "gentry" to the concessions which it had itself granted to foreigners in order to strengthen its own hands in avoiding performances of its engagements. But the "gentry" no longer need any encouragement. They send their representatives uninvited to Peking, who in no uncertain tones dare the Central Government to disregard their wishes at its peril, and even when the Central Government knows full well that its interests and its reputation imperatively require a fair settlement of some long standing case, as, for instance, that of the An-hwei mines, it does not venture to run counter to the will of the provincial delegates. The reluctance of the Central Government to agree to any effective control over the expenditure of loans contracted by it for railway purposes is probably due in some measure to its inability to restrain the provinces concerned from such scandalous proceedings as those which your Peking correspondent disclosed last winter in connection with the Ning-po Railway.

THE NEW "NATIONALISM."

The more tattered and threadbare the financial blanket that has to cover the nakedness of both the Central and the provincial governments, the more desperately does each side tug at its own end; and from the domain of pure finance the struggle is extending to the domain of international politics, under the influence of a new sense of national patriotism, which, however laudable, is subject to dangerous perversions. At the time of the war between China and Japan, not fifteen years ago, the defeat of the Chinese armies and fleets left southern and central China almost entirely unmoved. It was a matter which concerned Peking, not them. The Canton government calmly invited the Japanese to return one or two Cantonese revenue cruisers which had been captured at Wei-hai-wei, on the ground that they had gone there "by mistake," and that Canton had nothing to do with the war. Today Canton is a head centre of Chinese nationalism, and claims to dictate its views to the Wai-wu-pu. Nowhere is the cry of "China for the Chinese" louder than at Canton, nowhere has the movement for the "recovery of China's sovereign rights" against the limitations imposed by foreign treaties more fervent and intractable supporters, and as the Cantonese are highly intelligent and boast a larger proportion of Western educated "reformers" than the Chinese of other provinces, they wield considerable influence, even at Peking, though they are as unpopular with the Chinese of the north, and especially with the Manchus, as the Bengalis are with most of the other races of India. Canton is largely responsible for the Japanese boycott, and in such incidents as the seizure of the Japanese steamer Tatsu Maru for alleged smuggling of arms, and in the Pratas Island question, the uncompromising attitude of the Cantonese has already proved a source of serious embarrassment to Chinese diplomacy. The same spirit is rife in many other provinces, and the authority of the Central Government over the provincial governments—always much less effective

than foreign diplomacy has chosen to recognize—has probably never been so weak as at the present moment.

THE WRITING ON THE WALL.

The whole question of reform tends, therefore, inevitably to turn in a vicious circle. No constitutional or administrative or judicial or military reforms can be really effective until the whole financial system of the empire has been remodeled and the relations between the Central and the provincial governments placed on a sound and definite basis. In a country with the immense natural resources of China and a population so industrious and thrifty—where, according to Sir Robert Hart, the land tax alone, if levied on the same lines as in India, should yield 400,000,000 taels per annum instead of 25,000,000—it should certainly be no impossible task to provide an ample revenue, both for the Central and the provincial governments. But no far reaching measure of fiscal reform can be attempted until the long suffering people of China have had some assurance that a new system of taxation will not, like the old, serve merely to enrich an army of corrupt officials and still more corrupt hangers-on, and that assurance cannot be given until Chinese officialdom has learned to display in the interests of public honesty and of the national welfare a spirit of usefulness of which there is as yet but a very slight promise, either in the capital or in the provinces.

More than that, even if the means and the will were forthcoming, it is doubtful whether the Chinese themselves possess men competent to evolve order out of the existing financial chaos. Yet even the most enlightened among them jib at the suggestion that they should follow the example of the Japanese who, with just as keen a sense of national dignity and national independence, did not hesitate to employ foreign advisers, and got full value out of them by giving them their entire confidence so long as they continued to employ them. In the Imperial Maritime Customs, the one administrative department built upon sound principles of efficiency and integrity—and built up for them by foreigners—which has been the bulwark of Chinese financial credit abroad, the Chinese have a splendid object lesson before them, but when I referred to it in conversation with a high Chinese official who has had all the advantages of a thorough Western education, and is regarded as one of the most earnest champions of progress and reform, he replied with some asperity that China had attained now to a sufficient consciousness of her sovereign rights—never again to tolerate the creation of such an administrative *imperium in imperio*.

So while every Chinaman is ready to praise reform with his tongue, and while misgovernment is undoubtedly beginning to breed a new spirit of impatience and almost of revolt among a large non-official section of the nation, the official world is still hopelessly reluctant to look facts in the face. The Central Government and the provincial governments carry on more feverishly than ever the old game of pull devil, pull baker, at the expense of the community at large, the bureaucracy sinks deeper and deeper into the quagmire of corruption and indebtedness; the trade of China, which has been for years past the only source of revenue capable of expansion, is being hampered and throt-

tled by daily increasing exactions; the currency, recklessly depreciated by official rapacity, has lapsed into a state of unparalleled chaos; even the much vaunted commercial integrity of the Chinese trader is giving way to the strain, and though the credit of China still stands at a high quotation on the stock exchanges of Europe, and financial groups jostle one another in their anxiety to float Chinese loans, to those who can and will read the writing on the wall is as clear as it is ominous.

THE UNITED STATES AND THE NEW CHINESE LOAN.

One of the most unfortunate consequences of the combination into which British and French financiers have been manoeuvred by the Germans is the appearance of antagonism between British and American interests in China, wantonly created by the reluctance of these groups to admit American participation.

A GRAVE BLUNDER.

Some attempts have been made in this country to traverse the statements made in a message which I sent from Ottawa (the *Times*, July 29), on my way home from the Far East, with regard to the unceremonious rejection by the British group of the first overtures for co-operation made by American financiers as far back as the beginning of April. In so far as my message disclosed a material fact, which the group controlled by the Hongkong and Shanghai Bank had hitherto withheld, it may no doubt have caused some perturbation in interested quarters. But it was none the less accurate. On April 2 the American Banking Corporation, addressing the British and Chinese Corporation, formally proposed American co-operation in Chinese loans, and proposed it in terms which clearly suggested that such proposal was agreeable to the policy of the United States Government. The manager of its Shanghai branch, it was stated, had already, a few months before, prepared the ground by visiting Peking, where his mission had had the warm support of the United States Minister, Mr. Rockhill, and the prospect of American co-operation in Chinese loans had been favorably received not only by the Chinese officials but by the representatives of both British and French interests. The only response, however, which the American Banking Corporation's proposal now elicited was a curt reply of about two lines from the British group, intimating that it could not be entertained.

Why the British group should have deemed it necessary to dismiss such overtures at the very moment when the somewhat stormy conferences held in Paris in the beginning of April last disclosed the far reaching nature of German pretensions is a matter which still awaits explanation; for, as far as the growth of anti-British irritation among the American public is concerned, that may well have been the *fons et origo mali*. If the resentment of German methods which the British group at the time professed was anything more than stage thunder, any suggestion of American participation would, one would think, have been welcomed as a makeweight to German ascendancy in the tri-partite combination.

What is even more incomprehensible is that the British group, who were entirely dependent upon the support of the British Government at Peking, and never hesitated to invoke that support, should have left the Foreign Office in ignorance of such important developments as the American proposal and their rejection of it, more especially as the letter of the influential American bank so clearly foreshadowed the possibility of official support from the United States Government.

This grave blunder had two very unfortunate consequences. On the one hand the British Government, having been left unacquainted with this indication of American policy, never had any reason to anticipate the slightest desire for co-operation on the part of American financiers—and, indeed, had good reasons for assuming the reverse—until the United States Government intervened officially nearly two months later. On the other hand, when the Chinese opposed their usual dilatory tactics to the American demands, it was assumed in America that Chinese opposition was being encouraged by those who had already repelled the first American overtures for co-operation, and it was perhaps not unnaturally inferred that the British Government, having lent their support in other matters to the British group, was supporting them also in resisting American participation. By an adroit press campaign the Germans at the same time succeeded in persuading the Americans that it was the British alone who, with their French friends, were hostile. The *Cologne Gazette*, for instance, on June 21, went so far as to assert that in this matter England and France were arrayed against Germany and the United States. Many American newspapers which ought to have known better were influenced by fables of this kind, and those which I saw during my journey across the continent last month contained very bitter comments on "British obstruction" in Peking, some of them even charging the British Legation with "intrigues" against American interests.

AMERICAN INTERVENTION.

The facts of the case are well known to the State Department, and your American correspondent has already stated quite accurately that the United States Government have no complaint whatever in this matter against the British Government, who have invariably for years past sought and welcomed every opportunity of working in close accord with the United States in regard to all Chinese questions. As for the American financiers, they are much too practical to nurse any permanent grudge. Now that American participation has at last been secured, they will doubtless very soon bury the hatchet, though there is a spice of irony in the report that they will be represented in Peking by the same American Banking Corporation whose original overtures were curtly dismissed by the British group. But it will not be so easy to allay the bad feeling among the American public. Not for many years past has there been such an opportunity for anti-British tirades in the United States, and of all the mischievous results of the Chinese railway combination none has been more injurious to British interests.

That the Americans would end by securing the participation they demanded was obvious from the moment when

Washington took up the matter. It has been stated in defense of the reluctance shown on this side to admit their participation that the United States ought to have declared their intentions at an earlier stage. I have shown already that the action of the American Banking Corporation had early in April given an indication of policy which the British group chose to ignore. The United States Government, on the other hand, had no *locus standi* for intervening at Peking until they learned that the operations of the combination were to include the Hankau-Szechuan Railway. It was only in regard to that line that China had contracted definite engagements toward the United States, and it was only when those engagements were broken by the loan contract between China and the combination that the United States Government were in a position to take action in Peking. Of the ultimate success of that action there could from the first be no possible doubt; for, though the Chinese may have originally hoped that the American protest would be dropped, as the British protest had been dropped in regard to the Hankau-Canton Railway, they would never have ventured to ratify the loan contract with the European groups at the risk of alienating the friendship of the United States.

THE POLICY OF THE UNITED STATES.

The strength of the American position was that Washington never subordinated its policy to the opportunism of financial interests. It gave it clearly to be understood that no adjustment of the loan with American participants would be regarded as satisfactory which should ignore national rights, for the maintenance of which China was responsible to the United States Government. The equality of treatment which the United States claim could not, in their opinion, be effectively vindicated if China were allowed to shuffle out of her engagements behind a "deal" with the financiers. The United States Government, like the German Government, had realized from the first what the British Government unfortunately realized much more imperfectly, namely, that these questions were political questions, involving national interests which could not be safely left to the discretion of financiers pursuing merely their immediate profits. American financiers might have been as willing as British financiers have been to follow the line of least resistance, but the United States Government, as was clearly shown in the President's remarkable message to the Chinese Regent, foreseeing the grave dangers to which reckless finance is exposing China, are determined not to allow their present or future influence to be curtailed by subordinating their policy to the convenience of financial operators.

Thus we have had the unpleasant spectacle presented to use of British preferential rights being sacrificed under German pressure in respect not only of the Hankau-Canton, but also of the Hankau-Szechuan Railway, while the United States, with incomparably slighter interests at stake, as far as the railways immediately affected are concerned, have successfully upheld their rights, based on engagements contracted by China in precisely the same terms, and on the same date, toward Great Britain as toward the United States. But, however humiliating these considerations may be, Englishmen who have the interests of their own coun-

try as well as of China at heart will welcome none the less cordially the action taken by the United States and its success, for it opens the way for fruitful co-operation between the American and British governments which may yet arrest the downward course of Chinese finance along the inclined plane of facile and extravagant foreign loans.

THE STIRRING OF THE WATERS.

I noted in my last article a few of the outward manifestations of the remarkable change that has taken place since 1900 in the attitude of the Chinese mind toward Western methods and Western intercourse. None of them is, however, half so striking, none holds out such promise of permanency as the marvelous development within the last few years of public education on Western lines. Since the opening of China to foreign intercourse missionaries of many creeds and nationalities had labored with admirable zeal in the field of education, and their efforts had been occasionally encouraged and assisted by a few enlightened officials. But except during the brief reform movement under the late Emperor Kwang-hsi, so abruptly arrested by the old Empress's *coup d'état* in 1898, the attitude both of the people and of the governing class toward Western education was, as a rule, one of suspicion and hostility, or at best of contemptuous indifference. Once or twice, it is true, the Chinese Government had been induced to render lip homage to the West by sending a batch of young students to be educated in America and Europe, but in most cases on their return to China they found themselves left out in the cold or were relegated to small official posts in remote provinces, where the knowledge they had acquired soon ran to seed. The few who were retained in the employment of high officials might almost always have told their patrons as Lo Fung-luh, formerly Chinese Minister in London, once told Li Hung-chang, in reply to some rebuke as to the uselessness of his foreign education, "Your Excellency has no right to hold my foreign education responsible for my shortcomings, for I had to leave all that was best in that education outside the door when I entered your Excellency's yamên."

A "NOBLES' SCHOOL."

Today there is scarcely an official, however old fashioned or worse than old fashioned he may personally be, who does not profess to recognize the value and necessity of education on Western lines. The number of young Chinese who have been sent abroad to be educated since 1900 may be reckoned in thousands. At one moment there were over 15,000 in Japan alone, but the doctrines they imbibed there were regarded as dangerously advanced, and the tendency now is to send them in preference to America or to Europe. Among the officials whom I met several were having their sons educated in public schools in England or America. No more striking illustration of the revolution that has taken place in the attitude of the governing class toward this question can be found than the opening in Peking itself of a public school, under the highest auspices, for the sons of officials of the three highest grades in the Chinese bureaucracy. The "Nobles' School," as it is called, is attended

at present by ninety-six pupils, and new premises are being built which will enable the number to be doubled. The boys are all boarders, and each boy has a neat, airy cubicle, which serves also as his private study. The classrooms are large and well ventilated, and in each one there are collections ready to hand for the teacher's use in illustrating his lectures. The teaching, which is conducted entirely by Chinese professors, is doubtless somewhat elementary, but it embraces practically all the subjects which form the curriculum of the modern side in an English grammar school. Besides, of course, Chinese, one foreign language is taught, usually Japanese or English. Of greater importance, perhaps, than the teaching are the healthy discipline and the physical training which the boys receive, the habits of obedience, punctuality, cleanliness and self reliance which they learn. The director who conducted me over the school was a Chinese naval officer, trained in England, and he told me frankly that his chief object was to train them to be men of character and patriotism. Though the boys are educated chiefly for civil employment, they go through a daily course of military drill, and as their masters are drawn entirely from the military and naval colleges the whole atmosphere tends to counteract the old bureaucratic traditions of contempt for the "mere soldier." Last year the whole school attended the army manœuvres as a cadet corps, marching some 10 or 12 miles a day and bivouacking in the open. Certainly the boys I saw did credit to their training—sturdy, alert and cheerful, and well set up in their neat khaki uniforms. Adjoining the Nobles' School, but within the same compound, is a separate building of even greater significance. It consists of two large lecture rooms, in which lectures are delivered every afternoon, on the one hand, to thirty-two young scions of the princely Manchu houses, and, on the other, to sixteen youthful members of the Imperial house of China. The Prince Regent himself from time to time attends these lectures, and the influence which such exalted patronage must exert can scarcely be exaggerated.

POPULAR EDUCATION ON WESTERN LINES.

When the highest in the land have been induced not only to sanction but to set the example of such an astounding departure from the old traditions, under which the education of boys of that class was confined in theory to a pedantic knowledge of the ancient classics and in practice to a precocious initiation into every form of intrigue, and any kind of physical exercise, except, perhaps, riding, was reprobated as a breach of decorum, one can understand the rapidity with which the middle and lower classes also have cast off their ancient prejudices. I do not propose to trouble your readers with elaborate statistics, but a few figures for the single province of Chihli—the metropolitan province of the empire, which includes the capital—extracted from the report for the year 1907 of the Provincial Board of Education may be taken as a sample of the leaven which is now fermenting all over China. Under this provincial board there are thirty-one local educational boards, and they are assisted by 131 educational associations, with 127

lecture halls provided by Government. The schools controlled by this board are:

	Number of Students	Number of Teachers
1 University	98	14
1 Provincial college.....	207	9
13 Industrial and special (middle grade) schools.....	1,612	118
17 Industrial and special (lower grade) schools.....	446	40
2 Upper normal schools.....	935	46
98 Lower normal schools.....	3,448	165
32 Middle schools.....	2,125	157
220 Upper primary schools.....	10,599	521
8,675 Lower primary schools.....	148,397	8,969
121 Half day (or night) classes....	2,971	133
121 Girls' schools.....	2,623	163

Even more remarkable is the rate of increase in attendance from year to year:

Year	Number of Students	Increase
1902.....	2,000	....
1903.....	8,000	6,000
1904.....	46,254	38,254
1905.....	88,000	41,746
1906.....	135,416	47,416
1907.....	173,352	37,936

These figures are from an official return not compiled with a view to foreign publication, and have been translated for me from the Chinese text. They deal only with educational establishments under official control, and they do not, therefore, include the numerous and admirable institutions controlled by missionaries. The instruction given in these establishments may not always, or often, attain to a very high standard. It is, in fact, impossible that China should have suddenly been able to furnish anything like an adequate staff of efficient teachers. But the instruction in all these establishments is at any rate on Western lines, and the readiness of the parents to pay school fees testifies to the genuineness of the demand which has so suddenly sprung up. The missionary bodies engaged in educational work in China might, perhaps with advantage, consider whether their purpose is really promoted by relying as much as they generally do upon charitable contributions from home for the maintenance of their schools. There is at any rate some reason to believe that, except among the poorest classes, the Chinese are somewhat disposed to resent the eleemosynary character of the education offered to their children, or at least would appreciate its value more highly if they were expected to make a larger contribution to it out of their own pockets.

Equally eloquent of a new spirit is the enormous demand among those who have had no opportunity of learning foreign languages for translations of Western books into Chinese. This subject has already been dealt with at some length in an interesting article from your Shanghai correspondent which appeared in the *Times* of February 2, 1908. The range of literature covered by these translations is as remarkable as the enormous output of individual translators. I met one young student in Peking who had already translated, besides Buckle's *History of Civilization*, Mil-

ner's Egypt and other standard works, four of Dickens' novels and almost the whole of Sir Arthur Conan Doyle's stories. I shall have occasion to refer later on to the extraordinarily rapid growth of the native press and to the political influence which it exercises, and I will only note here the part that it plays as an educational influence by giving to Chinese readers copious extracts in translation from Western newspapers and reviews.

THE ANTI-OPIMUM MOVEMENT.

Intimately connected with the educational movement are one or two social movements which also undoubtedly indicate a very profound change in the moral as well as the intellectual outlook of Chinese society. One is the anti-opium movement. The measures taken by the bureaucracy to carry out the Imperial edicts limiting the cultivation of the poppy and the sale of the drug may not be everywhere equally effective. Many officials may still be recalcitrant, many may connive for corrupt motives at evasion of the regulations which they have themselves promulgated. But there can be no doubt that a large and influential body of public opinion is in favor of the suppression of opium. What can be done by the energy of one single official has been shown this year in the Province of Shansi, one of the chief poppy growing provinces of China, where an official of the British Legation, sent specially to investigate the present position, was able to report the complete disappearance of the noxious plant, though in an immediately adjoining province its cultivation still continues to flourish. Even if every other provincial governor were to emulate the example set by the Governor of Shansi, the problem would still present grave difficulties. The drugs now so widely sold all over China as a cure for the opium smoker's craving are undoubtedly too often compounded of other and even more deleterious opiates, and there is some reason to fear that abstention from opium smoking is leading to other forms of indulgence, such as injections of cocaine and morphine, and even alcoholism, which may turn out to be a far greater social evil than opium smoking has ever been. Be that, however, as it may, the widespread condemnation of the opium habit among the Chinese themselves is in itself unquestionably a healthy sign of national regeneracy.

THE ANTI-FOOTBINDING MOVEMENT.

Equally healthy is the growth of the anti-footbinding movement. Mrs. Archibald Little's name will not be forgotten in China as one of the most active pioneers of that movement, but it could make but little headway so long as public opinion, especially among Chinese women themselves, was against it. Now that same public opinion is veering rapidly round, and for the same reasons which formerly prompted opposition. Chinese mothers insisted upon subjecting their daughters to the torture of foot-binding because small feet were then the badge of respectability, and no Chinese girl with large feet could hope to find a decent husband. Now, with the growth of education and the change in the attitude of the Chinese mind toward foreign habits, the value of small feet in the matrimonial market is falling rapidly, and Chinese mothers are shrewd enough to foresee that within a few years the demand will be exclusively for large feet. Among Manchu

women, it must be remembered, footbinding has never been practiced, but the example of the Peking Court throughout the three centuries of the present dynasty had failed to break down this cruel fashion, which, as old as the cult of the Chinese classics, is like them being swept away by the inrush of Western education.

THE GROWTH OF TOLERANCE.

Both these movements have no doubt been helped forward by the growth of a more tolerant and appreciative spirit toward both the science and the religion of the West. Much of the best missionary work has been done for a long time past by the medical missions in the interior of China, and it is at length bearing fruit. When I visited the Union Medical College, of Peking, one of the most admirable of these institutions, I found in the sick wards attached to it three lamas from the famous Yellow Temple undergoing medical treatment. When one remembers what a hotbed of fanatical obscurantism that great lamasery has always been such a fact speaks volumes. Nor is this growing recognition confined to the medical work of foreign missions. The generous spirit displayed at the great missionary conference in Shanghai, where points of sectarian difference were reduced to a minimum in order to make room for co-operation on the broadest possible basis, has raised missionary effort on to a higher plane. Christianity continues to spread chiefly among the lower classes, but it is spreading with increased rapidity, and the emotional hold which some preachers have established over their audiences in open air missions has demonstrated a new receptivity among the Chinese to the moral, if not to the theological, aspects of Christianity. Among the upper classes the task is more arduous, and most of all among the bureaucracy, but the old feeling of bitter hostility is dying down, and the sudden demand for Western education has brought into relief the immense educational service which the mission schools all over the country have been rendering during the long years of official obstruction, and not infrequently even of persecution. Among the younger reform party especially it is not forgotten that it was a missionary, the Rev. Timothy Richards, who was the chief adviser of Kang Yu-wei and his fellow workers during the brief reform movement of 1898, and that it was under his impulse that after its suppression many of them, instead of despairing of the future, went abroad to equip themselves for a resumption of the struggle under more favorable conditions.

THE WORKING OF THE NEW FERMENT.

Was the reform movement initiated under the late Emperor by Kang Yu-wei and his followers really as premature as the Powers assumed it to be when they so complacently acquiesced in its forcible suppression by the old Empress in 1898? One is inclined to doubt it when he sees how accessible a large section of the Chinese people are showing themselves to the ideas which inspired that movement now that Peking has, more or less reluctantly, removed the embargo formerly placed upon them. The danger in 1898 was assumed to be that the Emperor and the reform leaders were disposed to move much too fast for

the bulk of the Chinese people. Today the danger is that the Chinese people are moving much too fast for their rulers. It is at any rate conceivable that, but for the *coup d'état* of 1898, and the reactionary wave which followed it, China might have been spared the terrible upheaval of 1900, and the one strong man who has come to the front since the death of Li Hung-chang might still be at the head of affairs. There is a strange irony in the fate of Yuan Shih-kai. At the time of the *coup d'état*, it will be remembered, he already commanded the best equipped and disciplined force which China possessed, and he was believed to have been entirely won over to the reform projects of the Emperor Kwang-hsi, when at the eleventh hour he went over, bag and baggage, to the Empress' camp, and was mainly instrumental in carrying out the drastic measures which led to the practical abdication of the Emperor and the proscription and flight of the reform leaders. Yet he never yielded altogether to the reactionary influences of which he had so conspicuously promoted the triumph, and the strict "neutrality" which he observed, as Governor of Shantung, during the critical days of 1900, largely facilitated the relief of the legations. Had he obeyed the orders of Peking and joined forces with the Boxers, the international expedition would have been confronted with a very different task. During the last years of the old Empress it was his influence again which in a great measure reconciled his autocratic mistress to a more liberal and progressive policy. It is a Nemesis, indeed, that, when her death seemed to have definitively cleared the way for the policy which he had initiated, he should have been suddenly hurled from power. Whether or not the story be altogether true that a testament of the late Emperor commanded his brother, the present Prince Regent, to avenge the wrongs which he had suffered at the hands of Yuan Shih-kai, it is almost universally believed by the Chinese that his downfall last winter was the punishment meted out to him for his betrayal of the Emperor Kwang-hsi just ten years before.

