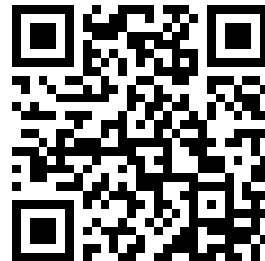

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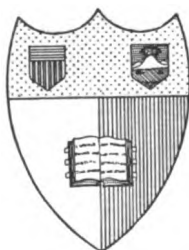
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of the

AMERICAN ASIATIC ASSOCIATION

Volume X

1910 - 1911

Charles H. Johnson
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1910

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C O N T E N T S

Exports to China and Hongkong	3
Imports of Tea and Silk into the United States	4
Commercial Neutralisation of the Railways in Manchuria	4
The Soya Oil Bean in Manchuria	7
The American Association of China	9
Business Conditions in China	12
Memorial of his Excellency Tsen Chun-Hsuan	14
Railway Loan Agreements and their Relation to the Open Door.	15
Exports to China and Hongkong.	35
Imports of Tea and Silk into the United States	36
Reform in China	38
The Manchurian Railway Proposals.	42
Chinese Immigration	43
China in 1909	46
Exports to China and Hongkong.	67
Imports of Tea and Silk into the United States	68
Our Chinese Policy	68
The Reply of the Japanese Foreign Office to the charge of smuggling in Manchuria	72

Japanese Interprise in Manchuria	73
Clark Lectures on China	74
The Relations between the United States and China	74
The History and Economics of the Trade of China.	82
America's Trade relations with China	85
Exports to China and Hongkong.	99
Imports of Tea and Silk into the United States	100
The Mayor's Dinner to Prince Tsai Tao	100
Chinese Text of the Response of H.I.H. Prince Tsai Tao	106
The Present Situation in China	111
Japan in Manchuria	113
Japan's Position and Policy in Manchuria	115
Exports to China and Hongkong.	131
Imports of Tea and Silk into the United States	132
Annual Report of the China Association of Great Britain	132
Trade of China	139
Chinese Progress	141
Trade in Manchuria	142
Some leading Principles of Chinese Law.	143
The Chinese Nationality Law, 1909	145
The Soya Bean	148
Exports to China and Hongkong.	163
Imports of Tea and Silk into the United States	164

Trade and Travel in China	167
Consul General Wilder on Chinese Patriotism.	168
Some Qualifications necessary to a true Citizen of China	169
The Persistency of Likin	171
China's Loans and Debts	173
Chinese Railways and British Interests	174
A Harvard Medical School for Shanghai.	176
The International Institute of China	181
Exports to China and Hongkong	195
Imports of Tea and Silk into the United States.	196
America in China.	196
The Foreign Merchant's Opportunity in China.	205
A Chinese Student's View of Currency Reform.	208
Iron Industry in China.	209
The new Regime in China	210
Exports to China and Hongkong	227
Imports of Tea and Silk into the United States.	228
The new China and its Needs	228
Railway Strategy in China	238
The Cares of the Mandarin	243
Chinese Communities Abroad	244
Cotton Goods in China	245
The Protection of the Tea Industry in Formosa	246

Canton as a Railway Centre	247
Exports to China and Hongkong	259
Imports of Tea and Silk into the United States.	260
Report on the Foreign Trade of China for 1909	260
Summary of the Commercial Liabilities and Assets of China in International Trade	266
Palace Politics in Peking	267
The Medical Condition of China	273
Chinese Naval Reorganisation.	276
Exports to China and Hongkong	291
Imports of Tea and Silk into the United States.	292
The Mystery of the "Status Quo".	295
Trade of the northern Chinese Ports	298
The Annexation of Korea	310
Exports to China and Hongkong	323
Imports of Tea and Silk into the United States.	324
The Chinese Budget	328
Trade Conditions in China.	329
The Trade of Hankow in 1909	333
Chinese Coal for United States	334
Trade of Newchwang and Manchuria	336
Report of the Working of the Imperial Chinese Post Office for the first Year of Hsuan T'ung (1909).	338
Paper Manufacture in Manchuria	341

Digitized by Google

A Chinese Parliament	342
Chinese Foreign Loans	343
Exports to China and Hongkong	355
Imports of Tea and Silk into the United States.	356
China and the Powers since the Boxer Movement	356
The Educational Conquest of China	369
Canton Trade Report.	371
South China Trade Depression.	375
Cash Stringency felt in Swatow	376

Journal of The American Asiatic Association

VOL. X.

February, 1910
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NUMBER I

CONTENTS.	PAGE
CURRENT COMMENT	1
EXPORTS TO CHINA AND HONGKONG	3
IMPORTS OF TEA AND SILK INTO THE UNITED STATES	4
COMMERCIAL NEUTRALIZATION OF THE RAILWAYS IN MANCHURIA	4
THE SOYA OIL BEAN IN MANCHURIA	7
THE AMERICAN ASSOCIATION OF CHINA	9
BUSINESS CONDITIONS IN CHINA	12
MEMORIAL OF HIS EXCELLENCY TSEN CHUN-HSUAN	14
RAILWAY LOAN AGREEMENTS AND THEIR RELATION TO THE OPEN DOOR	15
AMERICAN POSSIBILITIES IN THE FAR EAST	22
ADVERTISEMENTS	24

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78 Beekman Street,
New York City.

THE one encouraging feature about the returns of our trade with China for the calendar year is the increase in the exports of cotton piece goods from \$4,536,209 to \$9,071,601. For the rest, the value of all our exports to China has declined from \$21,741,455 in 1908 to \$19,574,013 in 1909, and to Hongkong from \$8,177,302 to \$7,437,627. The decline in the Chinese exports is more than accounted for by the decreased shipments of illuminating oil. The exports of copper to China, which were valued at \$1,862,268 in 1908, were nil last year. The imports from China show a total of \$29,070,113 against \$22,320,263 for 1908. The imports of China tea have increased considerably in quantity but very little in value, while Chinese silk shows a value last year of \$11,041,578 against \$8,449,147 in 1908. Of carpet wools we bought last year from China \$3,918,168 against \$1,754,279 in 1908. Our export trade with Japan is also retrograde, being valued at \$23,471,837 against \$33,624,781 in 1908. Imports from Japan, on the other hand, continue to increase, the totals being \$68,116,656 against \$63,918,330 for the previous year. The major portion of this increase is in silk, the gain for the year being about \$3,000,000. In no single item of our Asiatic export trade is there any increase, except a small one with the Dutch East Indies, and this although our imports from Asiatic countries have increased from \$171,872,915 in 1908 to \$190,717,086 in 1909. We bought from the British East Indies last year goods to the value of \$69,438,375, against \$53,172,235 in 1908.

WE reproduce in this number of the JOURNAL a lucid and comprehensive summary of the railway loan agreements of China written by Mr. George Bronson Rea, and published in the *Far Eastern Review*, for November. The entire number is devoted to a description of all the railways in China, and contains as a supplement the text of all the existing Railway Loan Agreements. The exceptional value of such a publication at the present juncture must be obvious to all interested in the subject. As to Mr. Rea's plea for allowing China a free hand in the work of constructing her own railways and spending in her own way the money borrowed from the foreigner for that purpose, opinions may fairly differ. Mr. Rea's argument is, briefly, that China has shown her ability to build railroads more cheaply, and quite as efficiently, under native than under foreign supervision. He regards it as axiomatic that if the average cost of roads built under the strictures of foreign loan agreements in \$45,000 gold per mile, of which sum at least two-thirds are for labor, land, and supplies purchased in the country, and only one-third goes abroad

for materials, while serviceable railways can be constructed and equipped for \$20,000 to \$30,000 gold per mile, when built without foreign interference, China could more than double her railway building if unmolested in the administration of her affairs. The same amount of money would be expended in the country, but the orders to foreign manufacturers for cars, locomotives and railway supplies would be doubled. What the banker, purchasing agent, and staff employees would lose would be repaid to the foreign manufacturer ten times over, and in the end bring just as much profit to the banks as though they held out for the continuance of a system in which they are at present the greatest beneficiaries. Critics on the spot will probably be able to furnish Mr. Rea with some very excellent reasons why foreign control should accompany the expenditure of foreign capital. But the case, as he puts it, has at least the merit of being an original treatment of the situation, and of being the opinion of an eminently fair-minded and capable man.

ON one point it is to be hoped that Mr. Rea may not have erred from an excess of optimism. He has the fullest confidence in China's credit, and while admitting that her finances need organizing, he insists that this will come in time. Referring to what he calls the pessimistic reports of China's unstable currency and financial chaos, he points out that her bonds are eagerly accepted by the investing public at par or at a premium. But does it follow that "this denotes a confidence in the Imperial Government guarantee, equal to that extended to other first class powers"? May it not be due to the fact that even the declared bankruptcy of China would only lead to a more efficient administration of her financial affairs, because the great powers whose nationals had advanced money to China would insist on creating a kind of international receivership. There can be no possible doubt about the inherent ability of China to meet all her obligations, but there is, unhappily, some serious doubt as to her capacity so to reform her administration as to secure an honest return from her existing sources of internal revenue. Were the salt tax and the land tax as honestly collected as are the revenues from maritime customs, China would have a very handsome surplus to show on her expenditures today, always provided that the cost of collecting the provincial revenues be regarded as three-fourths wasteful, and entirely susceptible of being done away with in at least that proportion. Reflections like these rather blunt the point of Mr. Rea's argument that "if international protestations of friendship to China are sincere, and there exists a genuine desire to maintain the Open Door and further foreign trade relations, every country should subscribe to the doctrine of permitting China exclusive control of her Loan Fund for Railway purposes."

ONE side of the Chinese Railway question, about which there will be general agreement, was dealt with at the dinner given at Shanghai to his Excellency Shen Yun-Pei, vice president of the Ministry of Posts and Communications, on the 28th of December last. Mr. Pope, the general manager of the Shanghai-Nanking Railway, in proposing

the health of his Excellency made the very excellent point that the time had come for the Imperial Chinese Government to take heed most closely to the Imperial side of the question, and guide with a strong hand the inter-railway relations of the very many separate local systems that are growing up. He went on to say that if the local lines are left to run local interests under certain limitations and the Board of Posts and Communications takes up the Imperial duty of controlling them in reference to the vastly important question of through rates, through traffic, through interchangeability of rolling stock, standard dimensions, the stock being fitted for the military and civil needs of the Empire, it would confer a lasting and incalculable benefit on the country. On the other hand, if these Imperial duties are neglected and not taken up before they become too diversified and irreconcilable, the central government would very soon be confronted with a problem which physically and financially will be impossible. The guest of the evening voiced his appreciation of the general manager's remarks concerning the relationship between the Ministry of Posts and Communications and the different railways in operation and under construction in China. He said that his colleague in Peking and himself believed that the Imperial railways throughout the provinces should work in full accord with the Ministry; one cannot be independent of the other and it is only by working in complete harmony that the common aim might be realized of making the railways a blessing to the country.

SECRETARY KNOX's proposal to the interested powers looking to the neutralization of Manchurian railroads has failed of acceptance, but it has nevertheless served the useful purpose of disclosing the end toward which American policy in the Far East has been steadily directed for the past ten years. There can be no question that if all the railways forming part of the system which connects the West with the Far East could be converted into a neutral estate the maintenance of the peace of the world would be considerably simplified. No government except our own could have submitted such a proposition without being suspected of ulterior designs, and this position of detachment from anything that savors of territorial ambition in China imposes on the United States a moral obligation, besides giving it an exceptional position of authority. Our Government has remained steadfast to the Hay policy of the Open Door, whose essential principles are the preservation of the territorial and jurisdictional integrity of the Chinese Empire, and equal commercial opportunity in China for all nations. It is a logical sequence from these principles that our Government should declare to the world its belief that "one of the most effective, if not the most effective way to secure for China the undisturbed enjoyment of all political rights in Manchuria, and to promote the moral development of the Eastern provinces under the policy of the Open Door practically applied, would be to take the railroads of Manchuria out of Eastern politics and place them under an economic and impartial administration by vesting in China the ownership of its railroads; the fund for that purpose to be furnished by the nationals of such interested powers as might be willing to participate and who are pledged to the policy of the Open Door and equal opportunity."

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the twelve months, ending Dec. 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
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
Total.....	79,635,264	\$4,536,209	120,184,472	\$9,597,863	307,221	\$1,128,499

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.....	16,780,348	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
October.....	4,042,308	253,476	4,476,930	374,685	1,125	4,162
November.....	6,173,276	366,155	8,045,560	643,618	2,450	10,452
December.....	5,452	1,176	4,520,040	371,268	757	3,038
Total.....	154,460,002	\$9,071,601	65,705,865	\$5,930,694	26,775	\$115,842

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
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
Total.....	447,954	\$67,213	12,757,950	\$1,009,585	941,920	\$3,593,265

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
October.....	530,881	41,876	1,785,799	75,896	89,572	375,141
November.....	48,707	6,147	.....	.....	108,433	440,904
December.....	139,993	14,593	3,793,550	314,016	167,645	703,956
Total.....	1,499,633	\$145,208	11,643,945	\$1,052,575	834,826	\$3,431,779

DEPARTMENT OF COMMERCE AND LABOR,

Bureau of Statistics.

WASHINGTON, D. C., January 31, 1910.

**Imports of Tea and Silk into the United States for the twelve months, ending
December 31, 1907, 1908 and 1909.**

	1907.		TEA.		1908.		1909.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
Imported from								
United Kingdom.....	9,280,195	2,283,747	9,434,172	2,133,203	12,294,028	2,786,932		
British North America....	2,373,345	579,317	2,400,029	625,305	4,319,543	976,315		
Chinese Empire.....	33,135,985	4,563,547	26,809,267	3,379,251	33,833,377	3,635,501		
East Indies.....	7,170,671	1,195,876	7,132,313	1,119,793	8,879,983	1,367,434		
Japan.....	45,814,892	7,878,804	44,315,767	7,451,850	44,072,162	7,595,564		
Other Asia and Oceania ..	501,153	80,329	546,953	74,026	431,017	59,406		
Other countries	301,102	78,702	292,120	109,533	654,440	131,880		
Total.....	99,117,343	16,660,322	90,930,621	14,892,961	105,484,550	16,553,032		
RAW, OR AS REELED FROM THE COCOON.								
Imported from	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.		
France.....	527,987	2,234,168	490,003	1,597,097	761,564	2,237,970		
Italy.....	3,352,233	16,663,134	3,865,864	14,586,465	4,595,232	17,837,048		
Chinese Empire.....	3,056,585	11,437,585	3,217,846	8,449,147	4,490,836	11,041,578		
Japan.....	8,618,658	40,844,344	11,089,942	39,386,193	12,211,360	42,305,934		
Other countries	135,981	597,143	59,464	220,132	168,193	638,075		
Waste .....lbs...free..	1,909,276	1,297,357	1,197,897	778,032	2,481,075	1,451,796		
Total unmanufactured	17,600,720	73,073,731	19,921,016	65,017,066	24,708,260	75,512,401		

COMMERCIAL NEUTRALIZATION OF THE RAILWAYS IN MANCHURIA.

DEPARTMENT OF STATE, DIVISION OF INFORMATION.

WASHINGTON, January 6, 1910.

In reply to an inquiry as to the truth of the St. Petersburg report relating to the neutralization of railways in Manchuria, the Secretary of State today said:

The proposition of the United States to the interested powers looking to the neutralization of the Manchurian railroads discloses the end towards which American policy in the Far East has been recently directed.

Late in May last this government learned that an understanding had been reached between important British, French and German financial groups supported by their governments by which they were to furnish funds for the construction of two great railways in China. This government, believing that sympathetic co-operation between the governments most vitally interested would best subserve the policies of maintenance of Chinese political integrity and equality of commercial opportunity, suggested that American co-operation with the powerful international financial group already formed would be useful to further the policies to which all were alike pledged.

This government pointed out that the greatest danger at present in China to the open door and the development of foreign trade arose from disagreements among the great western nations, and expressed the opinion that nothing would afford so impressive an object lesson to China and the world as the sight of the four great capitalist nations—Great Britain, Germany, France and the United States—standing together for equality of commercial opportunity.

Owing to the strong opposition that had developed in certain official quarters in China and elsewhere, the President, in July last, felt warranted in resorting to the some-

what unusual method of communicating directly with his Imperial Highness Prince Chun, Regent of the Chinese Empire, informing the latter that he was greatly disturbed at the reports of certain prejudiced opposition to the Chinese Government's arranging for equal participation by American capital in the Hukuang loan. The president pointed out that the wishes of the United States were based upon broad national and impersonal principles of equity and good policy in which a due regard for the best interests of China had a prominent part. He reasserted his intense personal interest in making the use of American capital in the development of China an instrument in the promotion of China's welfare, and an increase in her material prosperity without entanglements or embarrassments that might affect the growth of her independent political power and the preservation of her territorial integrity.

As a result of this communication an agreement was soon reached with the Chinese Government that American bankers should take one-fourth of the total loan and that Americans and American materials should have all the same rights, privileges, preferences and discretions for all present and prospective lines that were reserved to the British, German and French nationals and materials under the terms of their original agreement, except only the right to appoint chief engineers for the two sections about to be placed under contract. As to the latter point China gave assurance that American engineers would be employed upon the engineering corps of both roads and that the present waiving of America's right to chief engineers would in no way prejudice its rights in that regard when future extensions should be constructed. After several months of continuous negotiation, the right to such American allround

equal participation has been acknowledged and a final settlement on this basis has been all but completed.

The grounds for this energetic action on the part of the United States Government have not been generally understood. Railroad loans floated by China have in the past generally been given an imperial guarantee and secured by first mortgages on the lines constructed or by pledging provincial revenues as security. The proposed hypothecation of China's internal revenues for a loan was therefore regarded as involving important political considerations. The fact that the loan was to carry an imperial guarantee and be secured on the internal revenues made it of the greatest importance that the United States should participate therein in order that this government might be in a position as an interested party to exercise an influence equal to that of any of the other three powers in any question arising through the pledging of China's national resources and to enable the United States, moreover, at the proper time again to support China in urgent and desirable fiscal administrative reforms, such as the abolition of fiscal and monetary rehabilitation.

There were, however, stronger reasons and broader grounds. In fact the action of the government in respect to the pending loan was but the first step in a new phase of the traditional policy of the United States in China and with special reference to Manchuria. As is well known, the essential principles of the Hay policy of the open door are the preservation of the territorial and jurisdictional integrity of the Chinese Empire and equal commercial opportunity in China for all nations. This government believes that one of the most effective, if not the most effective way to secure for China the undisturbed enjoyment of all political rights in Manchuria and to promote the normal development of the Eastern provinces under the policy of the open door practically applied, would be to take the railroads of Manchuria out of Eastern politics and place them under an economic and impartial administration by vesting in China the ownership of its railroads; the funds for that purpose to be furnished by the nationals of such interested powers as might be willing to participate and who are pledged to the policy of the open door and equal opportunity; the powers participating to operate the railway system during the period of the loan, and enjoy the usual preferences in supplying materials.

Such a policy would naturally require for its execution the co-operation not only of China but also of Japan and of Russia who, who already have extensive railway rights in Manchuria. The advantages of such a plan are obvious. It would insure unimpaired Chinese sovereignty, the commercial and industrial development of the Manchurian provinces, and furnish a substantial reason for the early solution of the problems of fiscal and monetary reform which are now receiving such earnest attention by the Chinese Government. It would afford an opportunity for both Russia and Japan to shift their onerous duties, responsibilities and expenses in connection with these railways to the shoulders of the combined powers, including themselves. Such a policy, moreover, would effect a complete commercial neutralization of Manchuria, and in so doing make a large contribution to the peace of the world

by converting the provinces of Manchuria into an immense commercial neutral zone.

The recent signature of an *ad referendum* agreement between a representative of the Chinese Government and the financial representatives of the United States and Great Britain to finance and construct a railway line from Chinchow to Aigun gave the United States an opportunity to lay this proposal before the Government of Great Britain for its consideration, and it is gratifying to be able to state that the project has already received the approval in principle of that Government. There are reasons to believe that such a plan might also meet with like favorable consideration on the part of Russia. Germany and China cordially approve the American suggestion, and certain press reports from Japan indicate that the project may likewise be received with favor by that country. For instance, a recent article on the subject in the *Japan Mail* ends with these significant words:

"One cannot conceal from oneself the fact that if all the railways forming part of the system which connects the West with the Far East were converted into a neutral estate, a great contribution will be made to the peace of the world."

THE REPLY OF JAPAN.

TOKIO, January 21.—The reply of the Japanese Government to the United States' proposal for the neutralization of the Manchurian railways was handed to American Ambassador O'Brien this afternoon. It is a polite declination.

No intimation of the contents of the memorandum of reply is given, but the best information obtainable indicates that the communication is brief and that the declination to accept the neutralization proposition is based on several grounds, the chief of which are that the American plan would be of no advantage whatever to Japan, would afford no advantage to China, and would not change the commercial situation in Manchuria, where Japan is adhering strictly to its pledges of an open door and equal opportunity.

It is understood that the reply is couched in terms of friendly appreciation of the American purpose, but it is not of an argumentative character, and its conclusions are not qualified.

An official of the Foreign Office said:

"Japan's reply to the American Government's proposition has been handed to Mr. O'Brien, the American Ambassador. The answer is in the negative. The necessity for this action is regretted, but the reasons given are that the proposition was not regarded in any other light than a friendly suggestion which does not meet with the views of Japan."

The newspapers which are supposed to represent government opinion say they are unable to understand why any special point was made for the neutralization of the Manchurian railroads, while those in other sections of China were not mentioned. It is pointed out that approximately one hundred miles of the South Manchurian Railroad passes through Japanese leased territory is absolutely Japan's property. Russia's consent to the proposition was indispensable, but Russia holding double the

mileage controlled by Japan did not consent, and therefore, even though Japan had been willing, the entire proposition had to be abandoned.

THE RUSSIAN ANSWER.

ST. PETERSBURG, January 21.—Russia's reply to Secretary Knox's note proposing the neutralization of the Manchurian railways was delivered to American Ambassador Rockhill at noon today. The Russian communication rejects the proposal for the neutralization of existing railroads. It also states that the Russian Government considers the alternative proposition for its participation in an international syndicate for the construction of the Chinchow-Aigun line acceptable in principle, but because of the political and strategical importance of the enterprise and its bearing on the East Chinese Railroad, Russia will defer a final answer on this subject pending the receipt of information as to the principles of the American project. Russia reserves the right to pass upon all such projects as affecting its political, strategic, and economic interests.

The note of reply throughout is in a most friendly tone, and the American proposition is criticised strictly on its intrinsic merits. No reference is made to the diplomatic procedure of the United States or to the motive of that government in submitting proposals.

The delivery of the Russian and Japanese answers to the note of Secretary Knox promising the neutralization of the Manchurian railways marks merely the beginning of protracted negotiations to determine the future status of Manchuria.

The proposal for the purchase of the existing railroads in Manchuria, as formulated by Secretary Knox, is considered here to have been put forward largely with the idea of again getting Russia and Japan on record, since its rejection was foreordained from the moment Japan was included in it.

The tenor of the memorandum indicated that Mr. Knox did not expect an acceptance of his proposition, but had based hopes on an alternative proposal for the neutralization of the Chinchow-Aigun and future railroads and building up a powerful organization, which would be in a position to support China when the date of the optional repurchase, 1913, arrives.

The Foreign Office here has been most keen to ascertain further details concerning the Chinchow-Aigun railway proposal, and an official has repeatedly sounded Mr. Rockhill, the United States Ambassador concerning it, not so much to learn the general financial arrangement, since that admittedly is based on the Hankow-Mukden scheme, but whether the line north of Tsitsihar would be abandoned and whether Russia's special interests would be recognized in the building and operating of the northern sections of the railroad.

It has been pointed out that the line to the northward would be unprofitable and that Russia was in a position to block the crossing of its railroad zone, whereas the road from Tsitsihar to Chinchow would be a trunk line for heavy through freight, passengers, and mails.

Russia's final attitude on the question will depend largely on the spirit in which the United States approaches the question of the administration of Harbin. M. Kokovsoff, Minister of Finance, and M. Isvolsky, Minister of Foreign Affairs, are exasperated by the difficulties raised by this question. M. Isvolsky recently told Mr. Rockhill flatly that the United States would drive Russia to arms with Japan if it persisted in its uncompromising attitude concerning the Harbin administration.

Though the text of Japan's answer to the Knox proposal has not been received here, it is known to correspond closely with that of Russia. Russia and Japan, it is understood, interchanged texts of their replies before they were delivered.

NO SURPRISE IN WASHINGTON.

Special to The New York Times.

WASHINGTON, January 21.—The State Department has not received official information of the action of Russia and Japan in rejecting the American proposal for the neutralization and internationalization of the Manchurian railways. Though the unofficial dispatches relative to the declarations receive full credence, pending the arrival of the texts of the refusals the officials of the department are unwilling to discuss the turn events have taken.

There is every reason to believe however, that for several days, at least, the State Department has been fully aware of the general purport of the answers to be returned to Mr. Knox's proposal by the two governments most vitally interested. It is possible, nevertheless, that the answers are more sweeping than was expected and that an impasse not anticipated here may develop.

It appears that in making such a blunt proposal to Japan and Russia the Secretary of State, aside from his natural desire to secure for the United States, concurrently with other nations, free participation in Manchurian trade, sought to secure from Japan and Russia an exact statement of their present position toward the whole question of the open door. To the open door policy both powers have repeatedly and with some emphasis declared their continued and sincere allegiance. The wish of this government was to ascertain exactly what those declarations were worth in a practical test.

The position of both Russia and Japan seems now defined. According to dispatches received here this afternoon from St. Petersburg, Russia admits that political and strategic considerations forbid her to cede the power she has acquired in the Manchurian district. Japan's reply, though details are lacking, is taken to mean the same thing.

Should it come to light that in this whole matter Japan and Russia are acting on a secret convention agreed on some time ago no one would be surprised. In fact, it has been an open secret that in the present tangle at least there has been frequent and close communication between Tokio and St. Petersburg. Russia throughout has been following the lead of Japan, and in the refusals given to the American Ambassadors at the two capitals today is seen the handwriting of Japan.

The trend of Japanese sentiment away from this country

has been evident since Mr. Knox's proposals have been made public. In the face of the school troubles in San Francisco and the ill feeling over immigration questions on the Pacific Coast it has repeatedly been said, and with reason, that there was no cooling of the friendly relations between this government and the Government of Tokio. What feeling there was of a hostile sort was confined in both countries to people of a rather limited community or class.

It is just here that a change seems coming which puts our future policy in the Orient squarely up to the State Department. A strong indication of this change is the recent interview in which Baron Hiyashi, former Minister of Foreign Affairs, drew a close parallel between the attitude of this country now toward Manchuria, and that of Germany, France, and Russia toward Japan's acquisition of Port Arthur at the close of the Chinese war.

When Japan got Port Arthur, it will be recalled, the three powers protested that her occupation of that port would imperil the peace of the Orient, and on that protest Japan withdrew from Port Arthur and Russia occupied a part of the ceded territory. It was that act which centred on Russia the animosity of the Japanese people that finally led to the Russo-Japanese war. It is suggested that the parallel drawn to that case by Baron Hiyashi is part of a move to antagonize Japan and the United States, and that it marks a trend far more serious than any indicated in the popular outbreak following the California difficulties.

THE SOYA OIL BEAN IN MANCHURIA.

A correspondent contributes the following article to the *Economist* of December 4:

In a recent issue of the *Economist* attention was drawn to the Soya bean trade in Manchuria, and to the rapid rise of the country as an exporter. The Soya bean is becoming an important world article, and probably few products of the soil are attracting more attention at the present moment, both here and abroad. In fact, so great is the attraction that the English manufacturers are beginning to fear undesirable competition for supplies, as America and the Continent are casting envious eyes upon what amounts almost to a monopoly of the trade held by Great Britain at this moment as a consequence of the existing prohibitive import duties on oil seeds in the protected countries. During the past season the English oil-seed crushers settled down to a highly lucrative trade, and for some months past many of the large mills have set their entire plant running on the crushing of Soya beans, to the exclusion of cotton seed, linseed, and other oleaginous seeds. The supposed shortage of the cotton and flax crops in the United States, and the anticipated shortage of linseed in the Argentine, with the resultant scarcity of cottonseed and linseed products, has found the English market comparatively unperturbed, for the reason that Soya oil and cake can supply most of the requirements as well, if not better, while the foreigner is debarred from its use by the presence of high import tariffs. This new industry supplies a good example of

the value to this country of free imports of raw material compared with the protective duties in other countries. The removal or reduction of the duty on the Soya bean on the Continent and in America would be a great blow to our manufacturers, as the Manchurian bean crop, although amounting to over 1,000,000 tons, is too limited to allow of a large trade with many of those countries which would only be too pleased, under equal conditions, to import the commodity. As it is, Soya oil manufactured in England continues to rise, in sympathy with the scarcity and dearness of linseed and cottonseed oils, and it is interesting to note that one of the main factors in the advance has been the demand from the United States, which is being supplied by the English crushers. Large quantities of Soya oil are being shipped from English ports to the American seaboard, and the demand is likely to continue; but the trade has already been so large that it is difficult to buy oil for near delivery. The same oil is also being shipped from Japan and China to the United States, as well as to the North of Europe, and here we have—for the moment at least—the only serious competitors of English crushers. These two Eastern countries, in which the enhanced value of bean products is leading to the introduction of improved European manufacturing systems, are making great strides in the oil crushing industry, and will naturally import increased quantities of beans from Manchuria in proportion to the success which they achieve in the export of the oil.

The new season has now commenced in earnest, and from December to April and May as many as fifty steamers have been chartered to load beans at Dalny and Vladivostock for English ports, representing something like 300,000 tons of raw material, or about £2,000,000 sterling value. During the whole of last season the sales to Great Britain amounted to 400,000 tons, so that in the month of December, with twelve months to run, we have contracted for a quantity only 100,000 tons short of the total English trade during 1909. While it is being estimated that Great Britain will require in 1910 double the quantity imported in 1909, the news comes that Japan and China will also want increased quantities next year. The crop barely covered the demands of East and West during the past season, so there is probably some justification for the fear that during the coming season there may be difficulty in supplying the extra demands which already appear certain to be made upon a comparatively limited crop. In America, although the beans have not yet been imported for the reason given, the government has been at considerable pains to collect all available information regarding this product, with the object—should negotiations for the removal or reduction of the tariff fail—of planting the seed in those parts of the country which would be suitable for its cultivation. In Wisconsin, Massachusetts and Tennessee agricultural experiment stations have taken up the Soya bean, and issued extensive reports to the Department of Agriculture, all highly laudatory of the bean as compared with other animal feeding stuffs, such as cottonseed cake and meal, linseed cake and maize, which are the principal feeding stuffs of the United States. In England the bean cake is of even greater importance than

the oil, representing as it does about 90 per cent. of the raw material. The cake is the residue after crushing, and the analysis compares favorably in oil and albuminous substances with the best decorticated cottonseed cake and meal, large quantities of which have been imported into this country for many years for cattle feeding. Owing to the low prices of imported beans, bean cake can be bought today at £6 12s. 6d. per ton in London, while cottonseed cake imported from America is as dear as £7 10s. to £7 12s. 6d. In Denmark, a great butter producing country, some hesitation was shown in regard to the introduction of the Soya bean, as it was feared lest the taste of the butter might be affected by feeding cows with Soya cake, but experiments have proved the reverse, and Denmark has secured 25,000—30,000 tons of beans for shipment from Manchuria during the next few months for crushing and cake making. In France and Germany the tariffs are sufficiently high to shut out the article. Powerful interests are, nevertheless, at work in both countries to have the duty removed or reduced, but the removal of a duty is an object the accomplishment of which is invariably difficult, and it is to be hoped, for the sake of the English manufacturers, that some time will elapse before the large European countries are enabled to receive direct shipments from Manchuria free of duty, which would only increase competition for supplies of raw material and result in a limitation of our export of bean products, both cake and oil.

The bean industry, though old to the East, is new to us, so much so that little is known as yet about the Eastern trade, which is responsible for the consumption of the greater part on the Manchurian crop. Reliable information on this head is eminently useful, not to say indispensable, to the English importer, as without knowledge of the local industry it is impossible to follow intelligently the trend of values, which are chiefly dependent upon the demand from China and Japan. In Manchuria the trade is mainly in the hands of the Chinese and Japanese. Bean crushing has been carried on for many years, principally by primitive methods; that is to say, the beans are pressed in circular hand presses in the native factories, of which there are a considerable number in Manchuria, many of them small and ill-equipped, while a few are of modern design, and employ steam and electricity as motive power. A portion of the oil is thus extracted, but the cake made is generally an unwieldy product, varying in thickness from three to six inches, contains a great deal of moisture, and is unsuitable for a long voyage, owing to its liability to become heated and unsound. This cake is used chiefly as a fertilizer in Japan and Southern China. During the present season these two countries imported about 6,000,000 tons of beancake from Manchuria for fertilizing. In this connection the following questions have been asked, the answers to which are of importance to the English importer: (1) In the event of bean prices in the United Kingdom reaching high levels, will Japan and China be able to pay enhanced values, and continue to import beancake as a fertilizer? (2) For the same reason will Japan eventually come to rely on phosphates or other artificial manures? (3) If

prices continue high in the United Kingdom, will a large quantity of the beans which at present go to the East in the form of beancake tend to come to Europe, thus increasing the available surplus for Europe? In the first place, the beancake as a fertilizer takes precedence of phosphates in Japan, which raises a valuable rice crop. In that country the beancake is considered an indispensable import. We are indebted to Messrs. Hitsui & Co., of London, one of the largest shippers of Soya beans to England, for some interesting figures dealing with the import of beancake into Japan over a period of seven years. These figures are of considerable importance, as showing that, on the present level of prices, which is a high one for England, there is no likelihood of the East abstaining from competition with Great Britain for supplies of beans. The rates of silver are given first, with prices of beancake free in godown in Japan in yen per 46 piculs:

	1902	1903	1904	1905	1906	1907	1908
Silver	23½	27½	26½	28½	31½	30½	24
Beancake	1.10	1.14	1.61	1.42	1.52	1.73	1.06
1.42 average.							

At the time of writing the price of beancake is 1.10. In 1908 beancake was cheaper than at any other time during the years under comparison, while the average price of the seven years was 1.42. The present price of 1.10 is, therefore, under the average, although the value of beans in England is now between £7 and £7 5s. per ton, according to position, an advance of over 15s. per ton over the average of last year, while before the introduction of beans into England prices in Manchuria have been as high as the equivalent of £9 per ton in London. It will, therefore, be seen from the foregoing figures that, while the English c. i. f. price is considered dear, in the East fertilizing beancake is comparatively cheap. At the same time, it must be remembered, in comparing present values in the United Kingdom, that freights are this season nearly 10s. per ton dearer than a year ago, while all charges in connection with the shipment of beans and beancake to Japan and China are exceedingly small. From the same source we are able to quote (in English tons) the imports of beancake into Japan during the last five years:

1905	1906	1907	1908	1909
182,000	258,000	320,000	480,000	600,000

These figures are of equal importance, as showing that the import of beancake into Japan is steadily on the increase, and that even during the present season, when Europe was competing for beans, Japan took as much as 600,000 tons of cake, or more than three times as much as in 1905. If the increase in the Japanese imports of cake continue in the same ratio as during the last five years, the future crops will have to be considerably enlarged to provide for the growing requirements of both East and West, as there seems little room for expansion, considering the foregoing details, on an estimated total crop of little over 1,000,000 tons. But there are many reasons why we should see increased crops in the near future, as it is clear that in the past the cultivation of the bean in Manchuria was neglected, firstly because of the limited market—Japan and Southern China being the only consumers—and secondly, because of the absence of railway services in many districts capable of profitably cultivating the bean. Conditions are rapidly becoming more satisfactory to the native, and fresh producing centres are being opened to trade by the construction of lines connecting with the main routes to Dalny and Vladivostock. On the whole, it may be confidently anticipated that the cultivation of beans in Manchuria will go on increasing in proportion to the impetus given to trade by broader markets and the provision of adequate railway communication in the interior.

THE AMERICAN ASSOCIATION OF CHINA.

Report of the Executive Committee for the year 1909.

Your committee has the honor to present the following report for the period dating from the last annual meeting of December 23, 1908 to the present time.

The subjects covered by this report may be divided under three headings:

- (1) Matters of routine.
- (2) Matters especially concerning American interests.
- (3) Matters of general interest.

MATTERS OF ROUTINE.

Executive Committee—Your committee have to report that they have held seven meetings in the course of the year. They were most unfortunate in losing the valued services of one of their fellow members, through the death, which occurred in September last, of Mr. Daniel Coath. With the sorrowful details of Mr. Coath's demise you must all be familiar, and it is sufficient now to state that an appropriate resolution, expressing the association's unfeigned sympathy to the bereaved widow and daughter of Mr. Coath in the hour of their deep sorrow, and in the loss sustained by the American community in Shanghai, was duly entered upon the records of the association. In October, our president, Mr. Murray Warner was compelled to resign from the presidency and also as a member of the committee, owing to his approaching departure for the United States. The thanks of the association are due to Mr. Warner for his long and active services to the association, the value of which can hardly be overestimated. The vacancies thus caused on the committee by the death of Mr. Coath and the resignation of Mr. Warner were filled by the committee in November, by the election of Mr. G. E. Tucker and Mr. F. J. Raven.

Journals—The committee has this year published two journals, one in February and one in September, the periods at which publication seemed most appropriate taking into consideration the events and correspondence to be recorded.

Membership—We regret to note that during the year there has been a decrease in our membership. We have added to our list only five new resident members and one non-resident member—only a small number when compared with the number who have voluntarily resigned for one reason or another, and the number of those who have ceased to remain members through the operation of Article 10, Section 2 of our constitution respecting non-payment of dues. We would make a strong appeal to the association on behalf of the incoming committee to use some effort to strengthen our membership by a little solicitation among Americans in Shanghai and elsewhere who are not members and of whom there is a considerable number. We must here note the loss during the year, through death, of two of our number of longest standing. We refer to Mr. S. P. Barchet and Capt. A. E. Flagg, both well known to you and by the American community held in high esteem.

Our membership now stands at: Honorary, 3; resident, 97; non-resident, 66.

MATTERS ESPECIALLY CONCERNING AMERICAN INTERESTS.

United States Official Changes.—The year has been rather remarkable for the number and importance of the changes in America's diplomatic and consular and judicial service in China. Mr. W. W. Rockhill has been transferred from Peking to St. Petersburg where he has already taken charge. The interim between Mr. Rockhill's leaving and the arrival of his successor has already extended itself beyond expectation, and not a little credit is due to Mr. H. P. Fletcher, who, as Chargé d'Affairs has conducted the business of the Legation with dignity and general satisfaction. There seems to have been some difficulty on the part of the State Department in finding the right man to succeed Mr. Rockhill. Mr. Charles R. Crane, of Chicago, an experienced business man and one reported to be sympathetically interested and practically well informed with regard to Eastern affairs, was appointed by the president and accepted the post. But before leaving the United States he was recalled and his resignation asked for. The reason for this action is not altogether clear even at the present date, but it seems to have been dictated by diplomatic necessity. A telegram via Bombay, dated December 7, has reached Shanghai, to the effect that Mr. William James Calhoun, a member of the legal firm, Calhoun, Lyford & Sheean, of Pittsburg, Pa., has been appointed United States Minister to China. The editor of the *North-China Daily News* is responsible for the statement that he was admitted to the bar in 1875, that he sat as a member of the Interstate Commerce Commission from March 1898 until October 1900, and that he is sixty-one years of age. No further particulars have reached us up to the present date. With regard to the changes in the consular service, the American community at Shanghai received with general expressions of sincere regret the announcement of Consul-General Charles Denby's transfer from Shanghai to Vienna. It has been difficult for the Shanghai community to reconcile itself to the wisdom of this move on the part of the State Department and this fact was expressed in various emphatic ways. On the part of the American Association a resolution was unanimously passed expressing its confidence in Mr. Denby, and its entire satisfaction with his conduct of consular affairs in this port. On May 21, 1909, a large farewell reception was tendered to Mr. and Mrs. Denby at the International Institute, the committee in charge being the Committee of the Institute itself. And on May 29, a very complimentary farewell dinner under the auspices of an international committee, was given in Mr. Denby's honor at the Astor House. This dinner was attended by almost every representative business and professional man in Shanghai as well as Mr. Denby's official international colleagues. Mr. Denby was presented before his departure with an engrossed address of regret and best wishes, widely and representatively signed by his many friends.

Mr. Denby's successor in the Consulate-General is Mr. Amos P. Wilder, whose transfer from Hongkong to Shang-

hai admitted of a short visit to this port before sailing for home on a promised furlough from which he returned to Shanghai on December 3. He has been accorded a sincere and hearty welcome to his post. The American community in Shanghai congratulates itself on the appointment of Mr. Wilder to this Consul-Generalship and has extended to him its assurance of thorough confidence and its promise of earnest co-operation in his new field of work. In the interim the affairs of the consulate general were at first in the hands of Vice-Consul-General Heintzlemann, and afterwards in those of Vice-Consul-General Dorsey, both of whom zealously maintained the high standard of work and efficiency of the office.

At the present time Mr. Hull and Mr. Heintzlemann have been transferred to Washington, their further appointment not yet designated, so that the present staff in the Consulate-General is considerably reduced.

About the middle of April, Mr. G. Hamilton Butler, American Mixed Court Assessor was transferred by order of the State Department to Tien-Tsin, and by this action the Mixed Court lost one of the ablest assessors that has ever sat on its bench. So sincerely was this felt by not only the American community but by the Municipal Council of the International Settlement, that the council saw fit to approach the American association by letter expressing its deep regret at the department's order of transfer and its desire that the association should present its hope that the department might see fit to reconsider the matter. This the department did not see its way to do.

In November, 1908, Judge Lebbeas R. Wilfley gave notice of having resigned his position as Judge of the United States Court for China and left for home in December, 1908. His successor, Judge Rufus H. Thayer, arrived in Shanghai on February 24, 1909 with Mrs. Thayer, and immediately took charge of his judicial post. Judge Thayer has already been in Shanghai long enough to have become a familiar, and very pleasantly familiar, member of the community. It is with the utmost satisfaction that we record our appreciation of the dignified and scholarly manner in which he has conducted his office and the great tact and wisdom with which he has met the unsettled and critical condition of American opinion at the time of his introduction. Judge Thayer has already won the esteem and confidence of the community.

Federal Buildings.—We have to report that no legislation has yet been enacted at Washington with reference to our Federal building in Shanghai. That the matter, however, still commands the interest of those at home is evidenced by a movement inaugurated by the American Embassy Association of New York, whose Executive Committee is composed of some of New York's most representative citizens, which has for its object the collection of data concerning our government's diplomatic and consular quarters, with a view of presenting to Congress at its present session complete information on the subject. The American Embassy Association has requested our permission to use the information on this subject pertaining to Shanghai, which appeared in our memorial to Congress and was subsequently reprinted in the Journal of November, 1907. This permission we have willingly granted.

The correspondence on the subject will appear in the next number of the Journal.

The United States Court for China.—It is to be noted that the recent examination for admission to the bar of the United States Court for China, was conducted along somewhat different lines than previous examinations; from which it is to be inferred that admission to the bar of the United States Court for China will be governed, in so far as practicable, by the same rules and conditions which govern admission to the bar of the higher Federal and State Courts at home.

Judicial Functions of the United States Consulate-General.—It is a matter of interest and satisfaction that the repeated recommendations of the association that the judicial functions which have hitherto been exercised by the Consul-General should be vested in some other official of the Consulate, have received the recognition of Congress, which became operative on the first day of July this year, the judicial functions which had formerly been exercised exclusively by the Consul-General were transferred to a Vice-Consul-General appointed by the Secretary of State. This arrangement relieves the Consul-General of a large amount of work which is not entirely commensurate with the importance and dignity of his position, and leaves him free to devote his energies to more important diplomatic and commercial functions, which are more strictly within the line of duty of a Consular official of the rank of Consul-General at Shanghai.

Branch Association at Tientsin.—You will note among the correspondence published in our September Journal a communication from the Hon. E. T. Williams, of Tientsin, stating that a committee had been appointed in June last to address this association, requesting our views as to the establishment of a branch at Tientsin. Following our reply of July 16, we have again written the above mentioned committee under date of November 16. This letter fully expresses the committee's views, and we trust those of the entire association on the subject. (The letter was read by the Hon. Secretary.)

The New Chinese Minister to Washington.—On November 9 your committee had the honor of waiting upon H. E. Chang Yin-t'ang, who spent a few days in Shanghai en route to his new official post as Chinese Minister in Washington. His Excellency received the committee in a most gracious and cordial manner. While in Shanghai he was entertained at a farewell dinner at the Palace Hotel given by the members of the International Institute and other friends. His Excellency was accompanied by his son who recently passed first grade in the imperial examination subsequent to his graduation in the law department of the University of Pennsylvania, and by two daughters of H. E. T'ang Shao yi, by whom, you will recall, the committee were received about fourteen months ago before His Excellency left on a special mission to Washington.

Chinese Exclusion.—The matter of legislation on Chinese exclusion has made, so far as we are aware, no advance. The former Secretary of Commerce, Straus, made a report on the question, advocating a form of immigration laws that would apply equally to immigrants of all countries, European or Asiatic, with no offensive discrimination

against Chinese as a race or people, but no action has been taken by Congress to carry out the recommendations of the executive officer of the Government. The executive, however, has utilized the power which it possesses to modify the regulations and to ameliorate this severity, so that no complaints have arisen from Chinese of the merchant and student classes. Without being prepared to state the extent of our agreement with the above, it is to be hoped that a new treaty may yet be negotiated, defining the intercourse between the two countries.

Chinese Loans.—Loans from the banks of four countries to the Chinese Government for building the railway from Canton to Hankow, and from Hankow to the borders of Szechuan, have not yet been agreed upon by the parties concerned. The first move made by the British was matched by a proposal from the Germans, more agreeable to the Grand Councillor Chang Chih-tung, the responsible Chinese negotiator. After considerable conference in London, Paris and Berlin, an arrangement was made between the bankers of these three powers to effect a combination, whereby the British and French should build the line from Canton to Hankow, and the Germans the line from Hankow to Szechuan. Then the United States, basing her right on a previous understanding with Prince Ching, appeared on the scene and demanded of China that American capital should be utilized in financing the railway from Hankow to Szechuan. As far back as 1898 China had promised a first chance to British and American capital, should money be borrowed to build this line. Negotiations were carried on with the Waiwupu, and more particularly with Liang Tun-yen, and conferences also took place in due course between the four groups of bankers at the home capitals, resulting in an arrangement for equal participation in one loan for building both lines. A few months ago this was regarded as the final settlement. Chang Chih-tung, however, was too ill to take any part in the matter or in signing the agreement. Later on his death occurred. The president of the board of posts and communications, Hsu Shih-chang, was appointed to take charge of the whole railway business of the empire, and by entering into the negotiations there has arisen opportunity for the gentry of Hunan and Hopeh to enter a protest against foreign capital in building these two lines through their territory. The Chinese Government is disposed, if she be allowed her way, to withdraw entirely from all use of foreign capital, fearing further complications.

MATTERS OF GENERAL INTEREST.

Opium Dens in the Settlement.—In compliance with the directions of the ratepayers' meeting of March, 1908, instructing the municipal council of Shanghai to close all opium dens in the settlement within a period of two years, the council has conscientiously and courageously fulfilled the community's wishes. At the present date three-fourths of all the opium dens at that time licensed have been permanently closed and the licenses withdrawn. We have received a copy of the official proclamation issued by the

council notifying the community that on January next the last fourth of opium dens will be closed and the work completed. It should be a matter of considerable pride both to the council and to the whole community that this action has been undertaken, and carried to completion in the time allowed.

Relations Between the Chinese and United States Government.—The relations between the two governments are unusually cordial. The action of our Government in restoring part of the Boxer indemnity fund has been magnified at home and in China. The friendship implied therein has been grasped at by many Chinese as a precursor of some kind of an alliance whereby China might escape from the restless inroads of other powers.

Chinese Affairs.—Great changes have occurred in China during the year, with which this report cannot deal fully. The dismissal of Yuan Shih-kai early in the year and Tuan Fang within the last few weeks—two men whose names are widely known abroad—has created an impression on most foreigners not altogether the same as that on the Chinese themselves. Their removal along with the deaths of the Grand Councillor Chang Chih-tung and Grand Secretary Sun Chia-nai has left China without any one commanding leader. With the lack of confidence on the part of foreign powers, and then on the part of the Chinese people, there lurks danger to the stability of the present Government. The inauguration of provincial assemblies may be taken to indicate a step forward in constitutional government, but their proceedings, discussions and general temper point to collision with the high provincial authorities, and afterward with the Central Government in Peking.

The Currency Question.—As for the currency question, or the still wider question of finances—of ways and means—there seems to be no progress. The Government, Central and Provincial, is getting into difficulties deeper and deeper. Everywhere there is lack of revenue to meet increased expenditure. The danger from overissue of banknotes from banks old and new has not been averted, though orders have been sent down to the provinces forbidding the issue of notes beyond a safe guarantee. Uniformity in the currency to be used everywhere in China has not yet become an accomplished fact. Sensible recommendations have been made to Peking, but the Government is powerless in securing compliance with even good orders.

Trade Conditions.—The present condition of business in Shanghai and the prospects thereof are as well within the knowledge of the members of the association as they are within that of your committee. For two years past there has been a business depression manifest in Shanghai which certainly in time has exceeded any other such crisis on record in this port's history. And although the present state of affairs is still bad, there has been some improvement along certain lines within the past six months. Chinese crops promise a decided improvement, certain conditions at home give grounds for encouragement, and there is a general expression of hopefulness at the present time.

December 16, 1909.

BUSINESS CONDITIONS IN CHINA.

Written by Howard Ayres for The New York Times Annual Review.

It is a common expression used of China in speaking of it commercially that that country is the world's greatest market. That is quite true in prospect. Meanwhile something is the matter with trade there.

In the export trade of the United States with China there are five large items in recent years, kerosene oil, cotton cloth, tobacco, wheat flour, and copper. All others are small separately, do not reach a large aggregate, and are subject to so many varying special conditions that they need not be considered here.

Oil and tobacco are sent to China and distributed there by the manufacturers of them, and are not, in the ordinary sense, affected by commercial conditions good or bad. Merchants are shut out of the trade in these articles. Copper was exported to China to supply the material for an expansion of currency, and is not an article of regular trade. Wheat flour will go to China when the people can afford to buy it. The trade is now controlled by the Pacific Coast mills, because they can eliminate the large cost factor of rail freight, but there will be strong competition from Chinese mills using native grown wheat. The numerous articles of general trade may some of them develop in the course of time into large business, especially those that may enter into works of construction, and can be made to compete successfully with the products of other countries seeking that same market. There must be many changes within of governmental and economic systems before this can come about.

The trade with China in cotton cloth is not only of general interest to manufacturers and merchants of the United States, and commercially important because of its volume in normal conditions, but affords as nothing else can a measure of the peculiar characteristics of the Chinese markets and the influences affecting our trade relations with China. A review of this branch of trade, historical and statistical, would be interesting, but it is enough to say that it has been won for the United States by years of hard work and often sacrifice on the part of manufacturers and merchants, in the face of strong competition, and on the merits of the merchandise. It had reached a dependable average, up to 1904, of \$15,000,000 in value. In the year 1905, in a wild speculation under the stimulus of the Russo-Japanese war, it was \$35,000,000. In 1907 it was \$2,500,000, in 1908, \$5,000,000, and for 1909, \$10,000,000. For 1910 there is nothing in sight, though in ordinary years by this time much of the business of the succeeding year is laid out, a condition for which the present high price of cotton is in part accountable.

There is partial explanation of the violent fluctuation of the last four years. The overtrading of 1905 was adjusted by the end of 1907. Since then other influences have affected the markets, all of them operating within China itself, some of them inherent, others brought to bear from without. The basis of the trade is substantial. The cloth is bought for clothing by a numerous people of small purchasing power, who cannot afford silk nor wool, and is

bought from the United States because it is the cheapest for quality and durability of any produced.

The principal adverse influence from within is, perhaps, the confusion into which what is known as the Chinese currency has been permitted to drift. The measure of value in business is the tael, not a unit of currency, but a weight of silver, differing in fineness between the provinces. The bullion, cast in the shape of Chinese shoes, without regularity of size, is stamped with its weight in taels and becomes the medium of ultimate settlement. The currency of the consumer is of copper coins of small value, called "cash." A few years ago the copper coinage was increased by ten-cash pieces issued in enormous quantities by provincial mints, apparently without effective control from the Central Government, and under conditions that speedily reduced the new coins to the basis of token currency, circulating at half of its face value or less. It was not long before this reduced the purchasing power of the old one-cash pieces also. More recently there has been an extension of the fractional silver currency, based on the Mexican dollar or an assumed silver dollar of local issue, this also of provincial origin. Extensive counterfeiting of these silver coins has increased the general uncertainty. There has been an issue under some sort of government sanction of paper currency which, so far as known, has had no limit and no reserve or security back of it.

Added to all this there has been a decline in the bullion value of silver in the world's markets of about one-third in the last four years. There has resulted a state of confusion impossible outside of China, the burden of which falls, as always, upon the man lowest down, whose earning power has not received even nominal increase in wages. Today it takes 1,800 of his copper cash to equal a tael in value, where four years ago 1,100 would make that measure. Converting this through lower silver into gold, he must scrape together 3,300 copper cash to buy a gold dollar's worth of cloth for which four years ago he needed only 1,400.

In the great markets, such as Shanghai, the tael has a daily gold value in the foreign bank exchanges, based on the price of bar silver in London, the transaction with foreign importers being settled on that value, but at out-ports and interior markets the operation is far more complicated by conversion through several standards into that which is finally the recognized equivalent of some stable currency. The peculiarity of the situation is that there seems to be no perception by the Chinese Government of how serious this state of affairs is, and no conception of an idea toward any remedy.

In a vague way currency is grouped with other national reforms, but nothing is done. As there can be no escape from the growing participation by China in the affairs of the world outside her borders, a step in the adjustment may be the enforced regulation by other nations of the currency as of other internal matters. Such action would not be interference but prevention of financial and com-

mercial suicide. The official method of meeting some of these evils is set forth in a recent edict in one of the provinces, in which spurious subsidiary silver coins were circulating, to the effect that there being so much of this bad money the whole was declared illegal and any man found with it good or bad would be imprisoned. In this plight it is not to be wondered at that the purchases of cloth have declined, and of yarn have increased. The people can save some of their labor by buying yarn and weaving their own cloth on hand looms after the ancient custom, instead of exposing all of it to such danger of confiscation and loss.

While no part of the trade of a country oppressed by such a situation in the very fundamental of commerce can flourish, the exports of China have benefitted, in a narrow sense, from lower silver, the gold value of the merchandise in foreign countries being exchangeable for more silver in China. But again China's conservatism, to give one of its characteristics that flattering term, hampers its progress. The mineral resources of the country, coal, iron and other metals, some day to be a factor in foreign trade, are not yet commercially important. Manchuria has within a year or two come into the world's markets with the Soya bean, already shipped in great quantities, but not of large value, yielding oil for food and soap and bean cake for cattle and fertilizer. Wool, straw braid and skins and some other articles are of minor and intermittent interest. Tea and raw silk are the great staples of China's export trade, and persistence in traditional methods of preparation prevents the growth in demand that the intrinsic merits of both deserve. An understanding that what others want must be considered more than the methods of ancestors will grow under the influences changing the national ways.

Of the influences from without the most active were those brought about by the war of 1904-1905, fought by two great nations upon the neutral territory of Manchuria. That nation was repulsed that was thought to be gradually absorbing the land and the trade. The victorious nation was credited with most magnanimous purposes for restoration of China's sovereignty and freedom of trade. There was an increase of business from war purchases, and in the sanguine expectation of a marvelous growth trade operations were carried to an extreme. The event hardly justifies the expectation. Russia and Japan are both in possession, under the treaty of peace, of this province of great resources and active trade, and over the more accessible southern half the spendthrift invader has been replaced by the cheeseparing, if more businesslike newcomer. The great expansion of trade did not materialize, and it took some time, because of Chinese characteristics, and the reaction at the close of the war, to absorb the excessive stocks bought in anticipation. Meantime the effect of a declining native currency was added to by attempts at enforced circulation of a foreign currency of limited redemption quality, the Japanese war notes and subsequently the notes of the Bank of Japan. The fact that this foreign currency had a stable basis in gold value was not understood nor appreciated by the Chinese trader, who is easily alarmed at any departure from custom.

Foreign merchants doing business in the northern ports, particularly Tien-Tsin, are responsible for one of the most disturbing conditions in the trade in cotton goods imported into China, the extension of credit to new native dealers without experience or standing, who rushed into the market and bought recklessly in the overtrading of 1905. When the depression from large stocks inevitably followed, these men of straw could not pay, and there has resulted a disorganization of an established trade that has set it back several years. It is only fair to say that the houses of long standing, both native and foreign, have had no part in this unhealthy movement. In Shanghai the system of cash payment for goods persists, to the manifest advantage of both buyer and seller, the credit necessary to the conduct of a large trade being supplied by the native banks.

The more recently reported trade operations of the Japanese which have been made the subject of an official protest from the Chinese authorities through the Consular representatives of the powers at Mukden, the alleged smuggling over the South Manchurian Railway and evasion of the prescribed import and other duties, have added to the disturbance and confusion. Complaints of native Chinese merchants are numerous of this state of affairs, and a boycott of Japanese goods in Manchurian markets is said to have been instituted. If the reports are well founded action must be taken by the powers to secure equality of trade opportunity for their merchants.

Foreign commerce is never a simple operation. Perhaps nowhere in the world is it so complex as in China. These are the most prominent for the time being of the factors determining its course and volume there. What the prospect is is not clear. The people must have the necessities of life, food and clothing; they can usually supply the former, clothing they must buy in the cheapest market. Somehow, whether in their own procrastinating way, or by the action of other nations vitally affected, and by common consent, the Chinese people will work out of their anomalous, practically acephalous, position, and will take their place among commercial nations on more equal terms for the transactions of both buyer and seller which they must conduct. The construction of railways is well under way, and will continue. They have been accepted by the people as a means of development, the determination to build them and own them by native enterprise and capital being the most significant change of sentiment. The chief obstacle in this direction, as in all others of wholesome growth, is the extraordinary governmental institution, if that can be called government which exists by the indifference of the people within its borders and is supine and helpless to all without. Such an essential function of government as taxation as practiced in China is described by a writer in the *London Times* as "a system hopelessly involved, an enormous and complicated machine which, to provide funds sufficient for the needs of the court and its Manchu pensioners, covers the whole Empire with a network of irregular and undefined taxation upon which battens a locust horde of superfluous officials, underlings, yamen runners and professional squeezers of every kind." Government finance does not exist any more than does a national currency. So far as conditions go that with western nations permit progress industrial and political there is chaos.

Down below all this, and sure to bring about a change to better conditions, perhaps sooner than anyone dares to hope, live the people of China, industrious as individuals

as no other people are, of good habits, thrifty, living in a land of vast extent and great natural resources. There is a growth of national feeling where none has existed for centuries, and if that has by outside influence been given the absurdly mistaken direction of "China for Chinese," it will overcome that fallacy and increase greatly. An appreciation is dawning of official corruption and incapacity, and a determination to bring about a better state of affairs. The process may be slow, with here and there a relapse to the old order, and mistakes will be made. For the great mass of the people the first step must be of preparing minds to perceive ideas for which they now have no comprehension, not even words to give them expression. The newspapers and the railroad, both with a foothold in the ancient empire and advancing, will do for China what they have done for the rest of the world.

Whether the United States is to hold its share of the foreign trade or not is incidental. It is certain that China will continue to be a consuming nation of some commodities that can be bought cheaper than her people can make them, and will continue to produce others wanted in outside markets. The high prices of all things towards which there has been such a steady progress, coincident with the decline in the value of silver, have made costs of merchandise imported into China so high that there must necessarily be a curtailment of consumption, where no other influences are at work. Perhaps it is reasonable to expect, therefore, a moderate trade until some adjustment is made. Nineteen hundred and nine in imports into China made an approach to normal in some things, and there seems to be room if not need for more supplies during the coming year. It is to be hoped that our own government will recognize and understand its responsibilities to its own merchants. A continuance of its present policy of evasion permits them to be crowded to one side while merchants of other nations strongly supported do as they please.

China is a market worth having, that must be worked for and labored over, to which the methods of the drummer and the hustler are alien and mischievous, and for which a system of credit would be disastrous, as it was at Tientsin. Above all it is a market to which there must be equal access for all nations, and the United States must see to it that for American merchants the door to it is kept open.

MEMORIAL OF HIS EXCELLENCY TSEN CHUN-HSUAN.

Tsen Chun-hsuan has memorialized the throne, suggesting the advisability of having China's railways under proper unified control with a proper system. The board of communications, after having perused the memorial, by imperial order sent in its views to the throne. The views are divided into three sections: (1) Centre of all the railway systems in China; (2) four trunk lines; (3) branch lines.

I. Centre of the railway systems in China.—It is stated that since the Tientsin Shanhaikuan Railway, the railway carrying the mining products of Kaiping coal mines and Peking-Hankow line are the only lines of importance at present and that Hankow should be made the centre of all the railway systems in China. Such is the majority of opinions expressed by people who talk about the railway administration of China. There are others who maintain that Hsiangfu is the best place for such a centre. From political geography these views are not to be adopted. The place which is the capital of the sovereign of the state should be the centre of the systems. In ancient times the centre of traffic was always at the centre where tribute was sent from the east, west and south, and Peking should undoubtedly in any case be the centre of the railway systems of China.

II. Four trunk lines.—What we call four trunk lines are:

1. Southern.—When the Peking-Hankow Railway connects with the proposed line between Hankow and Canton, when it is completed, it will be made the southern trunk line by connecting Wuchang and Hankow by ferry boat.

2. Northern.—The line to the North is one between Peking and Kalgan and, regarding the proposed Mongolian Railroad made by Prince Su, the board has already mentioned that the Peking-Kalgan line should be extended to Kulun (Urga) and then to Kiachta, and this line will become the northern trunk line.

3. Eastern.—The line to the East between Tientsin to Hsinmintung, together with the line between Hsinmintung and Mukden, which has been restored from Japan. Regarding the proposed line of the Heilungkiang province, made by Cheng Teh-chuan, the Governor of that province, the board of communications has stated that the line should be extended to Aigun via Chiaoan, Tsitsihar. When this line is completed, this may be made the eastern trunk line.

4. Western.—The line between Chengting and Tayuen will be joined with the Tungpu Railway, and then it will further be extended to the West with the line between Tungkuang and Lanchow, as proposed by the ex-Governor of Shensi Tsao Hung-hsun and then to Ili. When this is completed, this may be made the western trunk line.

III. Branch lines.—The branch lines of the southern trunk line:

1. Peking to Chengchow and thence from Kaifengfu, Honan, to Anhwei.

2. From Hsinyangchow to Kiangsu via Kiangpu.

3. From Hankow to Hsianfu.

4. From Wuchang to Kiangsi.

5. From Hunan to Kueichow.

6. From Canton there will be four branch lines:

a. Canton-Kowloon.

b. Canton-Macao.

c. Huichow-Chaochowfu-Amoy.

d. Wuchow-Kueilin.

All the lines in Honan, Anhwei, Kiangsu, Chekiang, Kiangsi, Fukien, Hupeh, Hunan, Shantung, Kueichow, Kuangsi and Kuangtung will be included in these branch lines.

2. Branch lines for the northern trunk lines.

When the line reaches Kalgan from Peking, as Cheng Hsun, the Lieutenant Military Governor of Chahar, has pointed out, there should be two branch lines, namely, one to Jehol towards the east to connect Kalgan with that place, and another to Suiyuan (Kukukoti) towards the west to connect the same with Kalgan, and when the line reaches Kulun or Urga it will again be divided into two branches, namely, to Outer and Inner Mongolia. All the lines in Mongolia and Jehol will be included in the branch lines of the northern trunk line.

3. Branch lines for the eastern trunk line.

At Tientsin.—Tientsin Chinkiang Railway via Kiaochow and Tsinanfu. At Kaopangtse.—A line between Yingkow and Port Arthur.

At Mukden the line runs towards the east to join the Russian Manchurian Railway. The lines at Shangtung, Moukden, Kirin and Heilungkiang are to be included under this trunk line.

4. Branch lines for the western trunk line.

At Taiyuan a line to Tatung to connect with the Kalgan Suiyuan line. At Ping yang a line to Tsechow to connect with the Tsechow Taokao line. At Tungkuang a line to Loyang to connect with the Loyang Honan Railway. At Hsian a line to the northwest via Pinglin to Ninghsia, another to the southwest via Hanchung to Chengtu, which will join the Szechuan Hankow Railway on the east and the Yunnan Szechuan Railway on the south, and thence to the Yunnan-Annam and the Yunnan-Burma lines. On the west at Lanchow lines to Tsinghai (Kokonor) and Thibet will be built as branch lines. The lines at Shansi, Shensi, Kansu, Hsinchiang, Szechuan, Yunnan, Tsinghai and Thibet will be included under this trunk line.

RAILWAY LOAN AGREEMENTS AND THEIR RELATION TO THE OPEN DOOR.

By GEORGE BRONSON REA.

When China first conceded to Belgium and America the right to build her main trunk line, she distinguished between them by retaining control of the funds in the Belgium agreement, and conceding to Americans full power over expenditure on their section. At that time the utter ignorance about railway matters amongst the Chinese induced them to grant exceptional powers to foreigners, and the question of the honesty of their officials was not made an issue in the agreements. Both of these contracts have since lapsed and are only interesting as marking a turning point in China's history, by creating a precedent since followed up by other money lenders exacting full control over railway loan funds.

On the 17th day of June, 1898, when China contracted her foreign loan for the Peking-Newchwang line, she voluntarily admitted the principle that her officials were incompetent to honestly administer the proceeds of a foreign loan to the satisfaction of the investor. And having once placed her financial probity in question, she has been forced through successive similar agreements to follow a practice which no other nation in the world would tolerate for an instant. Through all subsequent loan negotiations China has been made to feel the mortification of the foreign assumption that although her security is good, her integrity is rotten. On the assumption that Chinese officials could not be entrusted with full powers of expenditure, only honest and capable foreigners could control loan funds, or, as in later years, when China reasserted a little of her dignity, this privilege was accorded to her under foreign check and supervision of accounts. In short, while China could give ample security and pay good interest, she could not be trusted with the expenditure of the money. And under the provisions of loan agreements based on these principles, China has been deprived of authority in her own affairs, and the national commercial and political interests of money lenders advanced without coming into direct conflict with the open door doctrine.

Under the terms of the Peking-Newchwang loan for £2,300,000, the British and Chinese corporation entered into an agreement with China for forty-five years, which gave them practical control of the property, and inserted a wedge for British railway principles which, if driven home, would effectually destroy the chance of American or continental railway supplies gaining a foothold in China. This loan was guaranteed by a first mortgage on the entire property between Peking and Shanhi-kwan, and on the freights and earning of the new lines when constructed. This in itself is sufficient guarantee for a loan in any other country, but we find in addition that the imperial government of China unconditionally guaranteed and declared itself responsible for the payment of the principal and interest.

The term was for forty-five years, and China engaged herself not to redeem or convert the loan except as arranged with the corporation, and no further loan was to be raised on the same security except through the corporation, and the lines named in the agreement were never to be alienated or parted with. This insured the corporation a lien on the road during the forty-five year life of the agreement.

One of its first provisos was the expenditure of about \$1,000,000 gold for rolling stock as recommended by the engineer, and further along we find that during the currency of the loan the chief engineer of the railway shall be a British subject, and the principal members of the railway staff shall also be Europeans, who could be appointed by the Chinese Administrator General, but dismissed only in the event of misconduct or incompetency, after consultation with the chief engineer. Or, in other words, the latter had powers superior to the Chinese head of the railway.

A European accountant was also provided for, to act with the Administrator General and chief engineer in the supervision of receipts and expenditures. Probably no loan ever made was so amply secured and safeguarded. Mortgage on the property was strengthened by imperial government guarantee, and, as a check on this ample security, a chief engineer, named by the corporation, had practical control of affairs. The price of the loan to China was 90, but the corporation had authority to reduce it to 88 at its own discretion in case the market was unfavorable. The operation of this agreement has been advantageous to both sides. In view of the unsettled state of affairs in China ten years ago, too many safeguards could not be thrown around any foreign loan of importance, so the corporation, in defending the interests of investors, had to exact terms which would be impossible to secure now, and China in her peculiar situation had to accept them.

The prospectus of the loan was no sooner issued than an official remonstrance was made by Russia to the effect that the appointment of the chief engineer and accountant constituted "foreign control of the line," and this objection was only withdrawn after the understanding with Great Britain as to their respective spheres of railway influence. In view of subsequent developments, Russia's attitude has been amply vindicated. We find that the natural increase of traffic over the road soon placed it on a financial basis far beyond the original hopes entertained for its prosperity. The earning capacity of the line, expressed at the rate of interest returned on the capital value, rose from $4\frac{3}{4}$ per cent in 1903 to 7 per cent. in 1904, $30\frac{3}{4}$ per cent. in 1905, $18\frac{1}{4}$ per cent. in 1906, 13 per cent. in 1907 and 18 per cent. in 1908. The surplus profits were sufficient to pay off the loan in three years or justify its conversion if untrammelled by the agreement. From the surplus profits the new Kalgan line has been constructed and equipped at a cost of over £1,100,000, or half the value of the loan. It is natural under these circumstances that the Chinese would chafe under the yoke which forced them to acknowledge the chief engineer as the dominant factor in the road. The authority ceded to him under the agreement was tantamount to an additional guarantee to an overguaranteed mortgage, and when the property had demonstrated its ability to overinsure the amount of the loan, the chief engineer still insisted on enjoying all the prerogatives allowed him under the agreement, the Chinese naturally resented an attitude which reflected on their capacity and integrity.

The ability of Mr. Kinder, the retired foreign director and chief engineer, is undoubted, and there is no hint or insinuation against his honesty or capacity in the Chinese side of the argument. But they do contend that despite his kindly nature and retiring manners Mr. Kinder retained all the authority his position allowed him and refused to recede from his attitude, even when it was acknowledged that the loan was many times overguaranteed by the property. Out of deference to Chinese feelings and opinion they contend his authority should have relaxed to a nominal supervision, permitting them fuller liberty of action in the management. As the Chinese capital interest in the road is \$21,994,428 Mex. against \$24,840,000 represented by the loan at the end of 1908, or about equal at the present writing, they have every incentive to maintain the road at a high standard to insure increased profits.

Under the terms of the loan agreement Mr. Kinder dominated the situation for the last ten years or up to his retirement in April last. It was only natural that in consequence British railway principles largely prevail on the I. R. N. C., and if his policy had been approved by the Chinese Government, they would extend to every road in China to the exclusive benefit of British railway materials and conse-

quent disadvantage to all others. To this end the Shan-hikwan Works were erected and bridge construction for the I. R. N. C. and other roads in China undertaken. The amount of new bridge work on the I. R. N. C. would never justify the erection of such an extensive plant, so we are forced to conclude that the main objective was a monopoly of such work throughout the empire. With engineers in charge specifying standards and following bridge principles prevailing in Great Britain, the logical end meant the monopolization of the Chinese market for British steel manufacturers. That this end is aimed at is indicated by the fact that the works will be forced to close down for lack of orders, and attempts have already been made by the Chinese directors of the I. R. N. C. to have other roads in China compelled to patronize them.

As to the car and locomotive works at Tongshan, the same argument holds good. British locomotive and car practice predominates, and in erecting the extensive car shops the idea was to concentrate at this point the building of the cars at least for other roads in the empire. The standards set by the I. R. N. C. have been accepted by the board of communications, and only the stubbornness of provincial companies prevent their general adoption, and with roads constructed under foreign loans of course they cannot be enforced. Tenders for materials on the I. R. N. C. under Mr. Kinder's régime were not always thrown open for general competition, despite the clause of the additional agreement of 1902. He established the principle that only certain first class makers could tender, against the protests of other interests. It is true that some locomotives were purchased from America, but their record on the I. R. N. C. has been used by other engineers to disparage their use on other roads in China. It goes without saying that Mr. Kinder's intentions were based on sound principles; China must sooner or later adopt a standard railway practice in cars and locomotives, and anyone who can bring this about, with fairness to both European and American manufacturers, is entitled to all due honors and rewards. But any attempt to induce China to adopt standard regulations drawn up by an engineer of any one nationality, working under the protection of a loan agreement, must be viewed with deep concern by competing interests. In this one point the Peking-Newchwang loan agreement is not only a direct menace to American and Continental participation in the future railway business in China, but limits British sales to a few approved concerns.

It cannot be urged that this end was in view when the loan was made or that the British engineers are deliberately following this line of action, but the gradual development of such a policy follows as a natural sequence to the employment of a British chief engineer for forty-five years on a railway so closely in touch with the central authorities in Peking.

Following closely on the heels of the Peking-Newchwang loan came the Peking-Hankow agreement, placed through Belgian financiers. The terms entered into the previous year were much more favorable to China than the British agreement, in that it gave the Chinese authorities greater control of the property. The loan was for £4,500,000, issued at 90 and in the original draft bore interest at 4 per cent. As the Belgians found the loan could not be successfully floated on this basis, certain charges were added in a supplementary agreement bringing the interest up to 4.4 per cent., and in the final draft terms almost similar to the Peking-Newchwang loan were secured at 5 per cent., the currency of the loan to be twenty years. The security was a mortgage on the property guaranteed by the imperial government. The Belgian syndicate secured the right to order all the supplies for the line, subject to the approval of the Chinese director general. The work of construction and technical control was under a chief engineer appointed by the syndicate, subordinate to the director general. The chief engineer could select the foreign railway staff, but appointments could only be made by the director general,

who also had absolute power of dismissal for cause without reference to the engineer. All material exclusive of what could be secured in China was to be purchased abroad through the syndicate, providing the latter would supply them at even quality at the lowest price, otherwise China could purchase where she liked. A commission of 5 per cent. was paid to the syndicate on all such purchases. In addition China secured the option of redeeming the entire loan at any time after ten years, the date of first amortization payment.

In the construction of this railway, and the operation of the agreement, there is every evidence that complete harmony existed, and the road was completed to the satisfaction of both parties. The Belgian chief engineer drew up the plans, specified the material, and the director general approved and authorized the payments, and only Belgian or French products were purchased. It was a clear cut, out and out business proposition for the Belgians, for all they could secure from the loan, as the alleged political agents of France and Russia, was the market for their iron and steel. Aside from the rails purchased from the Chinese Hanyang Iron and Steel Works, their manufacturers derived the fullest returns from the undertaking. The provision of the loan which gave the Chinese absolute control, and the privilege to redeem the property at the termination of ten years, placed an effective check on any ambitious schemes to dominate the railway situation for Belgian firms.

When the time came, China exercised her rights and with a new loan redeemed the old one, bought out all the interests of the Belgians to a share in the profits of the line, replaced the Belgian officials with their own men, and is now controlling the property free from any restrictions or interference.

The Cheng-Tai Railway loan agreement, which received preliminary approval in 1898, was not formally ratified until September, 1902, and is known as the Chinese 5 per cent. 1902 loan. Its nominal value was francs 40,000,000, issued at 90 per cent., for twenty-five years, with privilege of redemption. In this agreement the administration of the railway rested with the company, and all materials purchased abroad were to be procured from France or Russia. The construction was turned over to the Belgian syndicate of the Peking-Hankow line, and the same rule applies as to the origin of material. Only French or Belgian materials are in use.

The next railway loan also dealt with a Belgian agreement for the construction of the Pienlo line (Kaifengfu-Honanfu). This was signed at Shanghai in 1904 and provided for a loan of £1,000,000, issued at 90, bearing 5 per cent. interest, secured on the railways and guaranteed by the imperial government. It is redeemable in twenty years, but after ten years, the date of first amortization, it can be refunded or converted. As for the engagement of the chief engineer and foreign staff, and the ordering and purchasing of materials, the same general rule as applied to the Peking-Hankow line was adopted, and they were all furnished by French or Belgian manufacturers.

The Shanghai-Nanking railway loan agreement of July, 1903, for £3,250,000, was issued at 90, and bore interest at 5 per cent. with the railway and its revenue as first mortgage and guaranteed by the imperial government. The life of the loan is fifty years, repayable at 102½ after twelve and one-half years, and at par after twenty-five years. Under the provisions of this agreement the engineer in chief appointed by the British and Chinese corporation had practical control over expenditures. The corporation bound itself to build and equip the road as economically as possible in accordance with the best modern methods. The supervision of the road was entrusted to a board of commissioners of five members, three foreigners and two Chinese. One of the Chinese members was appointed by the director general and the other in conformity with the wishes of the provincial viceroy. In addition to the engineer in chief,

the corporation appointed two British members. The functions of the engineer in chief were limited to the construction and operation of the line and the management of railway affairs.

The predominant influence of the British members on the board, of which the chief engineer was the virtual head, naturally led to the adoption of any plans submitted by him, and the approval of any and all expenditures for material. There was only one logical outcome to such a situation.

The control of expenditure resting in the hands of the engineer in chief, it follows, as a matter of course, that only favored British manufacturers were permitted to tender for supplies, and only British material was recommended and purchased. And as corollary to the above, and the desire to build and equip the road according to the best modern practice, only the most approved materials found their way into the makeup of the road. And accordingly the road is as it should be, thoroughly first class in every respect, representing the best in British railway practice and standard throughout. It is undoubtedly the best built and best equipped road in China, and a standing object lesson of British railway principles adapted to Chinese requirements.

But the road has cost something like \$55,000 gold per mile, exclusive of flotation charges and commissions, as against a cost of \$40,000 gold per mile on the imperial railways of North China, and an estimated cost of less than \$20,000 gold per mile for some roads built under purely Chinese supervision, such as the Kiangsu, Chekiang and Sunning roads. This unusual divergence of costs has set the Chinese thinking. They allege extravagance and unnecessary expenditure on the part of the engineer in chief. The fine passenger cars, high grade locomotives, substantial freight houses and commodious stations are held up as too costly for such a short line China. They maintain that the great masses have no luxuries in their homes, and they don't require such things on their travels. They insinuate that the excessive expenditure was due to a desire to increase the size of the loan, and add to the commission of 5 per cent. on all purchases for supplies. The corporation thus placed in an unpleasant light answers that while the road has cost more than any other in China, due to the superior quality of the construction and material, the total would have been greatly reduced had it not been for the many "combinations" among the Chinese officials to raise local prices for land and ballast.

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Of course, if this report is true, the Chinese adopted a very bad foreign custom and deserve severe censure. We have heard of many instances where the "inside clique" in foreign countries reputed to be highly enlightened have quietly cornered land needed for government, railroad or other public purposes. It seems hardly credible that the Chinese could know of such practice abroad, and leads us to believe that the correspondent simply fixed up an old Tammany Hall legend and inserted Chinese names to give it verisimilitude.

However, if true, it opens up a subtle question. In railway building in China is the foreign loan agent to reap all the profit, and none go to the native? A loan contract, which gives the foreigner the exclusive privilege to charge a commission on purchases, ought at least recognize the right of the Chinese to a little share of profit on his end of the deal. In this particular instance, all the profit went to the foreigner, who had control of expenditures, and the Chinese were barred from anything except on the sale of lands, brick and native labor. The foreigner's commissions on purchases amount to nearly taels 500,000, or roughly £60,000 or 2 per cent. of the amount of the loan, and the clause which gives them this commission is looked on as a continual source of income during the life of the loan.

If the Chinese forced up the price of land, as the only means of securing their "official squeeze," and forfeited

the good opinion of all right thinking people, what must be said of an arrangement which precluded open competition to all British manufacturers to a share in the supply of materials. If equal opportunity and fair play had been granted to all British manufacturers of cars and locomotives instead of an approved list, it is contended that many thousands of pounds would have been saved in the cost of the road.

As the correspondent of the *Times* aptly remarks, there is a humorous side to the matter, but we heard no loud sound of merriment from the Chinese Government, which had to foot the bills. They may turn the joke on us.

And from these two sides of the question the public is left to accept which view it likes best. The construction of the road has no great engineering difficulties to overcome, and the impression left on the mind after hearing both sides of the dispute is that \$55,000, gold, per mile would permit of some excessive charges somewhere in the accounts. British interests stoutly maintain with a good show of reason that in complying with the stipulations of the agreement they have given China a thoroughly first class road in every respect, built and equipped according to the most approved modern railway practice, with stations, roadbed and rolling stock which will not require any repairs or alterations for a number of years, and naturally the cost is high, and China will in time learn to appreciate the expenditure.

Chinese opinion holds steadily to the point that under the existing impoverished condition of the empire, and the political tendency of many railway loans forced on her in the last decade, such a great expenditure was unwarranted, and her purpose would have been served by a road costing half the amount.

But the one feature which the controversy has brought strongly into the limelight is the dangerous policy to China of entrusting the control and expenditure of loan funds entirely to foreign supervision and control. Had the complexion of the Board of Commissioners been reversed, and the majority Chinese instead of British, the former maintain that the road would have been built for half the cost, and some strength is given their argument from the costs of other roads built solely under native control. Further strength is given their side of the argument from the prices quoted for rolling stock in the report of the engineer-in-chief and a comparison with other prices at which similar goods have been laid down in China for other roads. Although the loan agreement calls for the flotation of £3,250,000 in bonds, only £2,900,000 have been issued, and the Chinese Government prefers to furnish from the treasury any necessary balance of funds for the completion of the road, rather than sanction the issue of the £350,000 balance through the corporation.

The next loan of importance is the Canton-Kowloon, 5 per cent., 1907, gold loan for £1,500,000, issued at 94. The duration of the loan is thirty years, redeemable at 102½ after twelve and one-half years, or at par after twenty-five years. The same general rules for the supply of material are followed as in the Shanghai-Nanking agreement, except that instead of the corporation receiving 5 per cent. commission on all purchases this was commuted to a lump sum of £35,000 in full payment of all services rendered in the construction and equipment of the road. The Chinese profited from experience on the Shanghai-Nanking construction, where the foreign engineer had full control over expenditures, and in the present agreement they secured for the Chinese director general participation in the supervision of the funds. Under the agreement, the head office was directed by a Chinese managing director (appointed by the viceroy at Canton), with whom are associated a British chief engineer and a British chief accountant. The British employees were proposed and certified as competent for the posts by the corporation, and they could only be dismissed by mutual agreement with the viceroy. The accounts and expendi-

tures were to be certified by the accountant before payment by the managing director. Here, although China secured an advantage in handling the expenditures, the British succeeded in placing their accountant as a check on any irregularities. This agreement was considered by British opinion as the very best yet negotiated, and held up as a pattern for all future loans. Mr. Kent, in his book on "Railway Enterprise in China," in summing up the situation, laid stress on the soundness of such terms. But human judgment is liable to err, and the result of their working out has proved a boomerang to the advocates of foreign financial control. To the intense mortification of British interests, the much abused Chinese propensity for "squeeze" has been equalled by their own chosen and accredited custodian of the national honor. Late papers from Hongkong bring the story of the trial and conviction of the British chief accountant of the Canton-Kowloon Railway on the charge of embezzlement of funds amounting to over \$20,000.

We now come to the Imperial Chinese Government 5 per cent. Tientsin-Pukow railway loan, issued on the 13th day of January, 1908, through the Deutsche-Asiatische Bank (German), one-half, and the Chinese Central Railways, Ltd. (British), one-half, for the construction of the trunk line from Tientsin to the Yangtze at Pukow. The term of the loan is thirty years, repayable after ten years at 102½, and at par after twenty years. The price to the Chinese Government for the first flotation of £3,000,000 was 93, and the second the actual rate of issue to the public, less 5½ points commission to the syndicate. The loan is secured on the likin and internal revenues of Chihli, Shantung, Nanking and Kiangsu, and guaranteed by the Imperial Government. China has made another step forward towards recognition of her rights in the control of funds and construction. The construction and control of the railway are entirely vested in the Imperial Chinese Government, in addition to the power to appoint qualified German and British chief engineers, acceptable to the syndicate. These in turn were under the orders of the Chinese managing director. In the employment or dismissal of the technical employees of the line, the director and chief engineer have to concur or submit the difference of opinion to the head director general for decision. China also secured the privilege of appointing a European chief engineer to administer the entire line after construction, without reference to the syndicate.

The absolute control of the funds rested in the hands of the Chinese director general, and through him delegated to the managing directors of the two sections.

There was no provision for the services of a foreign accountant to certify payments, as in the case of the other loans. In fact, the terms were the most favorable ever conceded to China, establishing the principle that she could be trusted to spend a foreign loan honestly. British opinion was loud in asserting that the terms were too liberal, as with no check on the accounts they failed to offer sufficient guarantee for the investor. Provision was made in the agreement, however, that an auditor paid by the syndicate could inspect the accounts at stated intervals, but beyond this he had no power to interfere. The Germans, on the other hand, were as loud in their praise of the terms, taking unto themselves all the credit of conceding the square deal to China for the first time in the history of foreign railway loans. And so the negotiations terminated and went into effect. China could now show to the world that her officials were fully competent and trustworthy, and with a check on the possible extravagance of the foreign chief engineer in ordering materials, the managing directors could keep down the cost, and prevent favoritism.

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Following the many charges of graft and corruption against the Chinese managing director—which are too

numerous to specify—investigation disclosed that Taotai Li had annexed unto himself and his confederates the insignificant sum of taels 3,500,000, or roughly speaking, \$2,400,000 gold, or one-fifth the entire portion of the German loan. China lost no time in dealing with the matter. Punishment was meted out to the impeached official and all those implicated with him in the frauds. In his fall he dragged down the director general, Lu Hai-huan, although it is conceded that he has no share in the misdeed of his subordinates. Chinese law could not reach his alleged foreign accomplices, so the Imperial Government had to rest content in cleaning out and chastising its own wrongdoers. German interests have stoutly protested the innocence of the chief engineer and other German officials, and maintain they are entirely free from any suggestion of collusion, and, in fact, no formal charge has been presented against them. But the Chinese have been thinking, and wonder how the chief engineer, after arrogating to himself equal control over the accounts, failed to discover these enormous peculations, and to bring charges against his superior through the bank, or why the German auditor overlooked the unmistakable discrepancies in the accounts. While the Chinese are willing to accept the stigma of criminal carelessness, they cannot free their minds from the idea that although the German officials may be scrupulously upright and incapable of acquiring ill gotten gains, they are open to censure, inasmuch as the chief engineer having equal supervision of the accounts must have exhibited the same culpable negligence in failing to detect the frauds. As it can be fully substantiated that the German chief engineer, contrary to the provisions of the loan agreement, enjoyed equal control over the accounting department, public opinion will side with the Chinese contention. The situation is one which calls for something more definite than a mere protestation of innocence from German interests, as under these conditions their national honor is as much at stake as the Chinese, who have so far meekly accepted the full burden of the disgrace. It is safe to say that cordial and harmonious relations between a Chinese managing director and a foreign engineer, which throw all the purchases into the hands of favored manufacturers of any one nation, will in the future receive more careful scrutiny at the outset by the imperial authorities.

While this situation existed at the German end, affairs on the British section progressed along opposite lines. Here the Chinese managing director is a civil and railway engineer graduated from an American college in 1883. His knowledge of railway matters is almost as good as that of the British chief engineer under his orders. Instead of harmony, discord reigned in the camp. The British engineer, despite the plain intention of the loan agreement and guided by the precedent on the German section, insisted that the chief accountant must recognize him as equal in authority with the managing director. And against the positive objections of the latter to any interference in his domain the engineer created the issue, which was only settled by the authorities in Peking ruling against his pretension.

Aside from this friction, matters have progressed favorably. Work on the road has been retarded and China will have to pay a little more interest, but, on the other hand, she is securing such low prices for materials that the saving will greatly outweigh any small increase in interest due to a few months' delay. While the chief engineer invariably advocates the purchase of British materials, many tenders at lower prices have been awarded by the managing director to American and Continental firms, and Chinese industries have been favored whenever possible. The working out of the "Pukow terms" on the southern section has so far vindicated China's contention that her officials are fully competent and trustworthy to handle loan funds to the best advantage of the investor and her own interests. Never before in China have bridges and

rolling stock been delivered so cheaply. The same general type of goods wagons sold to the Shanghai-Nanking Railway have been purchased by the Tientsin-Pukow director for about half the price.

And now we come to the Shanghai-Hangchow-Ningpo 5 per cent. gold loan of 1907 for £1,500,000, issued through the British and Chinese Corporation. This is fully dealt with under the article on that road. The moral of this story is, that some Chinese are unwilling to accept a foreign loan at any price, and stubbornly resist the efforts of the central government to force them into line. Here the Chinese have been willing to indemnify or present the foreign corporation with the amount of their commissions for purchasing supplies rather than permit them to interfere in their affairs. The result is that under their own supervision the Chekiang and Kiangsu Railways have been constructed and equipped, according to their own reports, at a cost of less than \$20,000 gold per mile. The foreigner cries "graft," as the reason for the desire to handle their own money, but the low cost of the roads practically prohibited any large amount of squeeze. Between \$20,000 on the Kiangsu and Chekiang Railways and \$40,000 on the I. R. N. C. or \$55,000 on the Shanghai-Nanking Railway is a wide difference, and if the directors have received "official commissions" they are not above a practice prevailing in some other countries. But the critics say the money was wasted, the bridges are unsafe, the roadbed is sand, the sleepers are punk, the cars are miserable and the engines will only last a few years. The proof of the pudding is in the eating. The roads are there, trains are running, so far there have been no accidents, and the Chinese are congratulating themselves on outwitting the foreigner. Some of their rolling stock may be bad, but they got just what they ordered and paid for. On the other hand, some of the cars are standard German, American and British make. The tracks may need ballasting and new sleepers be required in due time. Profits are rolling in and they can afford to spend some in correcting errors. To those who unfavorably compare the trains in these roads with the Shanghai-Nanking, the Chinese answer, "It is good enough for us, and we have a margin of \$35,000 gold per mile between us and the other road."

This brings us to the proposed Hankow-Canton and Hankow-Szechuen Railway loans, now awaiting signature at Peking. These roads are to be constructed under a joint loan from Great Britain, France, Germany and America, and Pukow terms will prevail.

In accordance with her promise, China extended the first chance to supply this loan to a British syndicate, but H. E. Chang Chih-tung, the director general of the line having the negotiations in charge, insisted that "Pukow" terms should be stipulated in the agreement. To this the agent of the corporation refused to accede, and held out for "Kowloon" terms, with their reflection on Chinese honesty. The negotiations were terminated abruptly by H. E. Chang Chih-tung refusing to treat further with the syndicate, or its representative. He then turned to the German bankers, who were only too willing to accept these terms. So the deal which let Germany into the Yangtze Valley was negotiated and signed. This great blow to British prestige in China is therefore the direct outcome of a loan agreement in which her representative refused to cede her a certificate of character and admit the honesty of her officials, and on this rock the British and Chinese Corporation finally came to grief, and destroyed its future activity in China. During the subsequent loan negotiations in Peking the Chinese flatly refused to deal with their representative; British interests in China had to be taken over by the Hongkong and Shanghai Bank, and J. O. P. Bland, after a lifetime of activity in the East, was compelled to retire from a field in which his usefulness was ended.

In the final drafting of the agreement, which is still

unsigned, the construction of a section of the Hankow-Szechuan line was included. Great Britain, France, Germany and America will participate equally in the £6,000,000 issue, and materials will be purchased in the cheapest market. The issue price is to be 95, and the terms in general are the most liberal ever conceded to China and mark the final step to a full recognition of her rights in supervision of foreign loans.

From a careful study of nearly all Chinese railway loans, it is apparent that foreign financial syndicates refuse to accept the theory that China can be trusted to honestly administer the proceeds of a loan, and, therefore, trusted agents must be selected to prevent her officials squandering the funds. It is seen that in some instances this theory has been amply vindicated, and on others the reverse has obtained. On the I. R. N. C., under British technical and accounting supervision, the property has rapidly increased in value, though this was due to natural trade conditions rather than to any unusual activity on the part of the foreign chiefs of departments. Even with these checks on the accounts it has been impossible to completely prevent frauds, as several years ago it is asserted that corruption existed on a huge scale. And while the provisions of the loan have operated to the entire satisfaction of the foreign bondholders, they have at the same time constituted a direct menace to the legitimate aspirations of manufacturers other than favored British firms to an equal share in the Chinese railway market. British writers point to the administration and operation of the I. R. N. C. as the model for all other roads in China. Were it not for the danger to American and Continental railway principles involved and absence of fair play to all British manufacturers, this could be conceded, and as far as the operation of the road as a public carrier is concerned the system can be approved, but when the administration of such a road bound under the clause of a loan agreement to have a British chief engineer and assistants for forty-five years enters into the manufacture of cars and bridges with British standards predominating, for the avowed purpose of compelling their use on all other roads in the empire, then the point must be stubbornly contested, as infringing on the doctrine of equal rights and the open door. No one can gainsay the right of the Chinese Government to impose such standards as it considers applicable to the requirements of the country, but in such a case they should be drawn up by a body of broadminded men representing British, Continental and American practice, and not by a group of engineers of any one nation.

It has been proved that the theory underlying a loan agreement reflecting on the integrity of the Chinese officials, by providing for foreign supervision of accounts, does not always work out as expected, as instanced by the defalcation of the accountant of the Canton-Kowloon line. On the other hand, the contention is strengthened by the enormous speculations of the managing director of the German section of the Tientsin-Pukow line, carried on successfully under the eyes of the German chief engineer, who had equal participation in the control of the accountant.

Absolute control of the construction funds in the hands of foreigners has not been acceptable to Chinese ideas of economy, as evidenced in the Shanghai-Nanking Railway dispute. Extravagance is charged on one side and jobbery on the other. It is a fact that ballast for the road had to be procured at high figures, owing to the combines amongst Chinese officials and gentry controlling the properties, and it is also fully substantiated that the prices paid for rolling stock was greatly in excess of what they should have been. This agreement worked out to the full satisfaction of the foreigner, but the experience will never be repeated by China.

It is also proven that under Chinese supervision of expenditures, as instanced on the southern section of the

Tientsin-Pukow railways, honesty and strict economy have prevailed to the great advantage and profit of the Chinese Government, or rather, not to the exclusive benefit of products emanating from the country furnishing the loan. It is also brought clearly into the limelight that when untrammelled by loan agreements, or interference of foreign engineers, accountants and technical staff, and China permitted full liberty to supervise and construct her roads under native engineers and directors, the result is a revelation in economy which no foreign built road has ever attained. In the building of such roads as the Peking-Kalgan, Kiangsu, Chekiang, Pinghsiang and Sunning under purely native supervision and control, China has demonstrated to the world that she is fully competent to develop her transportation facilities at figures defying foreign competition. At a cost of \$20,000 to \$30,000 gold per mile there is little scope for dishonesty. The roads may not be up to accepted foreign standards, but there are many new roads throughout the world of which the same may be said, and if China is satisfied and willing to construct a cheap road at first, and improve it as receipts increase, she will only be following a precedent set by successful pioneer railway builders in all other countries.

It is evident that every loan agreement carries with it a preferential clause for the purchase of materials manufactured in the country supplying the loan and for a 5 per cent. commission to the syndicate acting as purchasing agent. Where the foreigner has full control of expenditures, and where harmonious relations exist between the Chinese director and the foreign chief engineer, it follows that competition will be restricted and favored firms patronized, to the disadvantage of other manufacturers of the same nationality, not to mention the complete freezing out of any other foreign makers.

It may be deduced from the above that the only opportunity manufacturers of all nations have of competing on equal terms and conditions is where China has absolute control of expenditures, as on the Tientsin-Pukow or Peking-Kalgan line, or where the roads are built by private capital. All concession or loan roads are so many direct bids for a monopoly of trade to favored firms of the nation supplying the funds.

At present British, German, American and Belgian materials predominate on roads constructed under their loans. Their engineers advise purchases on the principle that the worst maker of their own country is better than the best in any other.

A rough idea of comparative costs for railways in China built under foreign loan agreements is here given:

RAILWAYS BUILT UNDER THE RESTRICTIONS OF LOAN AGREEMENTS.

Railway	Miles	Loan	Cost per mile	U. S. C.
Imp. Rys. of N. China.....	600	£2,300,000		
Imp. Rys. of N. China (Ch. Gov't shares).....	600	2,275,000		
Total.....		£4,575,000	£ 7,625	\$41,800
Peking-Hankow Ry.....	760	£4,500,000		
Ch. Gov't assets.....		1,790,000		
Total.....		£6,290,000	£ 8,276	\$41,380
Shanghai Nanking Ry.....	203	£2,900,000		
Ch. Gov't advances.....		221,373		
Total.....		£3,121,373	£15,376	\$76,880
(1) Canton Hankow.....	30	*£ 500,000	£16,666	\$83,336
(Samshui Branch) Total amount of loan.....	30	1,100,000	36,666	183,333
			actual cost.	
(2) Tao-Ching Ry.....	*90	700,000	6,666	33,333
Cheng-tai Ry. (meter gauge).....	160	1,600,000	10,000	50,000
Peinlo Ry.....	110	1,000,000	7,142	35,710
Canton-Kowloon (under construction).....	90	1,500,000	16,666	83,333
Tientsin-Pukow.....	600	5,000,000	8,666	43,333
Total.....	2683	24,385,373	9,000	45,000

(1) *This figure is arrived at as follows: In the cancellation of the concession of the \$6,500,000 paid to the American China Development Co. \$3,000,000 represented the amount expended on the 30 miles of finished road, and 50 miles of earthwork. Allowing \$10,000 per mile for this latter item, or \$500,000, it leaves \$2,500,000 as the cost of the 30 miles. As in this have been included a large percentage of preliminary and other expenses which would have been proportioned to the entire line when completed, the amount arrived at of £16,666 per mile is undoubtedly much higher than it would have been if the road had been completed under the original concession.

(2) *This is not really a loan-built road, but comes under the following heading. The loan was contracted after its completion by the Peking Syndicate.

RAILWAYS BUILT UNDER FOREIGN MANAGEMENT AND USING THEIR OWN FUNDS.

Railway	Miles	Cost	Cost per mile.	U.S.C.
Ch. Eastern Ry., Russian.....	1600	\$150,000,000 estimated.		\$90,000
Shantung Rd., German.....	245	£2,664,600	£9,200	46,000
Yunnan Ry., (meter) Fr.....	535	\$32,216,000		60,000
Peking Syndicate, British.....	90	£614,600	£6,828	34,140
(1) Kowloon-Canton, British...	22	*£13,000,000 Mex. Estimated over	\$600,000 Mex.	250,000
South Manchuria System (Jap)	714	\$100,000,000 capital.		140,000

(1) *Of this estimate over \$3,000,000 went on the Beacon Hill Tunnel. The road has between 8,000-9,000 ft. of tunnels and large reclamation. The Kalgan road had over 5,400 ft. of tunnels, and some heavy cuts and fills, and was completed for \$40,000 per mile. The comparison is merely made to show the great divergence of costs between the two most difficult roads in China.

RAILWAYS BUILT WITH CHINESE CAPITAL WITHOUT FOREIGN RESTRICTION.

				U. S. Cy.
Pinghsiang.....	70	Tls. 3,600,000 exp.	Tls. 51,428	\$32,000
Kiangsu.....	86	\$3,000,000 cap.	\$88,338	34,000
Chekiang.....	78	5,000,000 cap.	64,100	26,000
Swatow-Chaochow.....	24	2,000,000 cap.	88,338	34,000
Peking-Kalgan....	123	Tls. 8,000,000 exp.	Tls. 65,570	41,000
Sunning Ry.....	..	.....	.....	.....
Taitshih Light Ry.	18	250,000 exp.	13,888	8,676
Nanking City Ry..	8	300,000 exp.	37,500	24,187

The actual amount expended is not obtainable though native reports are to the effect that all these roads have been built for less than \$20,100 per mile and a balance was left in the Treasury.

The average cost of the loan built roads will be considerably reduced by deducting the large sum for the repurchase of the Canton-Hankow concession from America, for which only 30 miles of road is allowed, but on the other hand there was some 50 miles of finished earthwork and grading included in this, as well as indemnity for loss of profits. To this should be added the financial losses on floating the loans, averaging 10 per cent., which would bring the construction cost of the roads down to a lower figure and make the general average about £8,000 per mile, against, say, £6,000 per mile under Chinese direction. Complete and accurate data is lacking to make an exact table or estimate, and the figures given here vary considerably with actual expenditures; for instance, the Chekiang, Kiangsu and Swatow railway officials claim to have built their lines for under £4,000 per mile, but in default of actual figures we have had to take their paid up capital as a guide.

It appears that the most costly loan built railway is the Shanghai-Nanking road, at an average cost of \$15,000 per mile. (Revised figures give a final total for construction of \$10,600.) The most economical of the foreign built roads is the Peinlo line, and then the Peking-Hankow line, which included the most important engineering feat in China—the bridging of the Yellow River. Between the two roads there is an actual difference of, say, £7,000 in favor of the Belgians, but there is no comparison in the quality of the work. The American built Samshui branch of the Canton-Hankow line of 30 miles was the most costly to China, as the price includes the amount of the loan for the purchase of the concession from the America-China Development Company. The actual cost of construction, however, was large, as alleged extravagance prevailed in the ordering of materials, and in prices paid. Naturally

everything was purchased from America. The cost of this line to China, if carried to a finish at the pace set in the early days of construction, would probably have equaled the Shanghai-Nanking road, so Americans cannot hope to stand on a pedestal and lay claim to any superior virtues. The point which the above table makes clear is that the cost of her 2,680 miles of foreign constructed roads, including cost of loan flotations, averages over £9,000, or \$45,000, gold, per mile.

The most difficult engineering railway proposition in China is undoubtedly the 122 mile road from Peking to Kalgan, where over a mile of tunnels have been pierced, and much difficult mountain bridge work and rock cuttings negotiated. The engines for the mountain section are the heaviest and most powerful in China. Yet, with these high initial costs and charges, the road has been completed for about taels 8,000,000, or \$41,000 per mile, or about the same as the Pekin-Hankow or I. R. N. C. The mountainous country through which the Ching-Tai Railway passes is the nearest approach to conditions on the Kalgan road. Yet we find that the Belgian engineers, laboring under less difficult conditions, constructing a meter instead of a standard gauge road, expended £10,000, or \$9,000 more than the standard gauge Kalgan road. It cannot be urged that the rolling stock on the Kalgan road is inferior, or the roadbed is poor. The cars have been largely supplied from the Tongshan shops and the locomotives are Mallet type from the North British Locomotive Company, and Shay geared engines from the Lima Locomotive Company, in addition to engines loaned from the I. R. N. C. The roadbed is rock and well ballasted. And away below the Kalgan expenditures are the costs per mile of the Chinese built and much criticised Kiangsu, Chekiang, Sunning and Swatow lines, averaging about £6,000 or £30,000 gold per mile, but according to their own version less than \$20,000 per mile.