THE NEED OF A MAN.

Yet China has never been in greater need of a man than at the present hour. For while, as I have tried to show in previous articles, there are great forces at work which should make for regeneration, there is apparently no one to control or guide those forces, and, failing such control or guidance, they may either waste themselves in ill directed efforts or they may break out into violent explosion. Yuan Shih-kai was perhaps never a statesman in the highest sense of the word. He had not the necessary knowledge or education. His character was in many respects not beyond reproach. But he possessed judgment and strength of will. He had realized that the old isolation of China, even if desirable, was no longer practicable, and that if China was to take her place among the nations she must equip herself with the material weapons and adopt the methods of organization which could alone enable her to meet them on equal terms. He had for the first time introduced order and discipline into her armed forces and what he knew to be the basis of order and discipline—adequate and punctual payment. As Governor of Shantung and Viceroy of Chih-li he had done something even to

reorganize the administration of those provinces, and with a freer hand in Peking his will power might have infused some measure of energy into the amorphous organism of the Central Government. At least, so long as he was in Peking there was someone who in any serious emergency could be relied upon to act with decision. For he was not afraid of responsibility, and he knew that it is deeds that count and not words. Since his disappearance there seems to be no driving power anywhere. Neither foreigners nor Chinese are able to name any one individual or group of individuals who exercises any decisive influence on the course of public affairs. The Prince Regent is still an unknown quantity. He is credited with great personal integrity and patriotic intentions. According to some he is, however, more impulsive than resolute. His dismissal of Yuan Shih-kai was undeniably an act of vigor, but it has remained, so far as internal policy is concerned, an isolated manifestation of that quality, and a manifestation of doubtful wisdom. Happily, in the domain of foreign affairs, his influence can be traced with far more satisfactory effect in the recent negotiations with Japan.

THE MANCHUS.

In home affairs the Regent seems to lean mostly on the Manchus, and it is among the Manchus that, to the surprise of many foreign observers, some of the most progressive elements are at present to be found. The old Empress was, of course, a Manchu, and at Court the Manchus were always dominant, but it was upon Chinese that she mainly relied for all executive and administrative work. Even before her death, however, a tendency showed itself to increase the number of Manchu officials on the Government boards and in the highest administrative posts of the empire, and that tendency has been still more marked under the present Regency. In some cases the old superior proportion of Chinese to Manchus has been inverted, and it was a subject of some comment while I was in Peking that not only was a Manchu, the then Viceroy of Nanking, Tuan Fang, appointed to succeed the late Chinese Viceroy of Chih-li, but also that Natung, a Manchu, was sent down in hot haste to act at Tientsin until the arrival of the new Viceroy. Prince Pu'lun, whose claim to the Imperial succession in 1875 weighed heavily for a time against that of the late Emperor Kwang-hsi, bears an excellent reputation, and is not infrequently a willing and welcome guest at the British and other foreign legations. To Prince Su, one of the eight iron capped Manchu princes, who made a courageous stand against the excesses of Boxerism at one of the State Councils held by the Empress Dowager during the siege of the legations, are due many of the improvements in Peking to which I referred in my first article. He is now President of the Home Office, and takes his work very seriously. The smartness and efficiency of the Peking police force, which he has created, show what can be done in the way of organization by the energy and integrity of one man and the introduction of adequate and punctual payment. Though modeled on the Japanese system, and trained by instructors who had been taught in Japan, the force consists entirely of Chinese and Manchus. To Prince Su is also due the creation of an excellent fire brigade in Peking, well drilled and equipped. There are 600 of them, Manchus to a man, drawn from the old Manchu banner-men, and a finer and more alert body of men it would be difficult to see anywhere. They are given a semi-military training, as they are intended to serve also as a sort of police reserve force in the event of public disturbances. I saw

them drilling one morning on their parade ground. Dressed in a simple but workmanlike khaki uniform, with their queues rolled up under their caps, their well fitted tunics, and their trousers neatly tucked into their high Chinese boots, they presented an exceedingly smart appearance, and, like the police, their discipline and general behavior are said to be as unimpeachable as the precision with which they carried out their manœuvres.

YOUNG CHINA.

But if one can pick out here and there isolated examples of what can be achieved by individual effort, it only serves to bring into relief the lamentable absence of any collective or co-ordinated effort. The masterful hand of the old Empress at least steered the ship—sometimes, it is true, almost onto the breakers—but under her hand the ship at any rate obeyed its helm. The present rulers of China are face to face with a situation in many respects more complex and difficult than ever before. In the first place, whereas formerly the Chinese people accepted misgovernment with a sort of passive resignation, as if it constituted some providential dispensation at which it was useless to cavil, there is now a very large and exceedingly articulate section which not only resents it but denounces it in the most vigorous terms. A native press has sprung into being which is already a power in the land, and it rings every day with protests against the corruption and incompetence of the Administration. It still lacks for the most part the knowledge and experience required to propound any useful constructive policy, but it already constitutes a destructive force with which officialdom has to reckon. Apart from a few newspapers which may be described as "semi-official" the majority of the press echoes the views of the patriotic committees which have been organized all over the country by "Young China," clamorous for sweeping changes at home, and, what is perhaps even more dangerous, for a spirited policy toward foreign powers, of which the watchwords are "the recovery of China's sovereign rights" and "China for the Chinese." Under the pressure of this new public opinion, China clamors, for instance, for power to raise her import tariff without lifting a finger to mitigate the exactions which are throttling, not only foreign trade, but her own trade, though she is quite aware that foreign powers will not consent to the revision of their treaty tariffs until she has given some proof of her willingness to put her fiscal house in order. She regards with increasing jealousy the foreign "settlements" and "concessions" which have grown up in her treaty ports, under the shelter of extra-territoriality, into self governing communities with their own tribunals, their own police, their own administration, and their own revenues. She tries, more or less covertly, to obstruct their normal development and to hamper their jurisdiction, but she ignores her own failures to provide either an administrative or a judicial system which would to foreigners, though enrolled in her own service, for the justify foreign governments in restoring to her those "sovereign rights" over their own subjects which she has by treaty surrendered. In the same way she is bent upon regaining control over many of the railway and mining enterprises which she conceded only a few years ago to foreigners, and anyone who remembers the circumstances in which some of them were conceded would sympathize with her, if she went to work the right way. But the right way is certainly not to avoid the performance of written obligations by encouraging or allowing the provincial authorities or the local gentry to defeat the operation of concessions and contracts duly executed by threats of violence and boycotts on the mere ground that they constitute an invasion of "China's sovereign rights." It may doubtless be humiliating for China to have to submit to foreign control over the expenditures of loan funds for railway construction, but it is quite as humiliating for her to elude such control by questionable practices instead of rendering it unnecessary by establishing a reputation for honesty and efficiency. It may even be galling for her to be indebted

one sound and competent administration which she possesses, the Imperial Maritime Customs; but she will scarcely vindicate her "sovereign rights" by introducing into it Chinese officials who hamper the service, or by favoring those foreigners who do least credit to its traditions.

It is something that the Chinese should be at last aroused from their secular lethargy, and that there should be manifold indications of new patriotic aspirations, and even some isolated signs of progress, which are not without promise for the future. But as a state the Chinese Empire today is as helpless and as impotent as it was ten years ago. Its administration is as corrupt and incompetent, its judicial system as barbarous, its finances even more chaotic. It has no navy, and its land forces, though they include the nucleus of a fairly equipped and disciplined army, are still quite unequal to the demands of modern warfare. It has opened the door to Western education, but education can only bear fruit in the fullness of time, and the fruit will probably not reach maturity until the present generation of rulers has passed away. Who can tell even whether the fruit will be good or evil?

China, moreover, is no longer, to the same extent as she used to be, even mistress in her own house. Formerly, so long as foreign trade was not unduly hampered or foreign missionaries molested, the Powers avoided interference in her domestic affairs. Today, instead of being confined to the treaty ports, large foreign interests have grown up all over the country, with the hypothecation of revenue for foreign loans, the construction of railways with foreign capital and the granting of mining concession to foreigners. China is caught in a tangle of financial difficulties from which she was almost entirely free until the war of 1895 with Japan, and these difficulties enormously complicate the problem of administrative reform, which is becoming every day more urgent in view of the temper of the Chinese people themselves, and which at the same time in its financial aspects directly or indirectly involves so many foreign interests.

AN ANALOGY WITH DIFFERENCES.

This is not, however, the only consideration that vitiates the analogy which would seem at first sight to exist between the present situation in China and the situation created fifty years ago in Japan by the first impact of the West. There, too, after Admiral Perry's visit, as today in China, there was a helpless and effete government and a mediæval system of administration supported by powerful vested interests face to face with a young and active party of progress bent upon wholesale reforms at home and the adoption of Western learning and Western methods in order to repel foreign dictation. The struggle, it must be remembered, between the forces of progress and of reaction lasted practically for fifteen years in Japan, from 1854 to 1869, without reckoning the aftermath of the Satsuma rebellion. It was a period of grave internal turmoil, almost of civil war. It ended in favor of the forces of progress because they were led by men of singular character and ability, and because they knew how to rally to their cause the spirit of chivalry and self sacrifice peculiar to old Japan as well as the mysterious prestige of the ancient Imperial dynasty, dimmed for centuries, but never entirely obscured by the more visible authority of the Shogunate. Above all, Japan was in the main allowed to fight out her battles for herself. There was no complicated network of foreign interests, no burden of foreign indebtedness, to hamper her freedom of action. There were no foreign powers watching for a favorable opportunity to further their political or territorial ambitions at her expense. Will the period of internal travail upon which China is entering be more free from domestic strife? Where in China today are the men both able and willing to make and to exact the sacrifices which every great cause demands? Where are the traditions of self denying service to which they can appeal? Where is the assurance of immunity from foreign complications?

THE MANCHURIAN AGREEMENTS.

The following official English versions of the text of the two agreements just signed between Japan and China are published by the *Japan Chronicle*:

CHIENTAO.

The Imperial Government of Japan and the Imperial Government of China, desiring to secure for Chinese and Korean inhabitants in the frontier the blessings of permanent peace and tranquillity, and considering it essential in the attainment of such desire that the two governments should in view of their relations of cordial friendship and good neighborliness recognize the River Tumen as forming the boundary between China and Korea, and should adjust all matters relating thereto in a spirit of mutual accommodation, have agreed upon the following stipulations:

Article I. The governments of Japan and China declare that the River Tumen is recognized as forming the boundary between China and Korea and that in the region of the source of that river the boundary line shall start from the Boundary Monument, and thence follow the course of the Stream Shihyishwei.

Article II. The Government of China shall, as soon as possible after the signing of the present agreement, open the following places to the residence and trade of foreigners, and the Government of Japan may there establish consulates or branch offices of consulates. The date of the opening of such places shall be separately determined—Lungchingtsun, Chutzschie, Toutaokou and Paitsaokou.

Article III. The Government of China recognizes the residence of Korean subjects as heretofore on agricultural lands lying north of the River Tumen. The limits of the district for such residence are shown in an annexed map.

Article IV. The Korean subjects residing on agricultural land within the mixed residence district to the north of the River Tumen shall submit to the laws of China, and shall be amenable to the jurisdiction of the Chinese local officials. Such Korean subjects shall be accorded by the Chinese authorities equal treatment with Chinese subjects, and similarly, in the matter of taxation and all other administrative measures, they shall be placed on equal footing with Chinese subjects. All cases, whether civil or criminal, relating to such Korean subjects shall be heard and decided by the Chinese authorities in accordance with the laws of China, and in a just and equitable manner. A Japanese consular officer or an official duly authorized by him shall be allowed freely to attend the court, and in the hearing of important cases concerning the lives of persons prior notice is to be given to the Japanese consular officers. Whenever the Japanese consular officers find that a decision has been given in disregard of law they shall have the right to apply to the Chinese authorities for a new trial to be conducted by officials specially selected, in order to assure justice of the decision.

Article V. The Government of China engages that land and buildings owned by Korean subjects in the mixed residence district to the north of the River Tumen shall be fully protected, equally with the properties of Chinese

subjects. Ferries shall be established on the River Tumen at places properly chosen, and people on either side of the river shall be entirely at liberty to cross to the other side, it being, however, understood that persons carrying arms shall not be permitted to cross the frontier without previous official notice or passports. In respect of cereals produced in the mixed residence district, Korean subjects shall be permitted to export them out of the said district, except in time of scarcity, in which case such exportation may be prohibited. Collection of firewood and grass shall be dealt with in accordance with the practice hitherto followed.

Article VI. The Government of China shall undertake to extend the Kirin-Changchun Railway to the southern boundary of Yenchi, and to connect it at Hoiryeng with a Korean railway, and such extension shall be effected upon the same terms as the Kirin-Changchun Railway. The date of commencing the work of the proposed extension shall be determined by the Government of China, considering the actual requirements of the situation, and upon consultation with the Government of Japan.

Article VII. The present agreement shall come into operation immediately upon its signature, and thereafter the Chientao branch office of the residency general, as well as all civil and military officers attached thereto, shall be withdrawn as soon as possible, and within two months. The Government of Japan will within two months hereafter establish its consulates at the places mentioned in Article II.

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

The fourth day of the ninth month of the forty-second year of Meiji.

The twentieth day of the seventh month of the first year of Hsuan Tung.

HIKOKICHI IJUIN,
LIANG TUN-YEN.

MANCHURIA.

The Imperial Government of Japan and the Imperial Government of China, actuated by the desire to consolidate the relations of amity and good neighborliness between the two countries, by settling definitely the matters of common concern in Manchuria, and by removing for the future all cause of misunderstanding, have agreed upon the following stipulations:

Article I. The Government of China engages that in the event of its undertaking to construct a railway between Hsinmintun and Fakumen it shall arrange previously with the Government of Japan.

Article II. The Government of China recognizes that the railway between Tashichao and Yinkow (Newchwang) is a branch line of the South Manchurian Railway, and it is agreed that the said branch line shall be delivered up to China simultaneously with the South Manchurian Railway upon the expiration of the term of concession for that main line. The Chinese Government further agrees to the ex-

tension of the said branch line to the port of Yinkow (Newchwang).

Article III. In regard to the coal mines at Fushun and Yentai the governments of Japan and China are agreed as follows:

(a) The Chinese Government recognizes the right of the Japanese Government to work the said coal mines.

(b) The Japanese Government respecting the full sovereignty of China engages to pay the Chinese Government tax upon coals produced in those mines. The rate of such tax shall be separately arranged upon the basis of the lowest tariff for coals produced in any other places of China.

(c) The Chinese Government agrees that in the matter of the exportation of coals produced in the said mines, the lowest tariff of export duty for coals of any other mines shall be applied.

(d) The extent of the said coal mines, as well as all the detailed regulations, shall be separately arranged by commissioners specially appointed for that purpose.

Article IV. All mines along the Antung-Mukden Railway and the main line of the South Manchurian Railway, excepting those at Fushun and Yentai, shall be exploited as joint enterprises of Japanese and Chinese subjects upon the general principles which the viceroy of the eastern three provinces and the governor of Mukden agreed upon with the Japanese Consul General in the fortieth year of Meiji, corresponding to the thirty-third year of Kuangsu. Detailed regulations in respect of such mines shall in due course be arranged by the viceroy and the governor with the Japanese Consul General.

Article V. The Government of Japan declares that it has no objection to the extension of the Peking-Mukden Railway to the City Wall of Mukden. Practical measures for such extension shall be adjusted and determined by the local Japanese and Chinese authorities and technical experts.

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

The fourth day of the ninth month of the forty-second year of Meiji. The twentieth day of the seventh month of the first year of Hsuan Tung.

HIKOKICHI IJUIN,
LIANG TUN-YEN.

As already reported, the text of the agreement just signed in Peking for the settlement of the differences in Manchuria between Japan and China and of the Chientao question has been published in Tokio. The following explanation of the agreements has been given out by the foreign office:

The negotiations for the settlement of the differences in Manchuria were to have been opened last autumn at Peking immediately upon the arrival of Mr. Ijuin, the new Japanese Minister, but the death of the Empress Dowager and the Emperor of China delayed the opening of negotiations till December last, when they were entered upon with Yuan Shih-kai, whose dismissal from office in January last again entailed a suspension of the proceedings for a time. Subsequently the negotiations were

resumed with Liang Tun-yen, and by the end of March last great progress had been made, an agreement being arrived at on almost all the questions. At this juncture the Chinese Government brought forward a proposal to submit the questions in dispute to the decision of the Arbitration Court at The Hague, and the negotiations came to a standstill. On July 26 the Chinese Government withdrew its proposal for arbitration and expressed its willingness to resume the negotiations. The Japanese Government at once agreed and the proceedings were pushed on, culminating in the agreement just signed. In the negotiations neither of the parties made any concession or amendment from their respective proposals, so that the demands for the Japanese Government were granted almost in their entirety. [The meaning here is obscure, but the translation is correct.] Further negotiations are to be opened for the settlement of the minor points, which have been left for future settlement in the terms of the agreement.

MINING QUESTIONS.

It is agreed that a tax on the coal produced at the Fushun and Yentai collieries shall be imposed on the basis of the tax imposed on the most favored mine in China. This point will be settled between committees of the two countries after investigating the conditions of all the mines, as the rate of tax imposed on Chinese mines varies. The export duty on coal produced at the Kaiping colliery is thirty tael cents per ton. This is the lowest rate imposed in China, and this favor will be extended to the coal produced at the Fushun and Yentai collieries. The acquirement by Japan of the right to work the mines in the district along the South Manchurian and Antung-Mukden railways is one of the new concessions obtained by the present agreement. Iron mines in the vicinity of Pensihu are believed to have most brilliant prospects. The limits of the zone in which Japan is entitled to work the mines along the railways in question will be determined by further negotiations. Before the Russo-Japanese war Viceroy Alexeieff demanded from the Governor General of Mukden the concession of the right to work mines within a limit of thirty miles on either side of the railways in the Amur and Mukden districts, and this demand was almost conceded by the Chinese authorities. This fact will serve as a guide for the Japanese Government in the settlement of this question.

THE FAKUMEN RAILWAY.

The Chinese Government has abandoned its scheme to construct the Fakumen line and has withdrawn its plea that the line was not parallel to the South Manchurian Railway within the stipulation of the Peking treaty. Provision is made in the new Agreement (Article I) regarding the construction of lines desired by China which may be deemed to compete with the South Manchurian Railway. In the event of the Chinese Government again demanding the right to construct the Fakumen line, the Japanese Government, in accordance with the provisions of the present Agreement, may agree to the demand on conditions similar to those in connection with the Kirin-Changchung Railway.

THE KIRIN-HOIRYENG RAILWAY.

The provision in the agreement relating to the Kirin-Hoiryeng Railway may appear somewhat vague. This provision only defines the means for connecting the lines when the Kirin-Changchung Railway is completed on the one hand and when Hoiryeng (North Korea) is connected with a Korean seaport by rail, the time for opening negotiations for the construction of the lines being left to the decision of the Chinese Government. The Kirin-Hoiryeng Railway is dealt with in accordance with the Kirin-Changchung Railway Treaty, and the capital is to be contributed equally by Japan and China. The route of the line has not been decided on, but its length is estimated at about 200 miles.

THE CHIENTAO AGREEMENT.

According to the present agreement the Koreans now residing in Chientao and others proceeding there in the future are authorized to reside there freely in conformity with the provisions relating to mixed residence. The Japanese now residing in Chientao are not more than 200 in number, while the Koreans exceed 70,000. The protection of these Koreans must not for a moment be neglected. Therefore the Japanese Government is hastening

the establishment at Lungchin-sun, with branches at other places.

The *Osaka Mainichi* learns that an understanding was arrived at between the two countries in the proceedings of the negotiations on several questions concerning which no provisions appear in the Agreements. It is understood that the working of the Temposan mine in Chientao is to be left in the hands of the Japanese as at present. The Chinese Government demanded that the Japanese Government should agree to the construction of the proposed railway from Kinchow to Tsitsihar by way of Tongnan-fu in return for the abandonment by China of the construction of the Fakumen Railway. The Japanese Government agreed to the demand on the understanding that Japan should obtain the right of constructing a line from a certain point on the South Manchurian Railway north of Tiehling to Tongnanfu. It is also understood that in the event of China proposing to construct the Fakumen Railway and Japan agreeing to the proposal, all the materials required for the line shall be supplied by Japan. In regard to the Antung-Mukden Railway, Japan has abandoned her demand relating to the alteration of the route of the line to the west of Chenhsiangtun and agreed to follow the existing route.

HOW CHINA ADMINISTRATES HER FOREIGN AFFAIRS.

(From *The American Journal of International Law*.)

The foreign relations of China may be said to begin with the year 1689, when the first treaty, consisting of six articles, was concluded with Russia at Nerchinsk. Although several embassies from Europe made their way to China by land and sea in the seventeenth and eighteenth centuries, regular diplomatic relations were not established till the spring of 1861, when the diplomatic representatives of Great Britain and France took up their residence in the southeastern part of the inner city of Peking, now known as Legation street. On the 19th of January, 1861, an Imperial edict was issued, commanding the formation of a new bureau, named the Tsungli Yamèn, for the administration of foreign affairs. By the terms of the Protocol of 1901 the Tsungli Yamèn was transformed from a bureau or commission into a regularly constituted ministry or department, taking precedence over the then six other ministries of state, and has since been called the Waiwu Pu, or the Ministry of Foreign Affairs.

The foreign relations of China are administrated very much like those of other nations, by the Waiwu Pu at home and by legations abroad. Under the Tsungli Yamèn régime there were no bureaus, but the duties of the Yamèn were divided according to the nationality which was involved, a secretary with assistants being in charge of each of the important treaty Powers. Over the secretaries were the ministers of the Yamèn, three in number at first and subsequently increased to as many as eleven. The senior minister, or member, was some prince, and the body was spoken of collectively as the Prince and Ministers of the Tsungli Yamèn.

As the Waiwu Pu is now organized, there are four bureaus and an office corresponding to that of the chief clerk of the Department of State in the United States. The Bureau of Harmonious Intercourse has charge of treaties, memorials to the Throne from the ministry and from envoys abroad, the appointment of envoys and their staffs, the arrangements of audiences to foreign ministers, the bestowal of decorations, promotions in the ministry, and local international questions in Peking. A second bureau devotes its attention to questions arising from the engagement of foreign advisers, professors, etc., the emigration of Chinese laborers, the sending of students abroad, etc. Then there is the Bureau of Accounts and Disbursements, and lastly the Bureau of Miscellaneous Affairs (such as boundary questions, foreign travelers, missionary work, etc.). The principal officers of the Waiwu Pu consist of a controller general (an Imperial prince), two presidents, two vice presidents, two deputy vice presidents and two councillors. The two presidents correspond roughly to the secretary and the under secretary of state, the vice presidents to the assistant secretaries of state, while the deputies and the councillors may be compared to confidential secretaries and the solicitors of the department of state. The controller general directs the general policy and is consulted only on important questions.

While naturally a large amount of the work is carried on by the exchange of *chao-huis* ("notes"), two days a week are set apart by the Waiwu Pu for receiving visits from foreign representatives. By the treaty of Nanking it was stipulated that foreign officials addressing Chinese

officials of equal rank should use the form *chao-hui* (usually translated "dispatch"), but when corresponding with authorities of higher rank than themselves should employ the term *shen-ch'en*. This implied subordination was abandoned by the terms of the Chefoo Convention, and now the *chao-hui* is the usual form of communication between Chinese and foreign officials. The *chao-hui* is very formal, and in place of any signature the seal of the ministry or bureau is attached. When the correspondence is of a personal or semi-official nature, there may be no signature, but the communication ends with the expression "visiting card is enclosed."

Prince Ch'ing, who was the senior member of the Tsungli Yamén, has been the controller general of the Waiwu Pu ever since its establishment in 1901. The two presidents are Their Excellencies Na T'ung, who proceeded to Japan as special ambassador in July, 1901, and Liang Tun-yen, an alumnus of Yale University. One of the vice presidents, His Excellency Lien Fang, and Deputy Vice President Wu Chung-lien, are well known French scholars, for some years secretaries of the Chinese Legation in Paris. Their Excellencies Chang Yin-t'ang and Chou Tsz-chi, a deputy vice president and a councillor respectively, were both connected at one time with the Legation in Washington. The junior councillor, Mr. Tsao, is a returned student from Japan.