The German built Shantung line, 245 miles in length, cost, including interest on capital, £2,644,600 or about £9,200 (\$46,000 gold) per mile. They were no steep grades or engineering problems to overcome, and in a general way the character of the country traversed is similar to portions of the Shanghai-Nanking road.

These figures speak for themselves. They tell the story that China is forced to expend much more for her foreign built roads under the restricting terms of loan agreements than she would if left untrammelled in the supervision and control of expenditures. And they tell us that even after a capital expenditure of £24,000,000 (\$120,000,000 gold), at the best, China has only a variegated assortment of railway cars and locomotives from every manufacturing country in the world, for some of which she has paid exaggerated prices, and many are entirely unsuited to the requirements of the traffic and must soon find their way to the scrap pile. And when the various systems are completed and joined together there will be such a gathering together of ill assorted and miscellaneous types of rolling stock that interchange of cars and through freight or passenger service will be impossible, and in the end China will find herself compelled to purchase new material according to some definite standard, and relegate the old collection to purely local service on the various lines.

China is a poor man's country. All expensive and luxurious railway cars and other high grade material must be paid for by taxing the impoverished masses. China is heavily in debt and struggling hard to meet her foreign obligations and develop her transportation facilities while preserving her sovereign rights intact. Chinest officialdom may be corrupt, but it is not alone in this respect. There is not a so called civilized nation in the world that has escaped similar charges in recent years, and for every instance of corruption in China a counterpart can be found in other countries. The only difference is that "squeeze" is considered a legitimate perquisite in China and openly practiced by all classes. Like morality in general, it is a question of

geography. In Europe and America "squeeze," graft, corruption, malfeasance and other similar methods of acquiring wealth is frowned down and punished, but it is practiced just the same. China has proven to the world in her railway building that her official ideas of "squeeze" are moderate, and with all these perquisites added in she can build roads to her own satisfaction for nearly one half the cost charged by foreigners.

China needs many miles of new railway which must be built for commercial and state reasons. China must borrow this money abroad, as her people refuse to take up loans bearing 5 per cent. when they can make greater returns in other ways. China has demonstrated that her officials average up as honest and capable as foreigners, and all so called checks on her control of loan funds are superfluous and an insult to her pride and standing as a nation. The security on the property, guaranteed by the Imperial Chinese Government or provincial revenues, should fully insure the investor, as it does in any other country of the world. Why, then, should China be compelled by foreign financiers supported by their governments to continue a system which makes her spend twice as much for her railways and retards her progress by increasing her debts?

The major items of railway costs are lands and general labor charges, earthwork, crossings and fences, culverts, stations, administration expenses, etc., and rails, rolling stock and materials are secondary. Why perpetuate a system humiliating to a nation's pride, and doubling the entire cost of a railway for the sake of the profits on materials? By conceding to China the standing enjoyed by any little second or third rate power in other parts of the world, and accepting the imperial guarantee of the interest and principal, and permitting her a free hand in the construction of the roads and purchase of materials in the cheapest market, China would be able to build twice as many roads as she can under present loan conditions.

It is axiomatic that if the average cost of roads built under the strictures of foreign loan agreements is \$45,000 gold per mile, of which sum at least two-thirds are for labor, land and supplies purchased in the country and only one-third goes abroad for materials, and serviceable railways can be constructed and equipped for \$20,000 to \$30,000 gold per mile when built without foreign interference, China could more than double her railway building if unmolested in the administration of her affairs. The banking corporations would lose the 5 per cent. commissions on purchasing materials and a few high salaried employees would be eliminated. The same amount of money would be expended in the country, but the orders to foreign manufacturers for cars, locomotives and railway supplies would be doubled. What the banker, purchasing agent and staff employees would lose would be repaid to the foreign manufacturer ten times over and in the end bring just as much profit to the banks as though they held out for the continuance of a system in which they are at present the greatest beneficiaries.

China's credit is good. Her finances need reorganizing, and it will come in time. Even under foreign financial control of all revenues her credit would be strengthened. Despite pessimistic reports of China's unstable currency and financial chaos, her bonds are eagerly accepted by the investing public at par or at a premium. This denotes a confidence in the Imperial Government guarantee equal to that extended to other first class powers. Sooner or later reflections on her integrity through foreign interference in the expenditure of loan funds must cease. The sooner the better. If international protestations of friendship to China are sincere, and there exists a genuine desire to maintain the open door and further foreign trade relations, every country should subscribe to the doctrine of permitting China exclusive control of her loan funds for railway purposes.

The benefits accruing to all interests are self evident, and only political objections can be raised against it. It is time China is accorded fair play.—*Far Eastern Review*.

AMERICAN POSSIBILITIES IN THE FAR EAST.

BY J. SELWYN TAIT, INTERNATIONAL BANKING CORPORATION.

The terms of the Chinese railway loan for the construction of the Hankow-Szechuan Railroad remain unsettled at the close of the year. There have been various causes of delay extending over the past nine months, but the matter which is delaying negotiations now is the failure of England to come to some agreement with France as to their relative share of control over a portion of the Szechuan Railroad. As England has shown every disposition to meet France, it may be that this matter will be adjusted very shortly. It may be also that the bankers are not hurrying the settlement, for the reason that the present condition of the money market, both here and in Europe, does not make a 5 per cent. Chinese loan, at par, very attractive, and even if the dispute were adjusted the issue of the securities would undoubtedly have to be postponed. Meantime doubt is arising in the Chinese mind as to whether foreign capital is desirable in her railroad enterprises. Her past experience in connection with the Hankow-Canton Railroad and foreign banking institutions have caused her to distrust outside aid of any kind. For this reason China is using every effort to finance and manage her own railroads, and it is interesting to notice that one of the points in dispute between France and Great Britain—i. e., their relative share in the proposed extension of the Szechuan road from Ichang to Chengtu—is being solved by China herself, as she has begun to build that road with her own money. The protracted delay in completing arrangements for these railroad loans has been a misfortune to the foreign countries interested in them, as it has weakened their hold on China.

There are railways in China already constructed and in operation to the extent of 4,156 miles. British and Chinese capital was employed in 708 miles of these, British capital alone in 294 miles, Chinese capital alone in 1,128, Russian capital in 1,088, German capital in 280 miles, French capital in 440 miles, Belgian capital in 140, Japanese capital in 48 miles and American capital in 30 miles.

In the case of the roads under construction the nationality of the capital employed is as follows: British, 135 miles; British and Chinese, 80 miles; British and German, 723 miles; Chino-Japanese, 75 miles; Japanese, 150 miles; Chinese, 422 miles.

Of the railways projected the nationality of the capital to be employed is: British, 970 miles; French, 46 miles; Chinese, 1,400 miles; Chinese (and failing Chinese), Anglo-French, German and American, 2,200 miles, in addition to which there are 700 miles of which the source of capital is undetermined. Thus, out of a total railroad mileage of 10,356 constructed, under construction and projected, American capital only represents 30 miles, independent of our share in the 2,200 miles in the projected Hankow-Szechuan road. Germany, on the other hand, is interested in 1,003 miles independently of her interest in the Szechuan road; Russia in 1,088 miles; Great Britain in 2,910 miles, irrespective of the Szechuan loan, and France in 486 miles. It will be seen that our existing interest is smaller than that of any other country and that we have narrowly escaped having no interest at all.

President Taft's experience in the Philippines and his intimate knowledge of the Orient enabled him to see at a glance the possibilities for American commerce in China, coupled with the country's present foothold in the Philippines. He also recognized in a practical way that the present generation owes something to those who are to come after us in the way of securing valuable foreign markets while yet there is time. Europe made a great outcry when

America claimed her share in the loan under the agreement of 1903. This country was accused of having allowed European countries to do all the hard work and then at the last moment of having claimed a share in the reward of their efforts. It is, however, very clearly established that in reality this country was first in the field for this particular loan, and that instead of having refused to co-operate with Europe in these loans as was contended, a prominent American international banking company had on three separate occasions between January and April, 1909, pointed out to British banking interests that it would be agreeable to China and itself to have American and British capital work together in China, and that on each occasion the co-operation was declined by Great Britain, although German and French co-operation was availed of shortly afterward. An extraordinary amount of misunderstanding appears to have existed in some of the European chancelleries as to America's position, and yet the situation was in itself easily to be understood.

In 1903 China agreed to call upon England and the United States in case she should require foreign capital to build the Hankow-Szechuan road. The ministers of both countries agreed that the rights of each were to be identical. In 1904 the British Minister asked for a concession for the construction of this line and invited American capitalists to join. Again in 1905 the British Government advised our own that it intended to approach the Chinese Government on the question of the granting of this concession and asked if we wished to participate. American bankers vouchsafed no reply to this request, for the simple reason that they did not care to invest money in an English charter, although they were willing enough to invest in railroad bonds of the Chinese Government. England evidently misinterpreted this as an intention on the part of the United States to have nothing to do with Chinese finances, an interpretation arrived at in a very loose fashion and resulting in her own confusion later on.

It has probably surprised Americans that there should be such a boho about a mere loan of \$30,000,000 when domestic transactions of that magnitude pass without comment. As a matter of fact, what the different powers were fighting for was the entering wedge in China. The profits derivable from these loans are not large. The bonds are bought at a certain price and sold for a slight advance. Then there is a commission of 5 per cent. paid to corporations closely affiliated with the bankers for the purchase of railroad supplies, and, furthermore, there is a profit which goes to the country supplying the railroad material. The great gain to the country or countries securing these loans is to be found in the fact that in the supply of railroad materials for their respective countries they will establish a highway of commerce with China along which will undoubtedly travel a considerable portion of the business of the future.

The principal cause of the delay in settling the terms of this Chinese loan has not been due to China's action, but has been owing to the difficulty experienced by the competing countries in arranging the question of the amount of line which each would control and the appointment of engineers who could influence, in favor of their respective countries, all the railroad supplies needed, thereby originating the channel of future commerce referred to. It is inconceivable that the principal powers of Europe should have been wrangling for nine months over this business unless they saw some very valuable prize was at stake. Congratulations are due to the present administration that they recognized so promptly the opportunity in China today and were so quick to seize it.

While China as a country is sadly in need of funds, she

is in the position of an heir to a great property temporarily out of cash. In proportion to its population, China's public debt is \$1.46 per capita, as compared with \$3.83 per capita in British India, \$19.43 per capita in Japan and \$88.83 per capita in the United Kingdom. Should China increase her debt in proportion to that of Japan she would be entitled to borrow the enormous sum of seven billions of dollars. China has one-half mile of railroad to every 5,000 square miles of land, while Japan has 155 miles, the United States 300 miles and Great Britain 943 miles. If China had the same proportion of railways as the United States in relation to area, she would have 150,000 miles of railway, which, upon the basis of \$50,000 a mile, would cost \$7,500,000,000. In China, as elsewhere, the commerce of the country grows in far more than the ratio of railroad extension. Between the years 1900 and 1907 China's railway mileage increased at the rate of 45 per cent., while her net imports and exports increased 156 per cent. The experience of India and other countries traveling on all fours with China has been the same. China, however, has this enormous advantage over countries like India with a large, dreamy, caste ridden population—China has 400,000,000 able bodied, hard working people of enormous earning capacity, a national asset well worthy of the attention of our economists. Today China may be said to be torn between contending emotions. Her people are not anxious for foreign loans, as they dread the hold on their country which the foreigners thereby secure. They are, however, sufficiently wide awake to recognize that it is very greatly to their advantage to secure the interest of a country like America, which has no ulterior designs on their property, to counterbalance those powers whose designs they suspect. In this way China would rather have American capital than that of any other country, a condition of mind which favors American enterprise for the time being.

As indicated, the opportunity for extension in China's railroads is very great. In addition, however, there is an immense opportunity for the employment of capital in public utilities or municipal improvements. Among the fifteen hundred walled cities existing in China today there is a very large proportion which is altogether destitute of street railways, gas works, power plants, etc. Many of these would, under favorable conditions, afford an inviting field for American enterprise.

It is a common belief that the people of China are ignorant and unprogressive, as well as disposed to view foreigners with hostility—to regard them, in fact, as "foreign devils"—an expression, by the way, which had a very different origin from that commonly attributed to it, as it sprang from a belief on the part of the people in the earlier days that white foreigners were endowed with supernatural powers. As a matter of fact, the people of China are intelligent, and, while they show a great ability in protecting their rights by guilds, etc., when they desire to resist changes which they disapprove, they are in a way progressive. The "Rights Recovery Movement" is dying out, for the reason that it is recognized that the country has not itself the requisite amount of capital and the people are not educated to a point where they have confidence in each other and can work conjointly by organizing corporations or by otherwise uniting their capital in any large enterprise. Instead of there being no real sentiment for reform, there is every evidence that the central government is honest in its efforts to suppress opium and in the establishment of its new educational system, as well as in all the other reforms that are being introduced. The central government is, in fact, very much in earnest in urging these reforms throughout the empire. The Regent, a brother of the late Emperor, is a young man of good intelligence who is rapidly enlarging his experience. When, in the course of time, he surrounds himself with good, strong, able men, he will undoubtedly be able to carry out the much needed currency reforms, for lack of which the country suffers so much at the present time.

The first proclamation with regard to the movement for

the establishment of constitutional or representative government was issued in 1906. One year later a ten years' program for the gradual establishment of popular representation was outlined. This contemplated the organization of municipal councils in the principal cities of the empire in 1907. Many of these were established in that year, and they have been training schools for the people. During the present year steps have been taken for the election of in the capitals of the twenty-three provinces of the em-delegates to the provincial assemblies. These were opened pire—all opened the same day in last October. While the suffrages were limited and the authority of these assemblies very much restricted, they nevertheless served as mouthpieces for popular sentiment, and it is significant that the first theme that engaged their attention has been the financial condition of the Empire. They are almost, if not entirely, unanimous in their condemnation of the proposed stamp tax, which is a tax upon commercial documents. There is here a force which will have to be reckoned with in future financial transactions of the government. As the members of these assemblies very largely represent the commercial interests of China, the imperial government could not do better than take counsel with them in its consideration of schemes for the monetary and fiscal reform. So far the government has been very faithful to the program outlined in 1907, and in due time there will be an imperial parliament established at Peking.

So that it will be apparent that the sleeping giant of the ages is about to wake up. In the esteem of the Chinese people the American government, from its well known altruistic policy, has the right of way, and the United States ought to bend every effort to utilize this opportunity to the utmost advantage. It ought to take a leaf out of the books of Great Britain, Germany and France, and in every way encourage its banks operating in China. England was recently blamed for standing so slozely behind her own principal bank in China, and the British House of Commons apparently found it difficult to tell where the bank ended and the government began. That, however, was due to the recognition of a very cardinal principle in foreign business, that the government and the bank are doing identically the same thing in the promotion of their country's commerce, and that every ounce of influence which the government has should be placed at the disposal of the banks of its own country, which are giving hostages to foreign governments by their large vested interests placed under their control.

While China proper, with its large cities and immense population, offers the most inviting business opportunity to the financier interested in the building of railways and cognate enterprise, which originate good commercial securities and promote international trade, it could scarcely be considered strange if the Chinese government, in viewing the present railway and political situation in Manchuria, were to come to the conclusion that it would be good policy to avail itself of the favorable feeling in the United States to enlarge foreign interest of an exceptionally friendly character in that section by welcoming the financial assistance of the American people in her enterprises; and, looking to the possibilities of that region, it is very possible that American money might find profitable employment there. Those who are familiar with Manchuria describe it as a country exceptionally rich in minerals and of extraordinary agricultural fertility, possessing a soil of deep loam similar to that of our own Dakotas; a land, too, well supplied with water and capable of producing enormous crops. While Manchuria at present lacks the large population which makes final enterprise attractive, it is still a country in which railroads may be built at moderate cost and with considerable prospective value, so that, while America does not loosen her hold upon the Hankow-Szechuan line, she may well find time to glance at Manchuria, where the claims for political rights of other countries within their railway limits might with profit to all give place to a policy of mutual concession and the consequent encouragement of a commerce which would benefit every country concerned.

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Journal of The American Asiatic Association

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CONTENTS.	PAGE
CURRENT COMMENT	33
EXPORTS TO CHINA AND HONGKONG	35
IMPORTS OF TEA AND SILK INTO THE UNITED STATES	36
THE LATEST ASIATIC EXCLUSION BILL	36
JAPAN AND AMERICAN SILK TRADE	37
JAPAN'S FOREIGN TRADE	37
REFORM IN CHINA	38
THE WOOL WEAVING INDUSTRY IN JAPAN	41
THE MANCHURIAN RAILWAY PROPOSALS	42
CHINESE IMMIGRATION	43
CHINA IN-1909	46
THE TWENTY-FIFTH ANNIVERSARY OF THE COMMERCIAL CABLE COMPANY	51
ADVERTISEMENTS	56

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THE new Asiatic Exclusion bill, which we reproduce elsewhere, might have been dismissed without remark but for the fact that it comes before the House of Representatives with a favorable report from the Committee on Immigration and Naturalization. It attempts to do by indirection what has never been accomplished by direct legislation, namely, to exclude absolutely from entrance into the United States all laborers, whether skilled or unskilled, as well as professional men and artists, if they be of East Asiatic origin. The terms on which it is proposed to accomplish this are by the insertion of the following words in Section 2 of the present Immigration Act: "Persons who, under the provisions of Section 2169 of the Revised Statutes of the United States, are ineligible to become citizens of the United States, unless they are merchants, teachers, students or travelers for curiosity or pleasure." Plainly, it is proposed to have the excepted class of all foreigners ineligible to naturalization confined within limits as narrow as has been done in the case of the Chinese. The bill makes no provision for the return to this country of Chinese laborers registered in accordance with existing provisions of law, and in this and other respects it has been framed in total disregard of existing treaties.

THE bill is evidently part of the annual product of the Japanese and Korean Exclusion League, and is framed with primary reference to the local politics of California and the election next fall for members of Congress. The favorable report which it has received from the House Committee on Immigration and Naturalization alone gives it any importance, and the responsibility for it must rest with the members of that committee, whose names are as follows: Benjamin F. Howell, of New Jersey; Augustus P. Gardner, of Massachusetts; William S. Bennet, of New York; Everis A. Hayes, of California; J. Hampton Moore, of Pennsylvania; Don C. Edwards, of Kentucky; Gustav Küstermann, of Wisconsin; Adna R. Johnson, of Ohio; Politte Elvins, of Missouri; John L. Burnett, of Alabama; John M. Moore, of Texas; John A. M. Adair, of Indiana; Adolph J. Sabath, of Illinois; Joseph F. O'Connell, of Massachusetts; Henry M. Goldfogle, of New York. Obviously should this bill, or anything like it, become law it would afford a demonstration of the futility of attempting to maintain even the appearance of friendly relations with Asiatic Powers. If the provisions of our immigration treaties are to be at the mercy of the prejudice or caprice of the people of any State of this Union, Asiatic nations will naturally be averse to enter into agreement

with the United States in regard to any subject whatever. It is some five years since Mr. Taft, then Secretary of War, addressing the students of Miami University, and referring to our anti-Chinese legislation, put this question: "Is it not the duty of members of Congress and of the Executive to disregard the unreasonable demands of a portion of the community deeply prejudiced upon this subject in the Far West and insist on extending justice and courtesy to a people from whom we are deriving, and are likely to derive, such immense benefit in the way of international trade?" It seems possible that President Taft will have a chance to answer the question propounded by Secretary Taft on June 15, 1905.

THE question of who are the persons declared under Section 2169 of the Revised Statutes to be ineligible to become citizens of the United States is not by any means a simple one. The text of the law is as follows: "The provisions of this title shall apply to aliens, being free white persons, and to aliens of African nativity, and to persons of African descent." The words "aliens of African nativity, etc.," were added in 1870 in connection with the civil rights bills and other statutes abolishing slavery and enfranchising the negro, and it is conceded that the words "free white persons" must be construed as they were used in our first naturalization act, that of March 26, 1790, which ran as follows: "That any alien, being a free white person, who shall have resided, etc." The argument is at least a reasonable one that the words "free white persons" as used in the later statute had a definite meaning in 1790, and were then used simply to exclude "negro slaves" and "free negroes," who were commonly classed with them, in all the contemporary statutes and ordinances as to voting, bearing arms, etc. The intention, in short, was merely to exclude such black persons from any of the rights of citizenship. In support of this position may be cited the opinion of Judge Maxey in holding a native, copper colored Mexican as entitled to be naturalized: "Indeed, it is a debatable question whether the term 'free white person,' as used in the original act of 1790, was not employed for the sole purpose of withholding the right of citizenship from the black or African race and the Indians then inhabiting this country."

It is difficult to see how any fair construction of the phrase "free white person" can be held to exclude Japanese. The Chinese are expressly excluded from naturalization, by law as well as by treaty, but there is absolutely no reason in ethnology or common sense why a Hungarian or a Turko-Tatar from European Russia should be admitted to naturalization and a Japanese denied it. All three are equally of non-Aryan Asiatic origin, and any definition which excludes one of them must exclude all. There are three possible senses, as Mr. John H. Wigmore has pointed out, in which the word "white," as it occurs in our statutes, may be interpreted: (a) That "white" signifies literally a color-quality; (b) that it designates the people of the original race-stock known as the "Caucasian or Aryan" race; or (c) that it embraces only the European peoples and their colonial progeny. In regard to the first proposed sense, Mr. Wigmore points out that the national stocks of northern and southern Europe differ so decidedly in general color that the latter can be termed "white," not in the ordinary sense, but only in contrast with the African negro. This is true, in varying degrees, of the Semites, the Balkan peoples, the Greeks, the Italians and the Hispano-Portuguese in Europe and in Latin America. If under this interpretation the Japanese are not admitted, then a totally impracticable result is reached. If the answer be that no such broad and literal application can be accepted, and that "white" must be taken to

designate the present representatives of an original race-stock, we are at once face to face with other contradictions. While we should then include as eligible to naturalization the Slav, Celtic, Scandinavian, Germanic Pelasgic and Italian stock, this classification would also include the Afghans, Persians, pure Hindoos and other minor Asiatic stocks whose claims can hardly be said to be conceded. The theory, moreover, excludes peoples whose right to naturalization in at least two cases already referred to is almost too well conceded to be doubted. One of these, the Hungarians, migrated to Europe from Asia not earlier than the end of the ninth century of this era, and the other group is of undoubted Turanian extraction. If the contention be made that by "white" is meant peoples domiciled in Europe and their colonial progeny, we should have to exclude the Armenians, one of the longest known Aryan populations represented here by scores of respected citizens, and yet a distinctly Asiatic community for at least 2,000 years. We should also have to exclude the Semitic peoples, except the European Hebrews.

THE Supreme Court of the United States will shortly be called upon to define the precise significance of the phrase, "free white persons" in our naturalization law. Judge Lacombe admitted to citizenship one H. F. Balsara, a Parsee, born in India, while recognizing the fact that the ordinary interpretation of the phrase, "free white persons," would have excluded the applicant. The Government has taken an appeal, and it is to be hoped that a question which has too long remained unsettled will receive final and authoritative decision. Counsel for the appellee declares that many thousands of persons besides his client are interested in this question, and his brief will be submitted on behalf of a large number of Syrian applicants for naturalization.

In whatever way it may be regarded, the Hayes bill is singularly inopportune. The whole foundation on which its proposed exclusion rests may be cut away by the Supreme Court, and the efforts of the Secretary of State to negotiate new immigration treaties with China and Japan must be seriously hampered by even the proposal of such legislation. A treaty has been defined to be a solemn obligation entered into between independent nations for the common advancement of their interests and the interests of civilization. But the Japanese and Korean Exclusion League has a decidedly different point of view, and declared some years ago that it would have nothing to do with a treaty, because a treaty will not exclude, and "sovereign rights must not be bartered away for promises, and should not be the basis of a compromise." In fact, the league issued a manifesto at that time, when the exclusion of Japanese children from the public schools was under discussion, in which occurred this declaration: "We will not yield one iota of our rights as a sovereign people, regardless of the cost of the consequences." There is obvious and pressing necessity that the Government of the United States should make it plain to the world whether its Far Eastern policy is dictated by the labor union demagogues of San Francisco or has its origin in the councils of the administration. Another point would seem to be equally manifest, and that is, that while the Commissioner General of Immigration continues to be chosen from the official ranks of organized labor there can be no fair administration of the immigration laws as they affect the people of Eastern Asia. The present incumbent of the office is probably a little more objectionable in respect of his ignorance and rooted prejudices than his immediate predecessor, but he is merely carrying out in his own characteristic way the traditions of the bureau over which he presides, and these traditions will continue to be both stable and vigorous while the union leaders are permitted to regard the Bureau of Immigration as their special preserve.

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the twelve months, ending Dec. 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
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
Total.....	79,635,264	\$4,536,209	120,184,472	\$9,597,863	307,221	\$1,128,499

Months. 1909	Cotton Cloths. Yards.		Mineral Oils (Illuminating). Gallons.		Wheat Flour. Barrels.	
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.....	10,786,348	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
October.....	4,042,308	253,476	4,476,930	374,685	1,125	4,162
November.....	6,173,276	366,155	8,045,560	643,618	2,450	10,452
December.....	5,452	1,176	4,520,040	371,268	757	3,038
Total.....	154,460,002	\$9,071,601	65,705,865	\$5,930,694	26,775	\$115,842

EXPORTS TO HONGKONG.

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	171,538
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
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
Total.....	447,954	\$67,213	12,757,950	\$1,009,585	941,920	\$3,593,265

Months. 1909	Cotton Cloths. Yards.		Mineral Oils (Illuminating). Gallons.		Wheat Flour. Barrels.	
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
October.....	530,881	41,876	1,785,799	75,896	89,572	375,141
November.....	48,707	6,147	.....	.....	108,433	440,904
December.....	139,993	14,503	3,793,550	314,016	167,645	703,956
Total.....	1,499,633	\$145,208	11,643,945	\$1,052,575	834,826	\$3,431,779

DEPARTMENT OF COMMERCE AND LABOR,

Bureau of Statistics.

WASHINGTON, D. C., January 31, 1910.

**Imports of Tea and Silk into the United States for the twelve months, ending
December 31, 1907, 1908 and 1909.**

Imported from	1907.		TEA.	1908.		1909.		
	Pounds.	Dollars.		Pounds.	Dollars.	Pounds.	Dollars.	
United Kingdom.....	9,280,195	2,283,747		9,434,172	2,133,203	12,294,028	2,786,932	
British North America...	2,373,345	579,317		2,400,029	625,305	4,319,543	976,315	
Chinese Empire.....	33,135,985	4,563,547		26,809,267	3,379,251	33,833,377	3,635,501	
East Indies.....	7,170,671	1,195,876		7,132,313	1,119,793	8,879,983	1,367,434	
Japan.....	45,814,892	7,878,804		44,315,767	7,451,850	44,072,162	7,595,564	
Other Asia and Oceania ..	501,153	80,329		546,953	74,026	431,017	59,406	
Other countries	301,102	78,702		292,120	109,533	654,440	131,880	
Total.....	99,117,343	16,660,322		90,930,621	14,892,961	105,484,550	16,553,032	
RAW, OR AS REELED FROM THE COCOON.								
Imported from	SILK.		SILK.		SILK.		SILK.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France.....	527,987	2,234,168		490,003	1,597,097	761,564	2,237,970	
Italy.....	3,352,233	16,663,134		3,865,864	14,586,465	4,595,232	17,837,048	
Chinese Empire.....	3,056,585	11,437,585		3,217,846	8,449,147	4,490,836	11,041,578	
Japan.....	8,618,658	40,844,344		11,089,942	39,386,193	12,211,360	42,305,934	
Other countries	135,981	597,143		59,464	220,132	168,193	638,075	
Waste .....lbs...free..	1,909,276	1,297,357		1,197,897	778,032	2,481,075	1,451,799	
Total unmanufactured	17,600,720	73,073,731		19,921,016	65,017,066	24,708,260	75,512,401	

THE LATEST ASIATIC EXCLUSION BILL.

House Calendar No. 86. Sixty-first Congress, Second Session. H. R. 20,379.

IN THE HOUSE OF REPRESENTATIVES.

February 8, 1910.—Mr. Hayes introduced the following bill, which was referred to the Committee on Immigration and Naturalization and ordered to be printed.

February 10, 1910.—Reported with an amendment, referred to the House Calendar and ordered to be printed.

A bill to amend an act entitled "An act to regulate the immigration of aliens into the United States," approved February 20, 1907.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Section 2 of the act entitled "An act to regulate the immigration of aliens into the United States," approved February 20, 1907, be, and the same is hereby, amended to read as follows:

"Sec. 2. That the following classes of aliens shall be excluded from admission into the United States: All idiots, imbeciles, feeble minded persons, epileptics, insane persons and persons who have been insane within five years previous; persons who have had two or more attacks of insanity at any time previously; paupers, persons likely to become a public charge, professional beggars, persons afflicted with tuberculosis or with a loathsome or dangerous contagious disease; persons not comprehended within any of the foregoing excluded classes who are found to be and are certified by the examining surgeon as being mentally or physically defective, such mental or physical defect being of a nature which may affect the ability of such alien to earn a living; persons who have been convicted of or admit having committed a felony or other crime or misdemeanor involving moral turpitude; polygamists, or persons who admit their belief in the practice of polygamy;

anarchists, or persons who believe in or advocate the overthrow by force or violence of the Government of the United States, or of all governments, or of all forms of law, or the assassination of public officials; prostitutes, or women or girls coming into the United States for the purpose of prostitution or for any other immoral purpose; persons who procure or attempt to bring in prostitutes or women or girls for the purpose of prostitution or for any other immoral purpose; persons who, under the provisions of Section 2,169 of the Revised Statutes of the United States, are ineligible to become citizens of the United States, unless they are merchants, teachers, students or travelers for curiosity or pleasure; persons hereinafter called contract laborers, who have been induced or solicited to migrate to this country by offers or promises of employment or in consequence of agreements, oral, written or printed, express or implied, to perform labor in this country of any kind, skilled or unskilled; those who have been, within one year from the date of application for admission to the United States, deported as having been induced or solicited to migrate as above described; any person whose ticket or passage is paid for with the money of another, or who is assisted by others to come, unless it is affirmatively and satisfactorily shown that such person does not belong to one of the foregoing excluded classes and that said ticket or passage was not paid for by any corporation, association, society, municipality, or foreign Government, either directly or indirectly; all children under sixteen years of age unaccompanied by one or both parents, at the discretion of the Secretary of Commerce and Labor or under such regulations as he may from time to time prescribe: Provided, That nothing in this act shall exclude, if otherwise admissible, persons convicted of an offense purely political not involving moral turpitude: Provided further, That the provisions of this section re-

lating to the payments of tickets or passage by any corporation, association, society, municipality, or foreign Government shall not apply to the tickets or passage of aliens in immediate and continuous transit through the United States to foreign contiguous territory: And provided further, That skilled labor may be imported if labor of like kind unemployed cannot be found in this country: And provided further, That the provisions of this law applicable to contract labor shall not be held to exclude professional actors, artists, lecturers, singers, ministers of any religious denomination, professors for colleges or seminaries, persons belonging to any recognized learned profession, or persons employed strictly as personal or domestic servants."

House Calendar No. 86. Sixty-first Congress, Second Session. House Calendar No. 86, House of Representatives. Report No. 428.

TO AMEND THE IMMIGRATION ACT IN FURTHER DEFINING THE EXCLUDED CLASSES.

February 10, 1910.—Referred to the House Calendar and ordered to be printed.

Mr. Hayes, from the Committee on Immigration and Naturalization, submitted the following report (to accompany H. R. 20,379):

The Committee on Immigration and Naturalization, to whom was referred the bill (H. R. 20,379) to amend an act entitled "An act to regulate the immigration of aliens into the United States," approved February 20, 1907, having had the same under consideration, reports the bill favorably and unanimously recommends that it do pass.

The change that is made in Sec. 2 of the present immigration act is the insertion of the following words: "persons, who, under the provisions of Section 2,169 of the Revised Statutes of the United States, are ineligible to become citizens of the United States, unless they are merchants, teachers, students, or travelers for curiosity or pleasure."

As may readily be seen, the purpose of this amendment is to reach all aliens who under our laws cannot become citizens of the United States, and to prevent beyond question their immigration into the United States in any large numbers.

JAPAN AND AMERICAN SILK TRADE.

Akira Shito, director of the Yokohama Silk Conditioning House, who joined the Japanese business men's party in America several months ago, representing the Yokohama Chamber of Commerce, and returned with them, reports as follows:

"I separated from the party in Chicago on October 27 to make necessary inspections about the demands of Japanese raw silk in Pennsylvania, Connecticut, Massachusetts and New Jersey. This occupied me until the 20th of November, when I rejoined the party in San Francisco. I was greatly surprised at the great improvements made there in the weaving business in the eight years since my previous visit, the yearly demands having advanced to as much as 20,000,000 pounds, against 13,000,000 pounds a

few years ago, with the likelihood of further increase. At present, however, many weavers are suspending their business on account of the financial panic of a year ago. The weavers there seem fully stocked with raw material to work their looms till January or February, and they can only be induced to take stocks at some deduction from normal prices. To meet the requirements of middle class people there many weavers are sending out cotton or wild silk mixed tissues." He also called the attention of Japanese reelers to the increased demands for Canton reels there on account of their cheapness, and also warns them to be careful to arrange the windings of the reels in order, as the weavings there are all made by machine, and operators are rather rough in their management of reels, as compared with French or Japanese. Japanese reels there are in better reputation; but not so good in Habutae, as the stock is so miscellaneous. Of the four States he visited, Pennsylvania is specially favored by abundant and cheap coal, being as low as \$2.50 per ton, compared with \$6 in San Francisco, and by the decrease in the weaving duty adopted by the State to encourage the business. As the workwomen are supplied from the miners' families there no strike has been heard of yet. As to artificial silk, there are five factories in America responding to the prosperity of the business in Germany; but they do not affect the business in raw silk on a large scale, as there are increased demands in both of them.

JAPAN'S FOREIGN TRADE.

(From the Chamber of Commerce Journal of Yokohama.)

Naturally the figure for the total foreign trade of Japan during the year just closed is not found very satisfactory. The high water mark was reached in 1907, when exports and imports aggregated 926,000,000, but in 1908 there was a signal falling off, amounting to no less than 114,000,000 yen. The cause of this was the panic which, commencing in America, extended to the whole of Europe, and thence to Japan. It was thought that 1908 might be regarded as a record in the matter of depression, but the 812,000,000 which represented the foreign trade for that year underwent a still further reduction of 8,000,000 in 1909, the figure for the latter year being only 804,000,000. On the other hand, the falling off was entirely in the realm of imports. In exports the record was distinctly favorable, for although the returns for 1907 still headed the list, 1909 showed a marked improvement as compared with 1908. The following figures showing the exports for the last six years are interesting:

Year.	Yen.
1904.....	319,260,896
1905.....	321,533,610
1906.....	423,754,892
1907.....	432,412,873
1908.....	376,796,000
1909.....	412,145,000

It is thought that the year now opening will see a distinct revival in the import trade, and will also be a record year in the matter of exports.

REFORM IN CHINA.

The following paper was read by Dr. Gilbert Reid at the January meeting of the Shanghai Missionary Association, held in the Union Church Hall on Tuesday, January 11:

By way of preliminary explanation, I may say that my knowledge of the reform movement in China is derived largely from observation and experience, while what I know of the reforms in Japan depends almost entirely on reading the views and testimony of others. This being the case, any comparison that is made may well centre around the reforms in China as so many suggestive and important facts.

The reform movement in China, from its initial stage of dim aspiration down to its present period of forward haste and discontented determination, has been characterized by personal rivalries, jealousies and strife. The same, it must be remembered, has been true of Japan. At first there was a conflict between the followers of the Shogun and the followers of the Mikado, between feudal chiefs in the south and those in the north, and between the Government troops and the powerful clan of Satsuma. Later there has been a perpetual conflict between one party and another, especially between the Ministers and Parliament, relieved only by the larger struggle of the whole nation, first with China and then with Russia.

The internal conflicts and personal animosities that have been witnessed in China, since the need of reform was first recognized after the defeat of China by Japan, have been duly felt, and in some respects unduly magnified, by those near the scenes. The reformers acted with a fair degree of unanimity until the *coup d'état* of 1898, when the reformer Yuan Shih-kai joined forces with the extreme element of the reactionaries. Then China stood with face set against every reform, trembling even to whisper the very word, until she experienced the rather severe shake and sudden reawakening which was given her by the presence of the armies of all the great nations, to punish the Government that countenanced the barbarisms of the Boxer uprising. With the return of an intelligent consciousness, the strong will of the late Empress Dowager seized on the reform suggestions of Yuan Shih-kai, backed by his accomplished senior, Chang Chih-tung. To use a pet slang phrase, they tried to "get ahead" of the reform party contriving abroad under the dauntless leadership of Kung Yin-wei and Liang Chi-chiao, as well as of the revolutionary party under Dr. Sun Wen. With the death of the Empress Dowager and the Emperor Kuang Hsü, the Prince Regent dismissed Yuan Shih-kai, but maintained his zeal and determination for constitutional readjustment. Within the year there has been friction between Tieh Liang, of the Board of War, and the Prince Regent; there has been a clash between Tuan Fang and the present Empress Dowager; there have been bickerings in the palace, and there has been an alarming disagreement between the Central Government and the provincial gentry, and particularly the newly established provincial assemblies. It is not safe to conclude that internal discord and personal jealousies in China are unimportant, because similar conditions in Japan

have wrought no danger. There are other threatening conditions in China, as we will see, that make discord a force that will surely work havoc and disaster.

Genuine reform, both in Japan and China, has had its impetus from the party of the young. In Japan, of the fifty-five men who planned the overthrow of the Yedo administration the average age did not exceed thirty. Those young, active spirits have since become the elder statesmen. As to China, the reform movement as it originated in 1895, and held on till the autumn of 1898, was directed by young men, with the young Emperor as a sympathetic ally. The new reform movement, while having the support of such aged persons as the late Empress Dowager, the late Chang Chih-tung and the late Sun Chia-nai, and of the middle aged men like Yuan Shih-kai, Tuan Fang, Tieh Liang and Na Tung, has had in every board in Peking, in every school and assembly in the provinces a mass of young men keenly and persistently agitating for reform and regarded with favor by the young Prince Regent. It is to be doubted, however, whether on the part of young China there is that solid ability and cautious far-sightedness that Japan enjoyed in its young leaders like Ito, Inouye, Okuma, Itagaki, Fukuzawa and Yamagata; and it is very much to be doubted whether reform, impelled by the young students, is as safe a creation as it would have been under the direction of the young literati.

Another point of similarity is the inadequate cultivation of the religious spirit and moral ideas. Ancient Japan was dependent on the ethical principles received from China, and now China is absorbing the materialistic character of new Japan. Shibusawa, speaking of commercial progress in Japan, makes this candid acknowledgment: "There are four peculiarities in the Japanese character which make it hard for the people to achieve business success. These are, first, impulsiveness; secondly, lack of patience; thirdly, disinclination for union, and fourthly, they do not honor credit as they should." Count Okuma, who discusses the question of education, with true philosophic depth says: "A great difficulty in Japanese education is the lack of a moral standard. Physical and literary standards exist, but the Restoration destroyed the religious standard. In the Western World Christianity supplies the moral standard. In Japan some desire a return to old forms, with patriotism added, others prefer Christianity, some lean on Kant, others on other philosophers."

In China, with her inauguration of various reforms, there is a strong tendency, on the part of the younger element, away from religion, and even from Confucianism so far as its religious ideas are concerned. Worse than this is the failure to lay emphasis on an upright character in official life. While the cry is loud for national reform, there is still a need for individual reformation, or better, for spiritual regeneration. Official corruption, avarice and moral insensibility have their grip on officialdom more than in the conservative period of pre-reform. The Prince Regent, to his credit and to the hope of the empire, stands personally for a clean life and pure administration, but the current of

mandarin sentiment is set the other way. How bad it is the censors over and over again make plain to the Throne and the world, though the general impression is all we can safely take as real truth.

Here, then, is a difference in the similarity of conditions in China and Japan. Speaking generally, official life stands higher in Japan than in China, while commercial life in China is superior to that in Japan. Unfortunately even the character of business men in China has been falling of late below its splendid record in the past. One reason may possibly be the closer contact of officialdom and commercial enterprise, the former contaminating the latter. Too many merchants are aspiring to be *taotais*; too many mandarins are becoming managing directors. Without a genuine reform in Chinese officialdom deterioration and disaster will mark the course of the China trade from its moral incapacities.

One word more on the moral phase of the reform problem. With additions made in legal codes, with the establishment of schools of law, with an increased number of globe touring experts, the justice and purity of Chinese courts of law are no more guaranteed today than twenty years ago. It is here that Japan in spite of all complaints far outranks China. In the moral and religious phases of educational reform—of the New Learning—the balance between the two peoples hangs nearly even; that is, in both countries conscience in the schools has less effective training than in the abandoned system of the past.

A fourth similarity in the reform problem of the two countries is in relation to currency, banking and finance. The whole world stands aghast at the almost insurmountable difficulty of financing on new methods, and suited to the new conditions of this vast empire. For centuries China has had a highly respected and trustworthy class of bankers. Even the daily fluctuation of exchange between cash and silver, and the difference of weight in the silver of different parts of the empire, were hardly as great a danger to the whole nation as the existing depreciation of the new copper cash; the independent issue of paper money, uncontrolled and unsecured, and the variations of value between gold and silver, through lack of a gold standard, incident to increased trade with foreign countries, and to the large amount of foreign indemnity. The alarming feature is the reluctance and sometimes the resistance of provincial concerns to comply with regulations that are wise and good issued by the Government in Peking. If the finances are hard to adjust, still more is the matter of taxation. Its readjustment has a gloomy and foreboding outlook.

In turning to Japan we find that in the early days of the Restoration there were similar problems to be solved. But the reformers of Japan bent to their task and devised measures which proved effective. The various paper moneys were centralized under the Central Government. Later there was provided a plan for the redemption of paper money during a period of six years. A coinage law for uniformity in the silver yen was promulgated. The specie reserve of the Imperial Treasury was increased, preparatory to the resumption of specie payment. One central bank was established. Bank laws were enacted, revised

and re-enacted. Gold was finally adopted as the standard coinage in Japan, "that metal being least subjected to changes in its price, and most fitted for use as the medium of exchange." The whole system of taxation has been remodeled and expanded, until the heaviest exactions are made on the people without the stir of an uprising. Their representatives are left to fight the battle with the Ministerial Budget makers; and it is probably only through a proper form of representative government that China can hope to raise her revenue, pay her bills, meet her expenditure and redeem her loans.

Thus far we have considered four points of similarity in the reform problem of the two countries. There may now be noted a larger number of differences, wherein China's difficulties may be better appreciated.

The first point of difference is in the attitude and feeling toward the Emperor. Japan's reform is called a Restoration. It was the withdrawal of power from the Shogun, and the investing of full authority in the Mikado. With only one dynasty through Japan's long history, the ancient Imperial ancestor is as a god to the people, while the present Emperor, thus honorably connected, wrapped in due reserve and personalized in a lofty character, holds the veneration of an empire. For reform to set its roots in such an exalted and stimulating sentiment, presaged its strong, magnificent growth, with widespreading branches, beautifully colored, beneath which a whole nation could rest in quietness and contentment.

But how is it in China? Here the record is of many revolutions and many dynasties. The present dynasty, though Mongolian, is not Chinese. Reform, espoused at first by a Manchu Emperor, was cast to the ground by a Manchu Dowager. When it again came to the front there were two sovereigns. Loyalty to the one meant disloyalty to the other. With their decease a selection is made of a little child as Emperor, whose father, as Prince Regent, may merit respect, but can never be elevated to the high position of spontaneously commanding a nation's veneration, like unto the Sovereign of Japan.

The second point of difference is in devotion to the State. A criticism of the Chinese in the past has been of their clannishness and provincialism. Of late years there has been a commendable impulse to what is called patriotism, but the patriotism is still of a limited character. It is love for the Chinese, but not for Manchus, Mongols or any other of the varied elements that form this empire. There is a decided line of demarcation between Chinese and Manchus, in spite of the avowed policy to forego all distinctions. The predominant power of Manchus in the Peking Government hardly tends to mutual appreciation and national unification. As opposed to the foreigner, there is devotion to the Chinese race, but not to the State.

As to Japan, there is almost a religious devotion to State. The Japanese as an individual loses himself in the sacred organism of the State. Soldiers in battle die unflinchingly for their country, as in the service of some divinity. By the Restoration the feudal clans with daimios and samurai turned their heroism, loyalty and chivalry, first to their Emperor, with his imperial ancestors, and then to the one State, personified by the Emperor, and centred in his august

heaven descended character, pre-eminent and inviolable. Mr. Valentine Chirol, in his late correspondence to the *Times*, says: "Patriotism in Japan has assumed something of the form of a national religion, and strongly rooted as it is in the traditions of the past, no effort is spared in the education of the young to secure its preservation in the future." When the Emperor promulgated the Constitution in 1889 he uttered these words: "The Imperial Founder of our house and our other Imperial ancestors, by the help and support of the forefathers of our subjects, laid the foundations of our Empire upon a basis which is to last forever. That this brilliant embellishes the annals of our country is due to the glorious virtues of our sacred Imperial ancestors, and to the loyalty and bravery of our subjects, their love of their country, and their public spirit."

A third point of difference is in the limit of time for establishing a Constitutional Government. The Restoration—the beginning of the modern reform epoch—was in 1868. Ten years after came the establishment of elective assemblies in the various prefectures and cities, and not until 1885 was the present Cabinet system organized, and not until 1889 was the Constitution which was wrought out by years of painstaking study and deliberation formally promulgated, while the next year saw the convocation of the first Imperial Diet. Years were given for the molding of the educational system, and the drafting of laws. By 1899—thirty-one years after the Restoration—foreigners residing in Japan came under the jurisdiction of Japanese tribunals, and extraterritoriality came to an end. Japan has had over forty years to inaugurate reform, and yet her difficulties have been colossal.

What, then, should be termed the difficulties of China? So great are they that we stand appalled. China needs the pity, not the scorn, of the Powers. Thirty-four years after Japan the Chinese Imperial Government felt the throbbings of reform, called for more and more loudly, not so much by the populace as by a growing intelligence outside officialdom. By 1906 a Constitution was promised, just thirty years after the Japanese Emperor appointed commissioners to draft an Imperial Constitution. If an Imperial Parliament should be established in China in the coming year it would be three times the speed of the energetic Japanese. For China to thus reorganize her Government on constitutional lines, maintaining solidity while rushing with more than double speed, is a task that no country, not even Japan, has ever experienced. To rid herself of extraterritoriality, with all that it implies, can be only a pleasant dream for coming years to see fulfilled. She must catch up now or be left behind forever. The mere mention of time shows how great for China is the problem of genuine reform.

A fourth point of difference is in the matter of a written Constitution. Japan, after thirteen years of careful preparation with rare ability from diligent experts, announced a Constitution, concise, clear, suitable and comprehensive, which has remained without modification or amendment down to the present. Laws enacted by the Imperial Diet have been modified from time to time, but not the Constitution. That which is fundamental is in the Constitution; the minutiae of regulations is left to the Cabinet and the Diet.

In China there is nothing definite in an all around Constitution. There are regulations *in extenso* elaborated by the Bureau of Constitutional Affairs, and committed to the provinces for their due observance; if objections grow too strong, alterations are forthwith made. Constitutional Government in China has come to mean Government with a Parliament, not Government with a Constitution. Whether China has the men, and whether the people will allow the time, for drawing up a Constitution, which the provinces will accept, is a question that may be debated both ways. For the present there is indefiniteness, except in the general principle of granting a limited popular authority.

A fifth point of difference is the size of the two coun-

tries, where government is remodeled. The territory of Japan is about one-tenth of China proper, while beyond are Mongolia, Ili and Thibet. China has provinces; Japan has prefectures. Japan's reform meant national unification—a possibility. Unification in China can only be possible by recognizing a division of the sovereign authority, as in the Union of States in the German Empire or the American Republic. Centralization, while necessary in every prosperous country, can never be the same in China as in the French Republic or the Empire of Japan. Size of territory and population is enough to make a difference. There being a difference the difficulty is all on the side of the larger country.

A sixth point of difference is the serious matter of outside interference. Japan, through such interference, renewed her loyalty to the Emperor, and removed the Shogun; but when reform on Western lines was determined Japan was given a free hand. There was an abundance of outside help; there was none of the annoyance of the political interference. China, alas! would not enter on reform without repeated interferences, wars and treaties, beginning before they were experienced in Japan, and lasting long after. Even now, when the foreign Powers, with a unanimity of generosity, wish China well, there is, through the sad experiences of the past, a lurking suspicion in the land of interference still to come. It may be safely said that if China would accept expert help from the friends of many lands there would be little to fear from single or combined interference of either East or West.

Closely connected with this aspect of the problem is a seventh difference—that of foreign exploitation. Japan, partly from her size, was never exploited. There were foreign merchants at her ports; there were no foreign concessionaires in the land. Not till extraterritoriality was relinquished, on the adoption of a Constitution of an Imperial Diet, of revised laws and of a safe judiciary, did the foreigners have the right to take shares and become partners in Japanese companies, or to hold land by lease away from the ports. China, through her wealth beneath the soil, and her possibilities for wealth above the soil; China, through her past negligence to develop her resources and keep pace with civilization has been a magnet to the millionaires of many lands. Frame the contracts, word the concessions as the shrewdest of China's shrewd men may determine, there is always the chance for some kind of complication. For this reason China may well hesitate to take more loans from foreign Powers until her finances are properly adjusted. There is much truth in what Mr. Chirol has written on this matter. He says: "China 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. To-day, 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 concessions 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 eighth point of difference is in the leaders of reform. Japan had a noble class of Daimio leaders to make the Restoration a possibility, and from that time till now there has been a very large number of able men, trained in all the sciences of the West, and assisted by equally able men from the West, who have carried forward to success every form of national reform. China had able leaders before the reform epoch, and she has men of ability today, some of whom have been trained in foreign countries, but they

fail to possess the quality of leadership. There is a peculiar temper of the Chinese mind today that makes it hard to willingly follow. Without persons willing to follow no one man can easily lead. The ability needed to lead in China must be greater than it was in Japan. Lacking this, how can there be genuine reform?

A ninth difference is the economy and simplicity of Japanese official life as compared with the extravagance and display of Chinese official life. There may be such a thing as Chinese cheap labor, as cheap as the Japanese; but once touch the circle of official usages, then money is the one thought, and display becomes a passion. The Peking Government bewails its poverty; the Peking officials dress, ride, live and eat like rich Nabobs. Where salaries are fixed (with no perquisites, of course), the standard is that of extravagant America, rather than frugal Japan. The late Grand Secretaries, Chang Chih-tung and Sun Chia-nai, lived the simple life, but they are no more. Others who preach frugality are at a discount. As in Shanghai—our model settlement—the man with money, or who pretends he has it, is on top. Our local humorist, Mr. H. W. G. Hayter, represents a company of officials and underlings as joining in this chorus:

"Young China-to-be! your reforms are a bore,
But still if you want them, we don't care a straw;
Reform and revise just as much as you please,
Provided you don't interfere with our squeeze!"

A tenth difference is that China has need of certain social reforms which give no trouble to Japan. I will only mention three. One is anti-footbinding, a crusade which has made great advances, but has not yet won adoption from all Chinese homes. The second is the eradication of opium smoking, opium cultivation and the opium traffic. In this reform wonders have been accomplished, far beyond the expectation of China's most sanguine friends. Great credit should be given to the Imperial family and the Imperial Ministers in that the beginnings of reform were made with the officials. In spite of loss of revenue the sentiment of the whole country has grown stronger and stronger against this vice and curse.

A third social reform is sadly needed in what is phrased the "squeeze pidgin." This is a custom of the land, and being so it is hard to eradicate. Bribery, on its milder side, is the courteous and friendly act of giving a present. Squeeze or purloining, received in a business way, is merely taking a commission. In this stealthy way an insignificant personal habit has developed into a widespread national evil, holding its own in the palace and all around it, and incurable in cooks, table boys and gate keepers, be they known as Christian or spoken of as heathen. How China can reform her financial administration, without touching this thing that stares at us everywhere, I, for one, fail to see. To rid herself of this custom is enough of a task in itself to demand all her energies, and she may mean well and bewail, and we in the tenderest of sympathy may well join with her in her agony of grief.

One more point of difference remains to be noted in this comparative study of these two neighboring kingdoms. Japan has given full religious liberty; China has not. As a result, Japan knows no such thing as missionary difficulties, while in China they form a separate department for official diplomacy. Countless complications, with the interference of the Powers, have been the outgrowth of a wrong policy in relation to the religious, especially Christianity. Toleration was the watchword of Count Ito as he returned from abroad in his investigation of constitutions. On a steamer he met a man from Australia, who spoke of the custom in that colony and urged that Japan allow toleration, if it wanted peace on religious matters. Count Ito felt the force of the argument and persuaded his colleagues to adopt the principle as the law of the land. Only once, a few years ago, in respect to mission schools, was a position taken at variance with true liberty and equal rights. In a short time the regulations of the Ministry of Education were justly modified, and today Japan

stands ahead of many European countries in the adoption of religious liberty.

China, too, has been tolerant, but not as in Japan. A Christian mandarin is still an impossibility if the Christianity has meaning or if the laws are enforced. Christian schools are not recognized as Government schools, and the graduates of these schools are exempt from the franchise which other graduates enjoy. To speak accurately, it is the foreigner who is not tolerated rather than Christians. Were it not for deep seated antipathy to foreigners religious liberty might soon be realized, to the peace of the people.

May the intelligent men of China have the wisdom from above, which is first pure, and then peaceable—a wisdom to meet all her problems, guard her territory, ameliorate her misfortunes, exalt her civilization, and save her people!

THE WOOL WEAVING INDUSTRY IN JAPAN.

The demand for woollen goods continues to increase in Japan of late years, and the importation of woollen cloths, mousseline, blankets and other woollen fabrics has been rapidly advancing. The wool weaving industry in Japan is also growing. The value of woollen goods imported in the past three years was as follows:

	1906. Yen.	1907. Yen.	1908. Yen.
Cloths and serges...	15,506,137	8,674,230	4,396,255
Mousseline	2,671,568	1,871,358	2,188,874
Flannel	739,099	731,427	546,443
Blankets	354,583	530,879	307,956

The higher figures for 1906 and 1907 are due to the increased demand for the army. The goods mentioned are only the principal qualities. Besides, knitted woollen underwear and other lines are imported in considerable quantities. The value of wool and worsted imported for wool weaving mills in Japan in the past few years was as follows:

	1906. Yen.	1907. Yen.	1908. Yen.
Wool	9,174,328	14,353,457	6,850,177
Worsted	2,439,588	5,053,229	4,822,810

From the above figures it may be seen that the demand for woollen goods, including foreign and Japanese productions, in Japan for 1908 exceeded Y.19,000,000, for 1907 Y.31,120,006, and for 1906 Y.30,000,000. The higher figures for 1906 and 1907, as already mentioned, were due to a large demand for the army, while the lower figures for last year are ascribed to the general depression of trade, so that the value for 1907—about Y.30,000,000—can be taken as the normal figure. The further development of the wool weaving industry in Japan is a pressing need of the country in order to check the importation of manufactured goods and to supply the people with cheaper goods. Small mousseline weaving factories have been promoted in all parts of Japan, in addition to a few large wool weaving companies, and the production of these factories has largely checked the importation of the common quality of woollen goods. In practice the importation of woollen goods has shown an increase, but this is due to a marked increase in the demand for the better qualities. The Japanese wool weaving factories are buying abroad wool in the form of tops, which are higher in price. Recently the Mitsui Bussan made investigations into a scheme to start the industry of preparing the wool tops in order to obtain a cheaper supply of wool, but the scheme had to be abandoned, because the waste wool could not be disposed of, as the weaving of woollen cloth was in a very primitive condition. The scheme is now to be revived, and a recent general meeting of the Japan Wool Weaving Company at Kakogawa adopted a resolution to increase its capital by Y.1,150,000, in order to begin the manufacture of woollen tops.

THE MANCHURIAN RAILWAY PROPOSALS.

An Imperial edict authorizing the construction of an important railway in Manchuria and Mongolia was issued in Peking a few days ago. This railway, a rough preliminary survey of which has been carried out by a British firm, is to be 800 miles long. It will start from Chinchowfu, a port on the Chili Gulf, about 150 miles southwest of Mukden, and also an important station on the Northern Chinese Railway. Thence it will take a northerly course for about 300 miles to Taonanfu, a large Mongolian town, tapping en route some excellent coal fields which are already being worked, and some forest land, and crossing large stretches of sparsely populated but highly fertile plateaux. Continuing from Taonanfu to Tsitsihar, a distance of approximately 300 miles, the line will open up enormous areas of land, which in conjunction with the country already mentioned have been compared to the Canadian wheat districts. Except, however, in the vicinity of the town there exists as yet in these areas practically no agricultural population.

Tsitsihar, as is well known, is one of the principal stations on the Russian owned Chinese Eastern Railway, a line which connects the Trans-Siberian Railways with Vladivostok, and also with the South Manchurian Railways, now, of course, in the hands of Japan. From Tsitsihar the new line will connect with Aigun, over 150 miles distant, in a northeasterly direction, and situated on the Chinese side of the Amur River. Aigun is nearly opposite to the Russian settlement of Blagoveshchensk, which is far the most important place in the Amur territory of eastern Siberia. Northward from Tsitsihar further coal fields and other mineral deposits are found. They are reported to be rich, and with the advent of the railway they should rapidly develop. Much of the line runs over vast areas of fertile plain, and it is believed that from the engineering point of view there will be no serious difficulties of construction. The summit of a part of the Khingan Mountains must be crossed, but even here the gradients can be kept within moderate bounds. Perhaps the most serious difficulties may be expected in the bridging of the many rivers and water courses. During the rainy season and on the thawing of the winter snows they become exceedingly formidable torrents, necessitating bridge work of great strength and the best quality.

The financing of this important undertaking has been entrusted to a group of American financiers, which includes, among others, Messrs. Pierpont Morgan & Co. and Messrs. Kühn, Loeb & Co. It has been stated that America will invite Japan and Russia to find part of the necessary capital, at China's request, and as a demonstration of her friendly feeling. If this be so it is clear that while China desires to emphasize the fact that neither Japan nor Russia is entitled to any participation as a right, she intends nevertheless to pursue a conciliatory policy. The construction of the line is in the hands of Messrs. Pauling & Co., Ltd., a British firm, whose experience in South Africa and other parts of the world well qualifies them to undertake a contract of this magnitude. Messrs. Pauling have also a high reputation for rapid railway construction. The actual cost of the line is still rather uncertain, but £8,000,000 to £8,500,000 may be estimated as approximately correct. A large part of the material will be purchased in England.

From this large and ambitious railway project China stands to benefit by the opening up of thousands of square miles of excellent grain growing country, to develop which she proposes to import large numbers of colonists drawn from the more congested districts of her Empire. Within a few years the resulting development of agricultural lands should provide produce for exportation running into many

hundreds of thousands of pounds' worth annually besides supporting a growing and thriving population. For this colonization scheme America has offered to finance a land bank in whose hands the organization will largely rest.

General international interests will benefit by the development of a large and ever increasing trade in western Manchuria and eastern Mongolia. When it is remembered that from eastern Manchuria beans and cereals are exported to this country alone, amounting, so it is stated, to over £200,000 worth a year, in spite of the fact that those agricultural districts have hitherto been badly served by railways, a favorable forecast for the country is fully justified. When its railway facilities have been increased Great Britain will benefit by obtaining new openings for industrial enterprise. Not only will those actually engaged in the railway contract be benefited but the material made and bought in Great Britain will give a large amount of work to certain industries in this country. Then, again, a large slice of the prospective trade of these territories will presumably fall into the hands of British merchants and shippers. Perhaps also further contracts will be given by China to Great Britain, if the Chinese find by experience that we are the best and cheapest constructors in the world.

Though China has issued the Imperial Edict, the position is not entirely clear; for, though Japan has definitely promised not to obstruct the construction of this line provided she is allowed to participate in financing it, she has not yet defined her idea of the extent to which she expects to participate, except in so far as to say that it need only be to a moderate extent.

No doubt Mr. Knox's proposal for the neutralization of all the railways in Manchuria obscured the Chinchow-Aigun scheme for the time being, but now that Japan and Russia have declined Mr. Knox's invitation no further reason exists for delaying matters. The recent speech by Count Komura, the Japanese Foreign Minister, in which he so strongly reaffirmed Japan's policy in Manchuria as that of the "Open Door" and "Equal opportunities for all nations," should convince those who doubted Japan's intentions that that country is not likely to obstruct such an important scheme of railway development, against which it is impossible for her to urge any serious objections. If Japan carries out in practice her expressions of good will and friendship toward China, no difficulties should arise; but any attempt to claim as a political right the participation which China is willing to give as a friendly act, would certainly lead to friction with China, who would undoubtedly object to such a claim.

The Americans are, to use their own expression, "Out for business," and have much impressed China with the strength of the support given to their enterprise by the United States Government. The Russian attitude seems perfectly correct and moderately favorable. She only asks that China should take into account the large Russian interests in the northern part of Manchuria, and that she should give due consideration to Russian views.

The attitude of the British Foreign Office is distinctly favorable, though not at present definitely active. Consideration for Japan, with whom our policy in the Far East is so intimately concerned, has perhaps prevented any very active support being given hitherto.

There is some danger that continued inactivity may mislead the Chinese authorities into supposing that our Government is not alive to the benefits to be derived by British interests from the development of Chinese resources. It may be hoped that if any hitch does arise in carrying on this great and beneficial project, the Government will take wise measures to smoothen the path of commercial diplomacy, and to enable a scheme which reflects so much credit on China to be completed without further delay.—*The Economist*.

CHINESE IMMIGRATION.

The following is the concluding chapter of a book bearing the above title by Mary Roberts Coolidge, formerly Assistant Professor of Sociology in Stanford University, which has deservedly excited a good deal of public attention:

The remedies for the impolitic and unjust treatment of the Chinese by the United States are already suggested by the history of immigration detailed in the previous chapters. They are obviously a reasonable administration of the laws in force by non-partisan officials and the modification of the law to harmonize strictly with whatever treaty may be negotiated. Already the first step toward practical repentance has been taken in the open acknowledgment by American officials that the law, as it stands, is a violation of the treaty and that its administration has been unwarrantably harsh.

But neither acknowledgment nor apology will serve as a remedy while the same laws, the same officers and the same methods are continued. If all the hostile traditions of the Chinese Bureau could be at once destroyed there would yet remain a mass of contradictory laws and decisions and a machinery for exclusion which must inevitably work injustice. To renovate, to modify, perhaps to do away with a large part of the existing bureaucratic practice, is a work for new men. It is a work for men with a knowledge of world relations broad enough to enable them to see that the period of exclusiveness is past, not merely for China but for other nations as well; or if not wholly past, so limited in its scope that those nations that would maintain it for their own protection must give *quid pro quo*—equal value for the industrial and commercial privileges which they demand in Oriental countries.

It is not the province of the historian to devise a technical solution for the inadequacy of either laws or methods, but rather to point out these principles which have emerged fully justified from the examination of the past fifty years and by which men of this generation must be guided if they would not repeat its experiments, errors and injustice. Nothing is clearer than that all the evils of the Chinese immigration, both real and prospective, have been greatly exaggerated; now that it is all but past it appears that the Chinese who would not or could not assimilate have gone home or are dying out in this country without descendants, leaving only the memory of their industry, their patience, their picturesque attire and the labor without which California would have been infinitely less rich and comfortable than it is. The few hundreds who have tried to assimilate with us are living peacefully and usefully with their fami-

lies, bringing up their children in American fashion with American ideas and contributing as stable and useful a factor as any foreign element in California to its cosmopolitan population.

In the light of this result there seems to be no reason whatever to debar the Chinaman any longer from naturalization when he shall have fulfilled the new law which requires five years' continuous residence, a declaration of intention two years in advance, ability to speak the English language, a renunciation of allegiance to his native country, and a statement of intention to live permanently in the United States.

It has been for many years the unanimous opinion of those who have made a study of the Chinese in this country that if they had been naturalized even in small numbers it would have caused their rights to be respected and would have protected them from many of the outrages which they have suffered. It is not to be expected that the illiterate European foreigner, conscious of his own value as a potential citizen and intoxicated with the apparent license of an easy-going democracy, should respect the yellow man whom he cannot understand, of whose economic competition he is afraid, and whom the native American has considered unworthy of naturalization. The denial of naturalization can no longer be justified by the excuse that the Chinese are inferior either intellectually or industrially, or that they are anarchistic and incapable of citizenship, or that they are vicious, unstable and immoral. Fifty years of experience with them here and the disclosure of their national characteristics at home has shown that they are quite as desirable, tested by the ordinary tests of immigration, as many that we have already received and assimilated, and perhaps even more so than many that are now coming into the country.

One of the most astonishing things in connection with the exclusion of the Chinese is the fact that the general immigration laws shutting out undesirable aliens—diseased, paupers, insane, criminal and the like—were not applied to the Chinese until 1903. They were constantly charged with all these defects, but the California statesmen who secured the exclusion laws never asked that the general exclusion law be applied to them. The records of prisons, asylums, hospitals and almshouses after fifty years show why; if those laws alone had been applied to the Chinese there would have been very few shut out—too few to suit the comparatively unintelligent and underfed additions to the body of labor must continually be educated, absorbed and

uplifted by the partially Americanized laborers already in the field.

The Chinese, on the contrary, are already thoroughly organized, trained in the essential principles of trade unionism and the benefit society, and they afford an extraordinary opportunity for trade unionism to strengthen itself in California if race prejudice did not prevent.

It has already been pointed out that there has been a complete change of opinion as to the desirability of unrestricted immigration within the generation since the exclusion of Chinese laborers was effected. The "asylum" theory has given place to the theory of protection, with a strong tendency to exclude a larger and larger number of European immigrants, for a variety of reasons, as undesirable. Such a general exclusion law, operating horizontally to shut out the lowest stratum, appears to be justified by the experience of a century of free admission. Though operating much more severely against some nationalities than others, it still preserves a fundamental element of justice in excluding the incapable and the vicious rather than those whose skin is brown, yellow or black.

But even our present immigration laws were for the most part made sporadically at the instance of some class or interest, and are therefore inconsistent if not unjust in their effects. It is conceivable that in future years they might be harmonized and extended to exclude a larger amount of alien labor without doing injustice to any race or nationality. But whether the exclusion of labor as labor simply, regardless of nationality, will in the end prove advantageous, or whether it may not precipitate internal difficulties as great as those of restricted competition, is yet to be determined.

It is certain, however, that perpendicular exclusion, i. e., by race solely, must shortly prove not only disadvantageous to the nation that practices it, but probably impracticable as well, if for no other reason than that trade and commerce, rapid transportation and communication are knitting the interests of the whole world more closely together. Nations, even of secondary rank, are learning to demand reciprocity of advantages, while the strong nations' jealousy of each other prevents any from seizing too much.

For this reason it has happened that at last an undivided China has leisure and strength to learn foreign ways and to initiate a national instead of a sporadic anti-foreign policy. If the Chinese people were stupid, lazy, extravagant and drunken, there would be small chance of her final entry into the family of the great nations on equal terms. But an awakened, intelligent, eternally patient, industrious and home loving people will inevitably learn, perhaps even quickly learn, to husband and exploit their own resources and to demand a full equivalent for what they are asked to give.

The boycott of American trade, small and futile as it has proved to be for the present, if it had been encouraged by the Imperial Government, would have thrown a large part of the trade of China into the hands of the Europeans by whom it was fostered. The resentment felt in China because of the discrimination in the United States against her

advocates of no competition with American-European labor.

It may as well be confessed that the sole basis of the present exclusion of Chinese laborers from the United States is their virtues, not their vices, either positive or negative. They can and have assimilated in small numbers under most adverse conditions along with many Europeans; they can and do raise their standard of wages and living to those of many European immigrants; they have a less proportion of paupers, insane, criminal and diseased persons in proportion to their numbers than most of the foreign born in this country. They are, in fact, industrious, thrifty, shrewd, conservative and healthily selfish—like many Europeans.

They were excluded because they were a menace to American labor—by which is meant a menace to the policy of monopoly of labor which is the present ideal of the American trade unionist. Yet it may be doubted whether Chinese labor is any greater menace to the growth of free, self-respecting, rational organized labor than the less desirable of those European thousands whose low standard of living, wages and intelligence now threaten it; for these people is now finding its way by means of multiplied newspapers to every part of the Chinese Empire; officials and students, not merely of the province of Kwang Tung, but of all China, now understand what those discriminations mean; and just in proportion as the reform movement, now begun and constantly gaining ground, takes possession of the ruling classes, in that degree will those discriminations be met with denial of concessions and trade privileges, and in a spirit of retaliation.

From the Chinese standpoint, nothing has been more illogical and unwarrantable in the treatment of the Chinese in the United States than the denial of our treaty obligation to protect them. The hiatus between State and Federal control in our national Constitution which permits the Federal Government to refuse protection to foreigners on the ground that it cannot interfere with a State, and which allows any locality to practice race discrimination and its criminal classes to perpetrate injuries—protected by local sympathy from interference by State authorities and leaving no means of redress except through local courts permeated by the same sympathies—is an inexplicable weakness in the mind of a Chinaman. China may be slow to coerce or to interfere with local authorities, but she has never denied the obligation nor refused to pay ample indemnity for injuries upon Americans in China. The more aggressive nations whose emigrants have received injuries in this country have shown an intention to demand the fulfillment of such treaty obligations. President Harrison expressed the opinion that it was not only possible but desirable for Congress to make offenses against the treaty rights of foreigners domiciled in the United States cognizable in the Federal courts. Recent outrages and discriminations in the case of the Japanese have again brought the question into prominence, and foreign nations, including China, will be likely in the future to demand a fulfillment of such treaty promises.

But the history of Chinese immigration to the United States, however interpreted, constantly returns to two considerations—the violation of treaty stipulations by legisla-

tion and the extension of legislation by official regulation. Both together have resulted in the loss not only of our prestige in China but of the good feeling long standing between the two nations. No dispassionate reader of the history of California can fail to realize that besides the immediate loss of trade threatened by the boycott of American progress in China, the progress of California and the coast States has been incalculably retarded by the exclusion of Chinese labor. In the attempt to replace them there has been imported labor of a class and belonging to nationalities less useful, quite as unassimilative and far more menacing both to labor and to citizenship. But granting that it is the privilege of the coast States to make a nominal whiteness of skin the test of immigration, and to lose thereby, it is not within their province to insult the non-laboring classes of any nation with whom the Federal Government has established treaty relations, and thereby to injure the interest not merely of a class and a State but of the whole country.

The imperative reforms demanded in the light of the history of our treatment of Chinese immigrants is that the law should strictly conform to treaty phraseology and intent, and that the regulations necessary to enforce that law should as strictly conform to the reasonable interpretation of both treaties and legislation. To this end the immigration service must be purged of officers imbued with the anti-Chinese traditions of past administrations, from dishonest and incompetent employees and from the overweening influence of organized labor, whose nominees cannot or do not carry out the law for the interest of the country nor with equal justice to the Chinese, but solely in the interest of their class. Although the Chinese exclusion law was made at the demand and by the representatives of organized labor chiefly, it does not solely concern them; the propagandists of trade, religion and international friendship have an equal right to be heard. The law should therefore be a reasonable compromise to meet the demands of all the classes concerned.

The changes of the exclusion law and administration recently proposed by the Chinese immigrants themselves, both in print and in interviews, do not deal with the incompetence or the untrustworthiness of American officers but rather take the form of general propositions—one looking to an approach to reciprocity in treaty stipulations and the other to some form of exclusion which will permit the admission of a very limited number of laborers. The most interesting of these plans is one proposed by a laborer-merchant who has lived in this country forty years and become adviser in his colony. He suggests that there should be another registration, fairly conducted, of all the Chinese in the country; then, after one year, any Chinese should be allowed to return to China and bring back with him one able-bodied laborer, such trips being limited to one per year. If any laborer should die in China on one of these trips his relatives should be allowed to take up his papers and send a member of his family over on them.

Certain well known lawyers who have dealt with the Chinese for many years propose that a certain number of registration papers having been issued to laborers, they should be allowed to come and go without any identifica-

tion. The number of laboring Chinese men would thus remain constant, and if the papers were watched to prevent forgery the administration of the law would be very simple and not liable to much abuse.

After all, the exclusion of Chinese labor, acquiesced in by many who have not approved the method, is not the immediate and vital question. It is rather, whether a bureau of officials and the consular service shall continue to jeopardize the relations of two nations by methods of administration unwarranted either by treaties or legislation or even by the selfish interests of the country. In short, whether the non-laboring Chinese shall not be treated with such courtesy as befits the people of a most favored nation. The remedy for present conditions necessarily involves special and highly trained officers of the service stationed in China; the devising of a passport which upon identification shall be final, not mere *prima facie* evidence of the Chinaman's right to enter this country, and such that when here he shall be free from molestation. It involves also a new registration of all the resident Chinese and a non-partisan board of inquiry or an immigration court to which all debarred Chinese may appeal.

Some of these obviously imperative reforms are already bruited, but they will be purely superficial in their effect unless a strict conformity of laws and regulations with the treaty is secured; for without this formal legislative expression of our intention as a nation to fulfill our obligations the friendship with China cannot be restored nor her co-operation be obtained; and without her co-operation no immigration service established in China on the part of the United States can attain satisfactory results.

President Arthur, in deploring the Restriction Bill of 1881, said that the time might come when Chinese labor would be greatly needed in some sections of the United States, and that he could not, therefore, sign the bill excluding them for twenty years. It was, indeed, just twenty years from that time, and while Americans in Hawaii and the Philippines were protesting against the application of the law to their territories, that the reaction against the methods of Chinese exclusion precipitated a concerted and powerful attack upon it. Since then Hawaii has seriously suffered for want of Chinese labor, and even while these words are being written American engineers at Panama are clamoring for Chinese labor to build the Isthmian Canal, because there is almost no American labor to be had and the Chinaman is the best contract laborer available.

The turning of the road along which California has led the rest of the United States is in sight, it may be, but the laws of the universe are not changed even by repentance. Injustice in the guise of discrimination for self-protection has brought and will not fail to bring retribution in the degradation of those who practice it. The arrogant and narrow-minded temper bred by pioneer conditions, the monopolistic spirit and the lack of sanity and justice which finds its extreme expression in the treatment of the Chinese, is even now wreaking itself upon California. Lawlessness, class hatred, incapacity for co-operation—these have been in part the fruits of race discrimination.

CHINA IN 1909.

(From the North China Daily News.)

A year that begins with the downfall of Yuan Shih-kai and ends with that of Tuan Fang cannot be thought to have given much promise for the immediate future of China. When the late Emperor and Empress Dowager passed away the peacefulness with which the succession of the present Emperor was effected, taken in conjunction with other circumstances of the moment, seemed to cast some rays of hope across the outlook. Between Peking and the Provinces, it is true, little love and less sense of mutual responsibility were lost. But with the apparent adjustment of existing differences between Yuan Shih-kai and the late Grand Secretary, Chang Chih-tung, more particularly in the reputed character of Prince Chun, the Regent, it was believed that a new power for good had come into the counsels of the Empire which could scarcely fail to produce beneficial results. Especially as regards the Prince Regent, public anticipations were stimulated by stories, industriously circulated in the native press, of the hours that his Imperial Highness devoted to studying in order to fit himself for his high position; of the system that he had devised for bringing private complaints, or suggestions for the national good, direct to his own ears; of the secret expeditions that he was supposed to make, in disguise, among the people of the capital in order to learn their real condition. Such anecdotes had, in all probability, but little value beyond the possible one of inaugurating a new current of sympathy in the nation toward the Throne. But there is no doubt that the Prince Regent is personally inspired with genuine ambitions for the good of China, and a high sense of the responsibilities of his position. Unfortunately, it is but too plain that he lacks the necessary strength to carry his intentions into effect; that he is powerless to break with the corrupt survivals of the past. The dismissal of Yuan Shih-kai in the first week of January, an event which probably caused more general consternation abroad than any act of, so to say, the peaceful character in the history of China's dealings with the West, must be laid principally at the Prince Regent's door, even if the jealousies of reactionary rivals were not less potent in that event than the Regent's desire to avenge the memory of the late Emperor. Similarly the downfall of Viceroy Tuan Fang, variously attributed to a private quarrel with Grand Councillor Na Tung and to the enmity of the three widows of Tung Shih, might surely have been averted by a display of strength on the part of the Regent. And in view of the notable deficiency of capable administrators in China, Prince Chun cannot be exonerated for according to the great Viceroy's overthrow on a charge that is trivial indeed compared with the magnitude of the punishment. In short, the spectacle that Peking presents to the world at the close of 1909 is discouraging indeed. The revolt of the three Empresses was described so recently in these columns that it need not further be alluded to except as an example of the petticoat rule that has come to add to the general uncertainties of life in the Forbidden City. Throughout the year Manchu domina-

tion, at the expense of Chinese representation, has been steadily on the ascendant. Sinecures have been multiplied to satisfy the claims of younger sons, regardless of the heavy burden of China's foreign debt, of the absolutely impoverished state of the Government and of the steady refusal of the Provinces, born of well founded mistrust, to contribute to the expenses of the capital. Worst of all, perhaps, is the decline in morals which, there is too much reason to fear, tends to spread among the young nobility and mandarinates. From this point of view the deaths of the two aged Grand Secretaries, Chang Chih-tung and Sun Chia-nai, of whom the former passed away at the beginning of October, the latter at the close of November, were particularly regrettable. Neither of them was the kind of man to arrest the recent course of events in China, though to the credit of H. E. Chang it stands that, while remaining a conservative by nature to the last, he was sufficiently broadminded to see the need of adapting his fellow countrymen to the spirit of the age, and that it was he who successfully worked out the new system of education on foreign models. But the true value of both men may be said to have consisted less in what they did than in themselves as men of sterling integrity and the best examples of the old standard of manners and morals. If we except Prince Ching, whose corrupt influence appears completely to overshadow all lesser dignitaries, it is impossible to recognize any commanding figure in Peking today; and the difficulty of knowing with whom to deal is as marked as when that complaint was openly voiced by Japan in connection with the Manchurian negotiations.

SIGNS OF ADVANCE.

Yet in contrast with this depressing picture, it must be admitted that in the nation at large there have been signs of a continued operation of the new spirit which do not leave the observer wholly in despair at the beginning of a new year. Even in Peking the leaven has been at work in the cashiering last February of the corrupt Chen Pi, President of the Ministry of Posts and Communications, and in the similar treatment more lately meted out to Li Teh-shun, director of the northern section of the Tientsin-Pukou Railway. It is true that the latter move was undertaken mainly in response to complaints by the Chihli gentry of the undue favor shown by the director to his German colleagues; and that the removal of Chen Pi was not followed up by a radical cleansing of the Ministry in question, as it should have been. But both incidents were steps in the right direction, aimed at an ideal of purer administration. Throughout the country the movement in favor of foreign education continues to spread; and although the student class at present enjoys no very good reputation for orderliness, either with its fellow countrymen or among foreigners, it is a fair argument that as the novelty of the system wears off its best purpose may become more apparent to its learners. It has frequently been remarked that the student trained on foreign lines in China is a better

fellow, if the phrase may be permitted, than the returned student from abroad; and it can hardly be that such institutions as the Provincial College of Tsinanfu, of which our correspondent there sent us a pleasing description some weeks ago, should continue forever to turn out nothing but revolutionaries and obstructionists. The great difficulty of the moment is, that China's administrative machinery does not provide scope for the samples of the new learning which are being produced so abundantly; and the result is among large numbers disappointment and discontent. In the social life of China the gradual displacement of the old régime is conspicuous. That one of the highest officials in Peking should allow his daughter to go freely about the capital with feet unbound under the charge of a foreign governess is one of the most striking signs of the times that could be found. No doubt in this vast Empire the parts that are affected by the new fashions are, to the parts that are not, but as a drop in the ocean. There are large cities within a day's journey of prosperous Yangtze ports, where the darkness of the seventeenth century reigns practically undisturbed. The point is, that change has begun to take effect; and while its first results are too often of the least attractive kind, the good sense of the nation is surely too great to destroy the hope of wiser counsels as the outcome of greater experience. As regards the opium campaign, the lesson of the past year is undoubtedly that the Government is in earnest in wishing to stamp out the practice. In Peking and Chihli, under the eye of the central authority, the reformation effected is startling. In more remote districts there is still much of the partiality, dependent on the energy of local officials, that has been frequently remarked. But the fact remains that vast tracts of country formerly given up to poppy have been rescued for worthier crops, and that there is a new current of public opinion against the practice of smoking. In Shanghai, for example, the young men who used to resort nightly to opium divans as to a club have discovered that it is bad form to be seen in such places. While we are on this subject reference may be made to the International Opium Commission, including representatives of thirteen nationalities, which, beginning in February, sat for three weeks in Shanghai. The moral effect of the conference, to quote the words of the president, Bishop Brent, was to mark the close of the emotional stage and to substitute the scientific stage of the question. If indeed the practical results of the commission did not carry the matter much beyond the arrangement already concluded between China and the Indian Government, it proved at least that the Chinese possess the true sympathy of foreign nations in their undertaking, and that no encouragement that can be given them from without will be grudged. Before we leave this rapid summary of the things that point to progress, we must not omit to mention the formal opening on October 14 in all provincial capitals of the Provincial Assemblies. But this, as an event which truly bids fair to mark an epoch unique in the history of China, must receive fuller treatment in its due place.

FOREIGN AFFAIRS.

In turning to China's relations with foreign countries

we find that her dealings with Japan completely outweigh all other questions, both in importance and spectacular effect, those dealing being summed up under the two headings of the Antung-Mukden Railway and the Manchurian Convention. To recall briefly the circumstances of the famous dispute which culminated on August 6 in one of the bitterest blows that China's pride has had to endure, it will be remembered that by the Supplementary Agreement to the Manchurian Convention of Peking, of 1905, it was agreed that Japan might not only retain the temporary line that she had constructed during the late war, but that she should be permitted to reconstruct it in such wise as to be fit for commercial uses, a purpose that it could in no sense be said to fulfil. In the controversy of the past year China attempted to take her stand on the contention that Japan had exceeded the specified time within which reconstruction was to be begun. But at any rate she made no objection to the Japanese proposal of last January that joint commissioners should be appointed by both countries to survey the line; and the survey was accordingly carried out in April. From that time forward, however, the Chinese Government set itself to place every obstacle in the way of fulfilment of the work that ingenuity could devise. On July 24 a message was sent to Japan to the effect that work must be confined to the existing track (a stipulation that would largely have nullified the results of the previous survey) and that in no circumstances must the gauge be broadened. To this Japan, after showing repeated signs of restlessness, replied on August 6 with an ultimatum to the effect that the reconstruction would be proceeded with immediately; and orders in this sense were sent simultaneously to Mr. Kunizawa, vice president of the South Manchuria Railway, at Tairen. The effect of this decisive step was magical. The Chinese Government instantly proclaimed readiness to fall in with Japanese wishes, its surprise that Japan should think it in any way necessary to act independently in the matter, and its anxiety that joint commissioners should once more be appointed to review the situation *in loco*. That such an appointment would merely mean fresh waste of time was what Japan could scarcely fail to point out; and finally, on August 19, the agreement was formally signed, the Waiwupu with a last effort to save its face having caused the signing to take place in Mukden rather than in Peking.

If we have devoted more space to the details of this story than might appear necessary in view of the fame it attained at the time, it is because the whole episode so vividly illustrates the weakness, yet the persistent obstinacy, of China's foreign policy. Nothing probably could have averted the final *dénouement*, on which Japan had set her heart. Yet China ruined her case in respect of the date at which reconstruction should have been begun by consenting to the appointment of commissioners, and then attempted to retrieve her position by intolerable obstruction. It must in all justice be admitted that she could adopt no other tactics, if resistance were her purpose. The reconstruction of the Antung Railway, taken in conjunction with the building of the Kirin-Kuangchengtze Railway, for which an agreement was signed in Tientsin in August, adds immeasurably to the strength of Japan's grasp on Man-

churia which, too late, has begun to awake apprehensions in Peking. Moreover, China might not unfairly claim that she was merely repaying Japan in her own coin for her behavior in respect of the desired Hsinmintun-Fakumên extension. But the policy which achieves such surprising success *vis-à-vis* of a remote, not keenly interested Western Power, failed lamentably before the determination of Japan, with the result that the world received a practical object lesson in the only feasible way of dealing with Chinese obstruction, which Chinese statesmen would do well to ponder. It may be in the distant future that Japan will be found to have lost more than she has gained by her ruthless action. Nature, as well as the circumstances of her advent to greatness, clearly designed her to be the helpmeet and counsellor of the neighboring empire. The advantages of that position she has deliberately thrown away by a series of hard bargains, which it is not in Chinese nature to forget. Among that series must be reckoned the Manchurian Convention, signed on September 4, from which all grace of conciliation is torn both by its actual terms and by the near recollection of the Antung-Mukden episode. Perhaps the main value of the convention is, that it disposes once and for all of the Chientao dispute, by securing to China nominal sovereignty over the district, while virtually allowing to Japan as much actual fruition as she cared to reserve. The question of the Hsinmintun line remains subject to Japanese pleasure; the Fushun and Yentai collieries are yielded to Japan on payment of taxes and royalties. The publication of this document aroused the greatest indignation in China, and a boycott of the Japanese was begun in Manchuria, which, however, was suppressed at the instance of Tokio. Throughout the whole story it will be admitted, not without admiration, that Japan having made up her mind to a certain line of action, has pursued it with characteristic thoroughness. But, as we have said, it is possible that she might have been better advised to take a less uncompromising line. Towards the close of March the discovery that a Japanese merchant had taken advantage of the apparently neglected condition of the Pratas Island to work its valuable deposits of phosphates threatened to raise a fresh cause of trouble between China and Japan. But in the past autumn the matter was amicably adjusted apparently on production by China of proofs of ownership and on her payment of an indemnity. If the value of the phosphates obtained by the Japanese workers is at all what it has been represented to be, it must be confessed that the *raison d'être* of the second condition is somewhat difficult to understand.

GREAT BRITAIN, RUSSIA, PORTUGAL.

As minor illustrations of the same tactics as those that were employed in the Antung-Mukden Railway case, though here more successfully carried out, we may mention the cases of the Kiangpei Ting Coal and Iron Mining Company and the Anhui Concession. The former of these undertakings was floated as a joint Anglo-Chinese concern, under the auspices of the late Archibald Little in 1906. Owing to certain ambiguities in the agreement, due to Mr. Little's over-confidence in the Chinese, the local officials were able to start the now familiar campaign of obstruction, and to carry it out with so much effect that in July last the foreign director of the company accepted, in despair, the Chinese Government's offer to buy back the concession for a price that paid the shareholders some 70 per cent. of their original outlay. It may be mentioned that the mine is now being worked once more in the primitive and wasteful way from which the company would have rescued it. The story of the Anhui Concession dates for practical purposes from the beginning of last year, the time when the Chinese Government approached the London and China Syndicate with the proposal that, if the syndicate would consent to joint working of the Tunghuan-shan by Chinese and British, the Government would ratify the agreement and guarantee its

acceptance by the Anhui gentry. In face of the co-operative scheme which Sir John Lister Kaye went to Peking to make, the Chinese Government declared itself unable to persuade the Anhui gentry to accept the compromise, and proposed to buy back the concession for £50,000, or only a little more than a sixteenth part of the estimated value of the mine and the shareholders' out of pocket expenses combined. This took place in July, and Sir John Lister Kaye thereupon broke off negotiations and returned to London. How the question will yet be settled is still unknown. It was understood that the syndicate had decided to prosecute work on the mine on the ground that the Chinese Government, in July, 1905, had admitted the syndicate's title to the property. But the results of this decision are not yet apparent. More striking, though not, ethically, more unjust than either of the above incidents, was the famous Kiukiang boycott. The cause of dispute in this case dates back to April 26, when, it was alleged, a Chinese peasant, named Yü Fa-chêng, had died in consequence of maltreatment by Mr. Mears, the police inspector in the British concession at Kiukiang. On July 31 a formal charge of manslaughter was laid against Mr. Mears in the British Consular Court of Kiukiang and an inquiry was held, both sides being represented by counsel, to ascertain whether there were grounds for laying the case before a jury. What took place between April 26 and July 31 has never been clearly ascertained. But the whole circumstances of the case pointed so strongly to conspiracy, and the evidence for the alleged maltreatment, or of its connection with the death of Yü Fa-chêng, was so unsatisfactory that E. T. C. Werner, the Consul, had no hesitation in dismissing the charge. Somewhat unfortunately, however, although it is only fair to take into consideration the feeling that prevailed in the district, the inquiry was held *in camera*. The Chinese expressed themselves dissatisfied with the result, and in the upshot declared a boycott, which seriously affected British shipping not only outwardly from Kiukiang but to some extent also inwardly from Shanghai. It was some two months before the boycott could be brought to an end, as the result of urgent representations to Peking. The actual loss incurred by the movement, though by no means to be underrated, is of less importance than the moral it conveys. Within the past eighteen months the tendency to make use of boycott as a weapon of international offence has grown steadily, as witness the Japanese and Fatshan boycotts in the South, the attempted Japanese boycott in Manchuria and the one under discussion. It is apparently useless in their present frame of mind to attempt to convince the Chinese that the Western Powers have more to lose than to gain by acts of international injustice toward China; and it therefore remains to show the Chinese Government that the use of a weapon by which entirely innocent persons alone are injured will not be tolerated.

The Macao boundary question, which may be said to date back for over 300 years, occupied a vast time of negotiation between Portugal and China, and ended, as so many negotiations in which China has been concerned, abortively. The point at issue was to decide how far up the peninsula China's jurisdiction extended and to whom the sovereignty over the surrounding water and adjacent islands of D. Joao, Taipa, Colovane and Green Island belonged. According to Portugal these questions were practically decided by the Luzo-Chinese Treaty of 1887-1888. But there appears to have been some lack of documentary evidence, though not of the right of user; and on November 12 the specially appointed commissioners, General Sir Joachim Machado and H. E. Kao Erh-ch'ien, after months of weary confabulation, broke off the discussion. The Portuguese Government has proposed to submit the matter to the Hague Tribunal, but this China declines, though with all the less reason, it must be admitted, in that her own proposals to refer differences with Japan to the Hague have been refused in the past.

So recently has the question of the administration of Harbin been detailed in these columns that a brief reference will suffice here. On May 11 a preliminary agreement was concluded between Russia and China for the municipal administration of Harbin by the Chinese Eastern Railway. Subsequently some foreign Governments became anxious for the position of their nationals, and an explanation was issued by Russia, the weak point of which, according to the Chinese view, was that it affected to regard the agreement of May 10 as final, whereas it had never been ratified because China and Russia could not agree on the subsidiary clauses. In these circumstances at the beginning of December the Waiwupu addressed an elaborate protest to the foreign representatives denying the Chinese Eastern Railway's rights in anything except a purely commercial sense, and appealing to the Powers for assistance. There for the time being the matter remains.

THE RAILWAYS' YEAR.

If a convenient name were wanted to distinguish 1909, it might be called the Railways Year. In conjunction with the Antung-Mukden Railway no event of the year was more striking than the story of the Canton-Hankow and Central Chinese Railways loan and the four syndicates. So far as the public is concerned, the story dates from March 9, when it was announced that a group of German financiers, represented by the Deutsch-Asiatische Bank, had signed a preliminary agreement with Grand Secretary Chang Chih-tung to supply China with a loan of £3,000,000 for the construction of the northern section of the Canton-Hankow Railway on Tientsin-Pukou terms. The interest of the news lay in this, as subsequently made known, that in virtue of a protocol arrived at in a previous conference at Berlin between the German syndicate, the British representatives of the Hongkong and Shanghai Bank and the British and Chinese Corporation, and the French syndicate represented by the Banque de l'Indo-Chine, the three groups had virtually bound themselves to admit no loan on terms less stringent than those of the Canton-Kowloon Railway; and that the British and French groups had already refused Tientsin-Pukou terms to the Chinese Government and had honorably acquainted the Germans with the fact. Apart from all else it must be remembered that Chang Chih-tung had pledged himself in September, 1905, to give the first refusal of such a loan to Great Britain. The Germans' action caused an immediate breach between the three groups. But a further conference was held in Berlin on May 13, when the British group accepted a compromise whereby the loan was to be increased to £5,500,000, and was made to include the Central Chinese railways, of which the Germans were to have the construction of two sections from Ichang to Kwangshui, on the Peking-Hankow line, and from Kingmen to Hankow via Shasi. Extensions westward of Ichang were to be divided between Great Britain and France; and another preliminary agreement in this sense was signed in Peking.

Fresh surprises, however, were in store, for on June 11 it became known that an American syndicate, including Pierpont Morgan, Kuhn, Loeb & Co., and others, had been formed to enter into Chinese finance; and that the American Chargé d'Affaires had formally protested to the Waiwupu against the compromise of May 13 on the ground that China was bound by the Convention of 1903 to give the United States first option on the Chinese Central railways. There is reason to believe that this step resulted partly from the British syndicate's rejection, at a much earlier date, of American overtures for participation. At any rate it did not require President Taft's personal telegram of about July 20 to the Prince Regent to show that the United States Government, in accordance with the new President's Far Eastern policy, was heart and soul behind the American syndicate. The next few weeks' negotiations were characterized by two main features: the efforts of the British Government to have the matter left to be adjusted privately

between the four syndicates, and the Washington Government's determination to treat directly with China. At the beginning of September we were told that a settlement might be expected within a few days, the loan being further increased to £6,000,000, or to £7,200,000, so as to be divisible into four, and the Americans receiving a slice of the Central Chinese railways. But no such settlement has yet occurred, and the loan still appears to be completely in abeyance. Apparently the Chinese Government has wearied of the whole affair; the death of Chang Chih-tung in October was an obvious complication; and in the meantime the Szechuanese gentry had protested against the introduction of foreign capital into their province. Indeed, as recently described by our Ichang correspondent, the first sod of the Hupeh-Szechuan Railway has actually been cut. But the moral of the four syndicates is undiminished in force. Whether the story has resulted in letting German capital into the Yangtze Valley, the point on which the British syndicate was so severely censured, remains to be seen. But it marks the definite re-entry of American capital into Chinese fields. It will, undoubtedly, have encouraged China in her policy of exciting competition among foreign suitors for her favors. Above all it emphasizes more clearly than ever that in questions of finance private enterprise cannot be left to act without the visible protection and approval of Government.

KALGAN, HANGCHOW, YUNNANFU.

It is pleasanter to turn to a subject on which the Chinese are entitled to unstinted congratulations, the completion of the Peking-Kalgan Railway. The original construction began in October, 1905. By September of the following year the line was open to the mouth of the Nankou Pass, and on September 24 last it was formally opened to Kalgan. At the present time one through train is run daily each way; but arrangements are in hand to push the line to Suiyantung on the Mongolian frontier, eventually, it is hoped, to Kiachta; and as trade expands the service will probably be increased. Without doubt the track over the pass proclaims a great engineering feat. The line rises 1,800 feet in 10½ miles to its highest point, and involved the boring of four tunnels, of which the longest measures 3,570 feet, the building of twenty-one concrete bridges and numerous embankments. The whole work was carried out under the direction of H. E. Jeme Tien-yow, a name destined to be famous in the annals of Chinese railways, and neither foreign advice nor foreign capital had any share in it. As we have said, although it is not to be inferred that the line is by any means perfect, China is certainly to be congratulated.

If the progress of the Shanghai-Hangchow-Ningpo Railway is less brilliant, it assuredly appears to give fair satisfaction for the work that it has to perform. Early in the year it was subjected to severe criticism, some of which was afterward admitted to have been based on misconception. The official opening to Fengching took place on May 29, when a special train was run from Shanghai with great festivities; and by early in August it became possible, by changing cars at Fengching, to go through to Hangchow. The completion of the section to Ningpo appears to depend upon the adjustment of certain differences between the Central Government and the Chékiang Railway Bureau; but this can scarcely be permanently delayed. The weak features of the railway, in construction, rolling stock and management, arise from the common complaint of too many cooks; while the steady refusal of the Kiangsu and Chékiang Railway Bureau to recognize themselves as in any way bound by the agreement between the Central Government and the British and Chinese Corporation offers a perennial source of possible injury to foreign investors. But the line is in daily use, certainly with apparent satisfaction.

On August 18 our correspondent at Yunnanfu could assert that three or four months should see the comple-

tion of the Tongking-Yunnan Railway. The difficulties of constructing a line that must rise in places 5,000 feet and more above the sea were tremendous; the original estimates were far exceeded; and the profit to be derived is considered doubtful, at least for some years. But as an engineering feat the line is magnificent, and when linked up with the Upper Yangtze at Luchow, as some day it presumably must be, its purpose in China's scheme of railways will clearly be revealed.

The Canton-Kowloon Railway was the subject of an unpleasant scandal in October, when Butler Wright, chief accountant of the Chinese section of the line, was condemned on trial at Hongkong to two years' hard labor, for malversation of funds amounting to some thousands of dollars. It is expected that the British section of the line will be opened to traffic next June. The projected Kirin-Kuang-chengtze Railway has already been referred to; and, also by the Manchurian Convention, it was agreed in principle that China should be allowed to extend her railway to Mukden city wall. Further efforts were made by the Chefoo native merchants to collect funds to build a line from Chefoo to Weih sien and as much as Tls. 800,000 is said to have been obtained. But the competition that such a line would set up with Tsingtao must excite German antagonism, and the prospects of the railway, useful as it would be, are not bright. Since the arrangement of the Chientao controversy, various railway schemes in that part of the world, notably from Hungchun to Ninguta and Kirin, have been propounded; but as yet without definite conclusion. In any event such undertakings would rather be Japanese than Chinese. A really brilliant little enterprise may be mentioned, although its completion properly belongs to 1908, in the Nanking City Railway from Hsiakuan by the river, under the wall to the Tartar City. This line was ably constructed by a British engineer, Mr. Leene, with provincial funds; and it is said to pay as much as 30 per cent. clear profit.

PROVINCIAL ASSEMBLIES.

On October 14 the second step in the ten years' program leading up to constitutionalism was fulfilled by the simultaneous opening of a Provincial Assembly in each provincial capital. The session lasted until November 23, but short as it was it gave sufficient proof that the Government has let loose an entirely unsuspected power in the land, the developments of which are quite beyond calculation. The meeting in Shanghai during the last ten days of December of fifty-one delegates from different parts of the Empire, from which petitions were sent to Peking praying that the date of a national parliament might be hastened is extremely significant. The regulations governing these assemblies are too elaborate to detail here. Franchise qualifications are fairly liberal, although the discrimination against students from foreign mission schools has occasioned much criticism. On the whole the assemblies appear to be reasonably representative and seriously minded. Their weak point, for the nation at large, is that they have no hold as yet over official appointments; none, consequently, over the pursestrings. But in this respect the future should see developments. Already several of the assemblies have shown a disposition to pass beyond the lines of academic discussion enjoined upon them from above, notably in connection with the proposed stamp duties which, throughout the year, the Government has vainly attempted to enforce. Altogether no feature of modern China deserves so much attention as the provincial assemblies.

FINANCE AND THE NAVY.

The mention of stamp duties, designed to supply the deficiency caused by the loss of opium revenue, brings us naturally to questions of finance. That the Government, in face of its own penury and of provincial reluctance to contribute to its expenses, should have begun to realize the

evil of unrestricted paper and copper coinage, is shown by the issue in September of elaborate regulations to check the former, and by repeated injunctions to the provincial mints to minimize the latter. On June 19 H. E. Tang Shao-yi returned from his nine months' trip round the world, replete, it may be supposed, with good advice on financial questions. Hitherto, however, he would appear to have been given no opportunity of imparting his knowledge to the financiers of Peking. About the same time China's cherished desire to increase her import duties in return for the abolition of likin was indicated by a somewhat indefinite proposal to discuss the question at an international conference; but to this Great Britain refused to accede, presumably until such time as the Chinese Government should show some practical sign of setting its house in order unaided. In this respect the outlook is not hopeful. It is, therefore, the more extraordinary that China should choose such a moment to commit herself to naval schemes elaborated between June and October, involving an initial expenditure of Tls. 26,000,000; and to sending an expensive mission, headed by Prince Tsai Hsun and Admiral Sah Chen-ping to Europe to study naval armaments. The incongruity is indeed so remarkable that we may be forgiven for asking to see some tangible results before placing unreserved confidence in the proposal.

VICEROYS AND PEOPLE.

The death of Viceroy Yang Shih-hsiang of Chihli in the close of June led to a small shifting round in the upper official world, which carried H. E. Tuan Fang to Tientsin, and Viceroy Chang Jênchün from Canton to Nanking, H. E. Yuan Shu-hsün, Governor of Shantung and formerly Taotai of Shanghai, was sent as Acting Viceroy to Canton, and H. E. Sun Pao-chi took his place at Tsinanfu. On the cashing in November of Tuan Fang, H. E. Chen Kuei-lun became Metropolitan Viceroy, and Jui Cheng, lately promoted Governor of Kiangsu, became Acting Viceroy of the Liang-Hu, an honor on which Shanghai will have wished him all congratulations. The life of the people has not been easy, but at the same time there is no calamity of commanding dimensions, as in some years, to record. An Imperial decree of June 2 commanded special prayers for rain, in Shantung of course, and in parts of Kiangsu. On the other hand the summer brought heavy floods occasioning much distress in parts of Hunan and Hupeh, as also in parts of Yunnan. But speaking generally, the harvests were better than they had been for some years previously. The want of proper exchange of foodstuffs between prosperous and afflicted provinces continues to make itself severely felt at such times. The riots at Pinghsiang in the spring were undoubtedly more serious than they were thought to be at the time. A considerable number of revolutionaries was involved; and the riots were suppressed with the utmost rigor, several hundreds, if not some thousands, of persons being involved. Elsewhere, particularly in South Kiangsi, the attempt to take a census led to serious unrest, the blame falling quite illogically on foreigners. In this connection we may notice the extraordinary rumors of the partition of China by the foreign Powers, which have been reported by our correspondents in various parts of Kiangsu, and Chêkiang and at Tsingtao, in the past few days. To sum up, the year points to many tendencies of which some are not unhopeful, in spite of the increasing resistance against foreign collaboration in any form that is so keenly felt. As the Chinese have passed through different phases in their attitude towards foreigners in the past, so it may be hoped that their present mood will prove a phase. One thing is clear, that no talk of reform can acquire substance without the birth of a new moral feeling and public opinion in the nation; and for this end it is to be hoped that the native press, which has grown greatly in influence during the past twelve months, will recognize its responsibilities.

THE TWENTY-FIFTH ANNIVERSARY OF THE COMMERCIAL CABLE COMPANY.

Mr. Clarence H. Mackay, president of the Commercial Cable Company, gave a dinner to the New York officers and staff of the Commercial Cable Company on Saturday evening, January 8, at the Hardware Club, Postal Telegraph Building, to commemorate the company's twenty-fifth anniversary.