The Chinese diplomatic service came into existence in the year 1867, when in response to a memorial presented to the Throne by the Tsungli Yamén, an Edict was issued, which invested Chi Kang and Sun Chia-ku with the powers and dignity of traveling envoys, and which commanded them to proceed to the foreign countries with which China had treaty relations. This event is of interest to the United States in that Mr. Anson Burlingame, who had been the American Minister in Peking, accompanied the legation as the third envoy.

Beginning with the first year of Kuanghsü (1875), resident envoys extraordinary and ministers plenipotentiary have been appointed, the number at first being limited to only two, one accredited to Great Britain and the other to the United States, Spain and Peru. The number has been gradually increased till at the present day, besides the two already mentioned, China sends representatives to Japan, Germany, France, Russia, Italy, The Netherlands, Austria-Hungary, Belgium and Korea (given in order of priority of establishment), the last of whom has been withdrawn since the Russo-Japanese War. When the legations were first established one minister was generally accredited to more than one government. For instance, the minister to the Court of St. James, first appointed in 1875, was in 1878 further accredited to France, and his duties were again increased in 1880 by representing the Imperial Government in St. Petersburg. At one time (1885-8) one envoy was accredited to as many as six different countries, namely, France, Germany, Italy, The Netherlands, Austria-Hungary and Belgium. With the exception of the minister at Washington, who is also accredited to Mexico, Cuba and Peru, and that at Paris, who has *chargés* in Madrid and Lisbon, the Chinese representatives no longer perform the duties of pluralists. The protection of Chinese subjects and their interests in Central and South American countries has been

intrusted, at the request of our Government, to American diplomatic and consular officers.

The first Envoy Extraordinary and Minister Plenipotentiary at Washington was his Excellency Chen Lan-ping, who had as assistant envoy Dr. Yung Wing, and they were presented to the President of the United States by Secretary of State the Hon. William M. Evarts in the latter part of September, 1878.

The duties of our diplomatic and consular officers are in no wise different from those of such officers of other nationalities. They are further charged, however, with the work of supervision of government students, of the purchase of machinery and other things, of engaging foreign teachers and other professional men, and of studying and reporting on the institutions of the different countries.

Generally speaking, the present ministers were *secrétaires* of legations in former days. Before the Waiwu Pu promulgated its New Rules, with each change of the head of mission, the members of his staff and the consular officers in his jurisdiction likewise gave up their posts. But as the Tsungli Yamén gained in efficiency and prestige, by being transformed from a commission into a regular ministry of state, so by the new system the members of our diplomatic and consular services are no longer tentative servants, protégés and dependents of the heads of missions, but are substantive officers, on a similar footing to the important officials in the home administration. The manner of appointment of heads of missions is as follows: The Waiwu Pu submits to the Throne a list of candidates for a vacant post and His Majesty draws a circle with his vermilion pencil around the name of the candidate whom he approves. The appointee then presents to the Waiwu Pu a list of the names of men, whom he recommends to fill the post of *chargés*, secretaries, *attachés*, consuls, etc, and the same, with or without additions and changes, is submitted by the ministry to the Throne for ratification. By the New Rules a change of minister need not effect the members of the mission. The aim of the Rules is to build up a regular diplomatic and consular service and to make the officers appointees of the ministry rather than those of the minister.

The heads of missions receive very fair salaries and liberal allowances for office expenditures and for purposes of entertaining. Salaries begin with date of entrance into office, and remittances are made quarterly. Besides passage money for himself and family, each officer is allowed three months' salary for "outfit." The legation in Tokio enjoys the same allowances as those in more expensive capitals.

Our diplomatic and consular services are now, therefore, subordinated to the Waiwu Pu, though envoys have, of course, the right to present memorials to the Throne. Dispatches and correspondence from legations abroad are addressed as a rule to the deputy vice presidents or the councillors; routine ones are inscribed simply to the ministry.

A school for the training of diplomats, known as the Hsuts'ai Kuan, has been established in Peking, and it will no doubt be largely drawn on for recruits for the foreign service. Attached to every legation may be found students, earnestly striving to study the institutions of the country in which they reside.

From time to time special embassies have left Peking, the last one being that of His Excellency Tong Shoa-yi, but as yet China has no resident ambassadors abroad.

Recent consular establishments have been located at Melbourne (Australia), Wellington (New Zealand), Rangoon (Burmah) and Vancouver (B. C.).

Powers that maintain legation establishments in Peking are Austria-Hungary, Belgium, France, Germany, Great Britain, Italy, Japan, Mexico, The Netherlands, Norway, Portugal, Russia, Spain and the United States. The Swedish Minister in Tokio is also accredited to Peking. Cuba, Denmark and Nicaragua have consulates general in the port of Shanghai, but in the case of Cuba the consul general is also chargé d'affaires.

The distinctive feature of China's administration of foreign affairs is not found abroad, but at home. By the treaties which she concluded with the Powers she has consented to their practice of the principle of extra-territoriality within her dominions. That is to say, she has surrendered her right of jurisdiction over the person and to a certain extent over the property of foreigners upon her land and waters. At the same time the responsibility of protecting them and their property remains an obligation on the Chinese Government, making it a double hardship.

Article XV of the treaty of 1858 with Great Britain provides that "all questions in regard to rights, whether of property or person, arising between British subjects, shall be subject to the jurisdiction of the British authorities," and this principle of extra-territoriality is further elaborated as a part of Section II of the Chefoo Convention. The latter reads, "Chinese subjects who may be guilty of any criminal act toward British subjects shall be arrested and punished by Chinese authorities according to the laws of China. British subjects who may commit any crime in China shall be tried and punished by the consul, or any other public functionary authorized thereto, according to the laws of Great Britain." The text goes on to state that to fulfill the treaty obligations, "the British Government has established a Supreme Court at Shanghai, with a special code of rules. * * * The Chinese Government has established at Shanghai a Mixed Court." A subsequent passage provides that "whenever a crime is committed affecting the person and property of a British subject, whether in the interior or at the open ports, the British Minister shall be free to send officers to the spot to be present at the investigation." Under the "favored nation clause," other foreign nations having treaty relations with China enjoy similar exemptions and privileges for their nationals as provided by the passages just quoted. With the exception of Great Britain and the United States, which have established courts according to the regular judicial systems at home, the other treaty powers exercise their judicial functions in China entirely through consular officers.

The situation is further complicated by the existence of the so called "settlements." Originally tracts of land rented to foreign communities at the treaty ports for their ex-

clusive residential and trading purposes, several of the settlements have become centres of Chinese population. The International Settlement of Shanghai has, for instance, a population of half a million, and of this number only eleven thousand are foreigners. At the same time, the settlement is for practical purposes under the control and rule of the Consular Body and the Municipal Council, a body of nine men (seven British, one American and one German) elected annually by the foreign taxpayers of Shanghai. "The regulations for the police and fiscal government of the city, as well as those providing for the election of a municipal council and its duties, are drawn up by the consular body and approved by the diplomatic body in Peking; they then are the statute law of Shanghai." The International Mixed Court of Shanghai sits every morning to hear cases, in which the municipal police or foreigners (non-French) are prosecutors, and a foreign vice consul is present as assessor. The latter has only the right to watch the proceedings, and in case he is dissatisfied with the findings of the Chinese magistrate, to report to his Government. In the evenings the magistrate sits by himself to adjudge litigation between Chinese residents in the Settlement which does not involve in any way foreign interests. In cases where Chinese subjects are charged with grave offenses punishable by death and the various degrees of banishment, the District Magistrate (of the Chinese City) and not the Mixed Court has jurisdiction.

The powers of the Mixed Court Magistrate are further limited in the matter of arresting his own nationals in the Settlement, which must be done through the agency of the municipal police. Chinese authorities wishing to summon or arrest their subjects who happen to reside in the Settlement must have the papers countersigned by the senior consul, and the arrest made through the foreign police. If the person wanted is in any way connected with some foreign firm or in foreign employ, the warrant must first be approved by the consul of that nationality before the senior consul affixes his signature. Lastly, the arrested person can demand a hearing at the Mixed Court (with the usual presence of the foreign assessor) that his accusation may be decided before being removed from the Settlement. In short, the ambition of the foreign municipal councils is to secure the exemption of *all* residents in the settlements from the jurisdiction of the Chinese Government. Over foreigners China has no control whatever, and even over her own subjects in the settlements her control must be exercised under the supervision of a foreign official.

At the principal treaty ports there is an office known as the Bureau of Foreign Affairs (Yangwu Chū), the chief of which is generally the Customs Taotai of that port. In the civil cases the procedure is for the foreign complainant to address his consul, who then communicates with the Bureau. The latter summons the defendant and listens to his side of the case. Dispatches fly forward and backward between the consul and the Bureau till some sort of agreement is arrived at. In criminal cases if the defendant is arrested in the settlements, where no mixed courts have

been established, the foreign police prepare the evidence and he is dispatched to the nearest district magistrate (with or without the intervention of the Bureau), who inflicts the required punishment. Whenever there is dissatisfaction with the settlement of the case the consul appeals to the Taotai, or to the viceroy, or even to Peking. In Shanghai the Bureau of Foreign Affairs is the court of appeals from the decisions of the Mixed Court, when the Shanghai Taotai sits as judge, with the consul as assessor. It is also the building where the Taotai receives the calls of the consuls and where he extends social amenities on such occasions as the Emperor's birthday, etc.

It is in the interior of China, hundreds of miles from the nearest consulate or foreign community, that this principle of extra-territoriality, which China granted without being aware of the difficulties that would be involved in its execution or of its being an infringement on her sovereign rights, works with peculiar hardship on the officials and the people. Removed from all fear of the law and caring little or nothing for the good opinion of his neighbors, the foreigner is often tempted to behave in a manner that he would not dare to do elsewhere. Minor offenses in such a case have to be overlooked by his victims, and in serious crimes the most the local authorities can do is to dispatch him promptly under an escort of soldiers to his nearest consul, who after all the expense and trouble taken to transport the prisoner, the plaintiffs and the witnesses may or may not punish him. Sometimes the indignation of the populace gets beyond control, resulting in an application of "lynch law." Such a course is now, however, rarely attempted for reasons which need not be mentioned here. It is not entirely without cause, therefore, that foreigners are not welcomed in the interior either as residents or as travelers. Fortunately, the majority of such foreigners are either missionaries or travelers. The former are as a rule men of education and character (Protestants are referred to here), who conduct themselves with consideration and restraint, while the latter are few and far between and to the relief of all concerned do not tarry long at any one place.

It is not possible to omit a passing allusion to the interference of missionaries in purely Chinese litigation. The subject is a delicate and complicated one. Missionaries claim, and sometimes justly, that their converts are being persecuted by the officials or their neighbors on account of their change in belief, while the official tells the non-Christian litigants that he has decided a case against them, not that they have been in the wrong, but that if he decided according to the merits of the case, the foreign missionary would appeal to the Governor or to Peking, and he would suffer. It is gratifying to note that the Protestant missionaries have agreed to make it their policy to interfere as rarely as possible in litigation in which converts are involved, and only when they have made full investigation and possess perfect knowledge of the facts that they would carry a case before the officials. Increased intelligence, both official and popular, in dealing with such cases, the rise of

a better class of converts and the growth of the daily press are further correctives to put a stop to one of the most irritating international problems that China has had for many years.

While theoretically a Chinese has always a mode of redress against a foreigner by suing him before his consul, there are in practice many difficulties in the way. Granting that the consul is an upright and honest official, which is not always the case, he is very likely a friend of the accused (in small communities one cannot be fastidious in choosing friends). Then there is the language difficulty, the differences in court procedure, the lightness of Western compared with Chinese punishment, and the intricacies of Western law, which are very bewildering to a Chinese plaintiff. A very serious objection and a reasonable cause of complaint is the practice of some consular courts to send prisoners charged with major offenses to their home lands for final trial and punishment. As a rule, very few hear further of such cases, and the report is circulated and believed that such criminals go unpunished. This practice should be abandoned, for it does injustice to both sides, damaging the good name of the foreign country and robbing the Chinese of the satisfaction of knowing that punishment has been meted out to the guilty.

It is recognized by our Government that the management of foreign affairs in China constitutes its most important and most difficult work, and to simplify matters and to increase efficiency it proposes to appoint commissioners of foreign affairs for each province, who shall supersede the regular administrative officers—already burdened with their other duties. These commissioners, assisted by inferior officers to be located at each treaty port and each missionary centre, will be made responsible for the settling of foreign questions, and will be in direct communication with and under the absolute control of the Waiwu Pu.

In the commercial treaties recently negotiated with Great Britain, the United States and Japan, the following article was incorporated:

"China having expressed a strong desire to reform her judicial system and to bring it into accord with that of Western nations, Great Britain (United States or Japan) agrees to give every assistance to such reform, and she will also be prepared to relinquish her extra-territorial rights when she is satisfied that the state of Chinese laws, the arrangement for their administration, and other considerations warrant her in so doing."

The bring the article in question into effect as soon as possible China is having her laws remodeled and her prison system ameliorated. The judicial functions are gradually being removed from the sphere of administrative officers, and courts, based on the principles of the West, have been established in some of the more important cities. With the abolition of the practice of the principle of extra-territoriality, the administration of foreign affairs in China will be greatly simplified and much more friendly relations will exist between our people and the foreigners.

WEICHIANG W. YEN.

CONDITIONS IN JAPAN.

The following report was prepared by Vice Consul General E. G. Babbitt, of Yokohama, in reply to inquiries made by the commercial commissioners representing the Pacific Coast chambers of commerce, with a view to enlarging commercial relations between the United States and Japan:

It is customary for the Japanese Government to send abroad students and others who have shown exceptional ability or aptitude for the purpose of studying industrial and commercial conditions, methods, ways and means, and also to search out markets for Japanese goods. The system commenced shortly after the Chino-Japanese War.

The number thus sent has increased from twelve in 1896 until in 1906 it is estimated there were eighty-five of these agents abroad. These of course do not include private students in colleges in foreign countries, special agents of private companies, or manufacturers going abroad to investigate and purchase machinery for private plants. The countries to which these investigators are sent are the United States, England, Germany, France, China, South America, Australia—in fact, anywhere that special subjects are to be investigated, processes learned, conditions observed, or information gained likely to be of value to the industrial or commercial development of Japan.

Reports are made to the Minister of the Department of Agriculture and Commerce, and by this department made public, if deemed advisable, through the Official Gazette or otherwise. When found expedient the Department of Agriculture and Commerce urges the different chambers of commerce to take action.

* * * * *

It is impossible to arrive at accurate figures of wages, for the reason that they vary to such an extent in different parts of Japan, to the apprentice systems, and to the absence of any labor organization's rulings as to what a certain trade shall pay, irrespective of the difference in the value of the work of the individual workmen. Wages, too, in the ports where foreigners employ labor are much higher, and foreigners are generally expected and "allowed" to pay more for the same service. The request for the average railway wages covers so many different occupations that it has not been possible to strike any average, and detailed information has not been obtainable as yet. Trackmen receive about 50 per cent. more than day laborers, who now receive an average of 25 cents a day. There are so many varied occupations connected with the building of the modern steel vessels in Japan, as elsewhere, that no statistics are furnished.

There are no statistics on the subject of living expenses, and the average is a difficult matter to estimate. The gradual increase in wages has kept pace with the increase in the cost of living, and it is evident that the wage earners have been able to live on what they have earned. The bare cost of existence is extremely low. That the average wage earner is able to save is best shown by the figures of the postal savings banks, which are usually patronized by the poorer classes. The following table shows the amount of savings in postal savings banks and other savings banks

throughout the Empire at the close of 1890, 1900 and 1907:

Year	Postal savings banks	Other savings banks	Total
1890.....	\$ 9,718,392	\$ 1,830,577	\$ 11,548,969
1900.....	11,958,530	24,630,372	36,588,902
1906.....	45,364,868	57,147,184	102,512,052

It is estimated that the amounts in the postal savings banks represent over 8,000,000 depositors.

Bread, meat and potatoes have been added to the former diet of the Japanese, which consisted of fish and the vegetables indigenous to the country. The men at the front during the Russo-Japanese war were often fed on beef and bread or biscuits made from American flour, and this created a taste or appetite which had to be catered to on their return, and other articles followed, so that during and after the war there was considerable increase in the use of meats and flour, canned goods, fresh and condensed milk, butter and foreign foods generally.

There were a great number of farm hands in the Japanese army during the war, and the use of meat and other unusual articles of diet led to the increased demand for these commodities on the return of these men from the front. This change is felt less, however, among the farm hands than among any other classes, although more potatoes and bread are consumed by this class than was the case with them prior to the war with Russia.

There was a gradual adoption of foreign (American or European) style of clothing for manual laborers, as the demand for such laborers increased. The usual Japanese costume is ill suited for the workshop, factory or store, where clothing permitting freer movement is required, and foreign dress was made compulsory in certain occupations. Foreign style clothing being also required in the army and navy led to increased familiarity with it and increased demand after the war. The experience of soldiers in the cold of a Manchurian winter led to a demand for warmer clothing, woolen goods, etc. An example of the increased demand for warm clothing is shown by the orders for men's underwear. This was formerly ordered from abroad in the proportion of ten undershirts to two pairs of drawers, but the proportion now ordered is generally seven shirts to five pairs of drawers.

INDUSTRIAL AND OTHER SCHOOLS.

Industrial schools in Japan have been established by the Central Government and by local municipalities. The Nautical School, Tokyo, in 1906-7 had 278 scholars in navigation and 200 in engineering, graduating 28 and 24, respectively. Agriculture and forestry are taught in Morioka, in northeastern Japan, having in 1906-7 29 instructors and 237 students, graduating 62; a similar school is to be established in Kagoshima, Island of Kiushiu. There are also six higher technical schools, maintained by the Government, at Tokyo, Osaka, Kyoto, Nagoya, Kumamoto and Sendai, with another projected for Yonezawa. These schools have a three-year course. In the Tokyo

school are taught dyeing and weaving, furnace work, applied chemistry, mechanics, electricity and industrial designing. Osaka teaches mechanics, applied chemistry, dyeing, furnace work, brewing, metallurgy, naval architecture, and marine engineering. Kyoto has dyeing, weaving and designing. Nagoya civil engineering, mechanics, architecture, weaving and dyeing. Kumamoto teaches civil engineering, mechanical engineering and metallurgy; Sendai the same as Kumamoto, adding electric engineering. The Tokyo school has an apprentice school attached. There are also a Government fisheries school and three institutions for training teachers for the technical schools. In addition to the above Government institutions there were, in 1906-7, over 4,000 schools, private and public (municipal), dealing with all lines of industry and commerce.

Practically all schools above the national primary schools include English in their studies. A six-year school course is compulsory, of which four are spent in the lower elementary school and two in the upper; the upper school has a four-year course, but only two years are compulsory; English is taught in each year. The middle schools have a five-year course, in which English is taught six hours per week for the first two years, and seven hours per week for the last three years. The Central Government maintains eight high schools, at Tokyo, Sendai, Kyoto, Kanazawa, Kumamoto, Akayama, Kagoshima, Nagoya. The necessity for the students to learn one or two foreign languages is responsible for the existence of this grade of school. The course is divided into three classes: (1) For candidates for law colleges or literature in the imperial universities; (2) for candidates for the colleges of pharmacy, engineering, science and agriculture; (3) for candidates for the colleges of medicine. In the first division, English, German and French, two of which can be selected, are taught eighteen hours weekly for the first two years and sixteen hours in the third year. In the second division the same, with shorter hours, eight in the first year, seven in the second and four in the third. In the third division, German, as preparation for German universities, thirteen hours weekly for the three years, and English and French three hours weekly.

The Tokyo Foreign Language School teaches English, German, French, Russian, Italian, Spanish, Chinese and Korean. Figures for 1906-7 give 54 instructors and 1,048 students, graduating 522. This school has a three-year course, with two-year postgraduate.

The number of Japanese who can talk a little English is considerable, but the number who have a knowledge of the language would probably be overestimated at 1 per cent. One would suppose, from the attention paid to the language in the schools, as noted, and to the fact that night schools are common in this vicinity for this study alone, that the percentage would be large, but the teachers are for the most part native Japanese. A far larger proportion of the population are able to read and write English fairly well than can speak it.

Probably less than one-tenth of 1 per cent. of the people speak French, and these are largely confined to those educated in Europe and prepared for European education or for the diplomatic service, the greater proportion in Tokyo. Probably less than one-fifth of 1 per cent. understand German. The greatest proportion among the German educated are of the medical profession.

SUBSIDIZED MERCHANT MARINE.

The subsidizing of Japanese ships has resulted in a great increase in the tonnage of the merchant marine. The amount of such aid by the Central Government has increased from \$1,726,565 in 1898 to \$6,170,566 in 1908. A decrease took place in 1904 and 1905, on account of the war, but the 1908-9 budget carries the largest amount ever devoted by Japan for this purpose, and additional amounts are being asked for and will probably be forthcoming, as, for example, for the line to South America, which it was

found could not be a success without state aid. The following table gives the figures for the budget of 1908-9:

Description	Subsidy
Encouragement of navigation.....	\$1,725,009
Encouragement of shipbuilding.....	968,729
Subsidy to European route.....	1,331,600
Subsidy to San Francisco route.....	504,912
Subsidy to Seattle route.....	325,707
Subsidy to Australian line.....	212,089
Subsidy to far eastern service.....	263,940
Subsidy to inland Chinese navigation.....	399,403
Training of mariners.....	2,480
Lifeboat work.....	8,460
For calling at Korean and North China ports.....	24,900
Coasting service.....	174,798
Ogasawara (Bonin Island) service.....	8,466
Islands in Kagoshima.....	11,354
Oki Island.....	2,689
Hokkaido coasting service.....	89,915
Idzu Island service.....	3,765
Taiwan service.....	69,721
Okinawa (Loochoo Island) service.....	2,680
Okinawa remote islands.....	4,482
Total.....	\$6,171,066

The grants for the European and San Francisco routes expire in 1909, and the shipbuilding aid ceases to be operative after 1911, but these subsidies will undoubtedly be continued, as it seems to be the opinion that Japan's merchant marine is not yet in such a satisfactory condition that state aid can be dispensed with.

INVESTMENT OF FOREIGN CAPITAL.

Foreign capital invested in Japan is more largely taken up in the form of purchases of bonds than in direct interest in industries. What amount is so invested is difficult to estimate, but it is in this form and the taking up of shares in industrial concerns that the invitation to foreign capital is commonly made. Collieries, cotton mills, street railways, hydro-electric plants, gas plants, beer breweries, spinning, dry docks, brush manufacturing, glass manufacturing and others invite and receive foreign capital and there are many companies now inviting capital and others in process of formation, such as the iron foundry of the Hokkaido. French and Belgian capital has recently been active in Japan, but at least one undertaking has not proved a success. While the Japanese require and desire outside help, it is their wish to be in absolute control of the undertakings. There have been industries started in Japan entirely with foreign capital which have not proved the anticipated success, owing to the entire dependence of the foreigners on Japanese labor. Enterprises in combination with the Japanese, however, have better success.

It is impossible to accurately estimate the amount of American capital invested in Japan, but probably it does not exceed \$2,000,000, which is largely invested in the Osaka Gas Works and General Electric Company and Western Electric Company. This estimate does not, of course, include the capital of the American business houses having branches in Japan, and always having a considerable floating capital here, or the Americans in independent business in Japan, nor does it include any investments in bonds, etc.

The inducements to the investment of foreign capital in Japan are the high rates of interest on loans and high dividends. For example, the Kanegafuchi Spinning Company, in which considerable foreign capital is invested, has declared a dividend of 16 per cent. for the first half of 1908. The Amagasaki Spinning Company a dividend of 40 per cent. for the same half year, etc., but general investments in Japan should not be expected to yield such large returns, 10 per cent. being a fair average. There were innumerable companies floated immediately after the conclusion of the war with Russia which never got beyond the promotion stage, and caused very considerable losses to an overzealous public. The going rate of interest on time loans is 5 to 12 per cent. in the cities and 10 to 18 per cent. in the country districts.