After coffee had been served Mr. Mackay arose and proposed a toast to the President of the United States and the King of England. After this had been drunk, he said:

"I esteem it a great privilege to bid you welcome on this, the twenty-fifth anniversary of the Commercial Cable Company. The occasion is one for which we have every reason to rejoice, and it is with the warmest feeling of good will to you all that I extend to you my heartiest greetings.

"Twenty-five years brings great changes in the march of time, and no better illustration can be drawn than that of the organization of which we are so justly proud, the Commercial Cable Company. I do not propose at this time to retrospect or recite the evolution of the company, for its history and development I will leave to others who have been connected with the company since its inception. Time has thinned our ranks; the founder of this company has been taken from us, his spirit has passed beyond the Great Divide, and only recently death has laid its heavy hand on two of our number—Mr. Dumont Clarke, associated with this company for nearly twenty years, a loyal, staunch and trusted adviser, and Mr. Charles A. Gill, who joined the company in 1885 and remained at his post until the day of his death, leaving a record unsurpassed for fidelity and trustworthiness. Gentlemen, I wish to propose a silent toast: 'To those who have passed from us, and whose memory we will revere for all time.'

"As I look around this room tonight, I see gathered about me the familiar faces of those whom it has been my good fortune to come into daily contact with for a number of years, men whom I have learned to admire and respect for their loyalty, zeal and unrightness. Never has any company had an abler or finer executive staff than that of the Commercial Cable Company. For bringing together and moulding an organization such as I see here tonight, the credit belongs more to one man than to another, and that is, George Gray Ward.

"Gentlemen, you should be proud of George Gray Ward, as I am. For twenty-five years he has devoted himself untiringly to the interests of this company, and by that I mean your interests. In good times or bad, in sunshine or storm, he has always been imbued with the same spirit, to zealously safeguard the interests of the company, and to see that every man was given a square deal. To you, Mr. Ward, I give credit in a large measure for the results that have been achieved by this company, and I am glad, old and trusted friend, of the opportunity to pay you this tribute tonight, for, gentlemen, to know him is to love him."

Mr. Ward then spoke as follows:

"MR. PRESIDENT, AND GENTLEMEN—We are assembled here tonight, by the invitation of our president, to celebrate the company's twenty-fifth or silver anniversary. As I look around the tables, it is pleasant to see so many familiar faces, and especially those whose qualities and devotion to the company's interests in the early days of its existence helped so materially to establish the company as an important factor in Atlantic telegraphy.

"When this company was incorporated by the late Mr. John W. Mackay (whose name we shall ever revere) and Mr. James Gordon Bennett, and it first became public, the companies then operating in the Atlantic were not very seriously alarmed, doubtless because they felt that their combined strength was sufficient to overcome any threatened competition.

"I am quite sure that whatever views of that character may have been entertained then have been entirely replaced by a more wholesome respect for our strength.

"I think this occasion is an appropriate one to review the company's history and development during the past twenty-five years, and in doing this I shall relate briefly the steps of progress from its inception.

"After Mr. Mackay's work of developing his great mining interests, he devoted himself largely to other business enterprises, chief among which was the establishment of an Atlantic cable system. This system was designed to oppose the monopoly existing at that time.

"On December 13, 1883, the Commercial Cable Company was legally born, and steps were immediately taken to launch the new enterprise on its active career. Landing places were selected, cables and apparatus were contracted for, arrangements for the establishment of stations were made and all other details necessary to the organization of a high class institution were thoroughly mapped out. There was some doubt at that time as to the company's purpose and its strength to introduce and maintain competition, but this was dispelled by Mr. Mackay in a letter to the press, which read as follows: 'We have no intention of entering into any agreement or coalition whatever with the existing companies. We are in a position to take our stand and defy all attempts at coercion. In founding this new trans-Atlantic cable company, we were of the opinion that the time has come to give the public, on a permanent basis, a somewhat cheaper and at the same time a thoroughly reliable and prompt cable service.'

"You all know how well Mr. Mackay carried out these promises. Weaker men than he would have yielded to the pressure of the powerful forces united to crush out our existence. Although the matter is now cobwebbed with age, it must not be allowed to be forgotten, especially in an epoch so filled with 'trusts and combinations.'

"Recent events have brought forth inferences of a combination between our land line properties and the telephone interests, but our president, Mr. C. H. Mackay, has, I am

sure, set all such thoughts at rest by his public statement the other day, in which he reiterated the policies of his father, namely, to maintain independence and competition.

"I am, however, turning out of my course. The landing places selected as stations for the company's transatlantic cables, as you are aware, were Waterville, Ireland, and Dover Bay, Nova Scotia.

"Our first trans-Atlantic cable was completed on July 20, 1884, the cable from Nova Scotia to Rockport, Cape Ann, Mass., having been completed shortly before that date.

"On October 9 the laying of a second transatlantic cable was completed, and on October 18 the cable from Nova Scotia to New York city was successfully laid, thus forming the first all cable route between New York city and Europe.

"In the midst of our enthusiasm over the success thus far attained, first one and then the other of our main cables became interrupted on ground over which the cables should never have been laid. These cables were repaired in December, 1884.

"Our New York-Canso cable has the distinction of being the first submarine cable landed and operated in a large city, and has proved a great boon to the business people on many occasions, notably the blizzard in 1888, when all communication to places outside of New York city was entirely interrupted except by this cable.

"I distinctly remember the impression my words made upon a number of the representative business men in a few remarks I made to them at Coney Island, at the time this cable was landed, in which I ventured to say that a cablegram could be transmitted between New York and London inside of three minutes. That prophecy seemed too sanguine to some, but it is unnecessary for me to tell you that we have carried out this prognostication and, in fact, very materially reduced that time.

"On December 24, 1884, the cables were opened for public use, at a 20 per cent. reduction, from 50 cents to 40 cents per word, and from the first were well patronized. The first paid message that passed over the line from America was sent by Mr. I. C. Reiff, of Woerthoffer & Co., and this gentleman, I may say, has always been very proud of the fact. The other companies naturally met our reduced rates. Scenes of unusual activity and stern expressions were visible everywhere in the cable offices as the fight for prestige and supremacy began.

"To be prepared at all times to restore interrupted communication without undue delay, the cable ship 'Mackay-Bennett' was contracted for, and launched in 1883, and was put into commission in the Winter of 1884.

"On February 1, 1885, our cable between Waterville and Havre was opened for business, thus establishing direct cable communication with France.

"On June 26, 1885, the first cable was laid between Waterville and Weston-Super-Mare, England, thus establishing direct cable communication with England, the manifest advantage of which was reliability of service.

"The company operated its lines in undisturbed tranquillity until April 20, 1886, when placards and circulars were issued by our pooled competitors, announcing a reduction in the rates from 40 cents per word to 12 cents per word.

The object was perfectly clear. The popularity of the Commercial Cable Company's service and its firm establishment of independence, from which it could not be swerved, became a serious menace to the prosperity of the other combined forces, and in their desperation they determined to make a strong effort to free themselves of our opposition by commencing a ruinous war of rates. It was a war waged at a great financial loss to Mr. Mackay and others, not only for our own existence, but for the benefit of the public who now enjoy a competitive cable service unequalled in any part of the world.

"Our opponents, however, miscalculated the resources and character of their antagonist. We met the first attack by reducing our rate to 25 cents per word and secured a good deal of public support by giving a faster service.

"In September, 1887, we decided to meet the 12 cent rate. We were seriously handicapped by not having adequate and suitable land line facilities in the United States and Canada, and our opponents made use of every message we handed over to them for further transmission, for canvassing purposes. We were also at a great disadvantage in Europe because the old companies had the exclusive right to all unrouted messages. The rate war lasted two years and five months, both sides suffering very heavy losses. It, however, as you well know, ended in a decided victory for the 'Commercial,' which maintained its independence and gave the public a superior service through keen competition at a 25 cent rate, saving them hundreds of thousands of dollars annually.

"From that time onward our progress has been steady and rapid. Under the able direction of our friend Col. A. B. Chandler, whom we are all delighted to see here tonight, land lines were gradually acquired throughout the United States, rebuilt and organized into the great postal telegraph system, which, with its connections, now comprises over 330,000 miles of wire. A connection was also established at Canso, Nova Scotia, with the Canadian Pacific Railway Telegraphs, the largest telegraph system in Canada.

"In 1894 we laid our third cable between Canso and Waterville.

"In 1901 our Canso-Azores-Waterville cables were laid, thus completing our fourth transatlantic route to Europe and establishing connection with the great systems of the Eastern and Western Telegraph Companies at the Azores. We also laid an additional cable between Canso and New York city the same year.

"For many years we were unjustly discriminated against in our efforts to secure traffic in Germany, but our prestige increased in proportion to our strength, and when the two German cables were laid in 1900 and 1904 they were brought into our New York office and operated by us through the successful business relations arranged with the German enterprise.

"In 1901 we laid a second cable from Waterville to Weston-Super-Mare, England. We now felt that we had an adequate, up to date cable and telegraph system in the Atlantic and United States and Canada respectively. We then shifted the scene of our activities to the Pacific. You all remember the governmental agitation for an American

Pacific cable; how for years the matter was debated in Congress; that private interests offered to lay the cable conditional upon receiving a large annual subsidy, and when finally Mr. John W. Mackay agreed to lay the cable without subsidy or guarantee of any kind, we had to overcome strong and influential opposition. But we finally conquered, and in 1902-1903 the Commercial Pacific cables between San Francisco, Honolulu, Midway Islands, Guam and the Philippines were laid, and the long cherished desire of the government and public was realized.

"When we laid our fourth transatlantic cable, there was a sufficient margin of facilities available to make it doubtful in our minds whether we should require any further cable facilities for many years to come, but only four years elapsed before another cable was found necessary, and in 1905 the company's fifth transatlantic cable was laid.

"In 1906 the Commercial Pacific extensions to China and Japan were made.

"For some years the company had been endeavoring to extend its system to Cuba, but was prevented from doing so by other interests which held an extensive monopoly of the telegraph privileges on that island. This monopoly expired in 1907, however, and a cable was at once laid from New York direct to Havana. The introduction of our competition again resulted in a much improved service and a large traffic.

"Our present systems in the Atlantic and Pacific comprise 28,379 miles, compared with 6,922 miles in 1885, a development of over 400 per cent.

"During the past year we have diverted our two 1884 transatlantic cables from a point in the Atlantic known as the Flemish Cap into St. Johns, Newfoundland, and have also laid a cable from St. Johns to New York, and a second cable from St. Johns to New York already partially laid will be completed in due course. The diversion of these two cables removes them from dangerous locations, shortens their length and gives us a practical transmitting speed between New York and Europe faster than the speed of any other transatlantic cable route.

"This review would not be complete without a few words concerning the relations between the staff and the company. No organization can attain its highest success without harmony and confidence between the management and the employees, and I want to say that I am unaware of any institution where the harmony, zeal, fidelity and keen devotion to the company's interests exists in a greater measure than in the service of the Commercial Cable Company. Our gratifying success is the result of twenty-five years of arduous and unremitting activity, resolution and unity of purpose. The Commercial Cable Company will continue to expand and prosper.

"We have made it a power in the submarine telegraph world. It is looked up to by every other cable company as the company to follow.

"I heartily thank you, my friends and co-workers, for the unsurpassed co-operation you have always given the management; without your co-operation, loyalty, devotion and determination to make our institution the leading Atlantic cable company we could never have succeeded, and I

am sure you will never relax your efforts to maintain this supremacy, of which we are all so proud.

"The requirements of the service are exacting, and those who would succeed in it must display loyalty and zeal. There is no duty, whether performed by office boy or by superintendent, that does not require intelligent execution. The efforts of its employees are reflected in the company's success. The company on its part has treated you generously, and notably in its establishment of a pension, by virtue of which any of you shall be entitled to a pension upon attaining the age of sixty years after forty years' service or before attaining such age any of you who may become physically incapacitated through no fault of your own shall, after ten years' continuous service, be entitled to a pension based on the length of such service.

"The company will continue this policy towards you, and I know that you on your part will continue to give the company a full measure of loyalty and co-operation.

"In conclusion, I desire to thank the president most cordially for this celebration, which, through his liberality, I am happy to say, has extended throughout the service, and for the exceptional kindness and interest he has always shown to the whole staff, and to warmly congratulate him on the exemplary manner in which he has pursued his father's policies, honored his name and enhanced the prosperity of the company by his active association in the administration of its affairs.

"Mr. President, your kind remarks concerning me personally are indeed very gratifying. It has always been my great pleasure to serve the company, but whatever success may have resulted from my administration could not have been achieved without the confidence your late father and yourself have always placed in me and the able and loyal assistance at all times afforded me by my lieutenants, with whom I gladly share the honor which you do me. We have all worked together toward one objective point—success, and the realization that this has been attained is my greatest reward.

"Gentlemen, I ask you to fill your glasses to the brim and drink to the continued prosperity of the Commercial Cable Company, and I hope that you will be able to drink to the toast of its golden jubilee. I couple the toast with the name of our president and friend, Mr. Clarence H. Mackay."

Mr. Mackay then responded to the toast proposed by Mr. Ward, saying:

"GENTLEMEN OF THE COMMERCIAL CABLE COMPANY AND GUESTS—I will gladly respond to the toast, 'Prosperity to the Commercial Cable Company,' and, please God, I hope to continue to do so for many years to come.

"In my previous remarks I mentioned that I would leave to others the telling of the company's history, but, in view of the times we are living in, it seems to me it would not be inopportune if I should dwell on certain matters as directly affecting your interests.

"The last quarter of a century has witnessed momentous events in the history of nations; the world seems to have been passing through a peculiar process of evolution—the whole tendency of the age has been directed towards a desire on the part of every civilized country to have closer

intercourse, and which year by year seems to be accumulating momentum.

"Twenty-five years ago important news was confined to the few great capitals. Today we are not satisfied with that; we must keep well informed of all that is passing in every quarter of the globe; the statesman, banker, merchant, journalist and man of affairs all wish to know what is transpiring daily, and whether their interests are affected.

"To tell what the cable has done for the progress of the world would be to tax the imagination of the poet and the historian, but the fact remains that the cable has been the greatest human agency for bringing nearer to each other the civilized nations of the globe, and the part you have played in this development cannot be overestimated.

"I attribute the successful results which have brought about the present efficiency in the transmission of intelligence to the aggressive competition of the Commercial Cable Company and its allied interests. When I look back and think of the time before the Commercial Cable Company entered the field, when rates were double what they are today, and when the whole cable and telegraph situation of the United States was in the hands of an ironclad monopoly, I sometimes wonder how this company ever managed to live through it all. Wherever the arm of the Commercial Cable Company has stretched forth, whether in the Atlantic, Pacific or Cuban waters, invariably there has followed a reduction of rates, better facilities and better service. If ever there should exist any doubt in the mind of the public as to the benefits of competition, one has only to take what I have just stated as an example.

"If this company, through the untiring efforts and loyalty of its officials and staff, has been able to create a system extending two-thirds of the way around the globe, it has been due in my opinion primarily to the fact that it has always endeavored to deal with the public fairly and squarely, and let it be said, gentlemen, to your everlasting credit, that of the thirty million messages that have passed over the cables of our Atlantic system in the last twenty-five years, there is not a single instance on record of the contents of a message ever having been divulged. As your president, it is a source of great satisfaction to me to say this, and I always believe in giving credit to the 'man behind the gun.'

"And now, gentlemen, I trust I may be excused if in concluding my remarks I should make a personal reference to our relations. Situated as we are, both engrossed with the affairs of the company, it is but natural that the time for intercourse should be limited, and that consequently we are unable to have as close a view of each other as we might wish, but I do wish to say this to you, and I am addressing particularly the rank and file, and that is I most earnestly desire your welfare—that at all times I will do all in my power to promote it, and, further, if there should arise an occasion regarding which you would like to see the president of this company, the door of my office will always be open to you and I shall be glad to welcome you.

"Because we have prospered, gentlemen, this is no time to relax our efforts. Already a large opposition is looming up ahead of us, and while I have no fear of the result, nev-

ertheless I say to you 'buckle on your armor and see that there are no loose joints.'

"There have been momentous changes of late in the telegraph world, and for all we know there may be more to follow; but there is one change that will never take place, gentlemen, and I can give you my positive assurance that as long as I live the Commercial Cable Company will never lose its identity. The Commercial Cable Company was created independent and so it shall remain, and as long as we will pull together, shoulder to shoulder, creating and building greater things, I have no fear of any competitive system that has been devised or will ever be devised.

"So with every hope of the future, with grateful appreciation of your loyalty and zeal, with every wish for your happiness, I say to you, gentlemen of the Commercial Cable Company, 'well done, good and faithful servants'—may you all live long and prosper!"

Mr. Mackay then introduced Col. Albert B. Chandler, chairman of the board of directors of the Postal Telegraph-Cable Company. Colonel Chandler said:

"MR. PRESIDENT AND MY COMRADES OF THE COMMERCIAL CABLE AND POSTAL TELEGRAPH COMPANIES—Having been somewhat closely related, almost from its inception, to the progress and development of the great enterprise projected and carried out by our rare and ever to be remembered friend, Mr. John W. Mackay, which gave to the world one of its most important, extensive and valuable means of communication—the Commercial Cable Company—I am glad to join in this commemoration, and hope it may interest you to learn something of a generally unknown feature of the initial work necessary to the bringing of the cable itself into this great commercial centre of the new world.

"Early in the year 1884, at the instance of my friend, your vice president and general manager, Mr. George G. Ward, whom I had well known as superintendent of the Direct United States Cable Company for nine years previously, I undertook to obtain the right of way for laying an underground conduit from the sea shore at the eastern end of famous Coney Island, to receive the new cable, which was expected to be completed before the end of that year. I supposed it would only be necessary to make the proper officers of the three towns to be traversed, of the then city of Brooklyn, and of the wonderful Brooklyn bridge, which had only been opened for traffic one year before, acquainted with the facts concerning our project to secure recognition of its importance to the public, and ready consent to our application, upon reasonable terms. I found, however, that it required many interviews and much explanation and persuasion to finally succeed, as we fortunately did just in time to complete the connection with the cable which, in the meantime, had been safely brought to its landing place, a short distance east of the Oriental Hotel. In securing this result I had the efficient aid of my friend Mr. Charles C. Martin, then chief engineer of the Brooklyn bridge; of the Hon. Seth Low, then Mayor of Brooklyn, and of a young lawyer of my acquaintance, who was familiar with the conditions in the towns of Flatbush, Flatlands and Gravesend, and who was only a few days ago duly installed as Mayor of the greater city of New York—the Hon. William J. Gaynor.

"Within the same month of December, 1884, I was invited to examine into and report upon the conditions surrounding the many sided competition with the Western Union Telegraph Company then existing, and this led to my undertaking, by Mr. Mackay's request, to 'bring order out of chaos,' as I think I may fairly express it, and this I have no doubt most of those here present know was accomplished during the following sixteen years, to a degree beyond the expectations of any one living at that time, and

which I wish to testify here and now would have been quite impossible but for the full confidence, co-operation and friendship of the senior Mr. Mackay. The close alliance of the cable and land line service, from the beginning, and their practical oneness since 1896 have enabled these appropriately named 'Mackay Companies' to perform a service to the public, and especially to the business public of the commercial centres, of such merit as had never before been deemed practicable, and which is not likely to be surpassed, except perhaps by themselves, in their own further development. And we are glad that the mantle of their founder has fallen upon a worthy son as his successor in administering their affairs.

"Singleness of purpose, uniform, yet moderate, rates; the determination on the part of officers and employees throughout the whole extent of our system to render a superior service, combined with personal courtesy towards and interest in our patrons, together with our unsurpassed equipment in every department, have placed us in the front rank of all telegraph enterprises; and I feel that we may justly felicitate each other at this time upon the completion of a full quarter of a century of useful endeavor, and that we may reasonably expect from our present ground of vantage to continue for a long time to come to deserve, and hence to receive, an increasingly large share of public favor."

Col. George W. Harvey, who was the next speaker of the evening, entertained those present by his ready wit and humor.

Mr. George Clapperton, vice president and traffic manager of the company, was the next speaker introduced. In introducing Mr. Clapperton, Mr. Mackay characterized him as "Mr. George Clapperton, the Phil Sheridan of the old guard, midst the din of battle and the peace of victory, our little General who ever kept his seat in the saddle with that poise of temperament born of courage, determination and confidence that marks the able man." Mr. Clapperton said:

"The speed of the electric current remains the same as before, but cable transmissions have been improved; they have been made more certain; we do not have to make so many twice to get them done once, and we have eliminated delays at initial, intermediate and terminal points. As was to have been expected; there has been a steady natural growth of cable communications, and this growth has been stimulated as never before by multiplied instrumentalities, greater efficiency of operation and better business organization."

"Since 1884, not counting the original cables, the Commercial Cable Company has laid one-half of the new cables in the Atlantic, and Commercial Cable employees have contributed to the art of working cables two of the three really notable improvements since the siphon recorder and the application of the duplex. The principle discovered by Cuttriss, and it was pure discovery, is the principle that has survived, and the work of Wilmot remains a monument to his patience and his persistency. The results of the work of these Commercial Cable men have been of world wide adoption. Their contributions, first, so helpful to the separate and individual advance of the Commercial Cable Company, became in time their contributions to the common progress of cable telegraphy."

"The third improvement was contributed by one not previously identified with our branch of applied electricity, and this makes the names of Cuttriss and Wilmot still more conspicuous in cable history."

"The company has always provided cables equal to the need and generally in advance of the time. The first cable ever brought from under seas into a great seaport was the cable brought by the Commercial Cable Company into New York city in 1884. Before that time it was settled practice to lay cables to some out of the way place and to make the connection between the cable and the real objective point by land line. It was thought to be courting disaster to lay a cable in the track of commerce on the way to a great city. Bringing a cable into New York city is a commonplace nowadays, but it was an extraordinary step for-

ward in 1884, a step that had to await the event for its justification. The event justified it so amply that what had been called foolishly adventurous became the evidence of foresight and courage."

"Now, gentlemen, cables do not do anything themselves. If the continents are not to remain as wide apart as ever the cables must be operated. It is only when animated by the informed touch of the operator that the dumb, lifeless thing becomes the living, speaking thing expressing the current thought and telling the story of the current action of and to the peoples of the hemispheres. The operator is the living medium between the men of the one side of the world and the men of the other, and largely it rests with him whether by his skill and diligence the energy, the labor and the anxiety of negotiation that go to the making of world transactions shall be fruitful and their objects advanced or attained, or whether by his indifference they shall be marred and their objects delayed, if not defeated. Gentlemen, the cable operator as we know him is skillful, diligent and self respecting; he approaches his task with feelings of responsibility and pride, responsibility because he knows the importance of his work, and pride because of his mastery of the craft that enables him to perform that work. Cable telegraphy is not a precise and definite art. It cannot be performed in a perfunctory, machine like manner. At every step the operator has to deal with indefinite conditions that call for judgment and decision, and he cannot be successful unless he have in large measure in what he does a keen interest that amounts to inspiration, makes work worth while and distinguishes the man from the trained creature, wonderful in its way, but only because its trainer has made so much out of so little."

"Gentlemen, there is not much the matter with a man who is proud of his calling. We have good reason to be proud of ours. It is no humble place that has been assigned to us in the march of civilization, and we prove our right to it by keeping up with the procession. Temporary successes may be achieved by accident or expedient. Permanent successes must depend on real worth. The factors that have made the success of this enterprise are the only factors than can be relied on to continue it; a good plant and a good staff, that is what has given the company its eminence among cable companies; intelligent work under the direction of a leader who knows how himself, that is what we have had for twenty-five years, and that is why we are here tonight celebrating and receiving congratulations from the ends of the earth."

"Gentlemen of the Commercial Cable Company, we have come to the end of a quarter of a century. We are engaged in a great competing enterprise. The best we can do today is only sufficient for the day and only marks the line below which we must not fall tomorrow. Our master, the customer, is exacting, often intolerant. If we do not suit him he goes, if we only suit him as well as somebody else, he divides. To hold him complete we must suit him best. We want to suit him best because we are jealous of the credit of our institution, but no Commercial Cable man ever abases himself. He has caught the spirit of his surroundings, and he is saturated with the sustaining conviction that he himself is as honorable as any adversary and that no adversary represents anything more honorable than the thing he himself represents."

"We have entered our twenty-sixth year. We cannot stand still, we must move; if not forward, then backward; if we do not expand we shall contract, and as it is with the aggregation so will it be with the individual. So long as he remains a part of it he cannot separate his fortunes from the whole, and it is of the utmost importance to him and his associates that this aggregation, a reliance for the present and a hope for the future, shall continue its onward march, and this it will surely do if every one of us, living up to our traditions, continues to do his share resolutely and faithfully, each one aiming with real active loyalty to make his work the best work, his department the best department, his company the best company."

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CONTENTS.	PAGE
CURRENT COMMENT	65
EXPORTS TO CHINA AND HONGKONG	67
IMPORTS OF TEA AND SILK INTO THE UNITED STATES	68
OUR CHINESE POLICY	68
THE REPLY OF THE JAPANESE FOREIGN OFFICE TO THE CHARGE OF SMUGGLING IN MANCHURIA	72
JAPANESE ENTERPRISE IN MANCHURIA	73
CLARK LECTURES ON CHINA	74
THE RELATIONS BETWEEN THE UNITED STATES AND CHINA	74
THE HISTORY AND ECONOMICS OF THE TRADE OF CHINA	82
AMERICA'S TRADE RELATIONS WITH CHINA	85
ADVERTISEMENTS	88

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78 Beekman Street,

New York City.

In the series of papers reprinted in this month's JOURNAL will be found a fairly complete presentation of the past and present of American relations with China. The papers are borrowed from a volume published by Thomas Y. Crowell & Co., New York, and edited by Professor George H. Blakeslee. They were first delivered as addresses during the recent second decennial celebration of the founding of Clark University. Under the general direction of the president, Dr. G. Stanley Hall, each department arranged for a gathering of specialists who could give a series of lectures upon topics of special interest in its special field. The department of history held a conference upon China and the Far East. The aim was two fold: first, to emphasize the importance of presenting in school and college work the leading features of the development of the Eastern world; second, to do its part in furthering a more general and accurate knowledge of Far Eastern conditions. The book contains twenty-two papers in all. In addition to those which have been here reproduced there is one by Mr. T. F. Millard on "The Need of a Distinctive American Policy in China"; by Professor Jenks on "Monetary Conditions in China"; by Mr. Willard Straight on "The Present Situation in Manchuria"; by Dr. Hamilton Wright on "The Opium Problem"; by Major Eben Swift on "The Chinese Army"; by Dr. Amos P. Wilder, our consul general at Shanghai, on "Conditions, Favorable and Otherwise, in China's Development," and by Mr. S. H. Merrill, on "The Chinese Student in America." It would be difficult to find a more intelligent and comprehensive summary of our dealings with China from the early years of the history of the Republic to the present time than that contained in the paper of Professor F. W. Williams, of Yale University. While the rest of the contents of the book may not be up to this standard of excellence, every paper is the work of a man thoroughly familiar with the subject of which he treats. Other papers were delivered at the celebration, but they are not included in this volume, relating chiefly to the Philippines and India, and these will be published in the early numbers of a new journal soon to be issued at Clark University, which, Professor Blakeslee says, "will deal with the problems connected with the attempts to extend Western civilization to peoples less highly developed."

HIS IMPERIAL HIGHNESS PRINCE TSAI TAO, the head of the Military Advisory Board of the new Chinese army, is expected to arrive in San Francisco on the 22d inst.

For the benefit of the general body of members who are not familiar with the details of this episode, a brief recapitulation of the conditions precedent to the last annual dinner may not be without interest. When the first announcement was made of the approaching visit of His Imperial Highness the task of endeavoring to secure his presence at the annual dinner of the Association—whose date was to be fixed to suit his convenience—was entrusted by the executive committee to a sub-committee, consisting of Messrs. Brewster, Cordes and the secretary. The Chinese Minister at Washington was communicated with, and a formal invitation was placed in the hands of Mr. Yung Kwai, the first Secretary of Legation, who had been commissioned to await the arrival of the Prince in San Francisco. As the term of the visit of His Highness to this country was to be brief, and his stay in New York was not to occupy more than three secular days, the necessity for prompt action was obvious. This was facilitated by the courtesy of the Postal Telegraph Company, which, as it has done on previous like occasions, placed the services of one of its representatives in San Francisco at the disposal of the Association, thus insuring an immediate reply to the dinner invitation. This came, in the affirmative, promptly on the landing of the Prince, on Friday afternoon, and invitations to the members to attend the dinner to be given in his honor were in their hands by Monday. A number of representative men were invited to attend by special letters sent out by the secretary on Saturday. Among these was the Mayor of the city, and in response to his request made on receipt of this invitation, the secretary called at his office on Monday morning. He then learned that the Department of State had already asked the mayor to make arrangements for the reception for the Prince in New York, and had suggested that among these should be included the tender of a public banquet. The Mayor displayed some natural irritation that this request should have been sent him in ignorance of the fact that the Prince had already accepted the invitation of the Association, and from some prominent citizens, apparently speaking for the American group of bankers interested in Far Eastern investments, came representations that the Association should waive its privilege of entertaining the Prince at a public dinner and allow the city authorities to be the hosts on that occasion. For reasons deemed sufficient, which need not be recounted here, the executive committee refused to accede to this request, and the result will be found recorded in the extended report of the dinner given elsewhere.

THE comment may be allowed that ample justification for the course of the executive committee is furnished by the character of the proceedings detailed in that report. Nothing quite so significant, or so well adapted to draw closer the ties between China and the United States, could possibly have been elicited by any body of, what in this connection must be called, amateur entertainers. The fact must be remembered that it is the invariable custom of the Association in such cases to place in the hands of the guest of honor some days before the dinner a copy of the speech of welcome to be addressed to him by the presiding

officer, and that other items of the toast list are submitted for the approval of the distinguished guest and his advisers. In short, the occasion is regarded as one having a distinct diplomatic significance, and as calling for the application of careful diplomatic methods. It is to claim for the Association nothing more than the kind of knowledge which it has gained by experience, to say that its methods of entertainment contrast very favorably with the crudity which marks the efforts of public bodies in this and other cities when they undertake to enter what may be called the international field of hospitality.

Too much credit for the complete success of the dinner of the Association cannot be given to the admirable tact and discrimination shown by the presiding officer, General Thomas H. Hubbard. He was good enough to accept the duties of chairman in the absence abroad of the president of the Association, the Hon. Seth Low, and he has placed his fellow members under deep obligation for his very admirable discharge of a somewhat delicate duty. Read in the light of the knowledge that he had the address of welcome of General Hubbard before him when he wrote, the reply of Prince Tsai Tao, conventional as it may appear, acquires a new significance. Nothing certainly could exceed it in cordiality of recognition of the obligations of China to the United States, or of the desire that the relations between the two countries should continue to grow in intimacy and friendship. Like his kinsman, Prince Pu Lun, Prince Tsai Tao was profoundly impressed with the value of the work which is being done by this Association, and was extremely frank in his expression of a desire that the intimate knowledge of Chinese affairs possessed by our members should prove an effective aid to the furtherance of the progressive hopes and aspirations of China. The Prince's statement that the work of this association has rendered China better understood by Americans, and America better understood by the Chinese, is one that was made by due deliberation, and one eminently calculated to reinforce the argument already made for an enlargement of our membership.

THE record of the occasion would hardly be complete without reference to the very gratifying change of attitude of the city authorities, as compared with that adopted just six years ago during the visit of H. I. H. Prince Pu Lun. Without reviving the unpleasant impression left by the action of the then Mayor of the city, too much credit cannot be given to Mayor Gaynor for his very prompt and energetic response to the appeal of the Department of State to make the visit of Prince Tsai Tao to New York a pleasant and memorable one. Of course, the trips to West Point and down the bay which the Prince made under the conduct of General Howe and his associates of the Military Department of the East were outside of the range of municipal direction, but all that could possibly be done by the local authorities to facilitate the movements of the Prince about the city and to show him all that could be seen in the brief time at his disposal was cheerfully and efficiently done. For this Mayor Gaynor primarily deserves thanks, and it is not too much to hope that the example set in paying to a representative of the Imperial House of China precisely the same kind of honor that would be accorded to any other royal personage, may have an indirect influence in securing better treatment for the humbler fellow countrymen of His Imperial Highness.

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the nine months, ending March 31, 1909 and 1910.

EXPORTS TO CHINA.

Months. 1908.	Cotton Cloths.		Mineral Oils (illuminating).		Wheat Flour.	
	Yards.		Gallons.		Barrels.	
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
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
October	4,042,308	253,476	4,476,930	374,685	1,125	4,162
November	6,173,276	366,155	8,045,560	643,618	2,450	10,452
December	5,452	1,176	4,520,040	371,268	757	3,038
1910						
January .....	.....	.....	3,311,000	268,540	1,393	5,895
February	17,271	3,568	3,166,810	258,115	500	2,250
March	64,939	3,983	6,279,100	477,295	19	103
Total	59,589,248	\$3,547,446	42,219,960	\$3,555,078	20,119	\$ 88,065

EXPORTS TO HONGKONG.

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
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
October	530,881	41,876	1,785,799	75,896	89,572	375,141
November	48,707	6,147	.....	.....	108,433	440,904
December	139,993	14,503	3,793,550	314,016	167,645	703,956
1910						
January	16,595	2,543	1,589,140	195,711	108,727	432,622
February	24,447	3,356	.....	.....	20,800	89,650
March	13,437	1,842	.....	.....	34,285	146,546
Total	1,023,252	\$97,203	9,388,865	\$758,375	629,435	\$2,629,602

DEPARTMENT OF COMMERCE AND LABOR,
Bureau of Statistics.

WASHINGTON, D. C., April 30, 1910.

**Imports of Tea and Silk into the United States for the nine months, ending
March 31, 1908, 1909 and 1910.**

	1908.		TEA.	1909.			1910.	
	Pounds.	Dollars.		Pounds.	Dollars.		Pounds.	Dollars.
Imported from								
United Kingdom.....	7,671,755	1,783,989		10,051,278	2,165,965		5,731,325	1,368,407
British North America....	1,864,420	463,142		2,857,993	673,280		1,779,617	397,355
Chinese Empire.....	26,671,656	3,926,657		30,662,414	3,346,504		27,189,856	3,156,836
East Indies.....	6,111,837	1,006,983		7,123,018	1,058,014		6,463,714	1,017,295
Japan.....	45,129,389	7,696,809		42,125,648	6,983,143		35,463,870	5,776,251
Other Asia and Oceania ..	364,066	59,647		442,137	55,655		224,313	34,126
Other countries	174,182	70,547		302,447	82,616		305,182	91,362
Total.....	87,987,305	15,007,774		93,564,965	14,364,577		77,157,877	11,841,632

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

			SILK.					
	Pounds.	Dollars.		Pounds.	Dollars.		Pounds.	Dollars.
Imported from								
France.....	303,660	1,255,299		546,064	1,708,811		528,934	1,421,951
Italy.....	2,050,066	9,467,470		3,640,606	13,753,143		2,710,091	10,333,241
Chinese Empire.....	1,901,423	7,044,648		3,530,671	9,419,856		3,109,494	7,355,281
Japan.....	7,306,723	33,007,028		9,998,952	35,399,350		9,249,949	31,355,159
Other countries	56,838	262,259		93,127	361,673		169,123	629,229
Waste.....	1,047,019	775,762		1,361,127	811,442		2,396,003	1,335,677
Total unmanufactured	12,665,729	51,992,466		19,170,547	61,454,275		18,163,594	52,430,538

THE MAYOR'S DINNER TO PRINCE TSAI TAO.

H. R. H. Prince Tsai Tao, brother of the Prince Regent of China and uncle of the infant Emperor, was the guest of honor at a dinner given at Sherry's on Wednesday evening, May 4, by Mayor Gaynor, and told the city's chief executive in Chinese, which was translated, that he had enjoyed practically every moment of his visit to New York.

Notwithstanding the fact that he had been kept very busy seeing things since his arrival here, this Prince of the Chinese Royal house said, too, that he had thoroughly comprehended all that he had been told and shown, and that he hoped this knowledge would all eventually be of use in the upbuilding of China.

The Mayor's dinner was a particularly agreeable affair, formal and yet not too stiff to allow everyone present enjoying every phase of it. That the Prince and his suite did was evident. Mayor Gaynor had announced that there would be no speeches. Before sitting at the table Mayor Gaynor said:

"As there are to be no speeches, I propose a toast of welcome to our guest, His Imperial Highness Prince Tsai Tao of China. The Prince comes to us from a great nation, which has a civilization 2,000 years older than our own. It asks for nothing but peace and justice of the rest of the world, and particularly of the Western world. Let us hope that the West shall freely recognize the high civilization of the East, from which we have derived so much, as a preliminary of the everlasting peace which is so strongly wished for by both."

Replying Prince Tsai-Tao said: "I am very glad to take

this opportunity to express my deep thanks and high appreciation for the great courtesy shown to me everywhere in New York city, and at the same to propose the health of the Mayor and Mrs. Gaynor."

The dinner was decidedly out of the conventional in that many women were present: Among those present were: His Imperial Highness Prince Tsai Tao, His Excellency Li Ching Hai, General Ha Han Chang, Col. Hou Chih Shan, Col. Yao Pao Lai, Capt. Pang Tsau Chang, Lieut. Col. Chiang Shao Yuan, Lieut. Col. Liu Ea Yuan, Col. Tien Naian Chang, Major Tung Chang, Dr. Wu Wei Yu, Mr. and Mrs. Joseph W. Choate, Mr. and Mrs. Cornelius Vanderbilt, J. P. Morgan, Jr., Levi P. Morton, Mr. and Mrs. John Purroy Mitchel, Mr. and Mrs. Elbert H. Gary, Mr. and Mrs. Francis Key Pendleton, Mr. and Mrs. Lloyd Bryce, Capt. Henry R. Lemly, U. S. A.; Col. Walter S. Schuyler, U. S. A.; Mr. and Mrs. Nicholas Murray Butler, Mr. and Mrs. Robert Adamson, Mr. and Mrs. Winthrop Chanler, William R. Willcox, Mr. and Mrs. Peter Cooper Hewitt, Mr. and Mrs. Edmund L. Bayliss, Mr. and Mrs. Whitney Warren, Mr. and Mrs. Charles S. Whitman, Brigadier General and Mrs. Walter Rowe, Yung Kwai, first secretary Chinese Legation; Mr. and Mrs. Jacob M. Schiff, Cornelius N. Bliss and Miss Bliss, Mr. and Mrs. Lloyd C. Griscom, Chang Tin Tang, Chinese Minister to the United States; Y. Y. Yang, Chinese Consul General to the United States; Colonel and Mrs. William Jay, Admiral and Mrs. E. H. C. Leutze, William Loeb, Jr., and Mr. and Mrs. William A. Prendergast.

TWELFTH ANNUAL DINNER OF THE ASSOCIATION.

The twelfth annual dinner of the Association was given at Delmonico's, Fifth avenue and Forty-fourth street, New York, on Tuesday, May 3, 1910, at 7 p. m.

His Imperial Highness Prince Tsai Tao was the guest of honor of the occasion, and the Prince was accompanied by the members of his personal staff, headed by His Excellency Li Ching Mai and Brigadier General Ha Han Chang.

The chair was occupied by General Thomas H. Hubbard, in the absence of the president of the Association.

At the speakers' table were seated the following:

President Thomas H. Hubbard,
H. I. H. Prince Tsai-Tao,
H. E. Chang-Yin-Tang,
H. E. Li-Ching-Mai,
Dr. F. W. Williams,
Consul General Young,
Brig.-Gen. Walter Howe,
Rev. John Handley, D. D.,
Brig.-Gen. Ha Han Chang,
Consul General Mizuno,
Consul General Howe,
Col. H. L. Scott,
Silas D. Webb,
Col. W. S. Schuyler,
Secretary Yung-Kwai,
Rev. W. C. F. Wrigley,
Lowell Lincoln.

The occupants of the other tables were as follows:

TABLE A.

A. W. Bash,
Brig.-Gen. Stephen Perry Jocelyn,
Hon. Charles E. Littlefield,
Hon. Jos. S. Frelinghuysen,
Irving K. Hall,
Oliver C. Macy,
Francis Woodbridge,
Guy M. Walker,

TABLE B.

George H. Macy,
Rear Admiral Bronson,
Samuel A. Walsh,
George Gibbs,
V. Everit Macy,
Charles M. Schwab,
Edwin Hawley,
James Speyer.

TABLE C.

J. S. Fearon,
Osman Latrobe,
J. T. Hamilton,
H. T. S. Green,
C. D. Palmer,
F. R. Pemberton,
J. Selwin Tait,
Henry S. Manning,
J. H. Rogers.

TABLE D.

Robert C. McKinney,
Walter L. Clark,
M. McA. Smith,
Townsend Rushmore,
Wallace Peck,
Augustus D. Shepard,
Vice Consul Yamasaki,
Arthur O. Probst,
Laurus Loomis.

TABLE E.

John Foord,
Lewis Croger Hasell,
Albert Cordes,
August Brauer,
Rudolf Binder,
W. H. McIntyre,
Francis Bennett,
Arthur E. Dowler,
A. Wollersen.

TABLE F.

James R. Morse,
C. B. Orcutt,
Lewis L. Clarke,
John Thomson,
Wm. H. Stevens,
Thomas A. Eddy,
F. B. Jennings,
Dr. F. F. Tong,
Francis E. Dodge,
Edward H. Litchfield,
L. F. Braine,
Morton W. Reed,
A. De Buys,
Percy S. Mallett,
Percy H. Jennings.

TABLE G.

D. R. Aldridge,
Wm. Skinner,
Robert Christie,
Austin B. Fletcher,
Frederick A. Fairchild,
Herbert St. John Webb,
Allan Macfarlan,
W. L. Redding,
Thos. N. Myrick,
Leonard S. Webb,
Howard Ayres,
Herbert M. Lloyd.

TABLE H.

Col. Hsu-Chih-Shan,
Col. Yao-Pao-Lai,
S. D. Brewster,
Col. Liu-Eu-Yuan,
Lieut. V. M. Elmore,
Lieut.-Col. Shiang-Shao-Yuan,
Major M. G. Zalinski,
Col. Tien-Hsien-Chang,
Capt. H. R. Lemley,
Major Tung-Chang,
Surg.-Major Wu-Wei-Yu,
Capt. Pang-Psau-Chang.

TABLE I.

James A. Moffett,
A. C. Bedford,
H. M. Tilford,
W. C. Teagle,
W. E. Bemis,
James Hamilton,
W. M. McGee,
F. D. Asche,
R. C. Veit,
W. H. Libby,
James Donald.

TABLE K.

John W. T. Nichols,
Thos. H. Slocum,
Harris R. Childs,
Hugo C. Joseph,
F. H. Sloan,
R. R. Sloan,
C. Schurr,
I. Osgood Carleton.

TABLE L.

Elijah P. Smith,
J. W. Dorsey,
Elijah S. Boteler,
Franklin D. Williams,
Fairman R. Dick,
Stuyvesant Fish, Jr.,
Serenio S. Pratt.

TABLE M.

Charles E. Sampson,
S. B. Tanner,
S. S. Widger,
W. S. Brown,
A. G. Mills,

Henry A. Haines,
D. S. Shaurman,
C. T. Briggs.

TABLE N.

George Gray Ward,
Chas. A. Conant,
L. H. Nutting,
W. F. Stevenson,
Geo. C. Scott,
Chas. M. Muchnic,
Konosuke Seko,
J. W. Jenks,
Major Seaman,
C. F. Keene.

TABLE O.

Clayton Rockhill,
Walter Hathaway,
Charles M. Brooks,
J. W. Bird,
J. Harper Poor,
Edward L. Young,
John Bottomley,
G. A. Harris.

TABLE P.

T. H. Harris,
F. P. Seymour,
Guy Van Amringe,
Allan Cameron,
Alfred H. Post,
Thomas M. Orr.

TABLE Q.

Dr. Seth M. Milliken,
Edward Tomes,
Wm. E. Winchester,
George H. Eypper,
Robert Mains,
A. J. Fitzpatrick,
H. A. Hatch,
Wm. T. Westcote.

TABLE R.

Charles R. Flint,
F. R. Cordley,
A. Johnston,
E. G. Grace,
R. H. Goodwin,
W. A. Burns,
R. H. Blake.

MENU

Sauterne Première,
Cérons

Clams

SOUP

Sherry,
Pemartin

Green Turtle Amontillado

SIDE DISHES

Celery

Olives

Garciofini

FISH

Brook Trout à la Meunière

Cucumbers

Potatoes Persillade

REMOVE

Saddle of Spring Lamb Aromatique

Champaigne,
Mumm's Selected
Brüt, 1900

String Beans

ENTREE

Sweetbreads à la Montebello

French Peas with Lettuce

Asparagus à la Hollandaise

Sherbet with Kirsch

ROAST

Château Perganson Spring Chicken

Garcia Salad

SWEETS

Appolinaris Vanilla Turban with Strawberries

Cakes

Liqueurs

Cheese

Coffee

Tuesday, May Third, 1910

DELMONICO'S

TOASTS

President of the United States

The Emperor of China

Address of welcome to His Imperial Highness

PRINCE TSAI TAO

By the Chairman

GENERAL THOMAS H. HUBBARD

Reply by

THE PRINCE

And by

MR. YUNG KWAI

The Common Interest of China and the United States

Response by

HIS EXCELLENCY CHANG YIN-TANG

Envoy Extraordinary and Minister Plenipotentiary of
China to the United States, and by

MR. YUNG KWAI

A Strong China—A Pledge of the World's Peace

Response by

DR. FREDERICK WELLS WILLIAMS

Professor of Modern Oriental History in Yale University

The National Chinese Army

Response by

BRIGADIER GENERAL HA HAN CHANG

And by

MR. YUNG KWAI

The United States Army

Response by

GENERAL WALTER HOWE

LETTERS OF REGRET.

The following are among the letters of regret received:

THE WHITE HOUSE.

WASHINGTON, D. C., April 25, 1910.

MY DEAR SIR—The President has received your letter of the 23d of April, and thanks you cordially for your kind invitation. He regrets, however, that his engagements are such that it will not be possible for him to attend the dinner. Very truly yours,

FRED. W. CARPENTER,

Secretary to the President.

Mr. John Foord, Secretary American Asiatic Association.

DEPARTMENT OF STATE.

WASHINGTON, D. C., April 25, 1910.

MY DEAR SIR—I sincerely regret that it will not be possible for me to accept your kind invitation to attend the annual dinner of the American Asiatic Association on May 3. I am going West with the President and will not have returned in time. Very sincerely yours,

P. C. KNOX.

Mr. John Foord, Secretary American Asiatic Association.

WAR DEPARTMENT.

WASHINGTON, D. C., April 25, 1910.

MY DEAR SIR—I beg to acknowledge receipt of your esteemed letter of April 23, and to thank you for your kind invitation on behalf of the Executive Committee of the American Asiatic Association to be their guest at the annual dinner of the Association at Delmonico's on Tuesday evening, May 3.

I should accept this invitation with much pleasure if it were at all possible, but I regret to say that my official engagements are such that it is entirely out of my power to do so. I beg that you will be good enough to express to the Executive Committee my very deep appreciation of the honor of their invitation and my regret at not being able to accept. Very truly yours,

M. DICKINSON.

John Foord, Esq., Secretary American Asiatic Association.

STATE OF NEW YORK,

EXECUTIVE CHAMBER.

ALBANY, April 25, 1910.

Mr. John Foord, Secretary American Asiatic Association:

SIR—Your letter of the 23d inst. has been received, and I thank you for the invitation to attend the dinner of the American Asiatic Association on the evening of May 3. It would give me pleasure to be present, and particularly to have the honor of meeting His Imperial Highness Prince Tsai Tao. I greatly regret that my engagements and the demands upon me here make it impossible for me to accept the invitation. I remain, very respectfully yours,

CHARLES E. HUGHES.

IMPERIAL JAPANESE EMBASSY.

WASHINGTON, D. C., April 25, 1910.

MY DEAR MR. FOORD—I duly received your note of the 23d inst. asking me to be a guest of the American Asiatic Association at its annual dinner on Tuesday, May 3, and beg to state that to my great regret I will be unable to accept the kind invitation on account of a previous engagement here.

I also beg you to convey to the members of your Executive Committee my high appreciation of the courteous invitation extended to me and my great regret for not being able to accept it. I am, yours sincerely,

Y. UCHIDA.

GERMAN EMBASSY.

WASHINGTON, D. C., April 25, 1910.

DEAR MR. SECRETARY—Many thanks for your favor of the 23d inst., and the very kind invitation to the annual dinner of the American Asiatic Association on Tuesday, May 3. I regret, however, extremely not to be able to avail myself of this courtesy, as I have arranged to be in Cincinnati on that date, in order to attend a reception with the President of the United States there. Appreciating the kindness of the Executive Committee highly, I am,

Yours very respectfully, J. BERNSHORFF.

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

IMPERIAL RUSSIAN EMBASSY,

WASHINGTON.

The Russian Ambassador greatly regrets that a severe illness from which he has not yet recovered prevents his accepting the kind invitation of the American Asiatic Association to attend the dinner to be given on May 3 in honor of His Imperial Highness Prince Tsai Tao.

APRIL 24, 1910.

BRITISH EMBASSY.

WASHINGTON, D. C., April 27, 1910.

MY DEAR SIR—It is with great regret that I find myself unable to accept the invitation with which I am honored by the American Asiatic Association to their annual dinner on May 3, as I am obliged by the pressure of urgent business to be in Washington on that day. It would have been a further pleasure to me to have had the honor of meeting His Imperial Highness Prince Tsai-Tao on that occasion.

I am faithfully yours, JAMES BBYCE.

MEXICAN EMBASSY.

WASHINGTON, D. C., April 27, 1910.

*Mr. John Foord, Secretary American Asiatic Association,
P. O. Box 1500, New York City:*

DEAR SIR—I am in receipt of your kind invitation of the 26th inst., tendered to me on behalf of the Executive Committee of the American Asiatic Association to be their guest at the annual dinner which takes place in that city on Tuesday, May 3, and on which occasion His Imperial Highness Prince Tsai-Tao will be the principal guest.

Much as I would like to be present at your interesting celebration, I regret exceedingly that my official duties will prevent me from so doing.

Thanking you for your courteous invitation, which I appreciate very much, believe me, very truly yours,

F. L. DE LA BARRA.

ORDER OF SPEAKING.

After the health of the President of the United States and that of the Emperor of China had been drunk with enthusiasm, the chairman made the following address of welcome to His Imperial Highness Prince Tsai Tao:

The American Asiatic Association extends to you a sincere welcome and expresses its appreciation of the friendly feeling shown it by your presence.

The gentlemen that have met here to do you honor know something of your country, and respect the character of its people.

If the good wishes of your hosts could be transmuted into the acts of all the people of America neither the Government nor the people of the great Empire of China would ever have cause to complain of the United States or its citizens.

If the good wishes for Americans that you surely feel could control all the acts of the people of China, neither the Government nor the people of the United States could ever have cause for complaint against your Empire or its citizens.

Unfortunately, it has often occurred in the past that words of good will spoken in one part of the country have been closely followed by acts of ill will in another part.

This does not happen because the spoken words are untruthful, or insincere, but because the speakers cannot control the conduct of all their countrymen.

No individual, nor any official, in America can express in words, or control by words, the thoughts or conduct of near one hundred millions of people differing in origin, tradition and training, who inhabit the forty-six independent States and the several Territories of the United States.

It may be assumed that no official, nor any individual, in China can by words control the conduct or express the thoughts of the hundreds of millions of people born to traditions and culture centuries older than our own, who inhabit the vast areas and the many provinces of your Empire.