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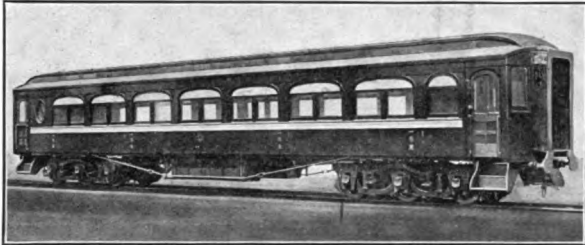
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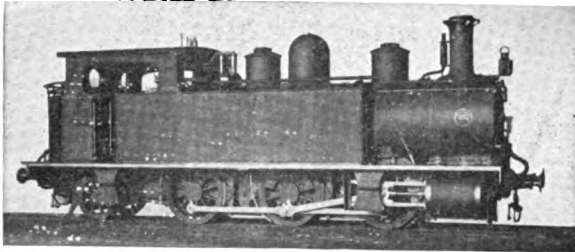
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ANY uneasiness in regard to the relations between the United States and Japan which may have been excited by the recall of Mr. Crane has been set at rest by the official declaration issued by the Department of State, which will be found on another page of this JOURNAL. It was the general impression that the punishment meted out for Mr. Crane's indiscretion was unnecessarily severe, and was calculated to exaggerate the gravity of the offense. It was possible to take two views of the attitude of the Secretary of State toward the over-copious utterances of Mr. Crane in regard to the responsibilities of his new position. Mr. Knox may have thought that they revealed a habit of mind which would prove fatal to the usefulness of the American Minister at Peking, or he may have discovered in them a specific bias that was calculated to make Mr. Crane a prejudiced negotiator. In the anonymous newspaper dispatch whose inspiration was traced to Mr. Crane it was intimated that the Department of State was carefully examining the new agreement concluded between China and Japan in regard to Manchuria, with the view of discovering whether it was in harmony with the principles of the Open Door embodied in the Treaty of Portsmouth. Apart from the question of railroad construction in Southern Manchuria, which was adjusted by that agreement, it contained two distinct provisions in regard to mining rights. One related to the coal mines at Fushun and Yentai, and the other to all other mines along the Antung-Mukden Railway and the main line of the South Manchurian Railway. In regard to the first, the Japanese Government agreed to respect the full sovereignty of China by engaging to pay the Chinese Government a tax upon the coal produced in those mines. As to the second, it was agreed that they should be exploited as joint enterprises of Japanese and Chinese subjects upon certain general principles concurred in by the representatives of the two governments. The inquiry naturally presented itself, did this reveal a purpose of confining the exploitation of the whole mineral wealth of Southern Manchuria to the joint enterprise of Chinese and Japanese subjects, excluding all participation on the part of the nationals of other powers? If so, what becomes of the stipulation of the Treaty of Portsmouth under which Japan and Russia "reciprocally engage not to obstruct any general measures common to all countries which China may take for the development of the commerce or industry of Manchuria"?

THE answer to this will be found in the published declaration of the Department of State, which announces that official assurances have been received from both China and Japan that the Manchurian Convention contained no exclusive claim to mining rights, and that China is as free to grant these to American as to Japanese prospectors. Mr. Crane had evidently received the impression that our Government had discovered ground for protest in this Manchurian Convention, and he apparently believed that Japan was pursuing in Manchuria a policy which was calculated to be detrimental to American trade. If this were the real ground of Mr. Crane's disqualification, his recall was obviously a fresh testimony to the earnest desire of our Government to maintain relations with Japan into which no element of distrust should be permitted to enter. The official statement is intended to dispose of the idea that there ever was any occasion to cause our Government to doubt the perfect loyalty of Japan to the principle of the Open Door in Manchuria. It may thus serve to explain the irritation created in the Department of State by Mr. Crane's indiscreet revelation of the suspicion he entertained regarding the purposes and policy of Japan. Reflection on the trouble that might have been created by the American representative in Peking entering on his work with such prepossessions may conceivably have convinced Secretary Knox that it was best that Mr. Crane should stay at home. His recall should thus not be regarded as evidence of any tension in the relations between the United States and Japan, but as proof of a desire to exclude from these relations the slightest element of misunderstanding.

THE latest attack on Japanese faith in Manchuria comes in the form of a communication from Mr. Frederick D. Cloud, American Vice-Consul at Mukden. This is based on a dispatch from the Provincial Government which has been communicated to all the consular representatives at Mukden, and which relates to the importation of foreign goods into Manchuria via Dairen (Dalny) and the leased territory. The contention of the Chinese Government, which is said to be the contention of foreign importers also, is that large quantities of goods are being brought into Manchuria via the leased territory, uncovered by exemption certificates, and therefore without payment of customs duties. The vice consul thinks that the returns of the Imperial Maritime customs for 1908 demonstrate that the foreign importers and the Chinese authorities are justified in their allegations. He quotes from these returns the figures of the total net value of foreign goods entered at Dairen during 1908 as being equal to \$12,007,154, while the value of foreign goods sent from Dairen into the interior of Manchuria amounted to \$3,019,301. He argues that the only conclusion which can be drawn from these figures is that Dairen and the leased territory consumed during the year all the foreign goods represented by the difference, amounting to \$8,987,852. This he regards as impossible, since the Japanese population of the leased territory was in round numbers only 30,000, and according to the Commissioner of Customs, who is a Japanese subject, practically the whole of the foreign imports were for Japanese enterprises and for the Japanese residing in the leased territory in Manchuria. Even admitting that these foreign imports were apportioned among the total population of the territory, which does not exceed 430,000, the per capita share is out of all proportion to the ordinary consumptive capacity of foreign goods shown by either Japanese or Chinese elsewhere. Mr. Cloud, accordingly, holds it to be evident that the Japanese and the Chinese inhabitants of Dairen and the leased territory are either more prosperous and able to purchase many times as much foreign made goods as their neighboring kinsmen,

or that there is a large portion of the foreign goods now entering Manchuria through Dairen, by reason of the special railway facilities offered, which does not pay any duty, and which enters into direct competition with goods which must pay the full import and other duties when sent in by outsiders.

PENDING an elucidation of this apparent anomaly from Japan, it may be suggested that an explanation of it may be found in the unusually large proportion of railroad material which was imported into Dairen during 1908. Under the treaty between Japan and China signed at Peking on December 22, 1905, all materials required for the railways in South Manchuria are exempt from customs duties, taxes and likin. Most of this class of imports has come from the United States, and our total exports to what is known as "Japanese China" during the fiscal year 1908 amounted to \$8,098,896. It is true that a good deal of this belonged to the first half of the fiscal year, and therefore should be credited to the calendar year 1907, and that there was a distinct falling off during the first six months of the fiscal year 1909. But even so, the calendar year 1908 shows quite an important contribution, in the shape of rails and locomotive engines, to the imports of 1908 whose value fills our vice consul at Mukden with grave misgivings. Again, he figures that 1,000,000 pieces, or, say, 40,000,000 yards, of cotton piece goods were imported into Dairen in 1908, of which little more than half were sent on into the interior of Manchuria. Of Japanese cotton cloth, 3,319,555 yards were imported into Dairen, none of which seems to have left the leased territory. These figures are interesting and suggestive, but they hardly suggest any alarming induction as to the destructive influence of Japanese competition on the trade of other nations in cotton piece goods, any more than they suggest that Japanese "smuggling" has seriously demoralized that trade.

THE figures supplied by the Bureau of Statistics for the nine months ending with September do not furnish any very encouraging indications of a return either of the cotton piece goods or any other branch of our export trade to China to its normal proportions. It is true that while for the nine months ending with September, 1908, our exports of cotton cloth to China amounted to only 66,000,000 yards, the corresponding period for the present year shows a total of 144,000,000 yards, but that is still below the average. In the exports of mineral oils of the illuminating class there has been a drop from 116,000,000 gallons to 54,000,000 gallons, while the exports of flour to China and Hongkong have declined to insignificant figures. The total value of our exports to the Chinese Empire for the nine months, including Hongkong and the leased territory, is in round numbers \$20,870,000, against \$28,400,000 for the corresponding period of last year. The imports from China and Hongkong have this year amounted to \$23,400,000, which is some \$6,000,000 ahead of their value for the corresponding period of last year. Our exports to Japan show a similar tendency to decrease, being \$17,500,000, against \$25,500,000 for last year. The imports, however, show some elasticity, their value being \$48,700,000 for the nine months, against \$43,300,000 for the corresponding period of last year. It is interesting to note that of the 17,609,513 pounds of silk imported during the nine months 8,679,350 pounds came from Japan, so that of our total imports from that empire by far the largest proportion, or about \$30,500,000, was composed of raw silk. Add 32,000,000 pounds of Japanese tea of the value of \$5,800,000, and the volume of our Japanese imports becomes easy to understand.

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the nine months ending Sept. 30, 1908 and 1909.

EXPORTS TO CHINA.

Months. 1908.	Cotton Cloths.		Mineral Oils (Illuminating).		Wheat Flour.	
	Yards.		Gallons.		Barrels.	
January.....	1,558,137	\$117,654	4,130,529	\$290,075	25,991	\$100,328
February.....	1,323,320	86,016	5,557,246	344,315	41,968	164,104
March.....	5,203,069	323,061	15,878,620	1,475,370	112,510	405,197
April.....	7,237,119	407,477	5,743,270	626,554	54,389	192,578
May.....	10,699,661	620,347	16,510,370	1,408,938	12,229	45,578
June.....	8,579,909	509,503	21,600,784	1,719,948	1,929	7,574
July.....	12,875,988	745,822	18,680,160	1,567,131	20,163	73,439
August.....	10,085,762	619,716	12,626,650	955,186	24,260	85,250
September.....	7,582,100	398,796	4,582,180	318,529	1,802	7,278
Total.....	66,045,065	\$3,828,392	105,309,809	\$8,706,046	295,241	\$1,081,326

1909						
January.....	6,179,890	\$ 312,182	4,511,030	\$472,203	2,175	\$8,545
February.....	18,070,050	1,026,825	8,809,314	824,515	739	2,916
March.....	14,046,400	778,916	5,617,689	455,754	2,752	9,947
April.....	16,786,348	970,822	7,434,152	710,724	1,483	6,819
May.....	14,363,533	820,464	5,583,220	547,976	50	290
June.....	25,506,743	1,622,497	4,287,410	368,394	1,369	7,508
July.....	15,188,956	889,619	3,667,910	399,802	875	4,450
August.....	25,069,380	1,496,575	3,347,280	316,173	800	4,373
September.....	9,027,666	532,894	5,405,330	445,582	12,200	53,342
Total.....	144,238,966	\$8,450,794	48,663,335	\$4,581,123	22,443	\$98,190

EXPORTS TO HONGKONG.

1908						
January.....	33,055	\$ 6,586	.....	\$.....	78,140	\$298,671
February.....	16,555	2,691	.....	.....	44,743	171,538
March.....	16,403	2,476	3,389,710	227,055	27,396	105,350
April.....	74,647	10,113	.....	.....	66,290	256,589
May.....	21,282	3,973	2,842,000	312,218	118,505	409,684
June.....	2,000	185	.....	.....	83,898	307,728
July.....	74,730	11,950	750,000	81,750	42,569	162,421
August.....	34,209	3,496	3,621,240	259,387	166,130	654,949
September.....	29,430	4,235	500,000	54,500	79,108	316,641
Total.....	302,311	\$45,705	11,102,950	\$934,910	706,779	\$2,683,571

1909						
January.....	72,801	\$6,884	.....	.....	102,137	\$404,913
February.....	154,901	12,454	1,459,420	159,077	71,646	286,497
March.....	27,191	2,137	.....	.....	97,592	396,985
April.....	80,464	9,309	1,384,800	150,943	70,578	285,223
May.....	37,512	4,669	.....	.....	21,894	91,066
June.....	157,991	20,293	1,000,000	109,000	5,356	26,561
July.....	48,106	4,643	2,137,200	232,955	11,983	55,092
August.....	154,785	15,835	83,176	10,688	14,191	60,474
September.....	46,364	6,458	.....	.....	73,794	304,967
Total.....	780,115	\$82,682	6,064,596	\$662,663	469,176	\$1,911,778

Imports of Tea and Silk into the United States for the nine months ending September 30, 1907, 1908 and 1909.

Imported from	1907.		TEA.	1908.		1909.	
	Pounds.	Dollars.		Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	6,644,297	1,566,079		6,157,746	1,438,651	9,798,034	2,233,549
British North America....	1,830,027	443,696		1,819,659	471,207	3,807,066	848,981
Chinese Empire.....	20,889,751	2,750,838		16,369,323	2,174,119	20,038,847	2,054,012
East Indies.....	4,547,336	770,756		4,754,018	754,938	7,133,058	1,085,871
Japan.....	27,501,494	4,965,272		29,017,759	5,115,160	32,573,674	5,800,035
Other Asia and Oceania ..	369,064	58,201		401,094	57,216	353,043	47,950
Other countries	247,289	63,536		180,186	76,272	572,304	113,359
Total.....	62,029,258	10,618,378		58,699,785	10,087,563	74,276,026	12,183,757
RAW, OR AS REELED FROM THE COCOON.							
Imported from	1907.		SILK.	1908.		1909.	
	Pounds.	Dollars.		Pounds.	Dollars.	Pounds.	Dollars.
France.....	430,211	1,819,651		306,652	1,024,949	574,644	1,737,925
Italy.....	2,555,090	12,690,872		2,414,855	9,155,952	3,514,815	13,657,251
Chinese Empire.....	2,303,547	8,626,509		1,951,594	5,103,639	3,219,723	7,889,098
Japan.....	6,075,893	28,803,157		7,359,741	26,050,621	8,679,350	30,459,833
Other countries	103,179	444,527		24,295	89,502	98,269	372,213
Waste .....lbs...free..	1,429,709	921,130		721,516	492,329	1,522,712	858,774
Total unmanufactured	12,897,629	53,305,846		12,778,653	41,916,992	17,609,513	54,975,094

THE UNITED STATES AND THE MANCHURIAN CONVENTION.

OFFICIAL STATEMENT FROM THE DEPARTMENT OF STATE.

In view of the widespread publicity of the statement that the recent Chinese-Japanese agreement relating to Manchuria created for Chinese and Japanese subjects a monopoly to carry on mining operations along the South Manchurian Railway and Antung-Mukden Railway, which would exclude American nationals from an extensive field of industrial enterprise, inquiry has been made of the two signatory Powers, and official assurance has been received from each to the effect that no such exclusive claim to mining rights was intended by the agreement; and that, if minerals are found by Americans or others within the designated territory, no objection will be made to their working such mines under concessions granted by China—the whole scope and purpose of the agreement being that any operation by Chinese and Japanese subjects of the mines within the territory mentioned should be joint as between themselves.

The above assurance confirms the conclusion already reached by the department as a result of its careful study of the agreement in the light of related and contextual evidence.

There were two conventions signed at Peking on September 4 by China and Japan. One convention referred to the district of Chientao, which has long been in dispute between China and Korea, and latterly between China and Japan. Two questions were involved, first as to the territory itself, and second as to jurisdiction over Koreans inhabiting the territory.

Japan yielded to China on both these points. At the same time China opened several places to the residence and trade of foreigners and confirmed the vested rights of Koreans already residing on agricultural lands within the dis-

trict. Such Koreans are to be amenable to the jurisdiction of Chinese local officials under the law of China and on a basis of equality with Chinese subjects. All cases, civil and criminal, are to be tried in the Chinese courts, the Japanese officials reserving the right to watch the proceedings and to apply for a new trial in capital cases when decision has been given in disregard of law.

China further undertakes to extend the Chang-chun-Kirin Railway, to connect with the Korean system at Hoiryong, on the same terms as the Chang-chun-Kirin Railway itself, namely, with joint Chinese and Japanese capital. The date of beginning the work of construction is left undetermined.

Within two months after the signature of the convention all Japanese military and civil officers, other than regular consular officials, are to be withdrawn from the district.

The other convention relates to railways and mines:

1. China agrees that in the event of its undertaking to construct a railway between Hsinmintun and Fakumen it will consult with Japan. The original project for the construction of this line was a British enterprise.

2. China agrees to recognize the Tashichiao-Yinkow (Newchwang) Railway as a branch of the South Manchurian system and to allow its extension to the port of Newchwang. The present terminus is some 3 or 4 miles from the port.

3. The coal mines at Fushun and Yentai, connected with the South Manchurian Railway, are to be worked by Japan, subject to China's sovereign rights in the form of a royalty upon the output. The extent of the mines is to be delimited by a joint commission.

4. Other mines along the South Manchurian and Antung-Mukden railways, when worked by either Chinese or Japanese subjects, are to be conducted as joint enterprises between the two, after delimitation by a joint commission and receiving the approval of the Chinese Government. This is the clause upon which assurances have just been received.

5. Japan permits the Peking-Mukden Railway (Chinese) to cross the South Manchurian Railway in order to extend to the city wall of Mukden. Both stations are now about a mile distant from the wall.

6. No mention is made of the question of railway guards.

AMERICAN COTTON GOODS IN MANCHURIA.

The following communication from Mr. Howard Ayres was transmitted by the editor of the JOURNAL to the Division of Far Eastern Affairs of the Department of State, and elicited the reply which is appended:

"In the issue for September 8, No. 3578, of *Daily Consular and Trade Reports* there is printed a statement from the United States consul at Harbin, Mr. R. S. Greene, on 'Manchurian Cotton Goods Trade.' Inasmuch as some parts of what Mr. Greene says may lead to misapprehension by manufacturers in the United States, I write to explain some of the conditions under which that trade is being done, evidently overlooked by Mr. Greene, and perhaps not known to him. Indeed, some of his remarks almost lay him open to the charge of inexperience.

"The statement has the merit of being simple. The cause of the decline of demand for American cotton cloths and the danger of entire loss of the Manchurian market is said to lie in Japanese competition. The remedy proposed is direct trade with the interior by American manufacturers.

"Cotton cloth extracted from the United States to China is chiefly for the Manchurian market. There has been a falling off in the export during 1907 and 1908, but primarily because the business was overdone in 1904 to 1906. The average for the ten years 1889 to 1908 approximates the last normal of about 300,000 packages of all kinds. Nineteen hundred and nine bids fair to come nearer that average than 1907 and 1908. The future is not revealed, but those most familiar with the trade expect to see the average of the next ten years larger.

"How much does Japanese cloth set up a competition for this trade? This can be answered in part by the last available official statistics.

JAPANESE EQUIPMENT.

"From report of W. A. Graham, clerk, United States Special Agent, in *Daily Consular Report* No. 2762, January 8, 1907:

Looms to June 30, 1903.....	5,039
" " " " 1904.....	4,891
" " " " 1905.....	6,443
" " " " 1906.....	9,136

From *Financial and Economic Annual* for 1908, published by Department of Finance of Japan, under caption "Manufactured Cotton," table No. 29:

	No. of Mills	Capital Invested	No. of Spindles	Raw Cotton Required Kwan	Yarn Produced Kwan	No. of Operatives
1899	83	\$16,511,659	1,170,327	42,962,406	43,052,402	78,985
1900	80	17,954,256	1,144,027	38,323,770	32,419,641	56,022
1901	81	18,345,284	1,181,762	38,681,886	33,115,829	68,021
1902	80	17,229,541	1,301,118	44,286,547	38,458,947	71,888
1903	76	17,202,665	1,290,847	45,521,389	39,120,772	70,326
1904	74	17,349,777	1,306,198	40,157,040	34,569,430	63,082
1905	78	18,495,540	1,402,931	50,516,514	44,137,858	65,911
1906	83	20,306,266	1,425,406	53,079,596	46,187,845	72,313

Kwan=8.2673297 lbs. avoirdupois.

TABLE 47—VALUE OF CHIEF COMMODITIES EXPORTED:

	1901	1902	1903	1904	1905	1906	1907
Cotton Yarn							
China.....	\$8,808,390	\$8,747,965	\$14,169,183	\$12,072,607	\$14,346,957	\$16,023,554	\$12,711,715
Korea.....	673,699	664,056	515,332	1,098,449	1,626,496	1,026,260	1,706,732
Hongkong.....	1,116,413	475,819	945,713	1,349,260	469,285	416,884	542,126
Philippine Islands.....	133,557	50,845	78,477	110,329	170,185	174,631	178,223
Cotton Cloth							
China.....	\$532,572	\$1,039,962	\$1,491,796	\$1,534,200	\$2,308,396	\$4,060,676	\$3,724,516
Korea.....	1,646,360	1,332,080	1,204,532	1,665,774	2,617,510	2,505,238	3,192,971
Hongkong.....	425,729	494,671	556,696	435,908	649,572	697,666	541,747

From Report of Kobe, Japan, Foreign Board of Trade for 1908, Exports:

	1907	1908
Yarn up to No. 20, lbs.....	79,014,361	55,316,272
" over " " ".....	3,716,448	2,903,067
Sheetings and Shirtings, yards.....	33,358,907	23,920,666
T Cloths, yards.....	1,186,955	5,113,905
Flannels, yards.....	5,656,835	2,966,383
Drills, yards.....	3,629,014	15,249,165

From *Returns of Trade*, published by Inspector General, Imperial Maritime Customs of China:

IMPORTS OF JAPANESE GOODS.

	1905	1906	1907	1908
Grey Shirtings, Pieces.....	17,059	2,841	53,831	183,391
Grey Sheetings, Pieces.....	480,112	345,346	262,624	261,490
Drills, Pieces.....	97,799	187,858	359,014	432,847
Jeans, Pieces.....			900	
T Cloths, Pieces.....	214,020	320,552	183,680	136,010
Flannels, Pieces.....	93,658	134,356	110,248	58,383

"That is the extent of it thus far. Commercial conditions have not of recent years been conducive to expansion of manufacturing facilities. There is nothing to show that they are much greater in Japan now than in 1906. The figures may not all of them stand analysis, but they are given as the only available statistics, to be taken with due allowance.

"But the distinctive feature of Japanese competition for the China trade is the Governmental aid given. This has been set forth recently in public prints (the *Osaka Asahi*, a leading native paper of Japan; the *Kobe Chronicle*, the leading foreign paper of Japan, and your own *Journal of Commerce* of New York. As long ago as his report referred to above, W. A. Graham Clark said 'the Government assists by loaning money at lower rates than it pays on its foreign loans, in subsidizing steamships, loaning new machinery to the mills, and facilitating sale of goods in China. The Government in all ways and by all means, even to the extent of becoming an active partner, is striving to increase the export. The rate of interest on money loaned to mills and merchants is said to be 2 per cent. per annum, perhaps 3½ per cent. less than the Government is paying investors in England and the United States for the same money. A foreign trade upheld by such artificial conditions cannot be in a healthy state of growth. There must be some end to the help given by loans, by subsidies to steamers and railways that carry goods, to the burden of taxation upon the workers, where it rests in the last analysis.

"Mr. Greene cites the establishments of the Standard Oil Company and British-American Tobacco Company as successful examples of what can be done, but there is no analogy. A monopoly is no less potent at that distance than in one of our own cities, and its operation is not a measure for merchandise subject to world wide competition. More-

over, the question of profit and loss, vital to the merchant, does not have to be considered by the monopoly in any one direction.

"The remedy proposed by Mr. Greene is not even plausible. Had he been familiar with the Chinese characteristics, with the country, with trade conditions in Manchuria, he would not have made his statement in its present form. The port of entry for imports into China for its northern markets is Shanghai, and has been so for many years, and there is no indication of change. From time to time attempts have been made by merchants, American, English, and of other nationalities, to establish direct trade relations with ports at the North, but no permanent success has followed. Japanese goods very naturally are shipped to Tairen (Dalny), their own port, to which subsidized steamers run, and from which their own railroad extends. This direct trade has always been opposed by the Chinese merchants, the most potent factor in the distribution of goods to the interior, and that which will dominate by reason of the conservatism of the Chinese nature and the difficulty foreigners experience in penetrating their reserve or breaking down their customs. But in that respect the situation is not very different from that of the home trade. Let Mr. Greene discover that the inhabitants of Ohio are not using as much as he thinks they ought of a certain cloth, and call upon the manufacturers of it to remedy the great neglect of that market by establishing direct trade relations with it, 'Combine to send a well qualified agent, acquainted with Ohio business, to reside, say, at Cincinnati,' etc. Would he seem any more absurd than he does to those who know China's trade in cotton goods? For many years American merchants have been laboring in China to build up that trade, inspired by the incentive of making their business pay, and increasing it, and by the competition of merchants of other nationalities who buy in the cheapest market and do buy such American goods as can compete with others. It is nothing new and untried. Mr. Greene has not discovered anything. Even his suggestion to carry stocks of American goods within reach of the interior is anticipated. It is within my knowledge that at least one American firm has now and for a long time has had stocks at Kwangchengtzu and Antung, and had for nearly a year one of the best qualified men in China stationed at the former place and going about just as Mr. Greene suggests.

"If Mr. Greene's statement were to be seen by those only who know how uninformed he is no harm would be done; but it is widely circulated on the authority of the Government, and will come under the notice of some who may think that here is a new field for trade. They will be unable to do any more than is now being done, no matter what sacrifices are made, but will be excited and perhaps stirred to do something that will be expensive to them and jeopardize the share of trade they now have. The statement is mischievous and should be counteracted by everyone having at heart an increase of the trade of this country with China.

"The attitude of the Japanese Government toward her export trade with China, where she has an armed representation, needs the closest scrutiny of other governments who think that the 'door is open.' HOWARD AYRES."

DIVISION OF FAR EASTERN AFFAIRS.

REPLY TO COMMUNICATION OF HOWARD AYRES, SECRETARY CHINA AND JAPAN TRADING COMPANY, TO JOHN FOORD, RE REPORT ON AMERICAN COTTON GOODS IN MANCHURIA.

1. Mr. Ayres attributes to me the statement that Japanese competition is the sole cause of the recent decline in the demand for American goods. On page 3 of my report it is stated that speculative imports and the consequent reaction were responsible for the extremely large imports during and after the war, and for the small demand thereafter. I also pointed out that the last fiscal year showed a very marked improvement owing to the absorption of the former excess supplies, the improvement of transportation and good crops.

2. He also quotes me as attributing to Japanese competition the danger of entire loss of American cotton goods trade in Manchuria. This I fully admit. Though a somewhat strong statement and one that can be completely verified only by the lapse of time, from association with merchants of all nationalities in Manchuria I have found that they entertain very serious apprehensions on this score, and I believe that Mr. Ayres, if he has recently visited China, will confirm this.

Is this fear justified? Japanese sheetings imported at Newchwang in 1896 were recorded as 1,402 pieces. In 1908 they were 151,400 pieces, while the new ports of Dalny and Antung brought the total to 190,214. No imports of Japanese shirtings were recorded at Newchwang in 1896, and even in 1900, but in 1908 they amounted, in Newchwang and Dalny together, to 174,440 pieces. Japanese drills imported increased from 360 pieces to 70,391. In other words, in these three principal lines Japanese imports have increased in twelve years from 1,762 pieces to 435,045, or about 250 fold. (These figures are from Chinese Customs returns.) Is there not here just cause for apprehension? Mr. Ayres fears that my report may cause some "restlessness" among the manufacturers. That was precisely my purpose in writing it, and, in the face of this record, such restlessness is not only reasonable but is likely to have beneficial results.

Mr. Ayres quotes figures which show the utter inability of Japan to supply the whole demand in China at present, and I agree with him that it will be many years before Japanese manufactures could possibly be developed to supply that demand. But I would point out that I limited my remarks to Manchuria, where the Japanese are concentrating their efforts.

Japanese statistics show that during the year 1908, out of \$1,368,914 worth of gray shirtings and sheetings exported to China, \$1,095,368 worth went to Dalny and other Manchurian ports. This is undoubtedly the result of the systematic efforts made by the Japanese cotton syndicate, and I believe that combination on the part of our competitors must be met by combination on our own part.

Mr. Ayres attributes the success of Japanese textiles in Manchuria to the special favors granted by the Gov-

ernment to manufacturers and shippers, and consoles himself with the thought that there must be some end to this system. Therefore he deprecated any uneasiness on the part of our manufacturers at the rapid strides which the Japanese are making. He ignores entirely the advantage enjoyed by the Japanese in their low labor cost, their proximity, their interest in the Manchurian export trade, making possible great savings in exchange, etc. Whether or not special favors were granted, Japanese success can be explained largely by these other circumstances, which are permanent, and to which must be added, as time goes on, increased efficiency on the part of Japanese operators and others engaged in handling the goods.

After showing the limited nature of Japanese manufacturing facilities, he leaves it to be inferred that the likelihood of expansion is slight. It may be of interest to note, in this connection, that one of the principal spinning companies in Japan, which at present operates 310,000 spindles, has just started to engage in the weaving business on a large scale. It is also noteworthy that money is now cheaper and more abundant in Japan than ever before. These straws do not point to any contraction in the textile output of Japan.

In stating my belief that the conditions were such as to make competition difficult, if not impossible, with the methods hitherto used by the commission merchants, I was not intending to cast any aspersions on the ability, energy and familiarity with local conditions of those traders, for they are undoubtedly responsible for the large measure of success which American manufacturers have obtained abroad. But the question must arise with them how far it is profitable to go in competition with a foreign combination, involving perhaps the expenditure without immediate return of large sums of money which they could use more profitably elsewhere, and this to establish a market for an article which, after all, is not their own, and which might finally be taken out of their hands by the manufacturers.

It is true that there was little new in what I had to say. Most of the points have been repeatedly made by American Consuls in Manchuria, and a similar report from the Consul at Newchwang has just appeared. We have not been addressing the merchants in Shanghai, but have been endeavoring to bring to the attention of manufacturers in the United States facts which should be of interest to those whose goods go abroad. We have also suggested a remedy for existing conditions, and, concerning as it does a trade of millions which now seems threatened, I do not believe that the expenditure by manufacturers of a few thousand dollars to investigate the conditions and the proposed remedy would be a waste of money, nor that I would jeopardize the share of trade they now have, as Mr. Ayres fears.

I was well aware of the fact that an American firm at Shanghai sent a representative to Kuangchengtzu last year with stocks, but had reason to believe that a more permanent representation with more solid support from the manufacturers was required. This representative was indeed withdrawn for a time. It seems probable

that the manufacturers might be able to co-operate with the merchants, using them as their permanent representatives, but relying largely upon their own representatives to push the trade. An arrangement analogous to this appears to have met with favorable results in another line. In this way the cotton manufacturers would be able to avail themselves of the valuable experience of the commission merchants. But I feel strongly that whatever the details may be, the manufacturers must have their own men on the ground with stocks at their command at places within easy reach.

MR. MCKELLAR'S REPLY TO MR. AYRES.

As a further contribution to the discussion of questions referred to in the preceding correspondence, the following letter, addressed by Mr. R. L. McKellar to Mr. Howard Ayres, in reply to a communication published in the September issue of the JOURNAL, may be found interesting:

DEVELOPMENT OF FOREIGN COTTON GOODS TRADE.

Your letter of August 23 has awaited my return from an extended trip to the Pacific Coast, made partly in the interest of our export and domestic cotton goods business. I made a careful inspection of every Pacific Coast terminal through which any of our foreign cotton goods are likely to pass, and I also familiarized myself with the domestic market in that section.

Your caustic criticism of my article does not offend or disturb me; to the contrary, I am very glad to have the benefit of your views, which are frank, outspoken and easily understood, as you have not permitted their force and emphasis to be disguised or destroyed by the employment of delicately veiled or diplomatic terms. It is, no doubt, a good idea to be entirely clear where a personal acquaintance does not exist.

I have heard from my article from several parts of the world and from innumerable readers, and yours is the second adverse criticism of its essential features. It was delivered in response to an invitation of the Cotton Manufacturers' Association, and confined to the scope authorized in that invitation. The motive that prompted its preparation and delivery was wholly in the interest of the manufacturers of cotton goods in the Southern States, and the correctness of the data presented was substantiated to my own satisfaction. Developments subsequent to its delivery, including your severe arraignment, have not caused me to change the views that I expressed therein; to the contrary, there has been a steady march in the course of my suggestions, probably not at all by reason of those suggestions but in response to an intelligent and concerted move in that direction, resulting from a logical analysis of self-evident facts and impelling forces.

Deference to views contrary to your own does not permeate your communication like the perfume of roses nor illuminate it with an effulgent glow, and if your letter has made the impression on my mind that your protest against the Southern manufacturer making a closer study of foreign trade is prompted rather more from self-interest than otherwise, I am quite willing to dis-

miss those thoughts as being irrelevant, and confine my reply to a friendly discussion of the subject matter, except that I do not think that in justice to themselves that our Southern cotton manufacturers can afford to rely wholly upon your good selves and other intermediate handlers of their goods for all the information and knowledge they require in regard to foreign trade.

I am reasonably sure that you also have at heart the interest of the Southern cotton manufacturers, and that it is both your interest and your desire to use your knowledge and influence to increase their foreign trade as far as possible, and if there are any material differences in our views with respect to the best methods of increasing this trade, I am disposed to believe that such differences are probably the result of a difference in viewpoint. You are, no doubt, considering the proposition, at least in some of its phases, from the standpoint of American mills as a whole, whereas my consideration is almost entirely from the standpoint of our Southern mills. In the second place, it is clearly apparent that you are of the opinion that a more intimate knowledge on the part of the manufacturers of the needs and requirements of the foreign consumers is a menace to New York exporting houses such as yours, and at first blush it might appear that closer relations between the manufacturer and the consumer would adversely affect the middleman, but, as I pointed out in my article, it is my belief that the field in the Orient is so immense that a more intimate knowledge of the trade itself on the part of the manufacturer would lessen the burdens of the large selling companies and prove an actual benefit to the entire trade. It would stimulate the interest of the manufacturer in a large and inadequately supplied market, and would create business, both for himself and the middlemen.

As further illustrating this point, I will cite the method in vogue with some of our largest tobacco manufacturers in Kentucky. These manufacturers market their products through wholesale jobbing houses, to whom they either sell outright or allow commission on sales to dealers, and in order to increase sales to consumers and to come in closer touch with the trade, these manufacturers send their own representatives along with the sales agent of the jobbing houses, and these representatives not only gather useful information for the benefit of the manufacturers but they also assist the representatives of the commission houses in selling their products, and I am told that the plan is a very effective one and exceedingly beneficial to both the manufacturer and the jobber. In this way the manufacturer learns through a receptive, direct and reliable source, the peculiarities and requirements of the trade itself, and at the same time insures the sale of his own goods. If, however, I interpret your views correctly, the progress of our Southern manufacturers is fully up to reasonable expectations, and that they should be content to rely upon the "natural laws of the physical world for the development of their trade along certain lines determined by laws beyond the power of men or government to permanently alter." If this was true we would be sitting under the tree waiting for ripe fruit to drop into our laps instead of climbing for it and getting our full share of the best that was to be had, and the Atlantic would still be crossed in wooden sails in four and one-half weeks instead of modern steamers in four and one-half days, and Fulton would not be dividing honors with Hudson in the celebration now in progress in your city. It is claimed that in carrying things from where

they are plentiful to where they are needed that the progress of the world in the last fifty years has been equal to that of the preceding 500 years; therefore in considering the progress that is being made in any line of business we must also consider what progress is being made by our competitors.

There is no question but what the American cotton manufacturer, and particularly the Southern manufacturer, has very strong competition to meet in the Orient, and especially in China. It is also true that occurrences have recently taken place which will serve to bring the manufacturers in the United States in closer touch with conditions in the Chinese Empire; first, the interest that is being taken in this trade by governmental administration at Washington, including the personal interest of the President; second, the pressure that was brought to bear by our banking interests which resulted in participation to the extent of one-fourth in the Chinese loan of \$30,000,000 for the building of the Hankow-Zechuen Railroad; third, the opening of a news bureau by the New York *Herald* at Peking to be used as a medium of transmitting desirable trade information to the United States respecting conditions in China; and fourth, the appointment by the President as Minister to China of a practical business man in the person of Mr. Chas. R. Crane, a highly representative merchant of Chicago. The speech of the latter at Delmonico's on September 20 has no doubt been generally read.

These and other things are serving to give quite an impetus to Chinese trade, and I find from personal observation in various parts of the United States that there is a growing disposition on the part of manufacturers in all parts of the country to extend their export trade, and the Chinese market is looked upon with interest and favor; in fact, Chinese trade is now so much in the limelight that an exporting manufacturer who is not studying this trade is arguing himself unknown. As someone has aptly asserted, "probably in no previous period of the history of the human race has there been awakened such concentrated attention to one portion of the earth and its inhabitants." A learned Chinaman, now in this country, expresses it thusly:

"The twentieth century is pre-eminently the century of international commerce. The struggle for fresh markets, to dispose of the surplus products of the field and the factory after the full supply of home consumption, is a very keen one. China, with her teeming population gradually being infected with the desires and wants of the twentieth century, but possessing only the facilities of an agricultural people to gratify them, will become the biggest buyer of the world in the near future. A large share of this trade will come to America, if the statesmen and merchants of America are wise enough to seek for it. Ultimately, the national welfare and prosperity of the United States must depend on foreign markets, and the securing of the commercial prize of the Orient is a coup worthy the attention and thought of all patriotic Americans. In this competition for commercial supremacy the good will of our people is an asset not to be despised by this nation."

Our trade with Japan is of much less importance, and, in my opinion, it will continue so. They are themselves manufacturing, and all indications point toward that nation becoming formidable competitors of our country, particularly in the manufacture of cotton goods for the Chinese market. If they make the same progress in manufacturing cotton as they have in building up their merchant marine, we will shortly be feeling their competition in cotton goods almost as much as that of England. The Special Trade Delegation from Japan that is now touring the United States means much more to Japan in the way of informing them of our trade methods than it does to us, and President Taft, who is himself familiar with trade conditions in the Orient, no

doubt recognized and fully appreciated this fact when he welcomed the delegation a few days ago, and said to it that the prospect of war with Japan is not one of armies and navies, but a commercial war. This unofficial but highly representative Japanese trade delegation is another practical demonstration of what one of our most active competitors is doing in the way of obtaining a more intimate knowledge of foreign trade conditions. The shrewdness and adaptability of the Japanese in trade is well recognized, and if the tour of this country by this delegation proves beneficial to them, a similar investigation of Chinese trade on the part of our manufacturers would doubtless prove equally as beneficial to our interests.

My statement that we are manufacturing only one-third of our raw cotton was not intended as a reproach, but a statement of fact worthy of analysis and thoughtful consideration.

I am unable to verify from any official record your statement that our manufacturers are selling their products to all markets of the world, to the exclusion of other producing countries. Our Southern manufacturers are unquestionably making progress, but as yet little more than a good beginning has been made, and if I correctly understand their spirit, character and determination, they will be satisfied with nothing less than a fair division with England, Germany and France, and a forestalling of Japan.

From the standpoint of leaving a pleasing impression, my failure to flatter our Southern manufacturers on the progress that they have made in securing foreign trade is, no doubt, reprehensible. My object, however, was not to flatter, but to offer some food conducive to thought and discussion, and I am not yet convinced that I missed the mark entirely. As for insulting them in summarizing and submitting certain suggestions, nothing was further from my thoughts, and I am reasonably sure no such idea was gained by any of my hearers, and I hardly think your statement in this connection was intended seriously. The cotton mill interests on the Southern Railway have been fostered by our company from its first organization. We now have 751 textile mills, representing 70 per cent. of all the cotton spindles in the entire South, located on or adjacent to the rails of the Southern Railway system, and these mills are regarded as one of our most valuable industrial assets, and their interests are considered along with our own. A few years ago we recognized the necessity to establish certain rates on raw cotton from Western territory to these mills, and a controversy with practically every line in the South was precipitated when we submitted the line of rates we proposed to establish, and so strong was the opposition that it was finally concluded to submit the question to arbitration, the result of which was satisfactory to our contention. It is highly probable that in the natural course of commercial progression that we will encounter similar necessities in behalf of these interests, and if we do we are prepared to meet and dispose of them according to their merits; thus you will see that with the interests of the mills and ours so closely allied, it is not likely that offense will be offered or umbrage taken in absence of ample provocation.

In the matter of credits, to which I referred in my article, my authority was largely ex-Secretary of War Luke E. Wright, whose opportunity for correct and reliable information has been exceptional, and his views in the main have been confirmed by a well informed representative of one of our leading mercantile agencies, and also by our own correspondents in China. This credit information is, of course, general, and if used by one of our manufacturers his usual investigation would, of course, be specific.

I note you say that American goods are shipped to China, the largest market, at about half the freight cost paid for English goods, from which I infer that the present through rates are satisfactory. This being the case, I assume that you have no real interest or concern in the subdivision of these total rates as between the Southern Railway and its connections.

As to the reopening of Pacific ports for Oriental trade, this is having our constant and watchful attention. Two lines are now open, the Canadian Pacific through Vancouver and the Chicago, Milwaukee & St. Paul through Seattle and Tacoma, and we have good reason to believe that the day is not far distant when the other transcontinental lines and their ports will also be open to this trade.

As to the matter of a subsidized merchant marine, this was merely mentioned by me as being incidental to this foreign trade, and what I had to say on this subject was largely an expression of my personal views. Our Government is expending over \$300,000,000 to dig the Panama Canal, largely as a commercial enterprise, and with no commercial vessels of our own to use it. When our people fully digest this fact, it will not take much of a prophet to foretell what will be done. All along the Pacific Coast this is a live question, and the only opposition to a ship subsidy that I learned of on my visit to that section was one Portland editor of the old school, who is still clinging to ante-bellum prejudices.

In this connection, at San Francisco I had pointed out to me as an object lesson the anchored and abandoned fleet of the Oceanic Steamship Line to Australia, put out of business on account of being unable to compete with the subsidized vessels of other countries. It is claimed that one of the Japanese steamship lines that recently opened up service between our Pacific Coast ports and the Orient is in position to operate without loss upon its government subsidy alone. It is by no means the rate of transportation alone that makes advantageous to our manufacturers the handling of our commerce in our own vessels; it is the influence of the flag and the social and commercial intercourse resulting from direct and interested steamship connections. Our consular reports from almost every foreign country teem with emphatic and conclusive evidences to this effect. Our leading commercial rivals treat this as a commercial question from a commercial standpoint, whereas we have heretofore persisted in treating it from a political and partisan standpoint. We are now considering it from its logical standpoint. President Taft, in Seattle this week, forecasted, or rather announced, the position of the administration, and many of our Southern Congressmen, who heretofore opposed a ship subsidy, are now beginning to realize what it means to Southern manufacturers in anticipation of the opening of the Panama Canal. The final result, in my opinion, is now a foregone conclusion.

This feature of the cotton goods trade, however, is one that we can possibly afford to leave to our statesmen, our lawmakers and their interested constituents, and if you are prepared to accept my statement that my interest in the development of the foreign cotton goods trade is neither vicious, incendiary nor mischievous, I will be glad to drop in on my next visit to New York and meet the writer of your letter and discuss with him further our mutual interest in this absorbing and fruitful subject, as I am confident that the interests I represent can be of value and service to your company, and that your company can be of value to our railroad in patronage and in promoting the development of one of its most important manufacturing interests.

It is my earnest desire that you appreciate the fact that we recognize in your company an ally to our Southern mills, and a strong factor in developing their foreign trade, and to the extent that your knowledge of the business and influence is exerted in their behalf we are also interested in your welfare, and we are prepared to give you our co-operation in the further development of your own business derived from the section of country that is served by the Southern Railway. It is not my purpose to injure your interests, and as I consider them entirely favorable to us, I wish you to be assured of the sincerity of this statement.

I must apologize for the length of my reply along with the admission that the subject as a whole interests me greatly. Very truly yours,

Digitized by (Signed) R. L. McKellar.

MANCHURIAN TRADE SITUATION.

In transmitting his semi-annual report for the trade of Newchwang Consul Fred D. Fisher furnishes the following information concerning American interests in Manchuria and what must be done to maintain them:

There was a substantial improvement in the trade of Newchwang for the first six months of 1909, as compared with the first six months of 1908, in both imports and exports.

A material increase took place in the exports of beans, bean cake and bean oil, due to the excellent harvests of 1908 and to the prohibition of poppy culture.

The practical disappearance of American flour from the imports during the first six months of 1909 was due to the high price of wheat in the United States, this market having taken its supplies from native flour made from native wheat obtained at 60 to 70 cents per bushel delivered. The imports of American flour at Newchwang during the first six months of 1908 amounted to 8,362 tons.

According to the customs returns, the imports of American kerosene during the first six months of 1909 amounted to 805,915 gallons, while the imports of Sumatran oil amounted to 1,110,423 gallons. It is evident that the Sumatra product is making gains in this market as a result of the energetic manner in which it is being pushed by the company in charge thereof, which has storage tanks here.

With the exception of shirtings, the imports of American cotton goods show a decrease, while a substantial gain is shown in both English and Japanese goods.

The market price for American standard sheetings and heavy drills since the opening of the river to navigation, in April, may be considered as generally good, the stocks of last year having been sent during the winter to the interior by both native carts and by rail. The price for American heavy drill "Dragon" chop just before the opening of the river was \$3.35 United States gold per piece of 40 yards. Immediately after the opening it dropped to \$3.25, and later, owing to the heavy arrivals from Shanghai, the price dropped to \$3.10, which was the lowest it reached. Similarly with American standard sheetings, such as "Three Hares" and "Pony Dog" chops, which ranged from \$3 to \$2.80 per piece. The price went back to \$3.25 for drill and \$2.90 for sheeting in May and June, owing to prices having been raised at Shanghai, on reports that the cotton crop in the United States would not be good. The general sentiment of the merchants here is that trade in cotton goods is promising this year, as there has been a revival in all kinds of trade, derived from the excellent harvest of 1908 and the large export of beans, which will enable the farmers to buy liberally.

The Japanese competition is not felt locally so much as it is beyond Tieling, as their goods are mostly imported via Dalny and sent north by the South Manchurian Railway. The Japanese article, although poor in quality, has favor with the Chinese owing to its cheapness. The best grade of Japanese sheeting is about equal to the 3-2-5 yards American standard sheeting (American third grade), such as "Buffalo" and "Apple" chops. The trade in these chops is not active. The demand for the best grade of American sheetings is dull on account of the high prices asked. The best sell-

ers of American standard sheetings at the present time are the 3 yards and the 3½ yards.

Manchuria has been the principal market for American piece goods, and if our manufacturers hope to hold their own they will have to give the markets here more attention. The present system of supplying this market from stocks held in Shanghai and depending upon Chinese dealers in Manchuria to take care of this market for us is now inadequate. There is no reason why goods should first go to Shanghai and incur the unnecessary additional costs of commission, storage, etc., and I would recommend that our cotton manufacturers arrange to carry stocks in Newchwang and ship their goods direct. In my opinion the volume of the piece goods trade in Manchuria and the possibilities of its extension are sufficient to justify the establishment in Newchwang of a representative of our cotton goods manufacturers, who should give the market close and careful attention. With such a representative carrying stocks here and having them shipped direct, as is chiefly done by the Standard Oil Company, the British-American Tobacco Company, and others, instead of their being distributed from Shanghai, no alarm should be felt that our piece goods could not hold their own.

Other lines of American manufactures should also have a larger share in the trade of this district. The sale of cheap plows, harrows and cultivators could be materially increased, as well as of heating stoves, lamps and many other articles. The Chinese in this district are beginning to use modern heating stoves. Last year a number of English heaters were shipped in on consignment and sold at high prices. The American heaters are conceded to be better and much cheaper. Only English and German bicycles are sold here. The opinion seems to prevail that American bicycles are too frail to stand the rough roads. The Chinese have come to be fair users of bicycles. A good, strong, durable American bicycle would sell here if offered at a reasonable price and if well represented. There is a market here for cheap clocks, which the Japanese are gradually taking over, as they have merchants here who carry stocks. Condensed milk and cream find a fair market here, as also do soaps. The American articles in these lines are excellent in quality, but their prices are high compared with the goods of other nationalities. This is due to the fact that no direct trade connections have been established, and the dealers have to draw their supplies in small quantities as required, at high prices, from Shanghai and other Far Eastern ports.

Since the first of the year the installation of the waterworks plant of the Yinkow Waterworks and Electric Company was completed, and Newchwang is now supplied with good water at reasonable rates.

During the present year there have been constructed at Newchwang 2 modern bean mills operated by steam, 3 small bean mills equipped with Japanese kerosene engines, and 2 native bean mills. There are now 23 bean mills at this port, i. e., 7 modern plants operated by steam, 3 operated by oil engines, and 13 native mills.

The South Manchurian Railway Company has recently established a coal depot at Newchwang for the storage and exportation of coal from the Fushun mines. It is also reported that this company expects to remove some of the discriminations which have prevailed in regard to freight rates against Newchwang and in favor of Dalny.