It would not be correct to say that all inhabitants of China are friendly to all Americans, or that all inhabitants of the United States are friendly to all the people of China.

The compliments of the occasion do not call for untruthful exaggeration of good will.

But it is correct to say that educated and thoughtful Americans who know something of China and her people hold them in real respect and have no wish that is not for their individual and national happiness.

And it is, no doubt, correct to say that the people of China who know something of Americans entertain for them a like good will.

When irritating or unfriendly acts are done, or words are spoken, it is well to remember that he who speaks the words or does the acts presents a measure and picture of himself and not of those against whom the words or acts are aimed.

Unseemly acts and words show the ignorance, or the evil mind, or the misunderstanding, of him who uses them. They do not affect the merit or demerit of him about whom they are used.

It is the privilege and the duty of those among the people of China and of America who know something of each other, and who understand the similarities and the differences of the two great nations, to spread that knowledge and to increase that understanding among their own citizens.

As this understanding grows causes of controversy will disappear. The people of each country will learn that those of the other can never be and ought never to be exactly like themselves; that differences due to race, tradition and training will continue and ought to continue; that each people will find in the other excellencies to adopt and de-

fects to avoid; that each can learn much from the other, and that neither should unduly urge upon the other the adoption of its own peculiar views or customs.

Your presence here, Prince Tsai Tao, advances the understanding that we earnestly desire between the people of China and of the United States.

We do not doubt that the military establishment whose growth you are promoting will strengthen and concentrate the Chinese Empire, and surely it will be no menace to the United States.

It will only anticipate, or coincide with, the time when the armies of all great nations will be used in co-operation to enforce the judgments of international courts, to ensure the peace of all the world, and to diminish national armaments by eliminating or restricting the occasions for their use.

Though you are here as the representatives of a vast military establishment, the American Asiatic Association greets you as a promotor of peace and good will between China and America, and expresses in the warmest words it can command its sincere hope for the progress and prosperity of your nation. (Applause.)

Speech of His Royal Highness Prince Tsai Tao.

Delivered in Chinese and translated by Mr. Yung Kwai:

MR. PRESIDENT AND GENTLEMEN—I thank you for the honor you have done me this evening. I am glad to have this opportunity to meet the members of this Association, for I know well that you are friends of China, men who possess an intimate knowledge of Chinese affairs, taking a lively interest in China's welfare and progress, and sympathizing with our hopes and aspirations.

The work of this American Asiatic Association has rendered China better understood by Americans and America better understood by Chinese. (Applause.) One of the chief objects of my present mission is to promote this good understanding. Through the American Asiatic Association many a public man from the East has been brought into contact with prominent men of the West. There is no surer means of drawing East and West together into friendly and close relations.

It is an encouraging sign of the times that Americans are taking a much greater interest in what is going on in China than they did a little while ago. This is shown by the recent establishment of the Herald Bureau in Peking. The free interchange of views on questions of public interest cannot but be advantageous to both countries. On the other hand, we also wish to know more about other countries. Our officials and merchants are beginning to travel more and more to foreign lands in search of information and opportunities. This thirst for foreign ideas is having its effect upon the whole country. China is now passing through a great crisis in her history. The old order of things is fast giving place to the new. What we need most now is men—men able to do the work that has to be done.

Though we have established schools and colleges in all parts of the Empire as fast as we can, it will be some decades yet before we can hope to have such schools and colleges as you have in this country. Still, we have made a beginning. In the meantime we intend to send a steady stream of students to your country. Thanks to the generosity of the American Government, in remitting a portion of the Boxer indemnity, China is able now to send a hundred students to this country each year for the first four years and fifty thereafter. There will soon be four hundred Government students in this country. These students, on their return to their own country, cannot but give a good account of themselves.

It is my sincere hope that they will do their part in guiding the affairs of their country in the path of progress and reform, and in binding China and the United States together with a strong tie of friendship and good feeling. (Applause, loud and continued.)

CHINESE TEXT OF THE RESPONSE OF H. I. H. PRINCE TSAI TAO.

本爵今晚承貴會特設筵宴實深感激此次得與各
 會友相晤不勝欣忭可惜在貴國時日無多未能與貴
 會諸君講求茲此記念永不能忘素知諸君係中國
 好友熟悉中國情形於中國商務均表同情查貴會
 之宗旨務使中美兩國情形彼此洞悉此與本爵此次
 來美之意相符亞東士宦行抵美邦由貴會介紹得
 與美國士紳同游者不知凡幾東西情誼日加親密不
 而喻現聞美國人民於中國時事較前日加留心合虛日
 報特派訪事常駐北京博採中國輿論刻諸報章使天
 下周知於兩國交誼不無裨益近來中國人民亦留心
 外國時事士商游歷各國者日多一日從此可期見聞日增
 也現下中國時勢日重維新百廢待舉惟最難得者乃
 係人材中國雖已在各省多設學堂而時日迫切教育尚
 未普及成效未見大著惟有派學生出洋學習適美國
 政府退還賠款中國每年又多派一百名四年後每年派
 五十名此後美國可常有學生四百名本爵甚望此班學生
 回華以後能為中國推行新政而目前中美感情仍望
 貴會一力維持也

The Common Interest of China and the United States.

Response by His Excellency Chang Yin-Tang, Envoy Extraordinary and Minister Plenipotentiary of China to the United States. Delivered in Chinese and translated by Mr. Yung Kwai:

I need only say a word in appreciation of the work of the American Asiatic Association. I find that my present mission and this Association have the same object in view—to bring the two countries into closer and more friendly relationship. (Applause.) It is my sincere hope that the American Asiatic Association will give me such assistance as they have always given to my predecessors. (Loud applause.)

"A Strong China—A Pledge of the World's Peace."

Response by Prof. F. W. Williams:

It gives me the greatest pleasure to respond to the hope expressed in this toast—a strong China, an earnest of the world's peace. It is a mere commonplace to declare that to be respected a nation must be able to enforce respect by defending its rights. To be obeyed at home and to command due attention to its proper claims abroad, these are the necessary conditions, not only for national prosperity but for national existence. These conditions were perfectly understood by the great ancestors of your Imperial Highness, under whom the Empire of China has been more powerful than ever before in a long and splendid career. And it is pleasant upon this auspicious occasion to remember that the history of your famous house and of our country exactly coincide in time. When Nurhachu was uniting the Manchu tribes into a nation, the first settlers from England arrived on the shores of America. When Kanghsi, the greatest monarch of your dynasty, had firmly established the throne in China, that settlement was completed along the Atlantic seaboard. When Chienlung extended the limits of his empire into central Asia, where it still remains, our forefathers by their valor made this country independent under their leader Washington, whose name and fame you know as well as we. Like our people, in the past we have known how to fight for our rights, but, like yours also, we have always chosen to prosper in the arts of peace rather than to make needless wars. As our two great countries stretch along a common ocean, where our interests are the same, let us determine a future in harmony with the high traditions that have guided our predecessors in the past.

The desire of China is not, as some idly assert, a dynasty of Chinese blood; it is resolute guidance and control until she procures the safeguards of a sure defense against uprisings at home and aggressions from abroad. From the days of Chow and T'sin to the present the Chinese people have served willingly under those rulers from abroad who have governed them well. They know that such government, to be acceptable, must be one of righteousness and equity, and in accordance with the principles which have made Chinese civilization great and enduring. They demand not only wisdom, but courage—the sort of courage which Your Highness admired today in the policeman who, on falling with his rearing horse in the parade, never let

go the reins. The men who have rendered your dynasty famous in history have struggled bravely in times of adversity, and fought heroically for success, but whatever the peril they have never fled from danger; they have never let go the reins. Your mission in the West is an earnest of the same high endeavor that has characterized the Ta Ching dynasty in the past—to provide a military equipment sufficient for the needs of the Empire, in employing which you will show in the future, as you have in the past, that he prepares best for war who best understands how to avoid war while maintaining his honor. It is because we expect this of you that we gladly explain to you our military schools and our science of war. We wish you to be strong, so that you may unite with us to insist upon a general peace. America, of all Western nations, has most to hope from peace—least to expect from war. She will help in the work of reconstruction before you, and she reminds you amid the grave and complicated problems at hand that a great statesman, Li Tsz, the Minister of T'sin Chi Hwang-ti, twenty-two centuries ago advised the first Emperor of China to procure all the skill and knowledge he could obtain from foreigners to assist him in a task which was similar to yours.

Gentlemen of the Asiatic Association, I see before me the China of the future once more established as a powerful and peaceful state, the cynosure of every nation, instructor in the arts, the source of those useful and precious things desired by all mankind. Patron of commerce and culture, we welcome her traders across the ocean as the Persian poet Hafiz hailed her merchant trains across the desert in mediæval times:

"A caravan from China comes,
For miles it sweetens all the air
With fragrant silks and dreaming gums,
Attar and myrrh.
A caravan from China comes."

The National Chinese Army.

Response by Brigadier General Ha Han Chang. Delivered in Chinese and translated by Mr. Yung Kwai:

I consider myself fortunate that I have this opportunity as a member of His Imperial Highness' staff to visit the great city of New York and to meet the members of the American Asiatic Association, who are known to have the closest relation with China. To me has been assigned the honor of responding to the toast of the National Chinese Army. I take great pleasure in giving an outline of this subject, as time forbids going into detail.

China as a military power dates from the China dynasty which flourished about 3,000 years ago. As every student of Chinese history knows, Chinese civilization reached its height in those days of military glory. About three hundred years ago there was a thorough reorganization of the Chinese army; at that time Peking alone had a garrison of 500,000 troops under different banners; there were, besides, other troops distributed among the provinces in army corps, divisions, brigades, regiments and battalions. These were placed under the command of high officers, who received orders direct from the commander in chief. For a second time China was regarded as a military power.

During the reigns of Hanghsi and Yung Ching in the seventh century the Emperor himself used to lead the troops in person, and raised the military ardor of the nation to the highest pitch. With a strong hand the peace of the East was maintained, while Europe was plunged into all the horrors of war. It was found difficult to keep the army in an efficient state during a period of profound peace, and an inefficient army naturally invited political disturbance. I think Napoleon was right when he said something to this effect: "War is the harbinger of civilization."

Now, China again feels the need of putting her army on an efficient basis. With this end in view the late Emperor Kwang-Hsu ordered the reorganization of the War Office, to which were especially attached the general staff of the army and bureau of military training. At the same time it was decided to organize an army of thirty-six divisions, and this work was to be completed in 1912.

Now the Chinese army consists of eighteen divisions. Each division is composed of two brigades of infantry, each brigade of two regiments, each regiment of three battalions and each battalion of about five hundred men. Each division has also a regiment of cavalry, a corps of artillery with over fifty guns, a corps of engineers and a commissary corps.

In order to increase the efficiency of the service the Prince Regent thought best last year to detach the general staff from the War Office, and appoint His Imperial Highness as Controller General, with myself as chief officer. (Applause.) I need hardly add that it is the settled purpose of His Imperial Highness to use the utmost endeavor to bring the Chinese army to the highest state of efficiency. (Cheers.) With the view of giving dignity to the military profession, he proposed last year that the Emperor should assume the title of Commander in Chief of the military and naval forces of the Empire, and that during the minority of His Majesty the Prince Regent should act in that high capacity.

It was the practice for the eighteen divisions of the Imperial army to guard Peking by turns, but last year the Prince Regent thought this inconvenient, and ordered the organization of a special body of troops for the protection of the palace, with himself as Commander and Prince Tao as Inspector General. (Applause.)

China, on account of the extent of her territory, the density of her population and the length of her coast line, needs a large army for protection and defense. It is the purpose of the Prince Regent to provide the country with such an army. The object of this mission is to carry out the ideas of the Prince Regent in this regard.

I consider it a great privilege to be able to see in so short a time so much that is interesting and instructive in this country from a military point of view. For this privilege I have to thank the Government and people of the United States. (Loud applause.)

The United States Army—General Walter Howe.

MR. PRESIDENT, YOUR ROYAL HIGHNESS AND GENTLEMEN OF THE ASIATIC SOCIETY—I never have felt less aggressive in my life than I do right now. All the good things that have been placed before me have conduced to a very quiet spirit, and I do not feel like going to war with anybody.

(Laughter.) I would say, also, that Professor Williams, who has a very extensive knowledge of China, has said a number of things that I had thought of, and the speech which has just been translated has said the rest, so I will not detain you very long.

I find that I am compelled to go 'way back to the time of Timur the Tartar in order to say anything at all about China which has not already been thought of—and he truly was a great general. In fact, in reading his history I came to the conclusion that he was, for his time, just as great a man as Napoleon. He was the first man that we have any record of who used what was called the "wedge" in battle. Wherever he could find a weak spot in the enemy's line he put this wedge through, and, after that, one-half to the right and one to the left, marched right down the line, for they were all composed of cavalry, and away the enemy went. He had some proclivities which are not looked upon with favor at the present time—such as cutting off the heads of some thousands of men and piling their skulls up into a pyramid. He also understood very thoroughly how to divide his army to subsist, for he subsisted it on the country and he had to unite that army to fight; and I have not a doubt but what there is just as good talent today in the Chinese Empire as there was in the time of Timur the Tartar. The only thing that we should bear in mind is that in order to develop this army the nobility of the country must come to the front. The position of an officer of the Chinese army must be an honorable position—one that will be recognized by every man in China. When that happens they will have good soldiers over there, and there won't be any country that will dare say to China: "Do this," or "Do that," or "I want this piece of country," or "I want that"; but China will be able to say to all: "This is my country, and it will not be infringed upon," or "That is under a treaty with my friend, the United States, and they will be permitted to exercise the privileges there which have been established." (Applause.)

In our own country we have endeavored to show to the Prince and his suite in the short period of time allotted to us as much as we could of our own military establishment. I am sorry that we could not have shown him more; and I want to speak of one thing that has not been mentioned here tonight; that is, our National Guard. I had the pleasure last night of showing the Prince the Seventy-first Regiment and the armory and the target practice, which, I think, he enjoyed very much. I think that is one thing we should not forget; it is one of the mainstays of our defense in case of an emergency. (Applause.) We should also remember that this is a time when there is not so much time to develop an army. Wars are going to be sharp, quick and decisive, and we must have something ready in this country for first line of defense to hold the enemy at bay while we are forming this immense army of three and a half millions of men to thrust back any invader. That is what the National Guard is for; they are training up to it; we are trying to help them all we can, and I trust the Government will at all times give us a most cordial support. It is also to be borne in mind that new inventions are constantly changing the nature of warfare. I saw in the paper the other day that the officers of the English fleet were greatly surprised one morning when they came out after breakfast to see an aeroplane sailing around overhead. It was of the Wright pattern. (Applause.) After going up and down and sailing around two or three times, it quietly sailed off. It produced a very uncomfortable sensation in the fleet. (Applause.)

Gentlemen, we have the greatest of good will for China—there is no question about that—with the larger majority of people in the United States, and, I think, with almost all the educated people in the United States—we hope and believe that their educated class have the same feeling for us, and that the relations between the two governments will be more and more sincere and appreciative from this time out. (Applause.)

CERTAIN ASPECTS OF THE EXPORT TRADE.

An Address Delivered at the Annual Meeting of the National Association of Cotton Manufacturers at its Meeting in Boston, April 27, by Howard Ayres, Secretary Cotton Goods Export Association of New York.

Much interest has been aroused in the export trade during recent months by the widely circulated reports of consular officers of the United States, giving information about foreign markets and advice to manufacturers how to get and keep that trade. While these men are attached to the diplomatic service, and have some perfunctory duties in connection with our customs establishment, their principal function is that of commercial agents. This, though not expressed by any title, is recognized in the instructions sent out by the Department of State, and by the printing of their reports by the Department of Commerce, when the Department of State thinks the reports will give no offense to some foreign power, regardless of accuracy and the lack of knowledge displayed. The reports are not necessarily spontaneous. An inquiry will be made at Washington concerning foreign markets for some product of the soil or the mill, when a circular letter of instruction is sent out to the consuls to investigate and report. It is to be regretted that business training and experience are not made a requirement for service, and the salaries made large enough to attract men whose reports could be valuable. While there has been a great improvement over the old days of appointment for political and partisan considerations, and a sincere effort is being made to build up a service of trained men, the qualifications are not usually such as would be demanded by a manufacturer in an agent sent out to get business information.

So these recommendations made to the manufacturers of the United States lack perspective, to say the least. Some are chimerical, if not grotesque, but being made of foreign markets, about which so much is imagined that is not so, the statements are sometimes taken at their face value and tried out. It is one way of gaining experience, but a very expensive one. Their most common fault is that they recommend practices which all business men avoid, the giving of credit, for instance, in markets where natives themselves refuse to leave a cash basis. Recently the idea most prevalent seems to be that manufacturers of this country, of whatever product happens to be the subject in hand, should combine to do in foreign countries what the Standard Oil Company is doing, distribute to the ultimate consumer in a far country. When manufacturers are ready to run their plants to the limit of production, and can exact of the home market without competition prices that will permit them to dispose of their surplus to foreign countries without regard to returns, they can try it. Meanwhile for the average manufacturer the export trade must be conducted as other kinds of business are, there is no essential difference, details only varying and quite as much within the home trade and within the export trade as between the export and home trade. Both are subject to economic laws, which operate in spite of all we can do, and which visit us with penalties for violation. In our home market we try to control and

pervert these immutable laws by keeping our legislative mills going overtime, turning out new regulations so little understood by their authors and victims that new courts are established for their interpretation. In practice we do violence to the fundamental principles of economy, under cover of these laws, and when the penalty falls wonder what is the matter.

There is this difference, however, in the export trade, that it has to be conducted beyond the influence and interference of these laws of ours, out in the open, in competition with other trading nations, and under conditions that make it necessary to transact the business with circumspection. The export trade is the one kind of business in which the American manufacturer must cast aside all his governmental aids and props, and stand out ready to fight in his own strength. He must not only offer to the foreign markets what is wanted there, but must make it a little better or a little cheaper than what is sent from other countries; both, if he is introducing his goods.

The United States is not in a broad sense, an exporting country. There are sent out from it, speaking of large items, such commodities only as have a natural or acquired monopoly. For instance, of the exports of 1908 nearly one-half was made up of foodstuffs and raw cotton. Other large figures in a few items make up the greater part of the other half, leaving a comparatively small amount to be divided among the vast number of products seeking some part of the export trade. When manufacturers of such likeness that they can be grouped in a single heading in the statistical returns show altogether not more than one-tenth of one per cent. of the total export trade of the country, some idea may be formed of the relative importance of what the consular officers are writing about and producers sometimes get so excited over. So long as we have a great market at home, a fiscal system compelling high prices, and a complacent people so prosperous that they do not care what they pay for what they want, our export trade will not greatly change in character.

American manufacturers of cotton goods have a larger interest in this export trade than most others seeking it. For 1905 and 1906, more nearly normal in the markets to which such goods go than any years since, the export was of a value in round figures of \$50,000,000. Two-thirds of that was unbleached cloth, sent chiefly to China and the Levant, where it had made its way through years of hard work and often sacrifice by merchants and manufacturers, and was more than holding its own by merit and relative cheapness in the face of most active competition. For other cotton goods, bleached, dyed, printed, etc., the manufacturers of this country are not on a competing basis, and the exports go to contiguous or neighboring markets to which some special advantage gives access. In coarse yarn heavy goods the United States

can beat the world, but for fine yarn light cloth, even unbleached, still more for goods into which labor cost enters in a higher degree, there is little chance of getting foreign trade. The market seems to be controlled for such goods by the manufacturers of the Lancashire district in England, where climatic conditions and greater efficiency of operatives give an advantage not yet to be overcome. Even to one not a manufacturer it is obvious that operatives who have an inherited facility, whose parents and grandparents have been spinners and weavers, who have few other industries offering them inducements and seeking to draw them away, must be of higher productive power, and therefore cheaper, irrespective of wage scales, particularly on grades requiring skill, than those drawn from a constantly changing population, who may have been farmers or miners before coming to the mills and may return to those occupations, whose families may never have seen a mill. What chance there is for overcoming these handicaps and getting some of the trade in goods used in warm countries is not within the vision of an exporter. He knows that he cannot buy of American manufacturers cotton cloth to compete with English cloth for the great markets of India and Southern China. What that trade amounts to is expressed in the figures of export from England, about \$350,000,000 a year, average. Even to our own dependency, the Philippine Islands, England sends twice as much manufactures of cotton as we do.

Of all the foreign markets to which American cotton goods are or can be sent the most important, that which has in the past taken the greatest quantity, and from which for the future the greatest growth can be expected, is Northern China. Without measuring the yards needed to give every one of the millions living in that part of the populous empire a suit of clothes, an exciting but fallacious estimate of the capacity of a market, it is quite true that it is a country of many inhabitants of a purchasing power so low that they are necessarily a cotton-clothed people, living in a climate of the northern province where heavy cloth must be worn. Like so many other of its relations, commercial operations in China present a paradox, particularly for cotton goods, being simple and complex at the same time. It is a simple market in that the demand is chiefly for one grade of cloth and not of great variation in weight, but for well and long established brands; complex in that added to all the elements of supply for a distant market and transportation inland and ocean, there are peculiarities of native buyers without parallel and only makeshifts for currency. What would be thought in another country of commerce without a medium of exchange? The need is met in China by the use of silver bullion in mercantile operations, by copper coins of minute value for individual payments. The silver has lost in the markets of the world one-third of its purchasing power during the last four years. The copper currency has been debased by coinage from provincial mints with governmental sanction but without governmental control or liability. There has been added of recent years a subsidiary coinage of local issue, likewise debased and counterfeited, and, within the last two years, unregulated and unsecured paper bank notes. To get down to

the individual Chinaman, who buys and wears out the cloth that in the aggregate makes so large a business, his purchasing power by these means has been reduced until it takes twice as many of his copper coins to buy a yard of cloth as it did four years ago, while he is paid for his labor no more than he was then. Then there are the varying standards of bullion fineness in the provinces and ports, the foreign coins and values, fluctuating exchanges and comparative values, all making a confusion not without its picturesque features, but full of danger to the inexperienced and unwary.

China will be a great market for foreign nations. Railways are in operation, are eagerly welcomed now by the people themselves, and will be extended in all directions through a teeming population. The newspaper is established and will multiply. These two stimulating forces will work upon a people whose genius is dormant, in a country of vast resources, agricultural and mineral, and it may happen that the rest of the world will be astounded by the development. The earliest results will be commercial, a perception of which explains the eagerness of nations to secure early advantages. The methods by which this is sought have changed from open force to concealed, but the menace to China is insidious, and the danger of losing access to that market extreme to more considerate, if less alert, nations.

It may properly be asked what can be done to keep what trade we have in China and secure our fair share of the coming growth. So far as manufacturers and merchants can go everything possible is being done, goods made suitable for the markets in the North, sold at competing prices, and kept in ample supply. Some impatient manufacturers, stirred by the ill-considered and uninformed consular reports, perhaps, have tried to force the trade by sending out special representatives. Anything more alien to the Chinese markets and characteristics than the purely American hustling drummer cannot be imagined. The effect cannot have been satisfactory, because not only has no considerable business resulted but actual injury has been done in the eyes of the Chinese to the brands. The thing to do is to impress upon our National Government the necessity of safeguarding the interests of American business in those parts of China to which we have won our way, to see to it that the door to trade is kept open, that we get an equal opportunity, and that no other nation under any pretext secures unfair advantages. It is not clear that this is fully comprehended at Washington, or that there is courage and determination to insist upon our national rights.

With such support there will be no uncertainty. The trade will come to whatever extent we can compel it under the operation of economic laws to which all nations are subject. There will be no artificial stimulus, what business is secured will be earned by enterprise, by cost and quality of goods, and if the manufacturers and merchants of the United States have this equal opportunity they will see to the rest themselves.

It has been suggested that it may be informing if some explanation is given of the methods by which the export business is done and the channels through which it moves.

It cannot be necessary to describe such details as freight-ing and preparation of documents, not materially different from those common in the home trade. The financing is upon a basis of documentary drafts. Banks established to carry on this important function have grown into great institutions, and there is ample facility for all requirements. There is no really peculiar feature, merely an adaptation of usual procedure to business done at a distance, but there is evidently some misapprehension of the position, function and earnings of the export shipping merchant that makes it worth while to state just what they are. Export transactions are mainly on the commission basis; that is, a native merchant in a foreign market will want in the usual course of his business some goods. He goes to one or another of the foreign merchants at that place, and gives his order, on a basis established by a competition more keen than anything known in the home trade, a commission of $1\frac{1}{2}$ per cent. on the F. O. B. cost, freight to destination and marine insurance, which commission is the entire compensation not only of the merchant in the foreign port but of the export buyer. The buying in the home market and shipping are matters of detail. It may be asked, Why not deal direct with the native merchant? For very much the same reason, only more imperatively so, that manufacturers find it necessary to do the home trade through selling agents and jobbers. For one thing, there would be no consignee upon whom a bank would take or cash a documentary draft. There would be no easily responsible person or firm for settlement of insurance or other damages, or to ward off and defend questions of quality. If these questions and claims exist in the home trade they may be magnified several times to get a clear idea of the complexities and perplexities of the export trade, and then not touch the entanglements of currencies and customs, international relations and the struggle of the various countries for a trade worth having. From all these anxieties and annoyances the selling agent, and back of him the manufacturer, is safe. Could these trade operations be conducted in any other way, even by eliminating all intermediate factors, at so low a cost as $1\frac{1}{2}$ per cent.? Is there any other operation from the cotton field to the consumer's back that costs so little?

For the rest, if the trade is to be kept and increased, there must be among all who are concerned in it, the cotton grower, the manufacturer, the selling agent, the exporter, the railroad and steamship companies, and, it may be, the Interstate Commerce Commission representing the Government, a determination to work for the common good. There is a community of interest in which it is difficult to separate or to compare the value of the individual contributions. No one of these parts can profitably do the whole, and their interdependence has been established by a process of selection and growth through which the fittest only survive. The necessity for such co-ordination has aptly been called a lesson in patriotic common sense. It is to the credit of most of these factors in our country's export trade, and particularly that in manufactured cotton goods, that there has been this co-operation, the manufacturers perhaps the most steadfast of all.

THE PRESENT SITUATION IN CHINA.

From "The Independent," by Sheridan Pitt Read, Former United States Consul at Tientsin.

The avowed policies of our Government with respect to China are twofold, namely, under no circumstances to seek "zones of influence" either by acquiring territorial concessions at the treaty ports (our last relinquished concession was at Tientsin, which, on abandonment by us, was promptly snapped up by Germany), or by demanding special jurisdiction over large areas of Chinese territory. Within regard to concessions at treaty ports, it should be mentioned *en passant* that the granting of such concessions has been recognized by the Chinese Government—as being essential for the safety of foreigners in their intercourse with Chinese and in accord with the principle of extraterritoriality still operative within the Celestial Empire—since the entrance into Peking in 1860 of the English and French troops.

In Shanghai the concessions which satisfy the above-mentioned exigencies are in the hands of the English and French—the English concession being by far the larger and more important. In Tientsin, England, France, Germany, Russia and Japan have concessions. Hankow is likewise provided with a number of these concessions which, grouped together, resemble the miniaturizing of the great nations of the world, and the writer assures the reader that the differences—"squabbles" might be the better word to use here—continually brewing and being settled between the respective nationalities of these concessions necessitate an amazing amount of diplomatic *finesse* on the part of the consuls and their municipalities. England never fails to have a concession at each treaty port. The other great powers are provided with them more in accord with their commercial dealings.

As for "zones of influence"—it may be mentioned briefly that the English are entrenched at Wei-hai-wei, the Germans at Kiaochau and Tsingtan, the Japanese at Tairen (Dalny), Port Arthur and up the railway (built by Russia) through the Liaotung Peninsula well into the heart of Manchuria, at which point the Russians come in for their "zone," stretching northward along this unfortunate railway (which was the real cause of the recent war between Japan and Russia) as far as the Siberian frontier, with base of operations at Harbin. Latest telegraphic dispatches, announced in the Paris edition of the New York *Herald* on the very date of this writing, state that Japan and Russia have extended their convention of 1906 so as to include specifically Manchuria (already theirs it would seem from their recent actions in opposing the building of the Kin-chow-Aigun Railway by China, in the financing of which the United States has been particularly interested) and Mongolia. So close and intimate are the terms of this convention that it is said to be tantamount to an alliance. This latest phase, let it be said parenthetically by the writer, who has been following this North China situation for a period of nearly a score of years, will doubtlessly result in the abandonment to Japan of all Manchurian interests, inasmuch

as Russia has no possible outlet to the sea in this direction with Japan forever blocking the way. As *quid pro quo* for this obliging move by Russia in behalf of Japanese interests, Japan will accord to Russia free rein in Mongolia. With respect to this contingency, the significant fact should not be overlooked that the great Caravan Tea Route, over which for many decades Chinese tea has found its way into Russia, extends from Kalgan across the Gobi Desert in Mongolia to Urga and Kiachtka in Siberia. This tea is bought and packed at Hankow by the Russians themselves, who handle it at every point of transshipment. The Belgians, who, it is often said, have been acting throughout in behalf of Russia, have already completed the trunk line—known as the Lu-Han line—from Hankow to Lu-Kou-Chiao (6 miles from Peking). The Chinese themselves have continued it to Kalgan, a distance of 120 miles northwest of Peking. It is obvious, therefore, that if Russia can have, by the grace of Japan, free hand to lay rails over this great caravan route from their trans-Siberian line at Kiachtka via Urga to Kalgan, she will in this eventuality have, with the exception of the above mentioned 120 miles of railway owned by China between Peking and Kalgan, a through railway system from St. Petersburg to Hankow—the Chicago of China—on the Yangtze.

Even before the building by the Russians of the trans-Manchurian Railway to Port Arthur and Dalny, Russia strove to obtain a concession from China to construct a railway from Kiachtka via Urga and Kalgan to Peking, but the insurmountable little hitch in her plan was over the section of road between Kalgan and Peking, since the great powers through their representatives at Peking effectively opposed letting Russia obtain railway access to the Chinese capital. This bit of railway now having been built and equipped by China herself—proving incidentally China's ability in railway construction, Russian diplomacy will find a way to lease same in good time, but in the interval she returns, so to speak, to her first love, which is to link her trans-Siberian line with the heart of China, and handle, in addition to tea over this caravan route, which is the greatest trade route in China, all other classes of merchandise, namely, sundry products and cereals going north and sheep and goat skins, wool and other raw materials going south, with which the 3,000 camels passing each way daily are heavily laden. This dénouement is so obvious that it is set forth here not as a prophecy but as a certainty.

Japan and Russia intend to exclude the world from North China. Their recent concerted moves, brought to light through Secretary Knox's wise, far-sighted proposition for the neutralization of the Manchurian railways, are proofs of this sweeping assertion.

Japan, already controlling Korea, intends to dominate Manchuria and the Gulf of Pechili, and Russia, by means of the railway across the Gobi Desert, above outlined, will likewise dominate Mongolia and spread her influence all along to the very heart of China. This will also strengthen her position in the direction of Tibet.

Are the United States, England and Germany asleep and oblivious to what is transpiring, and which, if al-

lowed to be consummated, will lead to the greatest war in history?

The United States has sedulously kept aloof from all this, but our destiny in the Far East and in all countries whose shores are laved by the Pacific is impelling us to take part in these passing events.

Our second policy in China, for the sake of the continued peace of the world, has been to maintain the "open door" through diplomatic representations to the Powers that this is the sole means of preserving the integrity of China as a nation, and of assuring equal opportunities for trade and participation in loans to the world alike.

With our avowed intention to keep our hands off China's territory, but with our equally avowed intention to participate in international trade matters, loans, etc., affecting China, let us take a passing glance at how we stand today.

In Manchuria, Japan and Russia, because of their joint control of the railway originally built by Russia from the Siberian frontier to the apex of the Liaotung Peninsula, are attempting to thwart the Chinese Government in building another road that would meet the commercial needs of Manchuria in many ways. This is the Kinchow-Aigun Railway, above referred to, in financing which both America and Great Britain were to have participated, and with regard to which it is today stated from Peking that, owing to pressure upon it, the Wai Wu Pu has abandoned negotiations. This, if true, is serious news and in a way corroborates the report of the alliance between Russia and Japan with regard to Manchuria and Mongolia to which we have already referred. Will the United States and Great Britain, in the exercise of their combined good offices, endeavor to remove this pressure from the Chinese Foreign Office in order that China may continue negotiating with regard to the building of this road as though in nowise curtailed in the use of her sovereign rights?

In Central China, with respect to the building of the Hankow-Szechuen Railway, we have just succeeded in gaining participation in the loan by China from England, Germany and France for this purpose. But now it is given out in the press that England, France and Germany each intend to control a third part of this road. Thus we have wedged our way in as a participator in the loan, but the three great Powers above cited, it seems from this press dispatch, are to control the road when built (partly with United States money) in sections—each one-third section carrying with it special privileges belonging to a "zone of influence."

In other words, we can put up our money but can have no share in the control.

Has England inadvertently yielded to such a policy of dividing this road into "zones"? We say inadvertently because this would be at variance with her attitude, as we think we see it, toward the situation in Manchuria.

Great Britain understands as well as we do that "zones of influence," indicated by the present trend of affairs in China, would close the door.

At this juncture, therefore, the United States awaits with considerable interest the disclosure of Great Britain's attitude, and the United States furthermore trusts that Great Britain, in making up her mind as to a definite policy to be pursued with respect to this entire Chinese situation, will not lose sight of the fact that the "open door" policy is very dear to the people of our country—and that withal—"blood is thicker than water."

With England and America joined together in a policy that will uphold the integrity of China, it will be found that Germany's policy is likewise for Chinese sovereignty and the "open door."

BOULOGNE, FRANCE

JAPAN IN MANCHURIA.

From "The Independent," by M. Zumoto.

Information emanating from the highest quarters in Tokyo and in more than one European capital, has long since finally disposed of the rumored alliance between Japan and Russia, which seems to give Mr. Read so much trouble.

The origin of this canard appears to be the exchange of views between Tokyo and St. Petersburg in connection with the American proposals for the neutralization of the Manchurian railways at present owned and operated by Russia and Japan, and for the construction of a new line from Chinchow to Aigun, paralleling the Japanese road and bisecting the Russian road to Tsitsihar touching the Russian border on the Amur. It would have been strange, indeed, if such an exchange of views did not take place between the two powers so vitally affected by those proposals. Nor is there any cause for surprise that these powers should have discovered a certain community of interest in the situation created by the American proposals. This discovery naturally led to a concert of action between the governments of Japan and Russia. But, as the event has shown, that concert was severely limited and local. It was confined to the question of the neutralization of the existing railways, and the two governments acted differently in regard to the proposed Chinchow-Aigun railway, Japan agreeing to it on condition of equal participation in financing and engineering the enterprise, while Russia absolutely opposed it on economic and strategic grounds.

How this incidental concert of action between the two Powers proves, as Mr. Read contends, that they "intend to exclude the world from North China," is more than I can comprehend. In refusing to hand over our railways in Manchuria to the control of an international syndicate nearly thirty years in advance of the stipulated date for their sale to China, Japan has simply announced her intention of conserving the advantages secured to her by treaties and other instruments which enjoy the tacit approval of all the Powers of the world.

The Japanese Government could not, indeed, have acted otherwise, without unpardonable negligence of its responsibilities. For, as Count Komura, our Minister of Foreign Affairs, recently explained in the Diet, a number of costly enterprises have been launched in Manchuria by Japanese subjects in the expectation that the existing order of things would not be disturbed before the stipulated date, namely, 1938, a period of time sufficiently long for most kinds of business undertakings.

The recognition of this fact, together with the sentimental importance which the Japanese naturally attach to the South Manchurian Railway as the only tangible result of a sanguinary struggle in which there was scarcely a family in all Japan that did not mourn for the loss of some of its members or relatives, accounts for the unanimous and unhesitating opposition which the public opinion at home presented to Secretary Knox's proposals.

The charge that Japan, acting in concert with Russia, intends to exclude the world from north China is peculiarly galling to us, because we are scrupulously adhering to the principles of the open door and equal opportunity in Manchuria and elsewhere. In spite of the chronic cru-

sades conducted through the press against Japan's good faith in this respect, there is not a single authenticated instance of the actual violation of the open door principle on the part of Japan.

It is still fresh in the memory of the public that the *Evening Post's* correspondent at Washington was informed at the State Department that there was not on file any protest or complaint on the matter. Too much prominence cannot be given to a timely advice, which, according to the said correspondent, "a responsibly placed person in the State Department" has offered to this effect: "Discount by 50 per cent. all alarmist reports and reserve judgment on what remains."

It may safely be claimed that, were it not for Japan's interference the whole of Manchuria would long ere this have been absorbed into the Russian Empire. To make this clear it may be necessary to refresh the reader's memory with regard to one of the most important and interesting chapters of modern history.

It may be remembered that, taking advantage of some local disorders at the time of the Boxer trouble in 1900, Russia poured her troops into Manchuria and occupied the whole of it down to the shores of the Gulf of Pechili, treating the whole territory almost as her own province. Prior to this Russia had got the lease of Liaotung Peninsula and the right of building and operating several lines of railways in Manchuria. Attached to the railway grant were various important privileges, such as the guarding of the lines by Russian troops and the semi-independent control of affairs relating to the railway zone. Japan did not protest against either lease of Liaotung Peninsula or to the railway grant with all its important accessory privileges, for these concessions had been obtained by legitimate agreements with China. Japan's objection was aimed at the continued military occupation of the whole of Manchuria, for which Russia had no warrant; on the contrary, she was under treaty stipulations for evacuation within certain periods of time. It was Russia's refusal to carry out these stipulations that precipitated the tension which finally ended in the disastrous war.

What has that war done for Manchuria? Japan has naturally succeeded to all the legitimate rights and privileges formerly possessed by Russia, namely, the lease of Liaotung Peninsula and the railway concession south of Changchung. Apart from that Manchuria has been completely restored to China, this being the case not only in the south but also in the north. All the troops, other than the legitimate railway guards, have been withdrawn by Japan and Russia from all parts of Manchuria, which is now policed, garrisoned and ruled by China without any interference from either of her neighbors. In other words, conditions in Manchuria have been brought down to the strictly legitimate treaty basis.

It will thus be seen that whatever autonomy China now enjoys in Manchuria—and it is complete outside the railway zone—China owes not to any exertion on her part but entirely to Japan.

Were it not for Japan the whole of Manchuria down to the Great Wall would long since have been incorporated into the Russian Empire. Where would the open door have been then? That it is still possible to talk of the open door in Manchuria at all, is due to Japan and to Japan only. We do not want the world to feel grateful to us; all that we ask is that contemporary history be read with a reasonable degree of candor and intelligence.

Ex-Consul Read, like many another writer on the Manchurian question, seems to possess anything but a clear idea of the position Japan occupies there with reference to railway enterprises. Everybody acquainted with the recent history of the Far Eastern politics knows that Japan's position in this matter is one of special advantage fully justified by the enormous interests she has to safeguard in that part of the continent.

Japan's special position mentioned above is based on the pledge which China gave to Japan in the so-called secret protocols to the Peking Treaty of December 22, 1905. The pledge runs thus:

"The Chinese Government engage, for the purpose of protecting the interests of the South Manchurian Railway, not to construct, prior to the recovery by them of the said railway, any main line in the neighborhood of or parallel to that railway or any branch line which might be prejudicial to the interest of the above mentioned railway."

It has been argued by not a few writers that this agreement is not binding, as it contradicts the Treaty of Portsmouth, in which both Japan and Russia agree "not to obstruct any general measures common to all countries which China may take for the development of the commerce and industry of Manchuria." If there is any contradiction between these two international instruments, the usual practice will be to read and interpret the earlier agreement in the light and under the limitations of the later one.

The limitations which Japan secured at Peking are essential for the protection of her railway rights acquired at such tremendous sacrifices in money and blood.

The objection to the Peking protocols is apparently based on the assumption that they were secretly obtained and have been studiously kept secret not only from the world at large but from the governments of the principal Powers interested. The *New York Times*, for instance, in its editorial on March 8, 1910, after referring to the Russian rejection of Secretary Knox's proposal relating to the Chin-Chow-Aigun Railway, observes: "There was some expectation that Japan might give a more favorable reply, but there crops up a secret agreement between her and China in which China agrees, etc., etc." The impression clearly intended to convey is that the Japanese Government has all these years carefully withheld from the world all knowledge of this railway agreement with China and has sprung it at the last moment upon the unsuspecting world. It may be observed in passing that in the case of the Chin-Chow-Aigun Railway Japan, as already stated, has waived her objection on condition of equal participation in the financing and management of the enterprise.

The simple truth is this: Almost immediately after the return to Tokyo of our Senior Envoy from Peking, our Government, early in 1906, took steps to communicate the text of the agreement in question to the leading interested Powers, including the United States.

Some of these Powers do not seem to have treated this communication as confidential. The text of these so-called secret protocols is, for instance, printed in Mr. T. F. Millard's much read "America and the Far Eastern Question" (Appendix D). Therein the author states that the document.

"was communicated by the Japanese Minister for Foreign Affairs to Mr. Wilson, Charge d'Affaires of the United States at Tokyo, and by him transmitted to the Department of State under date of February 16, 1906, as a summary of certain protocols to the Peking Agreement signed by the plenipotentiaries of Japan and China."

Moreover, widespread attention was invited to this compact a few years ago in connection with a British syndicate's proposal to extend the Chinese railway to Fakumen and Tsitsihar. When the project met a determined opposition from Japan, the matter was brought up in the British Parliament, where it was officially explained from the Ministerial side that the British Government had been

duly notified of the conclusion of the agreement on which Japan's opposition was based. The text of the agreement itself was then widely published in the press not only of Japan and the Far East but of the rest of the world. It is hardly necessary to add that no Power has in any way signified any objection to the agreement, which must, consequently, be regarded as tacitly approved by the Governments of the leading countries.

While on this topic I may as well mention a curious contention advanced by a writer in the *Outlook* of February 12, 1910. He says: "As this secret agreement was obtained under duress . . . it cannot be regarded as binding." The portion I have omitted in the above passage as marked by dots refers to alleged contradiction between the Portsmouth Treaty and the subsequent railway agreement under consideration—a point which I have already dealt with. Now there was nothing in the conditions under which this agreement was obtained at Peking in December, 1905, that can suggest the idea of duress, unless, indeed, it be the fact that it was an agreement between a strong and a weak nation. Should this argument be accepted as sound, the result would be the invalidation of the great bulk of the existing political treaties between nations. It would certainly hold good in the case of the stipulations under which the United States holds the Philippines and dominates the West Indies.

Some of the writers who recognize the validity of the railway agreement in question refuse to admit, however, that the provisions of this agreement apply to railways like the proposed one from Chinchow to Aigun, which runs parallel to the South Manchurian line but which is separated from it by sixty or seventy miles, with the river Liao between the two, and which, consequently, it is argued, will not compete with the Japanese line. Such an argument might hold good under conditions obtaining in other countries, but nobody in the least acquainted with the condition of traffic in Manchuria can fail to see that the proposed line will seriously affect the interests of the South Manchurian line not only in regard to through traffic with Europe but still more in regard to the local business. The busiest season for the transportation of produce and merchandise in Manchuria is during the cold winter months, when, the ground and all rivers and streams being solidly frozen, the country unblest with roads and thus unfitted for the hauling of goods in other seasons, offers unusual facilities for car traffic. It is also the season when the farmers, who constitute 90 per cent. of the population, have plenty of time on their hands. So if you travel in Manchuria during this season, you will encounter day after day almost endless caravans of carts driven by six to eight mules and heavily laden with beans and other staple articles of produce. These carts are generally accompanied by the families of their owners, who find it almost as cheap to travel in that way as to stay at home. If you question these people where they come from you will not infrequently be surprised to discover that they hail from farms considerably more than a hundred and fifty miles inland. At Changchung, the northern terminus of the Japanese line, I was informed last spring that hundreds of thousands of tons of beans had been brought there on carts the preceding season by Chinese farmers from the vicinity of Harbin, nearly 170 miles away, because they found that mode of transportation cheaper than to send their produce by the Russian railway, which enforced prohibitive rates on the Harbin-Changchung section with the idea of attracting trade to Vladivostok.

From this it will be seen that distance is a negligible quantity in considering the question of railway competition in Manchuria. Supposing that the Chinchow-Aigun line was built, it is quite conceivable that, if rates were sufficiently low on that line it could attract to it not only all the traffic now coming to the South Manchurian Railway from the districts lying west of it but even a portion of the traffic to a considerable distance to the east of it.

NEW YORK CITY.

JAPAN'S POSITION AND POLICY IN MANCHURIA.

(Special to New York Journal of Commerce.)

Tokyo, April 9.—Just what are Japan's position and policy in Manchuria is fast becoming a question of absorbing interest in the sphere of commerce and world politics. A brief survey of the subject by one who has for some years lived in the heart of the Empire and followed the development of Japan's policy from the beginning may be of some value in estimating the present position of Japan in Manchuria.

In the first place one cannot follow the trend of Japanese policy in Manchuria without being convinced that she desires to make her position in that country as permanent as possible. Though present treaties contemplate Japan's relinquishment of railway concessions in China within a certain fixed time, Japan's actual scheme of development indicates nothing of a temporary nature. This is not seen so much in the immense expenditure she is now putting into railway work there, for in any case she might expect to recoup herself for this should the lines revert to China; but it is clearly seen in her avowed policy of immigration, which, if successfully carried out, will eventually increase largely the Japanese population in Manchuria. Not more than 80,000 Japanese have as yet taken advantage of the official inducements to settle in Manchuria, but the number is sure to increase. And when it is remembered that the Chinese authorities are adopting a similar policy, and that thousands of coolies are annually flocking into Manchuria from Shantung, it is easy to see that in time labor conditions are destined to become acute. Owing to the immense development works now in process in Manchuria competition is not so keen as it will be, though there are frequent interracial clashes, but the future is bound to produce a labor problem in that country. Manchuria is, of course, a larger country than Japan itself, as large, in fact, as Germany, Holland, Belgium and Denmark together, and the present population is about 12,000,000. The Russian population now numbers about 60,000, while the European and Americans in the territory do not equal more than 200 in all.

In Japan's present policy in Manchuria railway interests do not loom so large as the commercial and industrial prospects anticipated in that country. Manchuria properly developed might easily become a granary of the world. Along the whole 700 miles of the Japanese railway zone in Manchuria the land is well cultivated and highly productive, the bean crop last year being over 90,000,000 bushels. This has given the country such a predominance in the world's markets that Manchuria now regulates the price of this article. Ever since the great Mitsui Company made its first shipment of beans to England four years ago the line of trade has gone on developing in a phenomenal manner, with every indication of further increase. A large fleet of tramp steamers formerly searching for freight now find remunerative employment in carrying these beans to Europe, and this, together with the rise in price, is greatly disturbing the old Chinese and Japanese monopoly of the traffic. Europe has at last discovered the large number of commercial constituents hidden in the soy bean, and if a machine can be invented capable of extracting the 16 per cent. of oil in the cereal it will mean a great fortune for some one.

But in the eyes of Japan even the bean industry is overshadowed by the prospects in regard to wheat, kaoliang and minerals. At present Manchurian wheat keeps busy the big

flour mills of Harbin; while kaoliang is an important food for man and beast, and is known to possess a stalk well adapted for paper manufacture. The coal fields of Manchuria are believed to be unlimited. Japan's present output is not more than 2,000 tons a day, but as soon as the two new shafts are completed this amount will be increased to at least 6,000 tons a day. Japanese coal mine owners assure me that already they are beginning to feel the competition of Manchuria coal. The silk industry of the south and the timber interests of the Kirin region are also showing signs of important development. The South Manchuria Railway is doubling its track and making extensive preparations for increased traffic. Manufactures of glass, matches and spirits have also begun, and one of the biggest Japanese breweries is to be erected at Port Arthur.

The Japanese Government is making careful plans for facilitating the settlement of its subjects in Manchuria and looking after their social and commercial interests. Technical high schools and experimental agricultural stations have been founded, common schools opened, and banking facilities established. There is still much complaint, however, with regard to banking conveniences. The Government has arranged with the Yokohama Specie Bank to supply the necessary accommodations, but this bank hesitates to advance money except on large transactions or to big firms, so that the small Japanese merchants, of whom there are a great number in Manchuria, are driven to deal with the usurer to whom must be paid 3 or 4 per cent. a month, and often from 40 to 50 per cent. a year, even in the case of sums ranging from 5,000 to 10,000 yen. Of the thousands of Japanese merchants doing business in Manchuria, it is said that not more than 800 are independent of borrowed capital. In a country where most of the trade is carried on by means of borrowed capital the need of proper banking facilities must be sorely felt. For the present the Japanese Government refuses permission for the establishment of a special bank in Manchuria, such as has been given to Formosa and Hokkaido, and even to Corea, on the ground that it is not wise to encourage further borrowings in Manchuria until industries are in a more advanced and permanent condition.

Of course, the so called "open door" in Manchuria is as open now as it ever was, the only important difference being that the number of entrants is so large that room for simultaneous admission is rather difficult to find. The superior advantage undoubtedly possessed by the Japanese is only natural. But it is not any greater advantage than Americans would have over Japanese in Alaska or Oklahoma. Japan's intimate knowledge of the country and population, her familiarity with the language and customs, her big cotton market close at the Manchurian door, her first hand acquaintance with Japanese shipping peculiarities, all these give her a natural advantage over outsiders, which her merchants will be loath to share. But Japan offers the foreigner every facility for the opening of trade relations in Manchuria, and the ports of the country are free to the ships of all nations. Japan will not, of course, do anything to encourage the predominance of foreign interests over those of Japanese subjects. She knows well the advantage the foreigner commands in his possession of unlimited capital; but with her cheap labor and predominant position she has a good hope of meeting the certain competition to an encouraging extent. The very last thing she could desire would be the commercial or political ascendancy of any other country in Manchuria. Whether upon the expiration of the present treaty in respect to railways in Manchuria Japan will have lost any of her prestige in that region, or will be ready to hand her railway interests over to China, are questions the future alone can solve.

THE AMERICAN ASIATIC ASSOCIATION.

This 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 advertising 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 President 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, 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 bylaws.

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. The meeting shall be called for the purpose, and shall hold

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 1st 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 bylaw 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. BYLAWS.

Bylaws 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 bylaws 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 Russia.
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.
William F. Clyde, New York.

MEMBERS.

Abbeville Cotton Mills, Abbeville, S. C.
Adams, Francis A., New York City.
Allen, George, New York City.
American Lithograph Company, New York City.
American Locomotive Works, New York City.
American Spinning Company, Greenville, S. S.
American Trading Company, New York City.
American Trading Company (Pacific Coast), San Francisco, Cal.
Amory, Browne & Co., New York City.
Amringe, Guy, New York City.
Ansonia Clock Company, New York City.
Appleton, Herbert, New York City.
Arnhold, Karberg & Co., New York City.
Arrington, Peter, New York City.
Ault & Wiborg Company, Cincinnati, Ohio.
Baily & Co., Joshua L., New York City.
Baily & Co., Joshua L., Philadelphia, Pa.
Baldwin, William H., New York City.
Barber & Co., New York City.
Barlow, Peter T., New York City.
Bash, A. W., New York City.
Batcheller, George Clinton, New York City.
Bear Mill Manufacturing Company, New York City.
Belton Mills, Belton, S. C.
Bemis, W. E., New York City.
Bliss, Fabian & Co., New York City.
Borden's Condensed Milk Company, New York City.
Brandenstein & Co., M. J., San Francisco, Cal.
Breyfogle, Wm. L., Lake George, N. Y.
Brice, W. K., New York City.
Briesen, von, R., New York City.