The crops in Manchuria for this year are reported to be not so good as they were last year, especially in the district around Newchwang, owing to irregularity in the rainfall. Farther north the conditions are said to be better.

AWAKENING IN CHINA.

The wonderful material and moral development in progress in China is given impetus by the scheme adopted for establishing a limited monarchy in lieu of the autocracy that has endured so many centuries in that ancient Empire. These changing conditions are presenting opportunities to Western enterprise that will bring profitable results to those who take advantage of them. This is especially true of the United States, toward whose Government and people all classes in China are especially friendly. Mr. Frank G. Carpenter, a well known traveler and writer, in describing the great awakening in progress, outlines the plans that have been adopted for introducing parliamentary government, which plans will require almost ten years to carry out. The people are to be prepared for the new dispensation by regular gradation. This year they are being prepared for provincial assemblies, including opening of schools for study of self-government in cities and villages; in the second year members will be elected to the provincial assemblies; in the third year they will be organized; the fourth year will bring a new code of laws and courts; and in the fifth a system of taxation will be inaugurated. In the years following they will be prepared for the preliminary reorganization of the Government revenues and expenditures and the establishment of a judicial system. The plans for popular education constitute an important feature of the new movement. Schools are being established in every part of the Empire and are being placed under educated Chinese scholars who have studied in Japan, Europe and the United States. After outlining this movement Mr. Carpenter directs attention to the opportunities that now offer to foreigners in a business way, and the advantages that will surely come to the United States if our manufacturers and merchants will make proper effort to secure them. Mr. Carpenter writes:

"The new constitution is bound to be of great advantage to the United States, and in a lesser degree to all foreign Powers. It will bring about the reorganization of business and trade, and will lead to a large number of Chinese students going abroad. The most of these will be sent to either Japan or the United States. Hundreds will come to our country, especially as by the scheme adopted for the use of the Boxer indemnity which we returned to China a large sum is to be continuously spent in educating Chinese boys in America. Tang Shao Yi took over the first installment of students last year. One hundred more are to be sent over in 1910, and fifty more each year for thirty years thereafter. This means that for the next generation China will always have 200 of its brightest young men in the States. They will be studying American institutions, making American friends, and coming back here to favor America for China in its foreign relations. Talk about a Chinese alliance! The return of that indemnity was the most profitable work Uncle Sam ever did. From now on it will serve as a steady leaven of Americanism in the dough of the old Chinese Empire, working for the interests of our country in the formation of the new.

"Under the new constitution there will be an enormous

demand for machinery and the other necessities of our Western civilization, and this should aid America in its efforts to furnish them. There will be a demand for teachers, engineers, and specialists of all kinds, and as far as friendship is concerned Uncle Sam has the call. Even now the Chinese students who were sent to the United States in 1870, to be educated there, are among the leading officials of the Empire. They do not hold the highest positions, but they are close to the top, and are really doing the work of the new China. I meet graduates of Yale, Harvard, Dartmouth and other Eastern colleges here and there, and I have found several Chinese officials who were educated in California and other parts of the West. There were about forty students taken over in 1870, and others have gone from time to time since then. In addition to the 200 paid for by the indemnity fund, many others will follow by force of example, so that the number will probably be 500 or more. In 1907, before this fund began to work, we had 300 Chinese students registered at the embassy in Washington. Of these only forty-nine had been sent over by the Imperial Government, and the others were private students, furnished with money by their parents. If the same ratio be preserved, China should have 800 students when the indemnity fund is in full force.

"This means that during the next generation thousands of Chinese will be educated in the United States, and that they will form a force in our favor so strong that no other government or trade element of Europe can compete with it. They will learn to be engineers, railroad managers and manufacturers, and when they go back to China their machinery and other supplies will be ordered from the establishments which they have known in the United States.

"In the meantime the Chinese feel so friendly to us that there should be many openings for young Americans. Foreigners will have to be employed in the reorganization of the Government and in the building up of new industries. Within a few years China must have a large force of civil, mechanical and mining engineers. It will need metallurgists, chemists and other specialists. It will probably establish national banks and a new system of coinage, with mints in a half dozen provinces. Its post office system will be modernized, and as for its railroads, thousands of miles of new lines are already projected and much new track is being laid in different parts of the Empire. There will be Government openings for school teachers and college professors, and also opportunities from private capital for specialists in all modern industries."

In connection with the foregoing it is interesting to know that on Saturday, October 6, forty-seven Chinese youths arrived at San Francisco for the purpose of entering technical schools in the United States, the expenses for their education and maintenance being borne by the Chinese Government. The students are in charge of Tong Khaw On, of the Chinese Foreign Office, and a graduate of Yale, class of 1884.

CHATEAUX EN CHINE.

From the (London) Saturday Review.

American rhetoric is apt to be hyperbolic, and the estimates which one sees expressed even in responsible quarters of the potential value to America of Eastern trade may be exaggerated; but the American Government is clearly in earnest in its purpose to uphold American interests in the East. The able articles of the *Times'* special correspondent in the Far East have called attention to a number of questions that demand serious attention if the

policy of our own Government is to deserve similar commendation, and, especially, to a case where American and British interests were mutually concerned. An agreement—never, we believe, made public, but the existence of which seems unchallenged—between Prince Ching and Sir Ernest Satow, in 1903, stipulated that when China contemplated making a railway from Hankow to Szechuen she should have recourse to British-American finance. An agreement made in 1899 between two groups of British and German financiers, under the auspices of their respective governments, reserved the Yangtse valley for British and the valley of the Yellow River for German enterprise. Yet the curtain rises on a Franco-British combination, into which Germany has been allowed to enter, for the construction of this very Hankow-Szechuen line, while no communication had seemingly been made to America in pursuance of the understanding of 1903. How it all came about is not clear; but one would have thought that it behooved our Government and our financiers to approach America, in pursuance of that agreement, directly negotiations for a Hankow-Szechuen Railway loan were opened; and what happened seems to have been a reminder from Washington to that effect when it became known that other influences were at work. "Fling away your own interests if you like, but not ours!" and the terms of the loan were actually revised at the last moment, and the amount raised from £4,500,000 to £6,000,000 to permit the inclusion of America as a fourth partner in the group. It is all as curious as a Chinese ivory puzzle. There was the 1903 agreement. How and why was it ignored?

There seems a fatality about agreements connected with China. Scarcely a clause of the Shanghai treaty of 1902 has been fulfilled; and the *Saturday* remarked at the time that that treaty was itself a recapitulation of former agreements which had fallen flat. It was said two years ago by one who knew China well that our mistake lay in the fact that we thought when we had signed a convention with China it was all over, whereas in fact it was only beginning; and successive Governments seem unable to escape from the delusion. A people who are accustomed to see things begin and end with an edict may naturally fail to expect consequences from the signature of a treaty. Chang Chi-tung had a great deal to do with the negotiation of the Shanghai treaty, which contains a clause, among others, providing for the participation of British and Chinese in mining enterprise. Yet one of Chang Chi-tung's first acts was to draw up a set of mining regulations which even his own countrymen condemned as impracticable, but which had, at least, the decisive effect of making British participation in mining enterprise in China impossible. It is a game in which practice has made Chinese statesmen adepts. Having been led to sign an agreement, how to escape fulfilling it? We saw them making the attempt the other day at Antung. The Portsmouth treaty permitted Japan to relay a light mountain line which had been hurriedly put down during the war, so as to make it serviceable for commercial use. The intention was obvious to a child; but the Chinese insisted that only similar light rails must be laid, at the same gauge, up and down hill over the same track. Japan lost patience and announced that, as China refused to listen to reason, she should proceed "on her own"; whereupon China promptly listened to reason. It is desirable sometimes to have a will of one's own and to express it. Otherwise one is liable, in dealing with certain people, to be shouldered out of any interests soever.

"Quel pays de paperasses!" one was heard to exclaim who had experience of the forms and certificates required to

compass marriage, twenty years ago, in France; but the papers are at least intended, there, to promote a conclusion. The epidemic takes another form in China. The recent outpouring of edicts in Peking announcing one reform after another has made a great impression in this country, and His Majesty's Minister is expected, doubtless, to maintain a sympathetic attitude toward a Government filled with such virtuous impulses. But one for whom the editor vouches as "having had exceptional opportunities for many years of studying the Chinese at close range" declares, in a recent number of the *North China Herald* that it is largely empty talk, which delights the Peking mandarins "because it means new boards, new appointments, more opportunities for squeeze, and more openings for sinecurists. Hence we have one reform after another announced, but not a single one taken up seriously and carried through. The army, the navy, the currency, education, finances, police, etc., all are to be overhauled in the most wonderful way. Where the money is to come from no one asks and no one cares." Costly educational establishments are being created without a supply of competent teachers. New warships are to be built, at a cost of millions, in disregard of the fact that each previous essay in that direction has resulted in the destruction or capture of the casual ships by the first enemy who comes along. Leken is to be abolished, opium to be suppressed and bribery to be eradicated; and yet, to quote the French proverb, the more it changes the more it remains the same thing. We may be referred to the institution of provincial assemblies as evidence that things do happen, and that this satire is unjust. "Today" (Dr. Morrison telegraphed from Peking last week) "marks an era in the establishment of constitutional government in China. In obedience to Imperial decrees * * * elections have been in progress for some time past, and the assemblies meet today. * * * The event may be one of great historical importance." Yes, but the question is in what direction and toward what end the portent may tend. The writer whom we have quoted says "the idea of a constitutional government in China, where each man's ambition is to serve his own ends, is a huge joke. The Government in Peking know this quite well, but they are anxious about revolution, and the talk of a constitution is a piece of opportunism adopted to keep the discontented quiet." This will sound, no doubt, unsympathetic to people at home who regard the British Constitution as sacrosanct (even if they seem uncertain just now as to its nature) and representative institutions as a panacea for all ills, and who regard the Chinese as a great people who are on the high road to progress along representative lines. The curious thing is that it never seems to occur to such that peoples may be great without being alike; that a nation—especially a self-contained nation like the Chinese—evolves a religion, social customs and methods of government which suit it and become part of its being, yet may differ materially from those which suit another nation, and that drastic change is an experiment fraught with dynamic danger. China has had representative institutions of sorts in her guilds and in her gentry who act on, no doubt, and are acted on by the officials—but who form all together a rough synopsis of opinion which Peking rarely tries to ignore or override. The problem in the way of representative institutions and of reforms generally in China is that nowhere is the maxim of self and self interest carried to so high a pitch. No man will work harder than a Chinaman when he is working for himself; but no man is more prone to scamp a job which he is doing for another. No man is shrewder at a commercial transaction in which he is interested; but his views of collective transactions are colored largely by the prospects of "squeeze." Will the modest invitation to unselfish collective action implied in the provincial assemblies change this peculiar morale or affect the tone of society or of thought, or the Government, in any way? The problem is an interesting one, and the solution may be unexpected—seeing that the problem itself is Chinese.—R. S. G.

THE RULERS OF CHINA.

(From the Far Eastern Review.)

THE PRINCE OF CH'UN.

His Imperial Majesty, Tsai Feng, undiminished prince of the first degree, fifth son of Yi-huan and heir to the title of the House of Ch'un, Prince Regent of China, and father of the Emperor Hsuan Tung, is today the central figure in the great drama unfolding itself within the wall-bound palaces at Peking. Called to take charge of the tottering fortunes of the great Ching dynasty by the last decree of the Empress Dowager, it is now clearly evident that the Prince of Ch'un is making an earnest effort to defend his country from the dangers surrounding its existence as a political entity, by initiating a program to recover its lost rights, planning the expansion of the army and navy, reorganization of its financial system, and preparing the way toward its elevation as a world power, through the various stages of reform leading up to constitutional government. The task set for this young prince to preserve the inheritance of his son, and deliver it intact in the years to come, is one calling for the highest attributes of statesmanship and diplomacy. Will the Regent prove equal to his trust? Is he the man of the hour, the leader who will guide China along the right paths and emerge triumphant with a reconstructed Empire, able to maintain her prestige in the family of nations? History will decide. For the present it is rather early to prophesy, but if the events of the past six months are any criterion the outlook for his success is very bright.

As the result of foreign travel and liberal education the Regent may be classed as a progressive. As Prince he displayed great interest in all matters tending to benefit the Empire, and this trait has so far largely controlled his actions as Regent. On the other hand, the traditions of race and family and the influence of his advisers are conservative and reactionary.

The first glimpse the world received of the character of the young Prince was when he visited Berlin after the Boxer troubles as the Imperial Envoy to make amends for the murder of Baron Kettler. He fulfilled the mission in a manly, dignified manner, and elicited universal admiration by refusing to degrade himself by performing the "Kowtow" before the German Emperor.

This tour of foreign countries in 1900 gave him the opportunity to study and observe Western customs, ideas and progress, and on his return to Peking he urged the adoption of many innovations for the capital. It is said that he greatly embarrassed the late Empress Dowager by pertinent questions as to why the streets of Peking were not paved, why a water system was not installed, and why other equally revolutionary improvements were not adopted in the capital. It is also stated on high authority that his personal descriptions and reports to Her Majesty exercised great weight in turning her ideas and bringing around the many improvements which have since been made in Peking. During the interval between his return from Germany and his selection as Regent, Prince Ch'un was

preparing for his present high office by deep and zealous application to study. For several years he daily attended the Nobles' School of Peking, giving special consideration to the study of higher mathematics, political science and military matters.

Punctuality and modesty characterized his attendance at this school, and to attain the former he frequently purchased his early breakfast from the street hawkers of Peking. At the same time he was also being initiated into the affairs of state. His first official appointment in 1901, before his departure for Germany, was the command of the Plain White Manchu Banner Corps with rank of lieutenant general. Near the close of his studies he was appointed at one jump as a supernumerary Grand Councillor, the highest official body of the Empire, which brought him into close touch with the great statesmen of the day. These important duties, which were to prepare him for his future office, prevented his continued attendance at the school, but the lessons were sent to the palace for him to take up after official hours. In February of 1908 he was made a full Grand Councillor, an honor only conferred on old and tried officials, thus placing him on equal footing and rank with the most experienced wise men of the Empire. The appointment of the young Prince of Ch'un to the Grand Council was a step filled with import and significance, and foreshadowed his selection as the next ruler. In the Cabinet, composed of such old graybeards as the Prince of Ching, Shih-Hsu, Chang Chih-tung and Lu Chuan-lin, with the younger and more progressive Yuan Shih-kai, the Prince of Ch'un soon became conversant with all the leading political questions of the day, and had a share in the deliberations and decrees of this august body. He was shortly afterward appointed a member of the Government Council, a body also composed of the highest and oldest officials of the Empire, and then appointed a member of the Commission of Constitutional Reform.

So for a long time previous to the death of the Emperor and Empress Dowager, Prince Ch'un had an intimate knowledge of affairs of state, participated in the sessions of the Grand Council, and was in full touch with the deliberately considered policy of the Government. His foreign experience and study imbued him with genuine progressive tendencies, and a firm belief in the benefits of a constitutional form of government for his country, and a desire to organize and expand military, naval and commercial affairs. It was in this manner that the late Empress carefully educated her choice for the Regency, so that the reins of government would fall into strong hands. The one great requisite for the occupant of the Throne, during the Regency, is a firm character to successfully enforce his will and ideas of reform against the certain opposition of the many old hard shell reactionaries filling the highest offices of the Empire. Judging from such reports as filter through the outside world, the Prince of Ch'un has stood the test, and it is becoming more and more evident that his will is law and must be obeyed.

THE SELECTION OF THE EMPEROR.

In view of the many stories published purporting to give the real facts surrounding the selection of Pu-yi as Emperor and his father as Regent, it is quite clear that this choice was decided on long ago by the Empress Dowager. His careful training and appointment to the Grand Council lends veracity to the report published in the *Far Eastern Review* in December last, which stated that the Empress Dowager had promised Viceroy Jung-lu, on the marriage of his daughter to Prince Ch'un in 1902, that if a son was born to them he would be selected to succeed Kung-Hsu. Jung-lu as Viceroy of Chihli had been the firm partisan of the Dowager. In the reform movement of 1898 the Emperor listened to his advisers and ordered Yuan-Shih-Kai to proceed to Tientsin, execute the Viceroy and return at once with his army to Peking. Instead of carrying out his orders he gave Viceroy Jung-lu three days' grace, which was sufficient time for him to proceed to Peking, apprise the Empress Dowager of the plot and bring about the now celebrated coup d'état of 1898. Kuang-Hsu was imprisoned in his palace, deprived of power and the reins of government seized by the Empress Dowager. Nothing is more natural than the Empress would bestow some high mark of appreciation on the Viceroy whose quick action again placed her in supreme control, and after the marriage of Prince Ch'un to his daughter and the birth of a son the elevation of Ch'un to the Grand Council—the only young prince thus honored—is sufficient proof that the Dowager was faithfully carrying out her promise and educating her choice for the Regency, although for reasons of State the official announcement of the election was not published to the world until the day of the Imperial deaths.

Lady Yu-Keng, a former lady-in-waiting to the Dowager, in a letter to the *Washington Star*, tells the following story of the selection:

"The child Pu Yi was selected by their majesties the day before they died, and Prince Ch'un was designated by them to be the regent in an edict that appeared on the day before the Emperor died. Yuan Shih Kai, being a Chinese, could not under any circumstances, no matter how influential he might be, have anything to do with the selection of a successor to the throne. Even Prince Ching, who had a great deal more influence with Her late Majesty than ever Yuan did, had nothing to do with this selection.

"On the 19th day of the eleventh moon, while the Emperor was still living, the Empress Dowager went to see him at his own palace (Ying Tai) to consult him regarding his successor. Kwang Hsu himself was the first one to suggest Pu-yi, his nephew, and after talking the matter over Their Majesties decided that Pu Yi should succeed, and as he was only four years old, his father, Prince Ch'un, should be appointed Regent, to rule until Pu Yi reached the age of eighteen years."

DISMISSAL OF YUAN SHIH-KAI.

The first great act of the Prince Regent was the summary dismissal of Yuan Shih Kai, the ablest statesman and most progressive official of the Empire. By a stroke of the vermillion pencil he was deprived of all his honors, dis-

missed from his high offices, and banished to his home in Honan Province to "nurse his sick leg."

As noted above, Yuan had betrayed the late Emperor Kuang Hsu in 1898. The Emperor never forgave him, but could not avenge himself, owing to Yuan's strong influence and favor with the Empress Dowager. Many of Kuang Hsu's lonely hours were passed in writing denunciations of Yuan Shih-Kai, and after his death several chests full of such papers were found in his rooms by the Regent. One long special indictment against Yuan, directed to the Regent, concluded with the sentence, "Let Yuan be at once beheaded." Kuang Hsu, in the few opportunities he had for conversation with his friends, invariably brought up the subject of Yuan Shih-Kai's treachery and his thirst for vengeance. So it was natural that on Prince Ch'un's elevation to power he would remove his brother's arch enemy. But not an inkling of his intentions leaked out to the world. To all appearances Yuan was still all powerful and in favor, and an indispensable official to the Empire.

But on the expiration of the period of official mourning the Grand Council met as usual, and the Regent presented an edict for the pardon of the reformer Kang Yu-Wei, the friend of Kuang Hsu, now a refugee in foreign countries. Yuan refused to sign it, and used rather strong language. A scene was averted then by the tact of old Prince Ching who invented a sudden indisposition which adjourned the meeting. Before the next day's meeting the Regent called a special session of the Council, and handed them an edict, dismissing Yuan and ordering them to sign it. It is stated that one of the Council attempted to argue the matter with the Regent, but was peremptorily ordered to close his mouth and sign the paper. The paper was signed.

The next morning when Yuan appeared at the Council Room he found the doors barred to his entrance, and before he could master his surprise and indignation his dismissal, concealed in solicitous verbiage for his poor health, was handed him. Yuan fell back in a faint, fearing that the edict of dismissal was only preliminary to his death warrant.

YUAN'S FLIGHT TO TIENTSIN.

It is quite evident that Yuan lost control of himself and fully expected to be executed, and his subsequent actions justify the belief that he contemplated some move to protect himself or save his life by flight. For some time previous to the deaths at Peking, Yuan had endeavored to be relieved of all his high posts and ordered back to his former office as Viceroy of Chihli. Here he would command the modern-drilled army, previously organized and trained to high state of efficiency under his direction. Yuan evidently had a premonition of the impending deaths and desired to be away from Peking and entrenched in a strong position when the crisis occurred. However, the Empress refused his petition, nor would she permit him to retire as he requested on account of his "sick leg."

The Viceroy of Chihli, Yang Shih Hsiang, was a creature of Yuan's, and owed his post to Yuan's favor. When Yuan recovered his senses he fled from the capital direct to Tientsin, traveling in the ordinary first class coach of

the railway. On arrival he sent a message to his protégé, the Viceroy, that he was coming to see him.

It is said that, fearing death, Yuan's intention was to enlist the co-operation of his favorite, and place himself at the head of his troops and defy the Regent. Whatever hopes Yuan cherished in this direction were quickly crushed by a message from Viceroy Yang refusing to receive him at his yamen. As the Viceroy went so followed all the leading Tientsin officials, and to escape possible arrest Yuan hastily entered the British settlement and secretly passed the night in the Astor House.

Knowing that Yuan was courageous and resourceful and would cause trouble if his life was in danger, his sudden departure from Peking alarmed the Government. It is reported that a message was hurriedly dispatched to Yuan, informing him that his person was in no danger, and guaranteeing him safe escort if he would return to Peking and retire quietly to his home in Honan. Whatever ulterior designs the Regent held as to Yuan's further punishment must remain a secret, and the world can only judge his action by sense of the edict permitting him to retire on account of ill health. Yuan's betrayal of his friend and patron, the Emperor, in 1898, was returned in full by his protégés in Tientsin, when he fled to them for protection and assistance after his downfall.

And so the Prince of Ch'un at once demonstrated his strength of character, firmness of will, and also his ideas of clemency and mercy. The world at first disapproved, but once the real reasons for Yuan's dismissal were made public the summary action of the Regent and the undoubted clemency shown in sparing Yuan's life have won for him general respect and admiration.

THE DISMISSAL OF SHENG YUN.

A more recent example of his character and fixity of purpose in his policy is revealed in the prompt dismissal from office of Sheng Yun, the Viceroy of the Shen-Kau provinces. Several edicts have been issued from the Throne commanding the Viceroys and Governors to create provincial assemblies and in other ways prepare for the constitution to be granted in seven years, and nearly all the provincial rulers have initiated certain movements along these lines. Of course, the idea of a constitution is repugnant to many of the old conservative officials. While pretending to co-operate, the reform movement is used as a cloak to create new sinecures for favorites, and little real progress is made toward preparing the people for the exercise of their rights. But the wily, tactful old officials are careful, however, not to openly antagonize the new movement. All except Sheng Yun, the Viceroy of Shensi, and Kansu. Some time ago he memorialized the Throne that the constitution could not be applied to his wild border province of Kansu, where the inhabitants were far behind the rest of China in learning and civilization. The Regent gently reprimanded him on these views. The Viceroy, notwithstanding this concealed hint, insisted that as far as Kansu Province was concerned he was justified in his attitude, and requested the privilege of

coming to Peking and verbally explaining the situation. The Regent telegraphed back that he could submit his report either in writing or by telegraph, but he could not leave his post. So Sheng Yun vented his opinions about the constitution rather freely by telegraph, and at the same time expressed a strong desire to retire. He also suddenly developed all manner of alarming physical ailments which necessitated a complete rest from the strenuous life of a Viceroy.

The answer of the Regent was quick and to the point. The edict permitting the Viceroy to retire is as much a summary dismissal as was the one handed to Yuan Shih-Kai, and again the Regent is seen in the role of a merciful ruler.

IMPERIAL EDICT.

Peking, 23d June.—"The preparation for constitutional government is carried out in accordance with the Imperial Decrees of the late Empress, and upon Our succession to the Throne We also decreed to all the officials in Peking and provinces to obey Our desires to accomplish the reforms started by the late Emperor. Sheng Yun, the Viceroy of Shen-Kan, has asked us to allow him to come up to Peking to state his views verbally, and then We ordered him by wire to present a memorial, by telegraph if desired, as We are quite willing to hear the views of officials on various subjects. Now We have received his memorial, in which he expresses his views on the constitution and his desire to retire from his post. We notice in the memorial and by his conduct that he wants to show his prejudiced obstinacy, which We deem much to be deplored. We consider that he should be dealt with severely as a punishment for his conduct. However, considering his past merit, having served in remote provinces for many years, We simply grant him leave to retire as he requires."

To the outsider the stand taken by Sheng Yun in regard to the application of a constitution to the unlettered savage and wild tribes of the Kansu border is undoubtedly a correct one, but the fiat has gone forth that the constitution will be granted, and it behooves all officials to fall in line and lend their assistance to the scheme, or they will also lose their official heads under the axe of Ch'un.

APPOINTMENT OF THE REACTIONARY HSI-LIANG.

One of his official acts, which give rise to a suspicion that he is not completely free from the influences of the old reactionary party, was the recall of Viceroy Hsu Shih-Chang from Manchuria, and his promotion to the presidency of the Railway Board, and filling the vacancy at Mukden by the transfer of Viceroy Hsi Liang from Yunnan. Viceroy Hsu had surrounded himself with the most brilliant and clever foreign educated officials of the Empire, and made considerable progress in developing the provinces. But under his régime many important questions arose with Russia and Japan, which lagged along without any solution being arrived at by either side. There is little doubt that Manchuria, under Viceroy Hsu and his foreign educated officials, was the best administered vicereignty of the Empire, and it is

difficult at present to fathom the real reasons underlying the change of officials. The new Viceroy, Hsi Liang, is a Mongol and a pronounced reactionary of the old school. It is also claimed that he has been under Russian influence for years. He refuses to ride in a coach, preferring the sedan chair; criticises the waste of money in erecting the fine, commodious modern Government Houses at Mukden, and is pulling to pieces the work of three years of the most enlightened provincial rulers of China. With his arrival the many foreign educated officials have been either transferred or placed on waiting orders, and their places filled by reactionary favorites of the Viceroy, or left vacant under the plea of economy.

This shuffle of the cards reveals a purpose on the part of China to pursue another line of policy in dealing with Manchurian affairs, and while it is possible the Regent may be justified in transferring those officials who have created some of the friction with Japan, and leaving the solution of pending issues to an entirely different set of officials, on the other hand the act is open to criticism, as the reforms initiated by the more progressive administration of Viceroy Hsu will be retarded by the reactionary tactics of Viceroy Hsi.

A HARD WORKER.

The Regent has shown himself in many ways to be a man of action and a hard worker. It is reported that he goes to the palace every morning about 3 o'clock. He first spends an hour or so in perusing the various memorials and then awaits the order to go into the Presence Chamber, where he discusses the Imperial edicts to be issued that day with the Grand Councillors. After this is done he sees the Empress Dowager if there is any important matter which demands her indorsement. It is generally between 10 and 11 a. m. before he can retire to his private rooms where he reads the memorials and sometimes holds a conference with Prince Ching and the other Grand Councillors. The day's work is over about noon, when His Imperial Highness goes home to his palace.

The Regent appears to be a man thoroughly conversant with what is going on around him, and one of his first acts was to issue an order that anyone could present a petition or memorial to him direct. His servants were instructed that free access be granted all persons coming to deliver a letter or petition, and at the same time they were prohibited from causing the arrest of anyone on their own responsibility, and warned against applying to him for posts for any of their friends. It is also reported that the Regent has placed a regular petition box in the palace, with a special deputy in charge. All representations concerning government matters are duly passed and presented to His Highness for perusal, but papers on private business or attacks on officials are unnoticed. The Regent has also cultivated the habit of a modern Haroun al Raschid, attiring himself in plain clothes and reconnoitering Peking to see for himself how his people are faring. Sometimes from the depths of a Peking car, again from the more humble ricksha, and at times on foot, it is reported that the Regent

flits about the city gathering his own ideas, and listening to the political gossip and comments of the shops.

NEW ORDER OF THINGS IN THE PALACE.

So, when he has occasion to speak his mind, he does so in no uncertain manner. One of his first edicts, issued in January, came as a hot shot into the camp of the reactionary officials who thought they were pulling the wool over the eyes of the young ruler. His message quickly recalled them to their senses. "No one in the Government is really carrying out reforms, but they are merely using reforms as a pretext for appointing partisans to desirable offices." This remark sheds a flood of light on the character of the Regent, who is evidently fully informed as to what is transpiring throughout the Empire and is equally determined to carry out his ideas in the face of opposition. Reforms must take place slowly in China, but a start has to be made and the machinery set in motion. The machinery is moving now, and ponderously the wheels were beginning to revolve. With the Prince of Ch'un at the lever it is hoped that there will be no shutting off the steam.

The Regent holds no illusions concerning the character of his imperial associates and palace entourage. The squabbles and fights of his Imperial cousins and the Manchus of the Court find little encouragement in his eyes. Palace intrigues, which were rife during the old régime, have been squashed with a strong hand. The majority of the Princes, nobles and high Manchu officials are devoid of proper training for taking part in the Government and while away their hours in idleness and pleasure, and creating discord within the palace. The Regent has put his foot down on all this nonsense and commanded the younger nobles to go to school. Prince Yu-Lang has been entrusted with the building of a new Nobles' College, and the pleasure loving Manchu aristocrats must soon go to school and learn things. The influence of the eunuchs under the late Empress Dowager at times surpassed the power of the high officials of the Government, and it is reported that the head eunuch of Her Majesty grew so arrogant as to slap the face of a high police officer. The question of abolishing the eunuch system altogether has been discussed and met with the Regent's approval, but as it is a matter largely affecting the present Empress Dowager he has courteously left it to her to decide, without pressure from him. He has, however, according to native reports, personally requested the Empress to instruct the head eunuch to prohibit the others of his class from freely entering the palaces in which they have no business and confine themselves to their own precincts. Several officious eunuchs have been arrested and punished for interfering with State affairs, and palace intrigues are being put down by rigorous means.

FRENZIED IMPEACHMENTS.

Many charges and countercharges of corruption and maladministration of officials in power were circulating in Peking at the beginning of the new reign. The Censorate, whose duty was to expose these matters to the throne, had for various reasons been timorous in attacking officials high in favor, but the Regent reassured and encouraged them to discharge their duty without fear or favor. As

a result denunciations and impeachments followed in rapid succession. Hardly an official escaped. For a while it looked as though every high dignitary of the Government would be implicated in some alleged fraud or charged with incapacity, and there would be no honest officials left to investigate and try the indictments. While the opportunity was availed of by honest censors to make suggestions on Government affairs or denounce really worthless or corrupt officials, the others seemed to lend themselves as instruments to impeach high officials for purely personal spite.

The most influential Ministers of State, Grand Secretaries, Grand Councillors, Viceroys, Governors and others were denounced for startling crimes and misappropriations. Grand Secretaries Na Tung, Chang Chih-tung, Sun Chianai, Presidents Chen-pi, Yang Shih-Chi, Viceroys Hsu Shih-Chang and Yang Shih, Hsiang, Governors of Honan, Shantung, Anhui and Chekiang, and Yuan Shih-kai were all charged with grave crimes against the country.

It is needless to go into these accusations, as all the officials are still in power, with the exception of Chen-pi, the president of the Board of Communications. His case was flagrant, and in addition he incurred the hostility of British interests, so he had to go.

EDUCATION OF THE EMPEROR.

In the education of the young Emperor the Regent shows much solicitude. He has commanded Chang-Chih-tung and Yung-Chung, the president and vice president of the Board of Education, to follow the regulations for the public schools, so his son will derive the fullest benefits from his schooling, fearing that if instructed along the old lines it will be of little practical value. The Empress Dowager is also taking great interest in her little nephew's education. It is reported that His Majesty is a bright and apt little scholar, and has already mastered many of the ideographs of the language. The Regent has also appointed His Excellency Chang Te-yi, the ex-Minister to Great Britain, as the Emperor's instructor in English.

THE REGENT'S ECONOMY.

From the reports which have leaked through the palace gates to the outside world the Regent is practising strict economy in the expenditure of the Imperial finances and has set a personal example to his Imperial relations and high officials. An allowance of Taels 200,000 was appropriated for his personal expenses, but he cut it down to Taels 150,000 as being an ample sum. In the question of the expenses attending the funeral of the late Emperor, the Regent exercised the right of audit and refused to authorize the excessive charges. A huge sum was appropriated and expended, but on auditing the accounts the flagrant misuse of money and exorbitant charges for certain items were so apparent that the Regent simply refused to allow the money to be paid, and severely reprimanded the officials responsible for the "squeeze." In the building of the mausoleum for the late Empress Dowager Prince Tsai Cheng, who is superintending the erection, submitted an estimate of Taels 3,000,000, but the Regent cut it down a million taels. In the matter of salaries, allowances and general expenses of the palace there has been a marked decrease.

MAKING THE PRINCES WORK.

Perhaps the most noticeable effect of the new régime is the fact that the Regent intends to overturn old traditions and customs in regard to the exclusiveness of his Imperial relatives, and instead of drawing large sums from the state and spending their lives in indolence and luxury, they will henceforth have to work for their allowance. As far as possible members of the Imperial Clan, who are fitted through learning and experience, are being appointed to posts of activity and made to take their part in the affairs of state. Some are being sent abroad to secure the benefit of foreign travel, and open their eyes to the great world of the West, which

has heretofore been a sealed book and beneath their dignity to explore.

THE PRINCE OF KUNG.

The older generation of statesmen, who have so long guided the affairs of China, will soon pass away, and younger blood must take their place. The venerable Prince of Ching, the Imperial statesman who has virtually directed the work of the Grand Council and the Wai-wu-pu for many years, is now too old to stand the strain, and has prayed to be permitted to retire. As it is customary to have at least one member of the Imperial family on these boards, the Regent is now seeking among his cousins a suitable successor for this post. The most probable selection for this important office is His Highness Pu-wei, the Prince of Kung, a young man who has already shown a marked talent inherited from his celebrated grandfather, the Prince of Kung, the great statesman and Regent of the last generation. This young Imperial Prince is a Lieutenant General of the Manchu Red Banner Corps, Acting Comptroller of the Imperial Clan Court, and last year was appointed by the Empress Dowager as High Commissioner for the Suppression of Opium, a post which he still occupies. Since then the opium question has loomed large in China, and the edicts issued from the Throne leave no room for doubt as to their sincerity in dealing with the subject. The Prince of Kung has a huge task on his hands, and one which will tax his ability. Up to the present he seems to have made considerable progress at his work, as the use of opium throughout the Empire is on the wane. While his qualifications for a place on the Grand Council are better than some of the other princes, the best selection is undoubtedly His Imperial Highness Prince Pu-Lun.

PRINCE PU-JU.

In connection with the little Imperial Prince Pu-ju, a story from Peking concerning him recently found its way into print. It appears that, when returning from the May races at Peking, the French Chargé d'Affaires jostled against the cart in which Pu-ju, Prince Kung's brother, was riding, and the young prince struck the diplomat across the face. An apology was demanded and refused, so the legation flag was hauled down and the Chinese Government given three days in which to apologize. The same story related that the other legations also took the matter up, and decided that in the event of the refusal of the Chinese Government to make honorable amends all the foreign flags would be hauled down and diplomatic intercourse broken off. As this contingency did not occur, the inference is that the apology was forthcoming, and, if the story is true, it seems natural to conclude that the fiery little Manchu received a well merited lecture and rebuke from his Imperial uncle, the Regent, for the loss of face of China.

PRINCE PU-LUN.

According to the time honored traditions of the Empire Prince Pu-Lun was the legitimate and rightful heir to the Throne and should have been selected on the demise of Kuang-Hsu, as will be clear on a brief résumé of his genealogy. The first son of Emperor Tao Kuang, who died in 1850, was named Yi-wei. He died without issue. The second son, Yi-Kang, also died childless. Yi-Chih, the third son, had one heir, Prince Tsai-chih, who was therefore the first in line of succession. In addition, Tsai-Chih was by Imperial Decree of Emperor Hsien-Fang ordered to become adoptive to Yi-wei and perform the sacra, which brought him also in line as the direct heir of the first son of Tao Kuang.

On the death of Emperor Hsien Feng in 1861, his son Tsai-Chun became Emperor under the name of Tung-Chih. He died in 1875. Now, according to Chinese custom, the successor should come from the following generation, which would have brought the choice to

the eldest representative of the Pu generation, or the first son of Tsai-Chih. This son is Pu-Lun. But the old Empress Dowager overturned the traditions of the Empire, and placed the son of her sister, Kuang-Hsu, of the same generation of Tung Chih, on the throne. On the death of Kuang Hsu without issue, the succession should, according to tradition, have again reverted to the eldest representative of the Pu generation, but here again the determined old Empress imposed her stern will, and selected Pu-yi, the son of the Prince of Ch'un, as the occupant of the Dragon Throne.

So, rightly or wrongly, according to the viewpoint, Prince Pu-Lun has been twice manoeuvred out of the succession. Both Pu-Lun and Pu-wei (Prince Kung) were legitimate aspirants for Imperial honors, and both had many partisans in the Imperial Clan. It is reported that many of the palace intrigues, occurring after the death of Kuang-Hsu had for their object the furtherance of their desires to become Emperor in place of the son of Prince Ch'un. However, the will of the Empress Dowager has been enforced, Pu-yi reigns as Emperor Hsuan Tung, and the disappointed claimants have fallen in line, and are now lending their cordial support to the administration of the Regent.

Prince Fu-Lung is one of the most intellectual and advanced representatives of the Imperial family. Although still a young man, he has filled some important positions. Since his appointment in 1896 to the command of the Bordered Yellow Manchu Banner he has held the command of the Plain Red, Bordered Yellow and Blue Banner Corps. In 1904 he was sent as Imperial Commissioner to the St. Louis Exposition. While in the United States he was received at the White House by President Roosevelt and met many prominent officials. This experience greatly broadened his views, and, like the Regent, he is heartily in favor of such reforms which will elevate and benefit his country. In 1907 he was appointed to the Presidency of the Senate. This body is an assembly of Ministers whose duty it is to confer on State matters and prepare the foundations of constitutional government. Prince Pu-Lun and the Grand Secretary Sun Chia-nai were appointed by the Empress Dowager to preside over this body, which was ordered to prepare details of the proposed scheme of a constitution and confer with the throne. In this work the young prince collaborated with the older statesmen and worked in harmony with the Regent, who was then a member of the Commission on Constitutional Reform. The regulations drawn up by the Prince of Ching and Prince Pu-Lun and other Ministers, providing for the initial step of establishing Provincial Assemblies, met with the approval of the Throne and an edict was issued ordering the plan to be placed in execution. So here is an Imperial Prince that will be heard from later on, and his selection to fill the vacancy on the retirement of the Prince of Ching seems quite probable. In the event of the death of the young Emperor Hsuan Tung the question of the succession will again be reopened and, if old traditions are preserved, the legitimate choice must rest with the eldest representative in direct line of the next generation, who in this case is the infant son of Prince Pu-Lun, by name Yu-tsun. This contingency would make Pu-Lun Regent.

PRINCE YU-LANG.

One of the members of the Imperial Clan who has recently risen to prominence and who has also shown marked ability is Prince Yu-lang. He is a direct descendant of the Princes of Ting. The first prince of this house was the eldest son of Emperor Chien Lung, who reigned from 1736 to 1796, but the succession passed to the fifteenth son instead. Prince Yu-lang is a typical representative of the old Manchu race, as will be seen from his pictures. He has held several minor official posts at the capital, the most important as vice president of the Board of Interior in 1906. He was appointed last year as the Imperial Representative to welcome the American battleship fleet at Amoy.

This was his first trip away from Peking on official business. Under the new Regent Prince Yu-lang has been appointed commandant of the Palace Guards and president of the Nobles' College. The Regent has entrusted to his charge the building of a new modern college for the Nobles, and as the funds are provided this work will be carried out. Yu-lang is about forty years of age, and is destined to take a high place in the affairs of China during the next decade.

THE REGENT'S BROTHERS.

Two of the most interesting of the Imperial Princes are the brothers of the Regent, their Highnesses Tsai Hsun and Tsai Tao. Neither has taken any active part in the affairs of state. As brothers of the late Emperor Kuang-Hsu and the Regent, they of course are the most important of all the Imperial Clan. Their chief official duty seems to consist in representing the Son of Heaven in praying for rain, or snow, or performing the many sacrificial duties at the various temples. The Regent has found for them useful occupation by appointing them to the commands of the Palace Guards, and it was recently reported that he had selected Tsai Tao to visit Russia to return thanks to the Czar for sending a representative to the funeral of the late Emperor Kuang-Hsu, but H. E. Tai Hung-Tzu, the President of the Board of Laws, was sent instead.

ELIMINATION OF PU-KUANG.

In the light of recent events, which explain the motives of the late Empress Dowager in choosing Pu-yi, the son of Prince Chun, as Emperor, it is interesting to follow the carefully laid plans by which the crafty old lady sought to eliminate any opposition to the choice through the claims of his only first cousin. The first Prince of Ch'un was married to a sister of the Empress Dowager, and had five sons. The first, Tsai-Kuang, died without issue. The second, Kuang-Hsu (Tsai-tien), was made Emperor, and finally died without an heir. Tsai-Feng, the third son and heir to the title, had two sons. Tsai-Hsun, the fourth son, had one heir named Pu-Kuang. Tsai-Tao, the fifth son, has no issue.

When the Dowager decided on making the son of Tsai Feng Emperor, she proceeded to clear the way by eliminating his one rival in the family, Pu-Kuang, the son of Tsai-Hsun. Tsai Tao was ordered to become adoptive to Yi-Mo, a prince of another branch, and Pu-Kuang was then adopted as his heir. This shuffle of the cards left only the son of Tsai Feng in line, without fear of any claims from his cousin.

THE PRINCE OF CHING.

The oldest and ablest of China's statesmen holding office today is the venerable Prince of Ching.

Yi-K'uang, better known as the Prince of Ching, was born in 1836, and succeeded to his father's title as Prince of the Second Order in 1884. His first political post was that of President of the now abolished Tsung Li-yamen, or State Department. The following year he became Second Director of the Imperial Clan Court and Associate Director of the Board of Admiralty. His next posts were Grand Chamberlain, Vice President of the Imperial Clan Court, Lieutenant General of the Bordered Yellow Banner, and from August, 1891, Superintendent of Customs and Octroi at Peking. In the following month he became Director-General of the Board of Admiralty. In 1894, besides being elevated to the position of Prince of the First Order, he received the posts of Director of the Imperial Equipage and Superintendent of the Imperial Armory. His next post was President of the Council of Government (April, 1901), and a few months later he again became President of the Tsung Li-yamen. His next offices were: Grand Councillor (1903); President of the Council of Army Organization (1903), and Comptroller-General of the Army Board (1907). As High Commissioner he was appointed to negotiate the anti-bellum treaty with Japan and that regarding Manchuria in December, 1905, and he was one of

the plenipotentiaries who signed the Peace Protocol in 1901. Though high in the favor of the late Empress Dowager, he was unpopular with the Emperor Kuang Hsu.

The Prince of Ching belongs to the progressive wing of the Grand Council, and in 1900, he, with Jung Lu, the then Viceroy of Chihli, was instrumental in postponing the attacks on the legations. He has directed the affairs of China through many crises, been actuated by sincere and patriotic motives in his official actions, and has given the best part of his life to the service of the Empire. Although it is claimed that he is neither a strong nor brilliant statesman, and too weak to influence his colleagues on any matter of state, his record is full of incidents which elevate him high above any of the other Chinese diplomats of the last decade. During the life of the late Empress his influence was greater than that of any other official. While Yuan-Shih-kai also carried great weight in the decisions of the Empress in certain matters of government, he was a Chinese, and as such impossible to surmount the racial barrier existing between Manchu and the conquered race. The Prince of Ching, as the representative of the Imperial family on the Grand Council and Senior President of the Wai-wu-pu, exercised at all times the predominant influence with the Throne, and today, although aged and infirm and praying for retirement, he still has the full confidence of the Regent. On his withdrawal from office another member of the Imperial family will be appointed as his successor, and whether it is the Prince of Kung or Prince Pu-Lun, it is natural that they, too, will inherit the same power and influence with the Regent as the only Imperial Manchu representatives on these high boards.

PRINCE TSAI-CHEN.

The Prince of Ching has two sons and many daughters. The eldest son, Prince Tsai-Chen, is accounted one of the best looking of all the Manchu Princes, and at the same time has the reputation of being the celestial prototype of Don Juan and the most accomplished rake and debauché in Peking. He has filled several important official positions. His first appointment was the command of the Bordered White Manchu Banner Corps in 1901.

In the following year he was sent as special ambassador to the coronation of King Edward, and in 1903 was made President of the Board of Commerce. In 1904 he was appointed Minister of Presence, and in 1906 carried out a special mission to Manchuria to report on conditions.

The result of the mission was the reorganization of Manchuria into a viceroyalty and the creation of three new governorships, which, although nominally at the disposal of the Empress Dowager, were really the patronage of his father, the Prince of Ching.

An aspirant for gubernatorial honors was Gen. Tuan Chih-Kuei, the Commandant of the Tientsin Modern Drilled Military Police. Knowing the weakness of the young prince he sent him as a gift for his harem one of the most beautiful and accomplished Chinese girls of the North. Tsai-Chen was charmed with the bribe, accepted it, and Tuan Chih-Kuei was appointed Governor of Heilungkiang Province by Imperial edict. But he never reached his post. A censor denounced Tuan to the Throne for bribing Tsai-Chen with the gift of a concubine, and the latter for accepting the present. Despite the undoubted power and influence of Prince Ching, Tuan was degraded, and his son, the Prince, compelled to resign all appointments in May, 1907. For two years he has nominally been in disgrace, but the Regent has apparently restored him to favor by appointing him as special envoy to return the Imperial thanks to the Emperor of Japan for sending Prince Fushimi to attend the funeral of the late Emperor Kuang Hsu.

Tsai-Chen, while the eldest son of the Prince of Ching, does not inherit his father's rank of Prince of the First Order, as, under Chinese law, the rank decreases each generation until finally the descendants reach the level of commissioners, unless the title is bestowed without diminution.

BRITISH EXTRATERRITORIAL JURISDICTION IN SIAM.

The equality of states is said to be a fundamental conception of international law, and within certain limits the statement may be accepted. It should be borne in mind, however, that equality of right is not synonymous with influence, and while, technically speaking, a small nation such as Haiti may be treated as an equal by Great Britain, and accorded the rights before the law claimed and exercised by Great Britain, the influence of the former cannot be compared to the influence of the latter. Equal before the law, they are unequal in influence. It should also be noted, however, that the partisans of the theory of the equality of nations, while applying it to the states whereof they are citizens or subjects, limit in practice its application to states in regular and full standing in the family of nations. Oriental nations, however old their civilization, are not by the mere fact of statehood regarded as equals or treated as such, and are only admitted to full membership in the family of nations upon satisfactory evidence that the citizens or subjects of foreign states enjoy within their dominions the rights, privileges and protection of law accorded in European and American communities. Where these guarantees are lacking foreign states claim the right to protect their citizens according to their own forms and process of law, and treat them as if they resided within territory actually subject to their jurisdiction.

Extraterritorial jurisdiction is thus claimed and exercised, and the status created by the exercise of this jurisdiction is termed "extraterritoriality." Originating in the Orient, custom has given to it the force of law and the rights possessed by foreign nations over their citizens and subjects in foreign parts—in Turkey, for example—are based rather upon the unwritten law, that is to say, usage and custom, than upon provisions of treaties or the disposition of a code. In countries more recently opened to the inroads of European and American civilization the rights over their citizens residing in such parts are measured by treaties concluded within the past century, and it may be said that extraterritorial jurisdiction outside of Turkey is based upon the express provisions of treaties granting to the European and American nations the rights considered necessary for the protection of their subjects or citizens domiciled in the countries rightly or wrongly considered as their inferiors. It cannot be doubted, however, that extraterritorial jurisdiction is inconsistent at once with the broadest or most restricted definition of equality, and it is historically too clear for argument that the exercise of extraterritorial jurisdiction will disappear as soon as the states in which it exists shall conform to the European and American standard of justice and offer the guarantees necessary for the assumption and exercise of sovereignty over all within their borders. Extraterritoriality which formerly existed in Japan has ceased, and in fact as well as in theory Japan is an equal among the nations and sovereign at home as well as abroad.

Extraterritoriality is a passing phase of international development, and will, it is to be hoped, be a stranger in the domain of international law.