Browne & Co., New York City.
Burke, O. P., New York City.
Busk & Daniels, New York City.
Buttfield, W. J., New York City.
Camera, L. (Jardine, Matheson & Co.), Shanghai, China.
Cameron, Allen, New York City.
Capelle, Herman Company, The, New York City.
Capen's, A. M., Sons, New York City.
Carleton, I. Osgood, New York City.
Carlowitz & Co., New York City.
Carter, Macy & Co., New York City.
Cary, Clarence, New York City.
Cates, R. Z. (Arkwright Mills), Spartanburg, S. C.
Catlin & Co., New York City.
Chase & Sanborn, Boston, Mass.
Cheshire, Fleming D. (American Consul General), Shanghai, China.
Childs, Parr & Joseph, New York.
China & Japan Trading Company, New York City.
Chiquola Manufacturing Company, Honea Path, S. C.
Cholwell, Geo. C., & Co., New York City.
Chubb & Son, New York City.
Clafin, The H. B., Company, New York City.
Conant, Charles A., New York City.
Coppmann, J. W., New York City.
Cordes, E. D., & Co., New York City.
Cordova, Charles de, New York City.
Corn Exchange Bank, New York City.
Crawford, William (Juddins & McCormick Company), New York City.
Davison, H. P., New York City.
Deering, Milliken & Co., New York City.

- Deeves, J. Henry, New York City.
 Deeves, Richard, New York City.
 Delacamp & Co., New York City.
 Denby, Hon. Chas. (Consul General), Shanghai, China.
 Derby, Richard, New York City.
 Dick, Fairman, New York City.
 Dodge, Francis E., New York City.
 Dodge, Philip T., New York City.
 Donald, James, New York City.
 Draper, Arthur J., Charlotte, N. C.
 Dudley, F. W., New York City.
 Durdan, H. P. (Great Northern Steamship Company), New York City.
 Eddy, Thomas A., New York City.
 Edwards, Chas. A., Flatbush, N. Y.
 Eldredge, Lewis & Co., New York City.
 Equitable Life Assurance Society (Geo. T. Wilson, Vice President), New York City.
 Fairbanks, Thomas Nash (Japan Paper Company), New York City.
 Farrell, J. D. (O. H. Cline), Seattle, Wash.
 Faulkner, Page & Co., New York City.
 Fay & Egan Company, J. R., Cincinnati, Ohio.
 Fearon, Daniel & Co., New York City.
 Fireman's Fund Insurance Company, San Francisco, Cal.
 Fiske, Haley (Metropolitan Life Insurance Company), New York City.
 Fleitman & Co., New York City.
 Flint, Chas. R., New York City.
 Foord, John, New York City.
 Formosa Mercantile Company, New York City.
 Fraser, Alfred, New York City.
 Frazier & Sale, Ltd., New York City.
 Funch, Edye & Co., New York City.
 Gardner, Wade, New York City.
 General Electric Company (H. W. Darling, Treasurer), Schenectady, N. Y.
 Gerrish, W. L., New York City.
 Gillet, Sully, New York City.
 Gillies, A. P., Tacoma, Wash.
 Gossett, J. P., Williamston, S. C.
 Grant, W. Henry, New York City.
 Green, C. A. (R. G. Dun & Co.), New York City.
 Green, H. T. S., New York City.
 Gudebrod, C. E., New York City.
 Guggenheim, Daniel, New York City.
 Gurley, W. & L. E., Troy, N. Y.
 Haines & Bishop, New York City.
 Hall, Albert C., New York City.
 Hamilton, John W., New York City.
 Hancock, H. Irving, Blue Point, N. Y.
 Harriman, Estate of E. H., New York City.
 Harris, Greenville A., New York City.
 Hartley Company, The M., New York City.
 Heintzleman, Percival Stewart, Washington, D. C.
 Hellyer, F., Chicago, Ill.
 Henrietta Mills Company, Caroleen, N. C.
 Hewlett & Lee, New York City.
 Hickman, T. I. (President and Treasurer the Grantville Manufacturing Company), Augusta, Ga.
 Hill, Samuel, Seattle, Wash.
 Hinck, A. J., & Brother, New York City.
 Hirth, Friederich, New York City.
 Hopkins & Hopkins, Washington, D. C.
 Houlder, Howard & Partners, New York City.
 Hubbard, John, New York City.
 Hubbard, Thomas H., New York City.
 Jacobs, M. R., & Brothers, New York City.
 Japanese Fan Company, New York City.
 Jenks, Jeremiah W., Ithaca, N. Y.
 Jennings, O. G., New York City.
 Kahl, J. A., New York City.
 Kimball, David P., Boston, Mass.
 King, Hamilton (American Minister), Bangkok, Siam.
 Ladenburg, Thalmann & Co., New York City.
 Laing, Edgar H., New York City.
 Lane & Co., Geo. W., New York City.
 Lewis, Clarence, Salomon & Co., New York City.
 Lilly, Joseph T., New York City.
 Livermore, John R., New York City.
 Lockhart Mills, Lockhart, S. C.
 Lodge & Shipley Machine Tool Company, Cincinnati, Ohio.
 Loomis, Laurus, New York City.
 Loray Mills (Andrew E. Moore, Assistant Treasurer), Gastonia, N. C.
 Low, Dr. Seth, New York City.
 McConway & Thorley Company, Pittsburg, Pa.
 McCook, John J., New York City.
 McIntyre, Wm. H. (Standard Bank of Africa), New York City.
 McKinley, Wm., Jr. (W. H. Langley & Co.), New York City.
 Martin, Newall, New York City.
 Maryland Steel Company, New York City.
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 Meyer, Chas. D., New York City.
 Mills, A. G. (Otis Elevator Company), New York City.
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 Morewood & Co., New York City.
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 Morgan, J. P., Jr., New York City.
 New York Leather Belting Company, New York City.
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 Nutting, L. H. (Southern Pacific Company), New York City.
 Oelrichs & Co., New York City.
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 Pacific Mail Steamship Company, San Francisco, Cal.
 Pacific Mail Steamship Company, New York City.
 Pacolet Manufacturing Company (J. H. Montgomery, President and Treasurer), Pacolet, S. C.
 Palmer, C. D., New York City.
 Parker, Wilder & Co., New York City.
 Parsons, William Barclay, New York City.
 Patton Paint Company, Newark, N. J.
 Pauli, Hermann, New York City.
 Peabody, Henry W., & Co., New York City.
 Pepperell Manufacturing Company, Boston, Mass.
 Percebois, D. (Imperial Maritime Customs), Shanghai, China.
 Philadelphia Commercial Museum, The, Philadelphia, Pa.
 Phillips, Wm. (Department of State), Washington, D. C.
 Phoenix Silk Manufacturing Company, New York City.
 Piedmont Manufacturing Company, Greenville, S. C.
 Pomeroy & Jenks, New York City.
 Post, Alfred H., & Co., New York City.
 Probst, A. O., New York City.
 Putnam, Hooker Company, The, Cincinnati, Ohio.
 Read, Wm. A., New York City.
 Reid, John (J. L. Mott Iron Works), New York City.
 Reynolds, Jas. Bronson, New York City.
 Robbins & Appleton, New York City.
 Rockhill, Clayton, New York City.
 Roe, Livingston, New York City.
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 Salomon, William, New York City.
 Sampson, Chas. E., New York City.
 Scherer, Rudolph, New York City.
 Schieren Company, Chas. A., New York City.
 Schiff, Jacob H., New York City.
 Schmitz, C., & Co., New York City.
 Scott, Chas. R., New York City.
 Seager, John C., New York City.
 Seaman, Major L. L., M. D., New York City.
 Seligman, J. & W., Company, New York City.
 Sellers & Co., William, Philadelphia, Pa.
 Sewall, Harold M., Bath, Me.
 Shepard, Augustus D., New York City.
 Shewan, Tomes & Co., New York City.
 Simmons, J. Edward (President Chamber of Commerce), New York City.
 Sirtine, J. E., Greenville, S. C.
 Sloan, Francis H., New York City.
 Sloane, William, New York City.
 Smith, A. W., Spartanburg, S. C.
 Smith, E. A., Charlotte, N. C.
 Smith, Elijah P., New York City.
 Smith, E. R., New York City.
 Smith, Hogg & Co., New York City.
 Smyth, E. A., Pelzer, S. C.
 Spartan Mills (J. H. Montgomery), Spartanburg, S. C.
 Stein, Abe, Company, New York City.
 Stevens, Geo. E. (New Haven Clock Company), New York City.
 Stevens, Richard T., New York City.
 Stevens, W. H., New York City.
 Stevenson, W. F. (Canadian Pacific Railroad Company), New York City.
 Stillman, James, New York City.
 Straight, Willard D. (Department of State), Washington, D. C.
 Straus, Isidor (R. H. Macy & Co.), New York City.
 Suffern & Co., New York City.
 Swift, Chas. M., Detroit, Mich.
 Tata, Sons & Co., New York City.
 Tait, J. Selwin (International Banking Corporation), Washington, D. C.
 Textile Commission Company, New York City.
 Thompson, Henry B., Wilmington, Del.
 Thompson, Robert M. (Japanese Paper Company), New York City.
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 Tompkins, D. A., Charlotte, N. C.
 Tucapau Mills, Tucapau, S. C.
 Turner, J. Spencer Company, New York City.
 Tweddell, Wm. H., & Co., New York City.
 Twohey, James A., Washington, D. C.
 Union Lumber Company, San Francisco, Cal.
 United States Steel Products Export Company, New York City.
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 Vietor, Geo. F., New York City.
 Vintchger, Gustave, New York City.
 Walker, A. D., New York City.
 Ward, Geo. Gray, New York City.
 Waterman, L. E., Company, New York City.
 Webster, Wm. R., Philadelphia, Pa.
 Weld & Neville, New York City.
 Wellington, Sears & Co., New York City.
 Western Electric Company, New York City.
 Wheelock, Thomas R., Boston, Mass.
 Whitney Manufacturing Company, Whitney, S. C.
 Wilcox, Theo. B. (Portland Flouring Mills Company), Portland, Ore.
 Wilcox, Peck & Hughes, New York City.
 Williamson, J. E., Worthville, N. C.
 Williams, John T., New York City.
 Wilson, Huntington (Third Assistant Secretary of State), Washington, D. C.
 Wilson & Bradbury, New York City.
 Winter & Smillie, New York City.
 Wisner & Co., W. H., New York City.
 Woodward, Baldwin & Co., New York City.
 Wright, Dr. Hamilton (Department of State), Washington, D. C.
 Yale & Towne Manufacturing Company, New York City.
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CONTENTS.

	PAGE
CURRENT COMMENT	161
EXPORTS TO CHINA AND HONGKONG	163
IMPORTS OF TEA AND SILK INTO THE UNITED STATES	164
PHILIPPINE FOREIGN COMMERCE IN THE CALENDAR YEAR 1909	164
TRADE AND TRAVEL IN CHINA	167
CONSUL GENERAL WILDER ON CHINESE PATRIOTISM	168
SOME QUALIFICATIONS NECESSARY TO A TRUE CITIZEN OF CHINA	169
THE PERSISTENCY OF LIKIN	171
CHINA'S LOANS AND DEBTS	173
CHINESE RAILWAYS AND BRITISH INTERESTS	174
A HARVARD MEDICAL SCHOOL FOR SHANGHAI	176
REPORT ON JAPANESE LABOR	177
THE INTERNATIONAL INSTITUTE OF CHINA	181
TRADEMARKS	182
ADVERTISEMENTS	184

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78 Beekman Street,
New York City.

WHATEVER may be said in favor of the expediency of giving China a free hand in the management of her own affairs, there can be no question about the desirability of keeping the administration of the Imperial Maritime Customs free from the influence of Peking officialdom. When the edict of May 9, 1906, created a customs board—the Shui-wu-chu—as a department of the central government, some apprehension was felt lest there might ensue a policy of meddle and muddle in regard to the collection of the customs revenue. Happily no curtailment was attempted of the authority of the Inspector General, though there can be no question that the continued existence of the Shui-wu-chu is a menace to his effective control of the service, besides being a source of uneasiness both to foreign merchants and the employees of the service itself. Considering that practically the entire structure of the foreign credit of China rests on the honesty and efficiency of the administration of the Imperial Maritime Customs, that China is under the most solemn obligations to maintain the existing organization of that service, and that its methods have confessedly been an object lesson for the entire Empire, it seems eminently proper that no doubt should be allowed to exist as to whether the appointment of the new Inspector General—Mr. Aglen—shall carry with it the full control over the personal and internal finances of the service formerly exercised by Sir Robert Hart. In the effort to obtain unequivocal assurances from the Chinese Government on that point our Department of State should be urged to co-operate with the British Foreign Office. In this matter the interests of both nations in China are absolutely identical, and it is eminently desirable that the Government at Peking should have no illusions on such a subject.

IN regard to the extension of the International Settlement at Shanghai, which is usually described as "Anglo-American," Secretary Knox has already sent instructions to the Legation at Peking and the Consulate General at Shanghai to support the request of the Municipal Council for such extension "as will seem to meet the requirements of the present situation." The activity of the British China Association in urging this extension has had the warm support of representative Americans in Shanghai, and the prompt recognition of that fact by the Secretary of State has lent added weight to the appeal made to the British Foreign Office to support the request of their nationals. The district which it is sought to incorporate in the International Settlement is a menace to the health of the foreign community; a continual source of friction in the con-

cure copies, must be allowed to speak for themselves. They would carry more weight were their author able to maintain an attitude of judicial fairness in dealing with the foreign policy of Japan, and were he more careful to give his review of events a close approach to historical verisimilitude. For example, Mr. Millard, starting with the assumption that the forthcoming crisis in the Far East will pivot upon the question of railway development in China, goes on to say that the first important move of an international character in relation to that question was the understanding arrived at among the principal foreign powers, known as the Hay Agreement, which was promoted by the United States. He adds that although this agreement is general in terms, and explicitly applies to the open door and integrity of China, the occasion of its being advanced was the tendency of railway agreements between China and foreign governments, the specific instance being some aspects of the German concession in Shantung. As a matter of fact, there were three notes of admittedly international significance issued under the signature of Secretary Hay. The first was dated July 3, 1900, and was addressed to the powers then co-operating in China for the suppression of the Boxer outbreak. In this the purposes and policy of the United States were defined in the following terms: "The policy of the Government of the United States is to seek a solution which may bring about permanent safety and peace to China, preserve Chinese territorial and administrative entity, protect all rights guaranteed to friendly powers by treaty and international law, and safeguard for the world the principle of equal and impartial trade with all parts of the Chinese Empire."

It should be remembered that at that precise time Russia had occupied the treaty port of Newchwang, and in spite of her protestations of readiness to withdraw her troops as soon as order was restored, the move was generally regarded as one of sinister import for the continuance of Chinese sovereignty in Manchuria. It was sufficiently evident that the occupation of Newchwang, and the Russian position in Manchuria generally, was certain to become a burning question in the near future. It happened to be one in regard to which the United States could speak with all the more force because of the absence of any desire on our part to possess a foot of Chinese soil. The opportunity came in February, 1901, when it was creditably reported that the Russian Government was attempting to force upon China an agreement in regard to Manchuria which would be fatal to the independence of the three provinces known under that collective title. At the critical moment a memorandum was handed by Secretary Hay to the Chinese Minister in Washington on February 19, and transmitted for the information of the representatives of the United States in Berlin, Vienna, Paris, London, Rome, Tokio and St. Petersburg. This contained the declaration that since the preservation of the territorial integrity of China had been recognized by all the powers, it was evidently advantageous to China to continue the present international understanding on this subject, and, therefore, unwise and dangerous in the extreme to make any arrangement or to consider any

proposition of a private nature involving the surrender of territory by convention with any particular power. A year later, namely, in the note of February 1, 1902, Secretary Hay went a step further in making the following declaration: "An agreement whereby China gives any corporation or company the exclusive right or privilege of opening mines, establishing railroads, or in any other way industrially developing Manchuria can but be viewed with the gravest concern by the Government of the United States. It constitutes a monopoly which is a distinct breach of the stipulations of the treaties concluded between China and foreign powers, and thereby seriously affects the rights of American citizens. It restricts their rightful trade, exposing it to being discriminated against, interfered with or otherwise jeopardized, and strongly tends to permanently impair China's sovereign rights in this part of the Empire, while it seriously interferes with her ability to meet her international obligations."

THIS is probably the note which Mr. Millard had in his mind when he refers to Mr. Hay's declaration in regard to railroad concessions in China. But we think he is mistaken in the assumption that the German concession in Shantung has ever evoked a protest from this Government. Under the treaty of Kiaochau, Germany secured a practical monopoly of railway and mining rights in the great and populous Province of Shantung—a claim which Lord Salisbury declared at the time to be "inadmissible," only to have later occasion to give it his tacit adhesion. When the proposal was made that the coast railway from Tientsin to the Yangtze should be constructed by an Anglo-American syndicate, the scheme was opposed by the German Minister at Peking in February, 1898, on the ground that "no railway could be constructed in Shantung without a previous arrangement with Germany." The protest was repeated later in a more peremptory manner, and the Tsungli-yamen were informed that they would ignore it at their peril. In the end, the combined Anglo-German concession for the coast line was only arranged upon the condition that the northern half of the track should be built, equipped and worked under exclusively German management. When the treaty of Kiaochau was concluded between Germany and China the American Government had no Far Eastern policy other than that enunciated by the then Secretary of State, Mr. John Sherman, who asked what possible concern of ours could the partitioning of China be, and in what way could it adversely affect our trade. When the so called Cassini convention was concluded between Russia and China in 1895, or rather when its existence was finally admitted two years later, the break-up of the Chinese Empire was regarded in every capital of Continental Europe as a question of but a short time, and it was two or three years later before the possibility of such an event excited anything but languid interest here. Facts like these must be borne in mind in affixing their true value to such documents as those on which Mr. Millard comments with his customary vigor.

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, 1909 and 1910.

EXPORTS TO CHINA.

Months. 1908.	Cotton Cloths.		Mineral Oils (illuminating).		Wheat Flour.	
	Yards.		Gallons.		Barrels.	
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
January..... 1909	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
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
October.....	4,042,308	253,476	4,476,930	374,685	1,125	4,162
November.....	6,173,276	366,155	8,045,560	643,618	2,450	10,452
December.....	5,452	1,176	4,520,040	371,268	757	3,038
January..... 1910	.....	.....	3,311,000	268,540	1,393	5,895
February.....	17,271	3,568	3,166,810	258,115	500	2,250
March.....	64,939	3,983	6,279,100	477,295	19	103
April.....	3,334,800	209,841	3,106,000	230,143	611	2,936
Total.....	62,924,048	\$3,757,287	45,325,960	\$3,785,221	20,730	\$91,001

EXPORTS TO HONGKONG.

July..... 1908	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
January..... 1909	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	9,370,640	\$780,332	864,901	\$3,417,323
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
October.....	530,881	41,876	1,785,799	75,896	89,572	375,141
November.....	48,707	6,147	.....	.....	108,433	440,904
December.....	139,993	14,503	3,793,550	314,016	167,645	703,956
January..... 1910	16,595	2,543	1,589,140	195,711	108,727	432,622
February.....	24,447	3,356	.....	.....	20,800	89,650
March.....	13,437	1,842	.....	.....	34,285	146,546
April.....	14,297	1,442	2,133,172	83,368	12,277	50,915
Total.....	1,037,549	\$98,645	11,522,037	\$841,743	641,712	\$2,680,517

WASHINGTON, D. C., May 31, 1910.

DEPARTMENT OF COMMERCE AND LABOR,
Bureau of Statistics.

Imports of Tea and Silk into the United States for the ten months, ending April 30, 1908, 1909 and 1910.

	1908.		TEA.		1909.		1910.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
Imported from								
United Kingdom.....	8,174,934	1,902,663	13,448,895	2,864,554	6,788,533	1,645,010		
British North America....	2,039,160	508,768	3,881,742	881,456	1,902,668	430,269		
Chinese Empire.....	26,844,110	3,951,632	31,289,763	3,408,674	27,601,284	3,215,429		
East Indies.....	6,305,866	1,036,896	8,328,914	1,231,026	7,023,098	1,109,100		
Japan.....	45,253,500	7,720,464	42,325,666	7,023,992	35,550,702	5,792,023		
Other Asia and Oceania ..	377,228	61,798	464,903	58,585	272,624	39,572		
Other countries	181,022	73,396	516,937	114,475	349,803	106,632		
Total.....	80,175,880	15,255,617	100,256,820	15,582,762	79,488,712	12,338,035		
RAW, OR AS REELED FROM THE COCOON.								
			SILK.					
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
Imported from								
France.....	341,036	1,365,642	606,153	1,912,170	543,520	1,462,120		
Italy.....	2,367,927	10,763,661	4,160,977	15,826,547	3,018,180	11,443,200		
Chinese Empire.....	1,973,821	7,207,461	3,910,511	10,320,526	3,420,305	8,052,454		
Japan.....	7,765,618	34,610,700	10,674,066	37,680,360	10,150,590	34,272,035		
Other countries	56,910	262,553	102,806	391,736	183,208	677,953		
Waste.....	1,115,003	798,078	1,564,618	932,863	2,576,131	1,453,304		
Total unmanufactured	13,620,315	55,008,095	21,019,131	67,064,202	19,891,934	57,361,066		

AMERICA IN CHINA.

By THOMAS F. MILLARD.

From the Forum for July.

All great international crises have an issue which serves to formulate and focus the greater propositions involved. Recent events and present conditions indicate that the forthcoming crisis in the Far East will pivot upon the question of railway development in China.

Careful consideration of the beginnings and progress of railway development in China demonstrates that political rather than fiscal foreign interests predominated in drafting the terms by which they were built; indeed, this was so apparent that it soon provoked diplomatic action to check certain tendencies. The first important move of an international character *apropos* of these questions was the understanding arrived at among the principal foreign powers known as the Hay Agreement, which was promoted by the United States. Although this agreement is general in terms, and explicitly applies to the open door and integrity of China, the occasion of its being advanced was the tendency of railway agreements between China and foreign governments, the specific instance being some aspects of the German concession in Shantung. By this move the United States secured the assent of the greater powers to the principle that none would exploit railways in China for the advantage of itself and its nationals, and would not assert any exclusive or preferential privileges based on such concessions. Since the Hay Agreement was made public, in 1899, no foreign power has ventured openly to flout it until within the last few months, although it was surreptitiously evaded in many ways.

Prior and subsequent to acceptance by the powers of the principles of the Hay Agreement, numerous diplomatic communications passed between foreign nations and China, and between foreign nations concerning their mutual at-

titude toward questions involved therein. Some of these communications were secret, but the more important ones have been made public from time to time. Meanwhile came the Russo-Japanese war, which created a new balance of interest and provided Eastern affairs with a new diplomatic basis. In the Portsmouth Treaty are the following clauses: "The Imperial Government of Russia declare that they have not in Manchuria any territorial advantages or preferential or exclusive concessions in impairment of China's sovereignty or inconsistent with the principle of equal opportunity;" and "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 and industry of Manchuria." The Anglo-Japanese alliance, and every international agreement which has been made public by governments since the Russo-Japanese war relating to China, has reaffirmed these principles.

I will not now review the commercial campaign of Japan in Manchuria and Korea immediately after the conclusion of peace, which made a mockery of the open door, but will confine discussion to the issue of railways. Soon after the war China prepared to begin development of her Manchurian provinces, which long have been backward because of inaccessibility. Railways promise to change this, and to open the comparatively unsettled and fertile regions of the North to be populated and cultivated by Chinese emigrants from densely and overpopulated provinces. What this means to China may be instantly perceived. Furthermore, it may be conceded that China probably has political considerations also in mind in these arrangements—it would be strange after her experience of recent years

if she had not—and wishes by this means to drive a wedge between Japan and Russia, and open a way to preserve the neutrality of Chinese territory.

From China's standpoint these purposes are legitimate, and logically cannot be assumed to threaten any valid foreign right or interest. An extension of the Imperial railways of North China northward to the Amur had been projected for years, and tentatively is marked on modern maps of the Empire. In 1907 China made a contract with a British firm (Pauling & Co.) to build an extension of this railway from Hsinmintun to Fakumen. Objection was made by Japan on the ground that this extension would parallel part of the South Manchurian Railway, which Japan secured by the Portsmouth Treaty, and she produced in support of her position an alleged secret clause of the Yuan-Komura agreement made between Japan and China, concerning Manchuria, in 1905. China denied that she had accepted this secret agreement; but Japan induced England to refuse support to the British firm, and China was compelled to abandon the project. This incident is significant in several ways, and especially because it is the first definite evidence of England's policy to support her ally in the North, even at detriment to British commercial interests.

There is no doubt that China, in projecting extensions of her railways in Manchuria, designed to create there a wider international balance of interest, and to this end she desired them to be financed by British and Americans. In the summer of 1908 (August 11), Tang Shao-yi made an agreement with Willard Straight, then American Consul General at Mukden, that American capital would be employed in constructing the section of the proposed line from Tsitsihar to Aigun, the idea then being that the southern section would be constructed by British interests. The deaths of the Emperor and Empress Dowager, the dismissal of Yuan Shih-k'ai and other events followed, and these projects were temporarily held in abeyance. Meanwhile Mr. Straight had notified his government of the signing of the memorandum concerning the financing of the northern section of this railway, and soon afterward was himself transferred to the State Department, which he left in 1909 to become agent in China for the American Banking Group which, with the approval of the Government, was organized to finance American participation.

The Tsitsihar-Aigun section really provided the basis for organizing the American Banking Group, for it was a definite piece of business in sight; but even for a time obscured this project by arousing international comment about a similar matter. This is the attempt by China to finance various sections of railways designed to complete the Canton-Hankow and Hankow-Chengtu lines, and which are grouped under the name of the Hukuang loans. This loan had been projected for several years, and in 1909 an agreement was formulated whereby it was to be financed and constructed, under the usual foreign loan stipulations with some modifications, with British, German and French capital. At this juncture the American Government reminded China that the Chinese Government specifically had promised that if when it was ready to build these roads it required foreign capital, American interests would have

an opportunity to participate. When other foreign interests got wind of threatened American intervention they tried to rush the matter to a conclusion, which brought about some rather sensational moves, including President Taft's personal telegram to the Regent asking that the agreement should not be concluded without American interests being given a chance to participate. As there was no legitimate ground for excluding Americans, the other foreign interests were impelled to assent to their participation, although there was some irritation over the matter. It was agreed to admit Americans, and then followed a period of negotiation about terms which lasted several months. Discussion turned upon how construction work of various sections is to be apportioned among the four foreign interests, and in this matter England took an attitude which has resulted in practically blocking progress. It was thought that a compromise had been reached, and a meeting of representatives of all interests was appointed at Peking for September 23, 1909, when the agreement was to be signed. At this meeting Mr. Hillier, the British representative, informed the other participants that he had been instructed by his principal, the Hongkong and Shanghai Banking Corporation, acting under instruction from the British Foreign Office, that he must not sign. The reasons nominally advanced by British interests for not signing the agreement as prepared are too complex to be elucidated here, but they involve no important principle and amount to a dispute about small details and profits, which indicates beyond reasonable doubt that political considerations actuated the British Government in its action.

While negotiations concerning the Hukuang loan thus were being tied up by England, the representative of the American Banking Group had been busy about the matter of Manchurian railway extensions. Upon consultation with the Chinese Government Mr. Straight found that it wished if possible to keep its agreement with British interests about the Fakumen section, although logically it had been abrogated when the project fell through because England would not support it. A result was that the British interests which had been thrown over by its own Government in that matter came to an agreement with the American Banking Group by which a consolidation was effected jointly to promote a railway from Chinchou to Aigun, penetrating the same territory which would have been opened by the Fakumen section, but keeping far enough away from the South Manchurian Railway to avoid Japanese objections. Americans are to finance and British to construct the road. China is very anxious to build this railway as soon as possible, as it has been delayed for years by war and other causes. Semi-official attempts privately were made by British diplomatic representatives in Peking to prevent a consolidation of British and American interests in this project, and to induce the British contracting firm to join with Japanese interests in the matter; but the British firm objected to this affiliation on business grounds, and it also knew that China would rather not build the road than have it financed by Japan; moreover, it was a foregone conclusion that Russia would be alarmed—and justly too—by such an arrangement. It was thought by China and by the American Group that its

participation would not cause alarm. On October 2, 1909, a preliminary agreement for construction and financing of the Chinchou-Aigun Railway was signed at Mukden by Viceroy Hsi-Liang for China, Willard Straight for the American Banking Group and Lord French for Pauling & Co. These negotiations were conducted with celerity and secrecy, for already diplomatic influence was being exerted to obstruct them. Japan, ever alert, had made inquiries of the Chinese Government, claiming that if anything was contemplated she ought to participate. Notwithstanding diplomatic pressure to prevent it, an Imperial edict ratifying the preliminary agreement was issued January 21, 1910. The British Foreign Office refused to join the State Department in requesting that the agreement be confirmed; but on the contrary notified the Wai Wu-pu that Japan should be consulted.

It now is necessary to go back to when the proposal internationally to neutralize all railways in Manchuria was made to the interested powers by Secretary Knox. This was presented simultaneously to Russia and Japan on December 18, 1909. Prior to this it had been laid before China, who was glad to assent, since its acceptance and promulgation would have relieved her of foreign interference in her northern provinces and clarified the whole eastern situation. The proposal was given publicity by Japan and Russia after they mutually had agreed to reject it. While those governments were making a pretense of taking time to consider the proposal (there is evidence that they agreed to reject it within a week after it was received), they began to exert pressure at Peking to prevent issuance of the edict ratifying the Chinchou-Aigun agreement. This is significant, for the Chinchou-Aigun Railway agreement was a factor in the matter, because it gave Americans and English a vested interest in Manchuria; and in proposing that a reversion of existing railways to China be financed by an international syndicate American interests had something to put into the pot. When it was known that an edict would be issued, effort to forestall it by previously announcing the rejection of the neutralization proposal was made, but the rejection came one day too late, on January 22. Perhaps before proceeding it should be stated that the legal basis of the neutralization proposal is the vested right of China, by treaties with Japan and Russia, to purchase the Manchurian railways at a fair valuation at the end of fixed period, now about twenty-four years distant; and this will be the eventual disposal of them unless Japan and Russia break the treaties; so Mr. Knox merely suggested that this recovery be anticipated.

I will discuss the reasons given by Japan and Russia for rejecting Mr. Knox's proposal only to discover their *bona fides*. There was an inspired outburst from the press of both countries characterized by a palpable effort to veil the facts with a cloud of false issues. Even statesmen joined in the chorus of misrepresentation. Count Hayashi talked about "confiscation," which was rather an inadvertence, for Japan should be chary of referring to confiscation in connection with Manchuria. It hardly is necessary to say that the proposal contemplated that Japan and Russia would be paid for their interests. The official re-

plies were evasive and give no specific reasons for declining. From Japan's reply one might glean that she fears that if she gives over her part of the railways to China, her business interests in Manchuria will suffer. It is not clear how, unless Japanese commerce and industry in Manchuria now enjoy special advantages from Japan's administration of the South Manchurian Railway, which Japan vociferously denies. Count Komura in an interview suggested that it would be unwise to "burden" China with the debt necessary to finance such a purchase. This is really funny. The South Manchurian Railway is now paying very well, I believe, and one hardly sees how China would suffer by possessing it, providing she bought it at a fair price; moreover, Japan herself equipped it with borrowed capital, which she now owes. Russia made her official reply very vague, contenting herself with references to "interests" which would be detrimentally affected. Russia might, with some reason, have protested that it would be a pity to load China with her part of the railways, which are now losing about \$2,500,000 a year owing to maladministration and peculations of officials and employees. It can be demonstrated, I think, that naturalization of Manchurian railways on the line of Mr. Knox's suggestion will benefit Russian interests, both commercially and strategically, and she may soon awake to discover that she was Japan's cat's-paw in this matter. But I suppose no intelligent persons anywhere took the Japanese and Russian reasons for rejecting the proposal as seriously representing the real objections of those governments.

With the rejection of the Knox plan, which would have included the Chinchou-Aigun Railway, the diplomacy which is actively trying to keep American interests out of China was concentrated on it, and developments came rapidly. The issue raised in these negotiations contains the possible genesis of a great war which may involve the United States, and so at risk of being thought prolix I will elucidate their more important and significant phases. One cannot doubt, when the diplomatic representations are considered in sequence in the light of the existing international alignment in the East, that in this matter Russia, Japan, England and France acted by mutual agreement under a private understanding between those nations. While fully to comprehend their import requires some explanation, the various representations made in the course of putting the screws upon China and the handcuffs on American diplomacy in the Orient are extremely illuminating and significant, and I will quote the more important ones in full in the order of their presentation. In all quoted communications the italics are inserted by me for emphasis.

The Japanese Minister to the Wai Wu-pu.

January 31, 1910.

Your Excellency:

I formerly had a verbal interview with President Liang Tun-yen on the subject of the Chinchou-Aigun Railway, and stated clearly to him the expectation of my Government. I also telegraphed my Government for instructions and have now a reply to the effect that this matter must be considered with extreme caution. My Government is

now considering it and cannot hastily formulate its *demands*; but, as I formerly stated in my verbal interview, this is a matter which vitally affects Japan's interests. Before the Chinese Government determines anything, the *consent of my Government must first be obtained*. If the position of my country is ignored and a decision is made *without referring the matter to my Government*, it will be hard to estimate the *seriousness of the trouble* that may be caused in the relations of the two countries. I am therefore instructed to warn the Chinese Government that it must realize the necessity of caution.

With compliments, etc.,
IJIUN.

The Russian Minister to the Wai Wu-pu.

February 2, 1910.

Your Excellency:

Your Excellency formerly inquired of us verbally as to the view which my Government would take of assisting in the construction of the Chinchou-Aigun Railway. I referred the matter to my Government and now have the following reply:

The Russian Government regards this matter as one of extreme importance, and until it has been carefully considered no reply can be made to China.

The Russian Minister is ordered to state clearly what he has already stated to the Wai Wu-pu, viz.: that the Russian Government expects that China will not settle any such matter *without first consulting Russia*. *Otherwise there will be trouble in the relationship between the two countries.*

A necessary dispatch, etc. KOROSTOVETZ.

The Russian Minister to the Wai Wu-pu.

February 4, 1910.

Your Excellency:

I have received a note from St. Petersburg regarding the concession to America to build the Chinchou-Aigun Railway.

The Russian Minister in America has already received instructions to give Russia's reply concerning the railway to the American Government as follows:

Since America has invited Russia to participate in the construction of the Chinchou-Aigun Railway and has consented to Russia's desire to take time for careful consideration of the matter before making a reply, the opinion of Russia is that in not notifying Russia and in not considering that in case Russia did not take a share she would oppose the undertaking America is conscious of having made a mistake and has therefore stopped the loan negotiations. Russia expects that nothing will be settled without first obtaining the consent of Russia.

I now transmit to Your Excellency the general sense of the above communication and notify Your Excellency that this matter *must not* be recklessly settled without first having obtained the consent of Russia.

A necessary dispatch, etc. KOROSTOVETZ.

In this communication M. Korostovetz begins by stating that he transmits to the Wai Wu-pu a communication which had been communicated to the State Department by the Russian Minister at Washington. From the language

of the second sentence one would think that note is quoted exactly. The brutal phraseology used in the above Japanese and Russian communications to China may be tolerable coming from powerful nations to one not now able to resent insult; but it is difficult to believe that the language stated by M. Korostovetz was addressed by Russia to the United States, or that any nation would so assert paramount authority in any matter under negotiation between the United States and any third nation. In the last sentence of this note the language of M. Korostovetz seems to imply that he merely desires to convey the "general sense" of Russia's communication to the State Department. The Russian Government may deny that it did so address the United States in this matter, but it is a fact that the Russian Minister in Peking did send this note to the Wai Wu-pu, thereby causing China to think that Russia used arbitrary and dictatorial language in addressing America about relations between the United States and China. Moreover, M. Korostovetz's note contains several apparent misstatements. He takes it upon himself, presuming to quote Russia's note to the State Department, to assert that America realized her mistake in not recognizing that she must consult Russia about engaging in enterprises in China, and had quit the negotiations. This caused the Chinese Government to make inquiries, and Henry P. Fletcher, the American Chargé d'Affaires, assured the Wai Wu-pu that so far as he knew the American Government had not so informed Russia.

In this connection it should be remembered that the Chinchou-Aigun Railway project is not the child of an American group of financiers, but is a long cherished design of China; moreover, Americans have all along been willing to admit other nationalities to share in the enterprise if China is willing. These points should be kept clearly in mind.

The Russian Minister to the Prince of Ch'ing.

February 8, 1910.

Your Imperial Highness:

I formerly had a verbal interview and also sent notes to the Ministers of Your Highness's Board on the subject of the Chinchou-Aigun Railway. I have now received my Government's instructions in regard to the reply to the American proposition for the neutralization of the Manchurian railways and the construction of the Chinchou-Aigun Railway in the form of a memorandum, which I forward herewith.

Enclosure. A necessary dispatch, etc.

KOROSTOVETZ.

Memorandum in Regard to the Chinchou-Aigun Railway.

*Transmitted to the Prince of Ch'ing by the
Russian Minister, February 8, 1910.*

In respect to the expressed intention of the American Government to build a railway from Chinchou to Aigun, the Russian Government must declare clearly that this road would seriously affect the interests of Russia. This railway when completed would not only connect from the south with the Northern Manchurian Railway, but at Aigun would *reach the actual territories of Russia*. Thus

it would affect both *military and political* arrangements and would materially change the relations of the Manchurian railways to *eastern Mongolia and northern Manchuria*. Therefore this must be inquired into and an acceptable method of procedure must be decided upon, and *it cannot be permitted unless the Russian Government first knows the particulars of the proposed arrangements*. The Russian Government wishes to go into this matter very carefully, and *expects that the plans will first be communicated to it*. After carefully considering the plans the Russian Government will reply as to the construction of the railway, and *will issue a definite pronouncement as to the conditions on which this railway may be built*.

In regard to all future railways in Manchuria which China may propose to build with borrowed capital, the Russian Government must be first consulted and must first consider if the plans have any consequences to the military and political interests of Russia, or to the Northern Manchurian railways, thereafter determining what must be done to balance the influence of the arrangements made for the said railways.

Well, here we have it. All pretense that Russia's objection is based on possible commercial injury to the Chinese Eastern Railway—in fact, the construction of the Chinchou-Aigun Railway would have an opposite result—is dropped, and it clearly is stated that the chief objections are political and strategical. Which is to say that Russia formally asserts the right to regulate and control railway development within portions of China in the light of Russia's political and strategical interests, and to exclude American participation on these grounds. If language and all the logic of circumstances can make anything clear, it has done so in this instance. The fact that this memorandum was sent to Prince Ch'ing instead of to the Wai Wu-pu shows that all possible influences were being brought to bear to bully the latter, for it is well known that Prince Ch'ing takes slight interest in foreign affairs, and does not keep posted about details. This move evidently was designed to frighten the Court, and bring indirect pressure to bear upon the Ministers in the Wai Wu-pu.

At this point some of the reserves went into action. On February 9, the day after the above memorandum was presented by the Russian Minister, Max Muller, the British Chargé d'Affaires, went to the Wai Wu-pu and discussed the matter with H. E. Liang Tun-yen. England was too foxy to put herself on record in writing; but Mr. Muller informed H. E. Liang Tun-yen that England feared China was going to be led into serious difficulty by America in this matter, and suggested caution, which was a diplomatic way of giving American interests a backset. He further stated definitely that his Government feels that China should *consult Japan and Russia* about railway development in Manchuria. About this time, also, the French Government came to the assistance of its ally in frightening China, and made representations.

The French Minister to the Wai Wu-pu.

February 10, 1910.

Your Excellency:

The French Government with a view to China's wel-

fare intends requesting the Chinese Government not to make any agreement with any other nation regarding the Chinchou-Aigun Railway previous to consulting Russia and Japan regarding the same. Thus international friction in Manchuria will be obviated and the welfare of all nations promoted in Asia.

DE MARGERIE.

The French Minister to the Wai Wu-pu.

February 18, 1910.

Your Excellency:

The Government of the French Republic, with the idea that it is in the interest of China to avoid everything which may occasion complications or difficulties in the extreme Orient, and to maintain harmonious relations among the powers now having interests in Asia, desires to recommend to the Imperial Chinese Government not to conclude an arrangement on the subject of the railway line between Chinchou and Aigun without previously having come to an agreement with the Russian Government and the Japanese Government.

DE MARGERIE.

The Japanese Minister to the Wai Wu-pu.

February 14, 1910.

Your Excellency:

The Imperial Government of Japan looks upon the construction of the Chinchou-Aigun Railway as a matter of great importance in its effect upon the prosperity of the South Manchurian Railway. Yet the Chinese Government has for its aim in constructing this railway the development of Manchuria and Mongolia. The Japanese Government takes this into consideration and makes the following propositions with a view to assisting in the construction of the road.

1. Japan will participate in the construction of the Chinchou-Aigun Railway by sharing in the loan, furnishing engineers and railway materials, and participating in the construction work. The rules under which such participation shall take place will be amicably arranged with the powers concerned.

2. In order to connect the Chinchou-Aigun Railway with the South Manchurian Railway, China will construct a branch line from some station on the Chinchou-Aigun Railway toward the southeast to some station on the South Manchurian Railway. The location of said line and the point at which it shall connect with the South Manchurian Railway must be settled by amicable discussion with the Japanese Government.

It will be observed that the Japanese Government overlooks the important consequences to the South Manchurian Railway which will be caused by the construction of the Chinchou-Aigun Railway, but certainly the reason for assisting in the construction of the Chinchou-Aigun Railway is because the projected line of the railway, starting from Chinchou and passing through Taonan-fu, is at a great distance from the South Manchurian Railway. If the proposed location of the railway is to be materially changed, the Japanese Government will have a concern in this and will expect to be consulted.

IJUIN.

Japan thus does not officially oppose the construction of the Chinchou-Aigun Railway, however taking care to assert her right to be consulted as to its location; but she

insists upon participation, and upon terms which are impossible for China to accept without stultifying herself—which is equivalent to obstruction. This proposal by Japan to assist in financing the new line and in providing materials illuminates her *bona fides* in advancing the suggestion, for the Japanese Government is letting its railways in Japan run down for lack of money, has borrowed abroad, partly in America, the funds to rebuild and equip her South Manchurian Railway, is soon going to try to float another foreign loan for further improvements; and no railway materials of consequence are made in Japan. Nothing is more certain that if Japan should get the right to participate in financing this road she would have to borrow her share to lend it in turn to China, and that her share of supplying railway materials would be merely to act as agent for the purpose of exacting a commission.

Next followed the Russian counter-proposal.

The Russian Minister to the Wai Wu-pu.

March 4, 1910.

Your Excellency:

The Wai Wu-pu formerly asked the Russian Minister verbally for the views of the Russian Government on the project of China to construct a railway from Chinchou to Aigun. The Russian Minister notified the Russian Foreign Office so that it might take it into consideration. A telegram has been received directing the Russian Minister to state that the Russian Government, having carefully considered the proposal of China to build a railway from Chinchou to Aigun, has concluded that it would result in serious injury, both to the *Russian frontier defenses* and to her commercial interests.

In the twenty-fifth year of Kuang Hsu (1899) the Chinese Government declared that in constructing all railways northward from Peking capital would be borrowed from no other country than Russia. The Russian Government would not be disposed to insist upon China complying with her former promise in this matter of her borrowing capital for the construction of railways if Russia's *frontier defenses* and profits in respect to the Manchurian railways were not affected. The Russian railway experts have reported that the Chinchou-Aigun Railway cannot fail to take from the Russian Manchurian Railway profits on transportation to the amount of 5,000,000 rubles annually, and will ruin the property which China has a right to regain after a period of twenty-nine years, or which will revert to China free of cost after a period of seventy-three years.

The Russian Government is of the opinion that the capitalists concerned in this enterprise have no other object in making the loan than the obtaining of profit and that they have no political aims. If, therefore, the railway which it is proposed to build from Chinchou to Aigun should be constructed elsewhere, the commercial advantages would be equally great, while Russian would suffer no injury. The foreign capitalists should have no objection to this. In view of the above considerations, the Russian Government now proposes to the Chinese Government that instead of building a railway from Chinchou to Aigun it build a line connecting with the Peking-Muk-

den Railway from Kalgan to Urga and thence northward to Kiakta on the Russian border. It is understood that China has long had an intention to build this railway, so that China and the foreign nations would be of one mind about this. The difficulty of China which has caused her to hesitate up to the present is that since this railway would not connect with the Trans-Siberian Railway it could not be very profitable. The Russian Government would not be averse to establishing such a connection, and would be willing to build a branch road from a station on the railway in the Province of Trans-Baikalia to Kiakta. But in the event of China's building this Kalgan-Kiakta Railway she should allow Russian capitalists to be responsible for building the section from Urga to Kiakta.

The Russian Government greatly hopes that the Chinese Government will see clearly in this proposal the mutual advantages which would accrue to both countries.

The Russian Government would gladly accede to the wish of the Chinese Government to build a railway in Manchuria with borrowed capital if it did not affect Russia's *frontier defenses* and the profits of her Manchurian railways. Therefore Russia now brings forward this proposal and trusts that the Chinese Government will show a friendly spirit in helping to carry it out. The American and other governments concerned have already been notified of the views of Russia.

A necessary dispatch, etc.

KOROSTOVETZ.

This memorandum was immediately supported by the French Government.

The French Minister to the Wai Wu-pu.

March 4, 1910.

Your Excellency:

The Government of the French Republic, desiring to get settled the question of the railways in the north of China originally brought up by the proposal of the *Government of the United States* in connection with the construction of a railway between Chinchou and Aigun, by way of Tsitsihar, believes, however, as it has already made known to the Chinese Government, that this project (Chinchou-Aigun) cannot be realized without the risk of raising certain complications, unless by agreement with the governments principally interested, notably Russia; now convinced, besides, of the unfavorable consequences to Russia which the projected railway may have in relation to her northern frontier and the commercial interests of the Manchurian Railway, the French Government thinks, with the Imperial Government of Russia, that the interests of the financiers who have proposed to China with a purely commercial object a loan for the construction of the Chinchou-Aigun line will be fully satisfied if the Chinese Government should construct, with the aid of the same financiers, the prolongation of the Kalgan Railway toward Urga and Kiakta.

The Government of the French Republic is convinced that this line, the construction of which in an important Chinese region would not give rise to any political question, and, besides, having been fully considered, would likewise offer serious advantages to China.

It [The French Government] would consequently see with particular satisfaction the Imperial Chinese Government accept the propositions which have been submitted in this connection by the Imperial Russian Government.

DE MARGERIE.

This concludes written representations made to the Chinese Government up to this writing in regard to this question. The Chinese Government has made so far no replies except to acknowledge their receipt; but H. E. Liang Tun-yen has verbally told Ministers of several powers that China cannot concede that she should consult any foreign nation about the development of railways within her boundaries.

It is interesting to note that in the phraseology of the Russian counter-proposal suggesting a Kalgan-Kiakta line there is a reversion to customary diplomatic courtesy, and the dictatorial tone employed in previous communications is not used in this. Russia "trusts that the Chinese Government" will do so and so, and insist that China "should allow" Russian capitalists to construct the section from Urga to Kiakta, about 150 miles, thus holding China off from her border. "Must" and "shall" are not used so freely. Another point can be noticed. In previous representations the Russian Minister had explicitly denominated the American Government as going to build the Chinchou-Aigun Railway. I mention this merely to show that a calculated effort is being made to create an impression here that the Chinchou-Aigun Railway is an American political scheme to encroach upon China. In the communication of the French Minister this insinuation is maintained—"proposal of the Government of the United States" and "financiers who have proposed to China" being expressions used in alluding to the origin of this project. The French and Russian governments know perfectly well that the United States Government never has built and does not now own or operate a single mile of railway in the world, even within its own territories, and that it has no thought of engaging in the railway business in foreign countries. It is impossible to think that the phraseology used in these official notes is inadvertent. The Chinchou-Aigun project originated with China, and was talked of for years before American participation was thought of.

But why should France, assuming to decide what is better for American financiers, break into this question? It reasonably may be assumed that one reason is that she does not wish to see the strategical position of her ally, Russia, weakened in the north; or she may have acted solely at the request of Russia. A phrase used in the French note has, however, a somewhat wider significance, and brings out an interesting suggestion. I mean the reference to the relation of Russia's northern frontier to the Chinchou-Aigun Railway. This broaches a very important matter for China, and provides a clue to the solidarity of Russia, Japan, France and England in this question. These powers all have territorial possessions bordering upon China and connected with her domain by railways crossing a land frontier. The phraseology of the diplomatic representations in this instance leaves no room for doubt that a concerted effort is being made to establish a precedent that China will not be permitted to build

railways toward her land borders except with the permission of foreign nations, which reserve to themselves to decide how and where such railways, if permitted at all, must be laid. It is clear that if this condition is established China never can be able, except at great disadvantage, to defend her territories from invasion.

Although Japan and Russia have in effect acted together in this question of railway development in Manchuria, it is not because of friendship between the two nations, nor yet on account of real community of interest. In fact, Russia and Japan are driven together in this matter because of hostility and fear of each other. An analysis of the strategical situation in eastern Asia clearly demonstrates this. Japan now owns and controls railways entering Manchuria and penetrating toward her point of contact with Russian influence as follows: Through Korea and via the Mukden-Antung Railway to central Manchuria; from Port Arthur, Dalny and Newchwang via the South Manchurian Railway north as far as Kuangchentze. The engineering difficulties presented in constructing the Mukden-Antung Railway and the character of the country through which it passes indicate that it perhaps never can be operated profitably, intimating that it is built now for purely strategical reasons. Then Japan has secured from China the right to build a road from Kirin eastward to Hunchun, near the mouth of the Tumen River, a short distance from Vladivostok. A road from Gensan, on the east coast of Korea, proceeding northeast to the Yalu, with a connection with the Korean Railway at Anju, has been projected and authorized; and a railway connecting the proposed naval base in north Korea with Hunchun has quietly been surveyed. When these railways are finished, which probably will be within three years, Japan can throw troops into Manchuria and to the borders of the Ussuri littoral over several routes. Thus she is firmly entrenching herself in Manchuria and Korea.

Against this Russia has her part of the Chinese Eastern Railway, with the stub to Kuangchentze. It will be several years before the Amur Railway is finished. It should be noted that in Japan's representations stating her attitude toward the Chinchou-Aigun Railway, she only will assent to its construction, provided it is connected with the South Manchurian Railway. The reason is that this road would cross the Russian railway near Tsitsihar, which would make it a strategical vantage for Russia, and enable her quickly to move troops southward; while unless Japanese roads connect with it Japan would have no effective means of quickly countering such a movement. On the other hand, if this road is connected with the South Manchurian Railway, it will give Japan one more avenue to reach Russia's flank and rear. Japan so far has not intimated her attitude to Russia's counter-proposal to build a road from Kalgan to Kiakta, but there is hardly any doubt that if such a project takes practical shape (of which there is no present prospect) she would find that her strategical position would thereby be weakened, and object. Commercially, there is ample room for both these proposed railways, and both should be built in China's interest.