The treaty of March 10, 1909, between Great Britain and Siam, is a formal announcement of the fact that Great Britain is ready upon the reorganization of the Siamese courts and practice, and the promulgation of their codes of law, now in process of compilation, to renounce the extraterritorial rights hitherto exercised by Great Britain in Siam. Leaving out of consideration the treaty of 1826, modified in many respects by the treaty of April 18, 1855, the right to exercise jurisdiction over British subjects was conceded by Siam in the following terms:

"The interests of all British subjects coming to Siam shall be placed under the regulation and control of a consul, who will be appointed to reside at Bangkok; he will himself conform to, and will enforce the observance by British subjects of all the provisions of this treaty, and such of the former treaty negotiated by Captain Burney in 1826, as shall still remain in operation. He shall also give effect to all rules or regulations that are now, or may hereafter be, enacted for the government of British subjects in Siam, the conduct of their trade, and for the prevention of violations of the laws of Siam. Any disputes arising between British and Siamese subjects shall be heard and determined by the consul, in conjunction with the proper Siamese officers; and criminal offences will be punished, in the case of English offenders, by the consul, according to English laws, and in the case of Siamese offenders by their own laws, through the Siamese authorities. But the consul shall not interfere in any matters referring solely to Siamese, neither will the Siamese authorities interfere in questions which only concern the subjects of Her Britannic Majesty."

The treaty of 1855 was itself modified by the commercial agreement of May 13, 1856, the material portion of which is as follows:

"With reference to the punishment of offences, or the settlement of disputes, it is agreed:

"That all criminal cases in which both parties are British subjects, or in which the defendant is a British subject, shall be tried and determined by the British consul alone. All criminal cases in which both parties are Siamese, or in which the defendant is a Siamese, shall be tried and determined by the Siamese authorities alone.

"That all civil cases in which both parties are British subjects, or in which the defendant is a British subject, shall be heard and determined by the British consul alone. All civil cases in which both parties are Siamese, or in which the defendant is a Siamese, shall be heard and determined by the Siamese authorities alone.

"That whenever a British subject has to complain against a Siamese he must make his complaint through the British consul, who will lay it before the proper Siamese authorities.

"That in all cases in which Siamese or British subjects are interested the Siamese authorities in the one case,

and the British consul in the other, shall be at liberty to attend at, and listen to, the investigation of the case; and copies of the proceedings will be furnished from time to time, or whenever desired, to the consul or the Siamese authorities, until the case is concluded."

The British Government, therefore, was given extensive jurisdiction over British subjects residing within Siam, and by an Order in Council, dated July 28, 1856, to give effect to the provisions of the treaty it was ordered:

"That it shall be lawful for Her Majesty's consul to hear and determine any suit of a civil nature against a British subject, arising within any part of the dominions of the Kings of Siam, whether such suit be instituted by a subject of the Kings of Siam, or by a subject or citizen of a foreign state in amity with Her Majesty."

The subject of extraterritorial jurisdiction was again and more elaborately considered in the treaty concluded between Great Britain and Siam, dated September 3, 1883, from which Article 8 is quoted in full as necessary to the understanding of the treaty of March 10, 1909:

"His Majesty the King of Siam will appoint a proper person or proper persons to be a commissioner and judge or commissioners and judges, in Chiangmai for the purposes hereinafter mentioned. Such judge or judges shall, subject to the limitations and provisions contained in the present treaty, exercise civil and criminal jurisdiction in all cases arising in Chiangmai, Lakon and Lampoonchi, between British subjects, or in which British subjects may be parties as complainants, accused or defendants, according to Siamese law; provided, always, that in all such cases the consul or vice consul shall be entitled to be present at the trial, and to be furnished with copies of the proceedings, which, when the defendant or accused is a British subject, shall be supplied free of charge, and to make any suggestions to the judge or judges which he may think proper in the interests of justice; provided, also, that the consul or vice consul shall have power at any time, before judgment, if he shall think proper in the interests of justice, by a written requisition under his hand, directed to the judge or judges, to signify his desire that any case in which both parties are British subjects, or in which the accused or defendant is a British subject, be transferred for adjudication to the British consular court at Chiangmai, and the case shall thereupon be transferred to such last mentioned court accordingly, and be disposed of by the consul or vice consul, as provided by Article II of the Supplementary Agreement of the 13th May, 1856.

"The consul or vice consul shall have access, at all reasonable times, to any British subject who may be imprisoned under a sentence or order of the said judge or judges, and, if he shall think fit, may require that the prisoner be removed to the consular prison, there to undergo the residue of his term of imprisonment.

"The tariff of court fees shall be published, and shall be equally binding on all parties concerned, whether British or Siamese."

It is seen, therefore, that extraterritorial jurisdiction,

with the questionable exception of Turkey, is a conventional right, granted and limited by express provisions of the treaty, although to give full effect to the grant it is customary for the grantee to provide either by executive action (orders in council) or by a statute of Congress, as in our own country, the rules and regulations for the observance of the consul or official in the exercise of extraterritorial rights and privileges.

So far as the United States is concerned, extraterritoriality is claimed and exercised in Siam. In the treaty of March 20, 1833, it was provided in Article 9 that "merchants of the United States trading in the kingdom of Siam shall respect and follow the laws and customs of the country in all points." But as our interests in Siam became more considerable, the attention of our Government was called to the advisability of placing the protection of American citizens in the hands of responsible American officials. Therefore in the second article of the treaty of May 29, 1856, extraterritoriality was claimed, admitted, and is exercised at the present time in the following terms:

The interests of all American citizens coming to Siam shall be placed under the regulations and control of a consul, who will be appointed to reside at Bangkok. He will himself conform to and will enforce the observance by American citizens of all the provisions of this treaty, and such of the former treaty, negotiated by Mr. Edmund Roberts in 1833, as shall remain in operation. He shall also give effect to all rules and regulations as are now or may hereafter be enacted for the government of American citizens in Siam, the conduct of their trade, and for the prevention of violations of the laws of Siam. Any dispute arising between American citizens and Siamese subjects shall be heard and determined by the consul in conjunction with the proper Siamese officers; and criminal offenses will be punished in the case of American offenders, by the consul, according to American laws, and in the case of Siamese offenders, by their own laws, through the Siamese authorities. But the consul shall not interfere in any matters referring solely to Siamese, neither will the Siamese authorities interfere in questions which only concern the citizens of the United States.

It is to be hoped that the situation created by the reforms now in progress and the experience of Great Britain under the treaty of March 10, 1909, and of France under a similar treaty, dated March 23, 1907, will be so satisfactory and persuasive that the day is not far distant when foreign nations with interests in Siam may feel justified to entrust their protection and administration to the duly constituted Siamese authorities.—*The American Journal of International Law*.

MR. CHIROL ON CHINA.

Mr. Valentine Chirol, the foreign correspondent of the *London Times*, whose letters on "The Far East Revisited" have excited widespread attention, made a speech at the annual dinner of the China Association, of which the following is a summary:

Mr. Chirol, in returning thanks on behalf of the guests, could not conceal his opinion that the position of this country in China was not what it was when he first went out to the Far East just after the war between China and Japan in 1895. Our position was still a great one, but it was no longer the position of unchallenged and, apparently, unassailable pre-eminence which it then held. He explained the present position of the railway question, and admitted that, under present conditions, international co-operation might be more advantageous than cut-throat competition, but it should be co-operation based upon complete equality and reciprocity of treatment, and not, as in a recent case, imposed under the compulsion of accomplished facts savoring not a little of sharp practice. It had been something of a shock to him to know that so powerful a British institution as the Hongkong and Shanghai Bank, which had rendered immense services to British interests in the past, now included in its court of directors no small proportion of German names, representing the most important German firms in the Far East, which were also the most relentless, and often the most successful, rivals of British trade and industry. Possibly he had not made sufficient allowance for the growing cosmopolitanism of modern finance, but he would have liked to see in these matters also a little more reciprocity, and he could not imagine representative Englishmen being admitted in the same generous fashion to the board of the Deutsch-Asiatische Bank or other equally enterprising German firms in China.

THE FUTURE OF THE CUSTOMS SERVICE.

Few questions were of greater importance for British trade, as well as for the financial credit of China, of which the customs revenues were the sheet anchor, than the future of the Imperial Maritime Customs Service. It was a great satisfaction to learn that Sir Robert Hart, one of his most distinguished fellow-guests that evening, had made up his mind to return once more to China. He would not do violence to Sir Robert Hart's modesty by praising his life's work, but he might be allowed to give a word of praise to the splendid body of men whose loyal and zealous services to China under their great chief were apt, perhaps, to be overshadowed by the unique prestige attached to his name. The maintenance of the high standard of efficiency and integrity to which the Customs Service had attained should be one of the main objects of British policy. No question was at the present time more keenly discussed, or with greater apprehension, among Englishmen in China than the question of Sir Robert Hart's successor when the time came—and it could not but come too soon—for him to lay down the reins. Few doubted that the Chinese Government would fulfill the letter of their solemn engagement toward Great Britain by appointing a British subject, but it was feared that British influence might not avail to secure the appointment of a strong man whom the great majority of the service would welcome as a worthy successor to Sir Robert Hart, and might be brought reluctantly to acquiesce in the appointment of someone less fitted, by experience or by character, to maintain the legitimate independence of the

Customs Service at a time when among the Chinese themselves there was a certain tendency to restrict that independence and to favor those who were prepared to show greater subserviency to the Chinese bureaucracy. For, if, on the other hand, competition with other countries, often State-directed and State-aided, was growing every day more fierce, there was also a new spirit among the Chinese themselves, which manifested itself too frequently in a resentment of foreign influence and a boisterous assertion of Chinese sovereign rights against the foreigner within their gates.

THE BRITISH POSITION IN CHINA.

Nothing had struck him more during his recent visit to China than the sudden and overwhelming inrush of new ideas within the last decade. Into what shape they would ultimately crystallize he would not attempt to prophesy, but certainly within twenty years' time, or sooner, we should have a very different China to deal with than the China of twenty years ago. With many of the aspirations of Young China we were bound to sympathize, but we should remember also the claim which our busy settlements in the Treaty Ports had upon the protection of the British Government for the rights of administrative self-government, which were the charter of their prosperity. If we analyzed the present situation in China, it would be found that, where individual energy and individual enterprise could still achieve success, Englishmen still held their own, though success was less marked and less assured. The failures or the weakening which he had indicated seemed to him to proceed chiefly from the fact that we had not yet learned the lesson of the necessity of the co-ordination of national forces, based upon perfected methods of national education, which Germany, above all, had learned, which Japan had learned, and which the United States, though more tardily, were now showing that they also had learned. Organization and co-operation should be our watchwords. After alluding to the excellent work done by the China Association in endowing a chair for the study of Chinese in London, and by Sir Frederick Lugard in the creation of a new University at Hongkong, he exhorted our rulers, including the Labor members, to remember that our commercial interests, which included those of our manufacturing classes at home, could not be divorced from our political influence or even from our prestige—odious as that word apparently sounded in some democratic ears. If, at the same time, the Englishmen in China were determined to work hard and to pull together, and to consider themselves, each in his own sphere of activity, to some extent a trustee for British national interests, he felt confident that this country would retain in the twentieth century, though probably in a modified form suited to a new order of things, a position not unworthy of that which the British of the nineteenth century created for us in that great unknown empire.

PHILIPPINE COMMERCE FOR THE FISCAL YEAR 1909.

The value of both Philippine imports and exports fell somewhat below the average of recent fiscal years. Imports amounted to \$27,792,397, and were \$3,125,960 less than in 1908, while the export total of \$30,993,563 was smaller by \$1,823,004. The uncertainty of pending tariff legislation toward the close of the year affected the export total to some extent in consequence of the important bearing of that legislation on sugar exports, but in the falling off of import values tariff disturbance of trade appears to have figured to no important degree, and the general condition as indicated by the year's figures is to be explained rather by the widespread commercial depression from which the world is just recovering.

Of the reduced import value more than half is to be found in the item of rice, and this, taken as a measure of increased local production and increased capacity on the part of the islands to supply their staple foodstuff, must be considered a favorable feature of the year's figures. Foreign rice—almost wholly from the French East Indies—was purchased to the value of \$4,250,223, or \$1,611,033 less than in 1908. There was a substantial reduction in quantity, but reduced prices were also an important factor. The exceptionally high prices that prevailed during 1908 steadily declined throughout 1909 to an exceptionally low figure toward the end, with an average somewhat below that of recent years. With the decline of rice imports wheat flour has continued to find increasing favor as a foodstuff, and 291,680 barrels were imported, as compared with 256,055 barrels in 1908, with an increased value of \$127,752. For the past two years these imports have exceeded a million dollars in value, and a review of this trade during American occupation shows a notably growing consumption of the great Occidental staple. Flour is practically all supplied by the United States and Australasia, and the American product made up considerably more than half of the year's purchases.

In the cotton trade of the islands for the year, amounting to \$6,944,978, there was a reduction of \$1,066,856 as compared with 1908. All the leading classes of these imports figured with reduced totals, and all the leading countries in this trade shared in the general decline except Japan, which with steadily increasing sales in previous years, passed all competitors in 1909 and took second rank in this pre-eminently British trade. These imports from the United Kingdom amounted to \$3,499,452, as compared with \$4,161,487 in 1908, purchases from Japan increased from \$515,615 to \$662,019, while those from the United States declined from \$685,919 to \$590,635. The whole fibre and textile trade of the islands was in accord with the downward trend of cotton, and there were reduced purchases of other vegetable fibres, as well as of silk and wool.

The iron and steel trade was smaller by \$231,232, but imports from the United States slightly increased, amounted to \$818,991 of the total of \$1,933,475, and took a conspicuously foremost place in the smaller market, while the United Kingdom and Germany, the only other competitors of any importance, bore the chief part of the year's decline. In other branches of the islands' trade, however, more exclusively American, the United States did not fare so well. Imports of illuminating oil declined from \$806,112 to \$614,334, with heavy reductions in consignments from the United States, while the Sumatra oil found an increased sale, and, with a value of \$227,642, presented the most serious competition to the great American export since the disappearance of Russian oil from the Philippine market. The American shoe has steadily gained favor and established such a prominent place that the large reduction of \$177,294 in the import value of shoes fell heavily on the United States, while a shrinkage of \$60,214 in purchases of canned salmon was almost entirely a loss to the American exporter.

Imports of coal declined in value from \$567,220 to \$461,465, though prices in the Australian market, from which the supply chiefly comes, averaged substantially the same. Recent active exploitation of Philippine coal mines presents a factor of growing importance in connection with declines in this trade. Cement, supplied chiefly by Hongkong, was imported to the value of \$247,425, or \$83,718 less than in the previous year. Opium imports, which under restrictive measures had declined from three-quarters of a million annually to \$143,670 in 1908, practically disappeared from the islands' trade in 1909. Alcoholic liquors, on the other hand, increased \$67,604 in value, and amounted to \$593,633.

A notable exception to the general reduction in the year's trade was in the group of meat and dairy products. In all of the leading items of this group increased import values were reported. Fresh beef reached the unprecedented fig-

ure of \$852,461, or \$372,904 more than in 1908. This increase was, however, offset in large measure by a \$300,000 decline in cattle imports, coincident with active quarantine and restrictive measures against the importation of diseased and infected animals. The Chinese cattle trade suffered heavily, while Australasia profited by the increased demand for refrigerated meat, and supplied practically all of the fresh beef, as well as substantially increased imports of fresh pork and mutton. There was also a marked growth in the butter trade, chiefly supplied by Australasia and Denmark, as heretofore, while the steadily increasing demand for condensed milk continued, and reached a value of \$406,607, of which the United Kingdom contributed \$235,558 and the United States \$97,555.

The total value of exports for the year was less than for any fiscal period since 1904, and in the net reduction of \$1,823,004, as compared with the figures of 1908, both the great hemp and sugar industries figured largely, exports of copra substantially increased, and tobacco made slight gains, while in the miscellaneous group of minor products there was a very general decline in values.

The worst feature in the export trade was the low price of manila hemp. The market conditions of this great staple—exclusively the product of the Philippines—were characterized by heavy shipments and steadily declining prices throughout the year. Export production reached the highest figure since American occupation, while prices averaged the lowest since 1899. The year opened with the abnormally low average export price of \$120 per ton, and with a general downward tendency closed at approximately \$100. The total exports for the year were 147,621 tons, or 33,618 tons more than for the previous year, and yet this greatly increased quantity was marketed at a value \$1,478,181 less than that received for the exports of 1908.

Hemp made up a reduced proportion of the total export trade, but still constituted slightly more than half. The United States and the United Kingdom were purchasers as heretofore of the great bulk of the fibre, of which 77,958 tons were shipped to the United States and 54,533 tons found a British market. The American manufacturer appropriated most of the heavy increase for the year and was a purchaser of larger quantities than ever before. This fact of larger shipments to the United States, taken in conjunction with reduced American purchases of sisal, gives statistical confirmation to trade statements that the Philippine fibre on the basis of lower prices is finding favor with the American manufacturer, to the displacement of the inferior Mexican fibre.

Exports of sugar in 1909 amounted to 110,604 tons, a reduction of 38,718 tons and of \$1,291,328 in value, as compared with those of 1908. These figures are not, however, so significant of a definite loss as the reduced value of hemp. The smaller quantity of sugar marketed during the year was at a somewhat higher average price than that of 1908, while fiscal year returns are not a very trustworthy index to production in the sugar industry and are subject to wide fluctuations. The crop or campaign year in the Philippines is much more nearly coincident with the calendar year, while the fiscal period, ending in the midst of the active export of the crop, is subject to much irregularity in consequence of early or late marketing. In 1909 this condition was further emphasized by the tariff legislation pending at the close of the fiscal period providing for the free admission of Philippine sugar into the United States, and the tendency to accumulate and hold back stocks awaiting Congressional action. Estimates for 1909 have pointed to a normal crop, while exports from January to June were only 71,714 tons, as compared with 103,558 tons during the same period of the previous year. Of the total sugar exports for the fiscal year the China-Hongkong market took 86,435 tons, or slightly more than in 1908. Exports to the United States were 20,948 tons, with delayed shipments awaiting free trade legislation yet to be accounted for.

Copra in 1909 further confirmed its increasing importance as an export of the Philippines and ranked second only to

hemp, with a value of \$6,657,740. The average price was slightly less than in 1908, but the quantity increased from 75,211 tons to 103,896 tons, with an increased value of \$1,196,060. The greater part of it found a French market as in the past. Spain continued the leading purchaser of secondary importance, but Belgium assumed a new prominence in the trade and was credited with \$634,288 worth. Exports to the United States were relatively unimportant, and though of the increased production American purchases amounted to \$287,484, as compared with \$228,565 in 1908, the growing market of the United States is still chiefly supplied from other sources.

Exports of tobacco in its various forms amounted to \$2,792,253. The value of the cigar trade was \$1,083,702, or almost the same as in 1908, but leaf exports in consequence of a slight increase both in quantity and average price produced \$80,646 more, and amounted to \$1,662,269. Half of the cigar exports found a nearby Oriental market in China and in the two great Eastern distributing centres, Hongkong and Singapore, while Australasia and the United Kingdom were the other leading purchasers. Leaf tobacco was taken by Spain to the value of \$1,065,533, and most of the remainder found a market in Austria-Hungary, Netherlands—Gal 2—Philippine Commerce for the Fiscal Year 1909. . . lands and France. No leaf tobacco was shipped to the United States, but cigars figured to the value of \$43,818. The bulk of these left the islands in the months of May and June, and were obviously shipments made in contemplation of free entry under the then pending tariff legislation.

Among minor exports there was a substantial increase in the quantity of maguey; but the condition of the cordage fibre market, that figured so disastrously in the case of hemp, was reflected also in the price of this staple, and there was only a nominal increase in the value of the year's trade. In the value of cocoanut oil exported there was a reduction of \$105,153. This trade was coincident with the establishment of a factory at Manila, and reached a value of over a quarter of a million dollars in 1908. With the destruction of the plant by fire during the past year these exports ceased. The making of hats is a local industry of some export importance, and this trade of \$168,522 was about the same as in 1908, but other exports of minor importance declined very generally in value.

The share of the United States in the import trade of the islands amounted to \$4,691,770, and was \$387,717 less than in 1908. Nearly half of the year's total was made up of leather and iron and steel, and of the two great American export staples, wheat flour and illuminating oil, while the balance was of a widely diversified character. American goods constituted 17 per cent. of the total value of Philippine imports, and there was a relatively insignificant increase over the proportion of the previous year. That under the free trade conditions inaugurated by the new tariff of August 5, 1909, there will be a considerable increase in the volume of American shipments is to be expected, but to what extent the Philippine market will be supplied by the United States will depend upon how far the tariff differential will go toward compensating for the higher cost of American production in competition with other countries entrenched in the trade, and the extent to which the American manufacturer will press his opportunity and adapt his products to the native tastes and requirements.

Of the year's exports the United States took only a slightly smaller value than in 1908, and was credited with \$10,215,331, or a third of the total. The large American demand for hemp has made the United States a good customer of the islands in the past, while limited free entry of Philippine sugar and tobacco under the new tariff provides a much improved market for these staples, and free admission of other commodities furnishes a new stimulus to their production. A new era of activity and an increased volume of trade is, therefore, to be expected with the lapse of the restraining clause of the Treaty of Paris and the establishment of practically unrestricted commercial conditions between the two countries.

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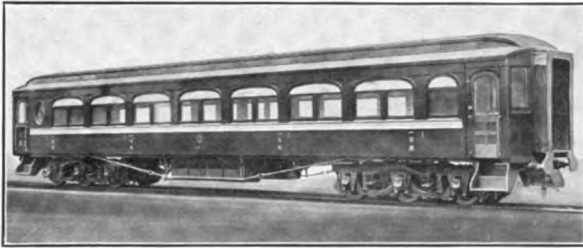
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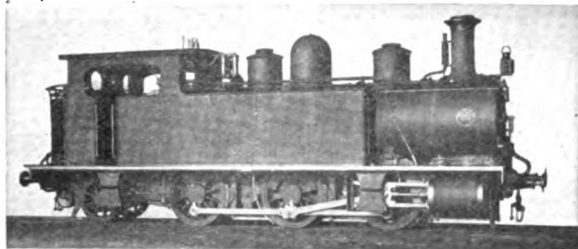
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Journal of The American Asiatic Association

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78 Beekman Street,
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THE new Minister to China, Mr. William J. Calhoun, is pronounced by those who know him to be "a shrewd, forceful, high minded, clean handed, competent man," and one not to be easily baffled or led astray. He has certainly shown a remarkable capacity for holding his tongue, though this may have been reinforced by the melancholy issue of his predecessor's experiment in garrulity. It is perhaps just as well for all concerned that the Chinese Mission should not be insistently proclaimed as the most important office in the gift of the President. Ascription so exalted calls for results which may be difficult, even for the ablest of Ministers, to secure.

MR. CRANE wished it to be understood that he was going to Peking to carry out the policy announced in the speech made by Secretary Taft in Shanghai in October, 1907. That may be briefly summarized as the preservation of the territorial integrity of China, the safeguarding of equality of commercial opportunity, and the sympathetic encouragement of China in following the path of reform. As President, Mr. Taft deals with the Chinese question somewhat less lucidly than he did when Secretary of War. In his annual message to Congress he restates the policy of this Government in the Far East to be that of supporting the principle of opportunity and scrupulous respect for the integrity of the Chinese Empire. But his references to the abolition of likin, the increase of customs duties and the bearing of both on the future development of China, seem to have become clouded in transmission. We acquit the President of direct responsibility for this piece of Bunsbyism: "When it appeared that Chinese likin revenues were to be hypothecated to foreign bankers in connection with a great railroad project, it was obvious that the Governments whose nationals held this loan would have a certain direct interest in the question of the carrying out by China of the reforms in question." The "reforms in question" including the total abolition of the system of levying likin and other dues on goods at the place of production, in transit, and at destination, in return for the payment of a surtax of 7½ per cent. on the present import duty of 5 per cent., as provided for in the protocol of 1901, it must be obvious that the pledging of these revenues for the repayment of railroad bonds simply meant a perpetration of the liken system and a consequent defeat of the reforms with which its abolition is closely associated.

THE question naturally occurs, Does the American Government clearly understand the state of things with which it has to deal in China, and what is its policy in regard to

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