Perhaps it is not necessary to say more to demonstrate

that rejection of the neutralization proposal and objections to the Chinchou-Aigun Railway are entirely lacking in regard for China's interests, and to plain provisions of the Portsmouth Treaty; but owing to their having been brought into the discussion some other phases may be mentioned. These chiefly refer to the attitude of England. Replying to questions in Parliament, the British Government has explained that its action in insisting that China should consult Russia and Japan about railway development in Manchuria is based upon the almost forgotten Scott-Mouravieff note exchanged by England and Russia in 1899, and when these nations mutually agreed not to attempt railway exploitation north of the Great Wall and in the Yiangtse Valley respectively. In this connection it is interesting to recall that only a few months ago Russia made formal request to be admitted to participation in the Hukuang loan, showing that she then regarded the Scott-Mouravieff understanding as a dead letter. England now publicly drags it forward as a binding instrument upon her; but admitting that she may place her own construction upon it, how is it possible to deduce that a mutual understanding between England and Russia can affect China's rights or the rights of other nations? It is very significant indeed how all the old addenda of "sphere of influence" times are being dug up, dusted and adjusted to the present situation. At any rate, we now may learn where England stands. Compared to what Americans thought they might expect from England in the East, her recent conduct savors of duplicity. It now is felt here that England will not permit the Hukuang loan to be consummated if she can prevent it, having decided to revive the "sphere of influence" doctrine, and if possible keep other nations out of the Yiangtse Valley. One cannot doubt that British statesmen have resolved to sacrifice British interests in the north rather than see the strategical position of her ally there weakened. And so, weighing advantages and disadvantages as she now sees them in the light of her broader imperial interests, England has sided in this matter with the predatory powers in China. We may be sure that England has not thrown over a large British interest and brought her quota of pressure to bear upon China without a *quid pro quo*, and we logically can surmise this to be that if similar issues arise in the Yiangtse Valley—as, for instance, the Hukuang loan—Russia, Japan and France will advise China that she must not proceed without consulting England. The present impasse could not have been reached without the assent of England. We have been thinking that the interests of England and America in China are sympathetic; but evidently the present British Ministry takes an opposite view.

Germany was pressed by some nations to address China in regard to the Chinchou-Aigun Railway in similar terms to those used by Japan, Russia, France and England; but she declined to do so.

To recapitulate, we find that the following issues affecting the sovereignty of China and the open door principle within her territory have been sharply defined:

1. The right of China to decide upon the course of railway development within her territory is denied by certain foreign nations.

2. Certain foreign nations have declared that their strategical and political interests must be considered as paramount in planning a railway system within China's territory.

3. Certain foreign nations have asserted the right to decide who will finance, construct and operate railways within China's territory; and to veto arrangements in regard to these matters which China has made and wishes to carry out.

In respect to the United States this issue has been raised:

Foreign nations have asserted the right to interfere in business transactions between American citizens and the Chinese Government, in express violation of treaties between the United States and China, and of numerous solemn covenants of those governments with China and the United States; a doctrine which is susceptible to world wide application.

In the time pending decision of these issues there will be an immense amount of representation designed to obscure what is involved, and one can foresee that much propaganda will attempt to demonstrate to the American people that their interests are not materially affected by questions thus mooted. These arguments can be classed under the following heads: that American trade and commercial opportunity in China are not worth running a risk of war to protect them; and that American commercial and financial interests and opportunities in China are not threatened by conditions which will arise if the present *status quo* becomes established. In China and throughout the world all the influences which can be employed by the international combination which has been effected in this matter will subtly and openly be used to attempt to demonstrate that America is seeking to exploit China for selfish and sinister designs, and in the interest of an American plutocracy; that she is unduly interfering where she has no adequate rights; that Americans are bent upon monopolizing the trade and development of the Far East to the exclusion of other foreign interests. Already the foreign press of the East, among which American interests have no representation, is carping in this vein; and one catches even at this distance its echoes in America and Europe. Furthermore, it seems that even the enlightened press in America is still obsessed with the idea that nothing is involved in this question except trade interests in Manchuria.

I would contradict this idea with all the force I can command. Our trade interests in Manchuria are considerable, have already been injured by conditions due to Russian and Japanese occupation, and may be further impaired by a continuation of it. Our trade with China is large, and certain to grow if not too badly handicapped. The United States is turning the corner from a borrowing to a lending nation, and within fifty years it will have more money to lend than any other two nations, if present rates of national progress are maintained. China offers one of the greatest fields for this investment; and today China once more tentatively is being carved into "spheres" dominated by foreign powers that are commercial competitors

of our nation, and doctrines are being openly asserted which logically will, if conceded or anyhow established, apply to all parts of the Empire, and to all forms of commerce and finance. Notwithstanding this, it might be argued that our interests and prospects here are not worth going to war about, if it should come to that. But the principle that any nation or nations can from consideration of their selfish interests be permitted directly to interpose between the United States and another friendly nation, and assume to decide what their relations shall be, cannot be granted nor yielded, except to force. I unhesitatingly declare my opinion that the issue raised in the matter of the Chinchou-Aigun Railway, broadly viewed, is one which any self respecting nation, if forced by antagonistic diplomacy into a position where it is squarely put, ought to go to war about.

Americans will do well to take this question seriously. The Far Eastern situation already has modified our relations with Japan, and it appears from recent events that it will affect our attitude toward other nations, including England; perhaps may estrange us from her. If this occurs we shall be compelled to consider whether the possession by England of her present naval superiority over us is compatible with our legitimate national aspirations and growth. We now safely may conclude that international assurances concerning the integrity of China and the open door are, in the case of several powers, purely perfunctory expressions; indeed, mention of the Portsmouth Treaty in this connection causes diplomats in Peking and Tokyo to smile and make allusions to "amateur diplomacy." In respect to the railway negotiations a deadlock has been reached, with the next move up to the United States. The wall which Japanese diplomacy began to build around the Taft policy in China eighteen months ago—of which the Manchurian agreements, the Ito-Kokovsoff meeting, the Crane incident, and recall and resignation of Consul Cloud were passing evidences—has been completed, and must be breached before our Government can proceed. China is helpless. She has had ample experience of what Russia and Japan will do to enforce their policies in Asia, and she is very uncertain about how far the United States will go to promote hers. War can be averted; but for this we must put dependence in a counterplay of opposing selfish interests rather than in just principles and moral suasion. This is an ugly fact, but it should be recognized.

It often is said that there can be no peace without justice. There can be no secure peace in the Far East without justice to China.

THE RUSSO-JAPANESE CONVENTION.

WASHINGTON, July 12.—In presenting the Japanese copy of the convention to the department the Japanese Embassy assured this Government that negotiations leading up to the convention were entered into as long ago as last November. Statements had been published abroad that Japan and Russia were driven into this

close understanding by Secretary Knox's neutralization scheme, which did not develop until later.

The convention bases all its declarations on that previously entered into by the two high contracting parties on July 30, 1907, and in that convention all declarations of friendship and co-operation between the two nations are expressly qualified by the "open door" declarations of the treaty of Portsmouth. The convention declares for the improvement of the connecting service at the junction of Japanese and Russian roads in Manchuria, and for the recognition of all conventions entered into with each other or by either with China. For improving the connecting service on their roads "all competition prejudicial to the realization of this object" is foresworn.

The older convention affirms the territorial integrity of the Chinese Empire, and that recognition is implied though not expressed in the present instrument. In the older convention the two powers "engage to sustain and defend the maintenance of the status quo by all the pacific means within their reach." The present convention states that should events arise menacing the status quo the two contracting parties shall enter into communication with each other to arrive at an understanding as to the measures necessary for preserving the status quo. This status is now defined as meaning that resulting simply from treaties, conventions and "other arrangements" between any two or all three powers—China, Japan and Russia.

The text of the convention is as follows:

The Imperial Government of Japan and the Imperial Government of Russia, sincerely attached to the principles established by the convention concluded between them on the 30-17 of July, 1907, and desirous to develop the effects of that convention with a view to the consolidation of peace in the extreme East, have agreed to complete the said arrangement by the following provisions:

Article I. With the object of facilitating communication and developing the commerce of nations the two high contracting parties mutually engage to lend each other their friendly co-operation with a view to the amelioration of their respective railway lines in Manchuria, and the improvement of the connecting service of the said railways, and to abstain from all competition prejudicial to the realization of this object.

Article II. Each of the high contracting parties engages to maintain and respect the status quo in Manchuria resulting from the treaties, conventions and other arrangements concluded up to this day between Japan and Russia, or between either of these two powers and China. Copies of the aforesaid arrangements have been exchanged between Japan and Russia.

Article III. In case that any event arises of a nature to menace the status quo above mentioned the two high contracting parties shall in each case enter into communication with each other, in order to arrive at an understanding as to the measures they may judge it necessary to take for the maintenance of the said status quo.

The convention had been presented to the State Department by both the Russian and Japanese Ambassadors.

Baron Rosen, the Russian Ambassador, stated in his note that he was instructed in making the communication to express fully to the Secretary of State the hope that he would find in the convention, which was described as reaffirming Russia's peaceful relation with Japan and as being directed neither against the interests of China nor those of any other power, a new pledge of stability and general peace in the Far East.

Ambassador Uchida of Japan, in his communication to the Secretary of State, said he was instructed to make corresponding representations.

Just before the State Department closed today a dispatch was received from the American Embassy at Tokio setting forth more fully the attitude of Japan in drafting the new treaty, and the department here is inclined to stress the fact that when the Japanese Minister of Foreign Affairs gave to our Ambassador at Tokio a copy of the convention he assured him there was no further arrangement or understanding between Japan and Russia than as set forth in this instrument. As this Government issued a statement last summer practically recognizing the right of Japan to enter into her convention of September 4 with China in the face of much vigorous objection to the convention in the press all over the world, it is hard to see how protests could now be made over Russia's recognition of that and similar conventions, and Japan's recognition of like agreements on Russia's part.

It is understood that officials of this Government regard the convention itself as little more than a harmless appendage to the convention between Russia and Japan in 1907, which, as already noted, contained an express recognition of the principle of equal opportunity in the Far East, and a promise by the two Governments not to interfere therewith.

Reiteration of loyalty to the principles of the 1907 convention taken in connection with the general principle that two powers cannot bargain away rights of a third nation, as the United States claimed European powers were about to do in regard to the Chinese railroad loan, makes the new treaty unobjectionable, it is understood here, to the United States, Great Britain or Germany, all assuming, it is said, that the open door policy is substantially included in the new treaty and that that policy must be safeguarded in present and in future arrangements.

THE FOREIGN MERCHANT'S OPPORTUNITY IN CHINA.

Our Hotsin correspondent reminds us today that there are still portions of China that have yet to be exploited by the foreign merchant. He would seem to have acted occasionally as the disinterested middleman between some of the Chinese of Shansi and foreign firms in Shanghai, with the object of laying before

the latter the possibilities of the markets in his neighborhood. He has not been altogether satisfied with the success of his experiments. Replies, he says, have revealed ignorance of the geography and general conditions of the interior, as well as lack of interest in the needs of the retailers. His story, it is to be feared, is not unfamiliar. For several years the official reports of commercial attachés have pointed out the opportunities for trade in the interior, but always with the warning that energy and enterprise are required to open up these potentialities. It is true that, for the present, the demand is small, and bears no relation to the large population of China, but as the country gradually responds to the process of awakening, a trade that is small today may prove lucrative in a year or two, and profits will accrue to those who are first in the field. As our Hotsin correspondent indicates, in many cases it will be sufficient for the time being to familiarize the purchasers to be with the goods that it is hoped they will consume in the years to come. This can be done by advertisement; it entails no great outlay, but the process will serve not only to familiarize Chinese with the possibilities of foreign goods, but also foreigners with the needs of the Chinese markets. In his report for the year 1908, on the foreign trade of China, Mr. W. P. Ker, British attaché in China, recalls the fact that in his previous report he mentioned the annual fair at Chengtu, the capital of Szechuan, as affording an opportunity of displaying samples of British goods in the very heart of China. At the fair held in March, 1909, the only foreign firm represented was the British-American Tobacco Company. Complaints are often made, moreover, of trade surrendered to other competitors owing to differences in the methods adopted to secure it. In regard to two features, the long credit and the liberal commissions given to Chinese purchasers, it would perhaps be neither wise nor expedient to recommend British firms to abandon a policy of absolute straightforward dealing. Long credit has brought disaster in its train, while there can be little doubt that in refusing to give commission, British traders are setting a sound example to the Chinese that must ultimately be adopted in all reputable business circles in the country. The third point, however, in regard to trade expansion in the interior has often been insisted upon. It is the necessity of securing competent representatives with social as well as business qualifications. The experiment of one firm in employing university men in expanding its business in the interior is being watched with the closest interest, and there can be little doubt that it is proving a conspicuous success. In the same way Chinese compradores should also be of social standing, with a good salary and with generous commission. The principle at stake is the same, but qualifications in the case of a Chinese compradore are particularly essential, because he is dependent, if not for actual trade results, at least for liberty of action in carrying out his work upon officials and gentry, with whom he ought to be able to mix on terms of equality.

—*North China Daily News.*

ORDINANCES REGULATING THE OPENING OF PORT ARTHUR.

TOKIO, July 1.—The Foreign Office issues today the following ordinances:

IMPERIAL ORDINANCES.

Article 1. Japanese and foreign ships and warships may enter West Harbor of Port Arthur provided they observe the Port Arthur Harbor regulations.

Article 2. The Governor General of Kwantung may make necessary provisions and dispositions, provided they do not conflict with the provisions of the law respecting the defense work zone of Kwantung Province and the Port Arthur Harbor regulations, within the limits of Port Arthur; with regard to matters, however, specially designated by the Minister President, he must previously consult with the Commander in Chief of the Port Arthur Naval Station.

ADDITIONAL ARTICLE.

The present ordinance shall come into force on the day of its promulgation.

The second ordinance is issued by the Navy Department:

PORT ARTHUR HARBOR REGULATIONS.

Article 1. The harbor limits of Port Arthur are divided into three divisions: the portion within the single dotted line in the annexed plan is called the First Division, that outside the First Division but within the double dotted line the Second Division, and the whole portion outside the First and Second divisions the Third Division, and West Harbor is included in the Third Division.

Article 2. West Harbor may be entered by Japanese and foreign ships and warships.

In the Third Division, excluding West Harbor, ships and warships may freely anchor so far as they do not obstruct the fair way; in the case, however, of a ship or warships laden with explosives or readily combustible objects, the chief of the Naval Port Office may specially assign its berth.

Article 3. The First and Second divisions cannot be entered without the permission of the Commander in Chief of the Naval Station by any ships or warships other than those belonging to the Imperial Navy; this rule, however, does not apply to those ships and warships which pass through the Second Division en route from one part of the Third Division to another part of the same division.

Even among the ships and warships belonging to the Imperial Navy, those whose displacement is not less than 15 tons shall, when they propose to enter the First Division, obtain therefor the permission of the Commander in Chief of the Naval Station.

Article 4. Ships and warships which propose to enter Port Arthur shall, from the time they are at the distance of about 3 nautical miles from the harbor limits until they reach their anchorage or mooring place, each exhibit its name according to the International Code of Signals; this rule, however, does not apply to cases in which the Commander in Chief of the Naval Station does not consider such exhibition necessary and has given previous notice to that effect.

Article 5. Ships and warships which are lying or under weigh within the harbor limits of Port Arthur, or on the water not more than about 3 nautical miles distant therefrom, shall, except in cases otherwise specially provided for, hoist a flag showing their nationality.

Article 6. Ships and warships which are lying or under weigh within the harbor limits of Port Arthur, or on the water not more than about 3 nautical miles distant therefrom, shall, from sunset till sunrise, hoist the various lights provided for in the laws and ordinances relating to the prevention of collisions at sea.

Article 7. Ships and warships entering from any places at home or abroad, which in cases falling under any of the items in Article 7, Clause 1, of the Seaport Quarantine Law, have not completed their quarantine or disinfection, shall not be allowed, unless permission is obtained from the Commander in Chief of the Naval Station, to enter the waters of the First and Second divisions and West Harbor; and ships and warships on board which cases of infectious disease have occurred while in the water of the First or Second divisions or West Harbor shall hoist the quarantine signal and await the orders of the Commander in Chief of the Naval Station.

Article 15. It is forbidden, unless the permission of the Commander in Chief of the Naval Station has been obtained, to throw any object whatever into the waters of the First and Second divisions, the shores thereof, and the streams flowing thereinto.

The Commander in Chief of the Naval Station may if he deems it necessary, prohibit the throwing of objects into the Third Division, excluding West Harbor and the shore thereof, and assign for the time a place for the throwing away of such objects.

Ships and warships which are themselves unable to dispose of the things which they should throw away must, if they are ships and warships of the Imperial Navy, apply for the disposal thereof to the Navy Port Office, and if they do not belong to the Imperial Navy, follow the provisions therefor to be made by the Governor General of Kwantung.

Article 16. With regard to obnoxious wreckages, rubbish and other objects within the harbor limits of Port Arthur, the Commander in Chief of the Naval Station may, irrespectively of the cause thereof, require the persons responsible therefor to remove them within a stipulated period; and in the event such responsible persons failing to remove them, or of there being no prospect of their being completely removed within the stipulated period, the Commander in Chief may himself or cause a third person to remove or destroy them, and collect the expenses so incurred from the responsible persons.

If it is not known who are the persons responsible the Commander in Chief of the Naval Station may remove or destroy them.

As to the disposal of obnoxious wreckages, rubbish and other objects in West Harbor, regulations relating thereto

shall be determined by the Governor General of Kwantung.

Article 17. Fires shall not be wantonly lighted in the forests and waste land within the limits of Port Arthur.

Article 18. With regard to the new constructions and alterations within the limits of Port Arthur which are enumerated under the following headings, the Commander in Chief of the Naval Station is to be consulted by the Governor General of Kwantung:

1. Construction of piers and quays.
2. Alteration of river beds, filling in and dredging of rivers and seas, digging of the shore, and erection of stone walls on the shore.
3. Opening of roads, canals, ditches, and construction of bridges and railways.
4. Digging and building up earth foundations.
5. Felling of forests.
6. Carrying on of the business of marine transportation having a terminal point within the harbor limits of Port Arthur.
7. Placing of buoys, beacons and other guide marks for navigation.
8. Erection of buildings, warehouses and all other structures on the shore of the First and Second divisions and West Harbor at the distance of not more than 750 ken of the waters within the harbor limits or the ground for the use of the Imperial Navy.

Article 19. It is forbidden, except with the permission of the Commander in Chief of the Naval Station, to make surveys, take photographs, make sketches, write down descriptions, or issue books and maps such as guides to topography of the features of the land and water within the harbor limits of Port Arthur; this rule, however, does not apply to the taking of soundings necessary for movements of ships and warships when they are under weigh.

Article 20. The prohibition mentioned in the preceding article does not apply to those done by the military authorities outside the ground for the use of the Imperial Navy and water within the harbor limits.

Article 21. The Commander in Chief of the Naval Station may, if he considers any person to be studying plans of the fortifications and such matters as topographical features within the limits of Port Arthur, order such persons to quit the limits of Port Arthur.

Article 22. The Commander in Chief of the Naval Station may, if he deems it necessary for the purpose of control, put a restriction, after consultation with the Governor General of Kwantung, upon the use by the general public of the public road contiguous to the ground for the use of the Imperial Navy.

The Commander in Chief of the Naval Station may permit the general public to use such portions only of the ground for the use of the Imperial Navy as he may deem unobjectionable for the purpose of control.

Article 23. It is forbidden to remove or destroy any stones, posts or notice boards used to make the limits and divisions of Port Arthur, or any buoy within the harbor limits thereof.

Article 24. Rules and regulations relating to control within the limits of Port Arthur shall, after consultation

with the Governor General of Kwantung, be determined by the Commander in Chief of the Naval Station.

ADDITIONAL ARTICLES.

The present regulations shall be brought into force on the day of their promulgation.

The Commander in Chief of the Port Arthur Naval Station may, when so requested by the Governor General of Kwantung, cause, for the present, members of the staff of the Naval Port Office of Port Arthur to act as pilots in the harbor limits thereof.

NEW ELECTRIC LINES IN JAPAN.

As a further stage in the development of transportation facilities in Japan, Consul David F. Wilbur tells of the opening of four new trolley lines in the Kobe district:

The 4 miles of the Kobe Electric Company's line (18 miles contemplated), opened in April, cost \$1,500,000 gold. The dynamos, rails, poles and air brakes are American, the running gear and machinery of cars English, and the woodwork of cars and overhead wires Japanese make. The fare is 4½ cents, and the earnings for the first two weeks averaged \$850 per day, and expenses \$230 per day.

The Minomo-Arima Electric Railway Company's 18 mile line to mountain summer resorts, opened on March 15, cost \$2,000,000. The rails, dynamos, boilers and running gear and machinery of cars are American, the woodwork of cars and overhead wires Japanese make. The fare is 19 cents, and the thirty cars are earning \$940 per day.

The Keihan Electric Railway, 28 miles long, was opened on April 15, connecting the important cities of Osaka and Kyoto, and running through other large towns. The \$3,500,000 capital was expended and a debt of \$1,250,000 contracted. The materials nearly all came from England, though the overhead wires came from the United States, while the woodwork of the cars was made in Japan. The fare for the entire distance is 20 cents, and the daily earnings for the first two weeks averaged \$1,500. The company's thirty cars, with an eight minute schedule, will be supplemented by twenty cars with a five minute schedule. The Keishhin Electric Railway, from Kyoto to Otsu, and the Uji Electric Railway, from Fushimi to Uji, now building, will connect with this line.

The Hyogo Electric Railway opened its first section—from Hyogo to Suma—on March 15; it will extend 12 miles along the shore of the Inland Sea to Akashi. The material has chiefly come from the United States, the woodwork of the cars and the overhead wires being made in Japan.

The new electric railways just opened having paralleled the track of the Government Steam Railway from Kyoto, through Osaka and Kobe, as far as Suma, on the Inland Sea, the authorities of the Imperial Government Railways, in order to meet the competition, have lowered the third-class fare for this section of the line to the same amount as that charged by the electric railway companies. They are also going to spend a large sum of money in track improvement, and will put on more and faster trains. This will cause greater danger and inconvenience at the level crossings in Kobe, and the Western Railway Administration Bureau will make the line through the city an elevated one.

[A list of the electric railways in this district, completed previous to the completion of the four new lines treated of in this report, together with maps showing the routes of the new lines, transmitted by Consul Wilbur, are on file in the Bureau of Manufactures.]

A CHINESE STUDENT'S VIEW OF CURRENCY REFORM.

From the St. John's Echo.

While I am standing here on the platform before you my mind is not imbued with any laudable schemes for a financial reform. For such schemes you must seek the financier, not me. What I am particularly struck with is the necessity of a currency reform, a cause affecting you and me and the whole nation at large.

China is a land in which many reforms are needed. Recently she has awakened, and has tried her hand on some of the principal reforms. These are the administrative, educational and religious reforms. The last is undertaken by ardent missionaries from abroad and at home, and is undergoing changes at a slow but steady progress. The second, which was first caught up by a few but subsequently taken up by the Government, is going at a faster and almost enthusiastic rate. As to the first, China has almost got it, for in less than a decade constitutional government will come. China is fortunate in having these reforms, for, in order to build up a nation of a lasting quality these are the indispensable reforms that must be effected in order to lay the foundation of it. In other words, these are the essence of a true reform.

But is it right, or in any way wise, to say: Let us leave everything else and direct our whole attention to these alone, for if the essence is not first obtained what is the use bothering about the minor parts? That statement is incorrect, and shows that the principle of interdependence of society is not understood. For a big rock to stand, it must needs have small stones supporting it. Molecules of oxygen and hydrogen only unite to form water under certain conditions; the gases, essential as they are in the formation of water, cannot get along by themselves. So in reform, principal reforms must of necessity be carried out, but minor reforms, which are sometimes no less important (considering the relation they bear to the principal ones), must often be done together.

Such is a currency reform. It is a minor reform compared with the essential ones, but it is nevertheless important. Indeed, money was but invented as a medium of exchange, and, taking a wide view of the matter, it is not essential that we should have it. But just consider how far it simplifies exchange and how finely it is connected with all social activities, and we are at a loss to know how to go on without it.

The government needs to have a good currency in which the revenue may be paid and received.

The Church longs for a good currency by which she may be squarely dealt with.

In all commercial transactions and industrial enterprises the people want a convenient system of currency by which they may carry on their dealings with simplicity. International trade demands a fixity of exchange. Currency reform is therefore such an important question, for none in the vast empire can get along comfortably without money for a day! It is not so

much because money is essential as because money is so practical.

China, I say, has neglected this practical problem of currency. Cast a rapid glance over the present conditions of her currency, and there you have a clear view of the matter. Let us consider, first of all, the mints. Large plants for minting are established at several of the provincial capitals. The coins issued thereof are stamped with the name of the province and the value at which they are to be circulated. Free coinage is not allowed. No definite rules are being laid down as to the exact quality and quantity of the ingot used, and there is hardly any limit to the number of coins issued. Everything is at random, the officials being left to themselves. Coins issued from a mint are only circulated in the province concerned. Outside of it they meet with disfavor, and on rare occasions are taken at a discount. This is what the mints have done.

Let us then examine the coins in turn. First the dollar, which, though a coin, is nowhere legal tender, and which, though generally inscribed by the mints as equivalent to seventy-two hundredths of a tael, is in no way connected with it, but is quoted at rates subject to fluctuation from day to day. Foreign dollars are indiscriminately used, and oftentimes command a premium. In Shanghai the Mexican is predominant, and in the south dollars are so "chopped" that they assume a most ungainly shape.

Next come the silver coins, fractional to the dollar and issued in ten and twenty cent pieces. They are subject to a fluctuating rate of exchange, so that a dollar may this year change for a hundred and ten cents and only for ninety-five cents the year following.

Then comes the copper cent, inscribed by some mints as worth "one-hundredth of a dollar" and by other as worth "ten cash," but whether considered in its relation to the one or to the other the intrinsic worth of the coin is less than half its nominal value. So large a quantity is being turned out by the mints that the coins are being depreciated. To-day it takes twelve, and in some places even fourteen, of the coins to change for the so-called ten-cent piece.

As to the last—the copper cash—it is dying out of existence. Those still in use are thin, rusty pieces, much unlike the thick, bright ones which have gone to the mint.

These are the present coins—a series of non-related currencies, each unit of which is in a state of unstable equilibrium. But are these all? There is yet the tael. This currency, in spite of its fictitious character, plays an important part in all legal payments. It reduces the currency of the country to a weight currency. But the weight currency by no means simplifies the whole thing, for even the standard of weight differs. There are the Haikwan tael, the Kup'ing tael, the Tsaop'ing tael, the Shanghai tael, the Hankow tael, Tientsin tael, and what not!

The tael, however, closes the circuit of currency at last. How clumsy and how complicated the system (if to such we apply the name system) is! A man after receiving his

wages in taels has to convert them into dollars, which for small purposes must be changed for subsidiary silver or copper coins. The conversion and change would be simple enough if there were certainty at all in the rate of exchange. But it varies, and there all the trouble lies. How trying it is that a dollar is sometimes changed for a hundred and ten cents and sometimes for less. How trying again it is that a silver ten-cent piece is sometimes taken for twelve copper cents and sometimes for less. The problem of buying and selling on the "dollar scale" and on the "small coin scale" is ever a troublesome one. When two people meet for exchange, they are really in an encounter of wits. No mutual trust is entertained by one of the other. Each merely tries to get the better out of it.

And if you imagine yourself traveling in the empire you encounter no less difficulty. Starting at Shanghai you have Mexican dollars. Then going southward to Amoy your letter of credit will draw money in disfigured chopped dollars. At Canton you have to change for Kwaungtung dollars. Then coming up to Hankow, Peking, Tientsin, the changing process has to be gone over and over again. This is one reason why traveling in China is so inconvenient and unpleasant.

Nor is that all. China in her foreign relations has no standard of currency commensurate with those used by foreign countries. We have seen that none of her coins are legal tender, and that legal payments are made in weight. Indemnities due to foreign powers are weighed out in bullion. The result is she suffers a loss in her international communications. It is said of China that were she to have adopted the gold standard three years ago, she would have saved by this time sixty million dollars! At the present rate of exchange, two and a half Mexican dollars are only exchangeable for one American silver certificate. Mexico might possibly suffer the drain on account of her rich mines, but not China. Silver mines, indeed, she has, but they are scarcely touched in the true sense of the word.

Gentlemen, the fact that China has no standard is worth considering, and should detain us longer here, because it carries with it an attendant evil. In currency, especially, is it an evident fact. We have noticed how the mints are left to themselves, for no definite rules are being set down as to how they should proceed. This enticing opportunity the provincial governors readily take to themselves, and they rapidly fall into the temptations therein. Only observe the unrestricted issue of copper coins. They have collected together the good cash—thick, bright and of good quality—and by adulterating it with other inferior metals, they have coined the copper cents, one of which, in spite of the inscription "ten cash," is only worth three or four. The enormous gain is over fifty per cent. But who can withdraw his hand from such a well-nigh irresistible temptation when he has a hold on it? Few, indeed, if there are any. The governors are certainly to blame for their dishonesty, yet the imperfect system of currency and the laxity of its management should bear no less of the charge.

For here is a servant who is usually faithful. But living with his master for some time, he discovers that the master is a reckless sort of man, for he often puts money and precious articles carelessly in a drawer without ever locking it. A temptation is thus raised in the servant's mind, and it waxes stronger and stronger until finally he is unable to resist it. So he puts forth his hand and steals some coins from the drawer. The next day he takes some more and so on. He thus becomes a thief. Now, when the master discovers the theft, and punishes the servant for his dishonesty, is he then blameless? Not at all. For were he more thoughtful and careful the servant would not then fall into the temptation and thus avoid becoming a thief.

Exactly the same thing is going on with the currency in China. Owing to the disorganized system of currency, it

contains many enticing baits and affords opportunities for being dishonest. To remedy this paramount evil, there is no better way than a reform. A reform in the right direction would mean the lessening of the number of dishonest people in the empire by taking away the temptations which induce them to be dishonest. This, I say, would be even a more effective cure than a system of terrible tortures which cries out incessantly, "Be honest, else I torture you," while leaving the state of affairs as rotten as it has been heretofore.

In conclusion, I only want to say that, if money was invented for the sole reason of facilitating exchange, why then should we invent a system which is even more complicated? It seems perfectly illogical. The necessity of a currency reform is thereby made apparent. It is necessary because we want to have a simple account in all matters pecuniary. It is necessary because we need in the empire a uniformity which inevitably binds the whole nation together. It is necessary because of our desire to stand on equal footing with the foreign nations. And, above all, it is necessary because we hope for honesty to prevail in the empire. It is true that the tax collector with his assistants and servants will fight strenuously against the reform on account of the obligation that he must pay to the treasury the exact coin received; it is a fact that the body of Chinese bankers will reluctantly accept the change if it does not show the possibility of greater profits than under existing conditions, and it is again not to be doubted that the covetous officials will lose a large proportion of what they have hitherto gained through their craftiness, but the benefit of the majority cannot, and *must* not, be sacrificed for the selfish profit of the minority, and the convenience of the many may not be exchanged for the self-interest of the few. With this view in mind we may confidently introduce into the chaos a systematic and reasonable sort of currency.

BENJAMIN E. CHIU.

IRON INDUSTRY IN CHINA.

In reporting the signing of a contract for the supply of Chinese pig iron and iron ore to an American concern by the Hanyang Iron and Steel Works, of Hankow, Vice Consul Hubert G. Baugh gives the following details:

The contract calls for the shipment to the Western Steel Corporation, at Irondale, Wash., of at least 36,000 tons each of pig iron and iron ore annually for fifteen years. At the option of the purchaser the shipments may be increased to 100,000 tons in a year. This Chinese ore is guaranteed 62 per cent. pure, and the pig iron from it was quoted last December at \$25 per ton, against \$23 to \$24.50 for English and Continental.

The total output of pig iron of the Hanyang works for 1909 was 74,000 tons. A new blast furnace to be started shortly will enable this to be doubled, but if the possible maximum of 100,000 tons is desired by the American Steel Company it can readily be seen that the larger part of the output of the Hanyang works will be exported. Exports to Shanghai and other Chinese ports amounted in 1909 to 16,800 tons, to Japan 23,700, to the United States 3,800, a total of 44,300 tons.

The Robert Dollar Steamship Company will transport the ore and pig iron, and at least twelve trips a year will be necessary to carry the minimum amount. For this service one or two new steamers will immediately be constructed in the British Isles. Though these will fly the British flag they will be owned by American capitalists. It will require considerable freight to fill these vessels in the outward cargo, and this enterprise should help increase trade between the United States and China. The proposed trip next September of representatives of the Associated Chambers of Commerce of the Pacific Coast should further stimulate this commerce.

THE NEW RÉGIME IN CHINA.

BY K. ASAKAWA, YALE UNIVERSITY.

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The real, purposeful preparation for a constitutional form of government in China, which forms the main theme of this paper, may be said to date only from 1908, but the need of a constitution had begun to be felt a few years before. Still older are those minor political reforms which were not at first consciously designed to pave the way for a constitutional régime, but which have had that practical effect to no small degree. A brief survey of the history of the gradual adoption of these reforms and of the rise of constitutional ideas in China may give one an insight into the character of her new régime and into some of the circumstances which must react upon its future.

Such a survey might well begin with the close of the war with Japan in 1894-1895, for, at length, the results of this war brought home to a few Chinese the urgent need of political reforms. Had not the reverses China suffered been inflicted by a little neighbor whom she had for more than fifteen centuries considered a pupil of her civilization, but who appeared, to China's great disgust, to have deserted the traditional kinship of East Asiatic culture, and adopted with slavish eagerness those Occidental methods and institutions which China despised? The war was, in a sense, a struggle between the old and the new methods of political conduct. Did not China's defeat demonstrate the wisdom of Japan's course, and indicate that China should also revise her old policies if she would maintain the dignity of a sovereign state? Such were the thoughts of a few patriotic Chinese of the period. Henceforth the close relation between the living example set by Japan and the reform movement in China should not be lost sight of by the student of the latter.

An imperial decree of 1895 stated that the government should adjust itself to the conditions of the times, particularly at this critical period, and urged that all high officials present plans of changes which they might consider necessary for the recovery of national honor. The many memorials called forth by this edict showed, however, still how undeveloped were political ideas of their writers, and how slowly they would advance in the path of reform. Nearly all discussed in eager but vague terms the need of financial and military reforms, but few ventured to suggest more fundamental changes or presented details of practical reforms. Only the reformatory measures proposed by K'ang Yu-wei included, among other things, the promulgation of a constitution. The idea, however, was couched in very general phrases, and otherwise would, in any form, have been too far in advance of the time to be practicable. The late Chang Chi-tung vigorously attacked the proposition, saying that, if the right of political discussion were granted to the people before they were sufficiently educated, "there would result not one good, but a hundred evil effects," and stigmatized the idea as provocative of insurrection. It is well known that even less radical measures advanced by K'ang and approved by

the late emperor resulted in 1898 in their utter failure and in calling forth a strong reactionary party in power at the court.

The anti-foreign uprising of 1900 was a direct result of the reactionary movement thus begun in 1898, but the humiliating lesson given by the Powers during the Boxer war served to awaken even the conservative court to the wisdom of adopting at least a few measures of elementary reform. Again an imperial edict, issued early in 1901, ordered high officials to recommend to the throne plans for necessary changes. The papers presented in response to the edict included the famous three memorials written jointly by the late viceroys Liu Kun-i and Chang Chi-tung, and the one by Governor Yüan Shik'ai.

The language of these memorials was perhaps even more impassioned than that of the memorials of 1895-8, and several contained simple suggestions of practical procedure. Few, however, dared to go beyond the limit of advocating the adoption of military, official, educational and economic methods of the more progressive nations. Even of these inchoate propositions none but two reformatory measures were actually executed by the court. First, the official system required certain changes: a new board of foreign affairs (*W'ai-wu pu*) was, at the request of the Powers, organized in 1901, and superseded the old Tsung-li ya-môn; in 1903, a new commercial board (*Shang-wu pu*) was made; and, before these two boards, a new office was established, in 1901, called *Hui-i Ch'ong-wu ch'u*, bureau for the discussion of political affairs, composed of half a dozen grand councillors and secretaries and of the Viceroys Chang and Liu, for the purpose of considering the opinions regarding political reforms advanced by officials and of making the bureau's own recommendations to the throne. This last office served in subsequent years as an entering wedge for the constitutional movement, which gradually found its advocates among the more liberal memorialists. Second, it was believed urgent to establish a system of national education based partly on modern learning. The ethical teachings of Confucianism were to continue as the foundation of national education, but the material side of Chinese culture was henceforth to be supplied by the scientific knowledge of the Occident. The commissioner-ship of education was created in 1902; a comprehensive scheme of public schools of all grades was promulgated in 1903; but it was not until 1906 that a full board of education was organized, and the antiquated system of examination based upon Confucian learning was abolished. It should be noted that, neither in these initial reforms nor in the opinions submitted by higher officials, there was yet to be found any serious attempt to establish a constitutional form of government. Nor should it be forgotten that, up to 1908, it was provincial governments, notably those of the vice royalty of Chi-li under Yüan Shi-k'ai and that of Hu-nan and Hu-pe under the late Chang Chi-tung, rather than the central government at Peking, that led in

the practical work of political reforms. This was inevitable from the important fact that, under an efficient governor, the provincial government could possess a relatively greater unity of control and greater financial resources than the still half-awakened, disunited, and impecunious central government at Peking.

Then came the convincing lesson of the Russo-Japanese war. The fact that the rival powers had been brought to an armed conflict on China's territory because of her very impotency aroused some of her people to a lively appreciation of the necessity of guarding her own sovereign rights with adequate strength. Moreover, the question as to how to strengthen herself seemed again to have found a ready solution in the case of the victorious neighbor, Japan. If the small Japan was able to become a fully sovereign state, there was little reason why China with her larger natural resources could not grow to be a greater power. But where was the secret of success of Japan and other active nations, asked the thinking Chinese, and they arrived at the unanimous conclusion that the secret was in their constitutional régime that interested all classes of the people in their national affairs. These ideas are reiterated with remarkable simplicity of faith in nearly all the memorials and edicts regarding the establishment of a constitutional government in China since the Russo-Japanese war. Whatever one's opinion may be as to the truth and wisdom of these ideas as applied to China, he may justly regard them as a long step in advance of the vague and hesitant ideas of reform that were presented after the Boxer war.

At first, however the court was, as it still seems to be, encumbered by a large number of conservative spirits who, some from conviction and others from a sense of personal or class interest, obliged the government to advance with faltering steps. It was not until the latter part of 1905, when the more progressive officials had presented urgent memorials and when popular clamor for a new régime had run high, that the Manchu court at last showed a disposition to investigate the possibility of installing a new order. It appointed special commissioners to visit the principal constitutional governments of the West and of Japan, and study their systems, and, further, intimated in an order to the principal governors that, while in Russia a constitution was forced by the people from the Emperor, in China it would be granted by the throne. In August, 1906, an edict proclaimed: "A constitution will be promulgated, uniting the sovereign rights in the hands of the Emperor, but allowing all affairs of government to be decided by public opinion, and thereby an eternal foundation of the state will be established." This was followed by the edict of July 8, 1907, saying, "a constitutional régime consists in a harmonious co-operation with disinterestedness and public spirit by all classes of the nation in all parts of the empire." New commissioners were sent to Japan, England, and Germany, three constitutional monarchies, to study their institutions.

Simultaneously with these indefinite promises of a constitution, and as the first step of preparation for its granting, the government made, in 1906 and 1907, important though still inadequate changes in the official organization of the central and provincial administration. As these changes will continue in force for some time to come, and will have a large bearing on the success of the new régime, it is well to recall the nature of some of them.

It will be remembered that the official system under the old régime possessed many features which, however interesting in their historic development, and however useful

in the past, would seriously interfere with a reasonable conduct of affairs of a modern state. To enumerate only some of the more remarkable of these features, both in the central and in the local government, the same officials often took part in two or all of the time-honored three functions of the Chinese high official—namely, deliberative, executive, and censorial—so that their duties ran into one another, and caused, not only confusion, but also a general lack of initiative and shirking of responsibility. In fact, many of the various offices in Peking and in the provinces being historic growths independent of one another in origin, and interests and traditions having grown about each of them during the long ages of its existence, these offices neither were properly co-ordinated nor could be reorganized without causing serious friction. A confusion of judicial and executive functions, together with the absence of a prosecuting machinery, characterized the lower grades of the provincial officialdom; and everywhere prevailed an ambiguous distinction between the execution of law and the administration of justice, and between police and military functions. The system of balancing with each other Manchu and Chinese officials by placing them in equal numbers in each important office in Peking had resulted in its multiple headship and often in the mutual jealousy and suspicion among the officials of the two races. Perhaps the most serious of all, there being no central office like the modern cabinet under an official control of a prime minister, but, on the contrary, all the chiefs of the boards and all the viceroys and governors of the provinces being in direct communication with the throne, there was always a lamentable lack of unity of control and of flexibility of action, whenever the sovereign was weak, and a continual danger of lapsing into despotism under a willful emperor.

The new official organization for the central government made in 1906 introduced many improvements, including the abolition of the system of balancing Manchu and Chinese officials, giving to each board one chief and two assistant chiefs, instead of two chiefs and four assistants, as heretofore; a remodelling of the boards of war, of justice, and of rites, the amalgamation of the boards of commerce and of public works into one board; and the creation of the board of communications. It should be noted, however, that the ill-defined and confusing functions of the majority of officers remained unaltered, and a plan to introduce a cabinet system was defeated. There still are, therefore, all in direct relation to the emperor, the grand council (*Kün-ki ch'u*), the secretariat (*Nei ko*), the bureau for the discussion of political affairs (*Hui-i Ch'ong-wu ch'u*), the office for compiling the constitution (*Hiên-ch'ong pien-ch'a kuan*), the office for the revision of laws (*Sü ting fa-lü kuan*), and the boards now numbering eleven—of foreign affairs (*Wai-wu pu*), of officials (*Li pu*), of civil administration (*Min-ch'ong pu*), of finance (*Tu-ch'i pu*), rites (*Li pu*), of education (*Hio pu*), of army (*Lu-kün pu*), of justice (*Fa pu*), of agriculture, manufacture and commerce (*Nung-kung-shang pu*), of communications (*Yu-ch'uan pu*), and of the dependencies (*Li-fan pu*),—besides some other offices which have comparatively little relation to the new régime.

As regards the provincial government, it is enough to remark that the new system relating to its official organization, which was provided in 1907, while it advised, among other things, the establishment of local courts of justice, thus aiming at the separation of the judicial from executive business, contemplated no change in the status of the viceroy or governor. He still, on the one hand, is directly responsible to the throne, and, on the other, exercises enormous powers, civil, military and diplomatic. It will be seen later that the new régime is apt to bring about important changes in these respects.

It will now be observed that up to the end of 1907 the government had promised a constitutional reform only in general terms, and appeared to have been guided by no

definite plan of practical preparation, but to have been impelled by the growing public demand for a new régime to move along with uncertain steps. This state of things was due largely to the lack of unity, lack of strength and financial resources, and lack of experience in such affairs, that characterized the Peking government. It was probably in order to remedy this situation that the viceroys Chang Chi-tung and Yuan Shi-k'ai—two local magnates who had been carrying out reformatory measures in their respective province with much greater wisdom and facility than the central authorities—were, on September 4, 1907, relieved of their provincial posts, and appointed grand councillors to the throne. Prince Chun, now the prince regent, had also just taken the same office. The year 1908 dawned with much brighter prospects for reform than any previous year, and, with the support of the new councillors, steps were taken which at once secured the certainty of the new régime and determined its larger aspects. Then occurred, on November 14 and 15 of that year, the successive demise of the Emperor Kwang-sü (posthumous title: Tö-tsung King-huang-ti) and the empress dowager, followed, on January 2, 1909, by the dismissal of Yuan Shi-k'ai, on October 4, by the death of Chang Chi-tung, and, in December by the abrupt downfall of the progressive Viceroy Tuan Fang. These unfortunate events have not, however, seriously interfered with the progress of the new régime, which, having already acquired a sufficient momentum, and under the intelligent leadership of the young regent, has been making its way against great odds. Let us now describe those specific measures of reform which have been taken since the auspicious year 1908.

On August 27, 1908, general outlines of the new constitution and of the laws of the national diet and of election to be promulgated nine years hence were published, together with a tentative programme of preparatory reforms to be undertaken year after year during the intervening period. This programme has since been extended, so that in its present form it comprises all phases of the political life of the nation.

The published outlines of the constitution include, among other things, the following fundamental features. The constitution is to be granted by the emperor. He is sacred and inviolable, and his successors should for eternity follow the same line of descent. In him are vested all the sovereign rights of the state, but he graciously creates organs to assist him in the exercise of some of these rights. The constitution, however, and the laws of the imperial household will be framed without the assistance of the diet. The emperor convokes, opens, closes, suspends, and dissolves the diet, presents bills to it, and sanctions and promulgates laws passed by it; he determines the organization and the salaries of the officials, and appoints and dismisses the same; he determines the organization of the army and navy, and has supreme command of them; he declares war, makes peace, concludes treaties and exchanges envoys with other nations; he proclaims the law of siege, and, at critical times, restricts the freedom of the subjects by means of imperial rescripts; he confers marks of honor and grants pardon; he has the judicature, and charges the courts of law to exercise it in accordance with law, which courts shall not be changed by imperial ordinances; he issues or causes to be issued ordinances, but the latter shall not alter or abrogate laws; in case of emergency, and if the diet is not in session, he issues imperial ordinances in the place of law, and takes the necessary financial measures by means of an imperial ordinance, but the matter shall be submitted to the diet at its next session. The Chinese subjects, according to qualifications determined by laws and ordinances, may be appointed to civil and military offices, and be elected members in representative assemblies; and within limits prescribed by law, enjoy liberty of speech, writing, publication, public meetings and associations; right of demanding justice from judges and of being tried at courts

of law; and inviolability of their property and residence. The subjects shall not be arrested, detained, or punished, unless according to law. They are obliged to observe laws, to pay taxes, and to render military service.

It will be seen at a glance that all these clauses relative to the emperor and subjects of China contained in the provisional constitution have been adopted, almost word for word, from the Japanese constitution promulgated twenty years ago.

According to the outlines of the law of the national diet, the latter will consist of two houses; it will possess, to use the euphemistic expression of the original document, "the right of proposition, but no duty of execution;" its decisions may—the text does not say, should—with imperial sanction, be executed by the government. The annual budgets, as well as all the new laws—though this latter point is not stated, and is only inferred from other sources—will require the consent of the diet. The diet may also discuss questions proposed by its members which concern the interest of the whole empire, but not provincial or local questions. If a high official of the government acted in violation of law, the diet might submit to the emperor the proof thereof, and impeach the offender—a clause which does not find its parallel in the Japanese constitution—but the diet should not interfere with the imperial authority to appoint and dismiss all officials.

The published outlines of the law of election are very meagre, and do not indicate either the qualification for the voter and for the candidate, the division of electoral districts, or the method of election.

The nine year programme of preparation for the full establishment of a constitutional government is comprehensive, but, in many details, still tentative. A few important steps may be briefly summarized. The general programme begins with the thirty-fourth year of Kwang-sü and ends with the eighth year of Süan-tung, or, roughly speaking, from 1908 to 1916. (1) The population of the empire will be examined, according to the new law published in the first year, and will be finally reported in the fifth year; in the meantime, a new law of census will be framed in the third year, and put in force in the sixth. (2) In relation to education, schools of lower grades will be extensively established, and text-books compiled, so that in the ninth year the ratio of the illiterate to the general population will have been reduced to 95 per cent. (3) Laws of self-government for the smaller local divisions will be published in the first and second years (the first set of these laws, granting self-government to the smallest local divisions, has, as will be seen later, since been issued), and be gradually put into practice before the seventh year is over. (4) Police duties, which have hitherto been partly performed by the village, will be put into the hands of specially constituted authorities to be fully organized by the eighth year. (5) As regards the department of justice, a new penal law will be in force in the sixth, and new civil and commercial laws and law of procedure, in the eighth year, while law courts of all grades will be gradually established between the second and the eighth year. These measures are designed, it is needless to say, not only to insure an efficient administration of justice to the Chinese citizens, but also to throw off the yoke of the extra-territorial jurisdiction of foreign nations in China. (6) A law of civil service will be made and enforced between the second and fourth year, and a new official system for the central and provincial government will be framed and tested, and finally adopted in the ninth year. One may be sure that a large part of the destiny of the new régime will depend upon this revised system, whatever it may be. (7) Regarding finance, a law of reorganizing provincial and national finances will be promulgated in the first year (this law has been published), provincial revenues and expenditures examined during the second and

third years, provincial budgets and reports for each past year begun in the third, and a law of local taxation published in the fourth. Likewise, national accounts and national taxation will have been fully systematized by the ninth year, and a bureau of audit established in the eighth. A gold monetary standard will be gradually introduced and completely established in ten years. (8) A system of conscription will probably be adopted, and a large army, with the appertaining military institutions, will be gradually built up; a rehabilitation of naval strength is planned; and the emperor will assume supreme command over the army and navy. (9) The legal distinction that has existed between the Manchu and Chinese population, and has been a cause of antipathy between the two races, will be obliterated by giving adequate means of livelihood to the Manchu Banner-men and their families, perhaps numbering two million souls, and, by the eighth year, completely incorporating them in the census on the same footing as the Chinese. It has already been shown that the old system of maintaining an equal number of Manchu and Chinese chief officials at each central board is no longer in force. It is evident that the imperial house has determined to depend upon the loyalty of the entire nation, rather than, as has obtained hitherto at least in theory, governing the conquered race under the military control of the conquering tribes whom the former were obliged to support. (10) It is well known that it is planned that the importation of opium and the cultivation of the poppy will be completely stopped before 1917. (11) The provincial assemblies will be organized in the second year and be henceforth annually convoked. (The first annual sessions were concluded between November 24 and December 2, 1909.) (12) The provisional parliament will be elected in the second year, and convened annually from the third. (13) Finally the laws of the imperial household, the constitution, and the laws of the diet and of election will be promulgated and the first general election for the diet will take place in the ninth year, namely, in 1916. The year 1917 will witness the first session of the new diet.

In looking over this comprehensive scheme of preparation, one would wonder how the Chinese government intends to meet the enormous expenditures that the vast work must necessarily involve. The central and provincial governments already bear foreign loans amounting nearly to seven hundred million dollars gold, while the total recorded revenue of the empire hardly exceeds one hundred million taels, or, at the average rate of exchange in 1908, sixty-five million dollars. The indemnities and loan charges consume fully 40 per cent. of this sum. The cessation of the importation of opium will deprive the government of an annual income of twenty million taels, which is the present revenue from the import duty levied on this article, and the possible abolition of the *likin* will further cripple the provincial finances, while the increased price of salt recently made will be far from supplying the deficiency caused by the loss of the opium duty. The stamp tax introduced in 1909 is exceedingly unpopular, and has been opposed by fifteen of the twenty-one provincial assemblies whose first session has just closed. Many of the provincial governments, including some of the richest, are already in serious financial embarrassment, and the conditions of the central government, which, while largely depending upon the support of the provinces, is itself obliged to support some of them, are alarming. It is true that when the present national and provincial finances, which are in a chaotic state of confusion, are reorganized in accordance with the published plans, there would be discovered means of better government economy. It is well known, however, that the execution of this plan is beset with enormous difficulties, and its results thus far have been of the most discouraging character. A memorial recently presented to the throne by the board of finance contained the following statement: "If the normal process of adjusting expense to income should be discarded, but if the new notion that the income

should be planned according to expenses should prevail, and all the works of the new regime be begun at the same time, each office acting according to its own ideas with little regard to the financial resources of the country, we fear that the treasury would be depleted before the nine year preparation was completed, and the future of the constitutional government would be jeopardized." It is, moreover, likely that, as soon as financial questions appear in the new representative assemblies, there would arise bitter struggles between the governor and the people, as well as between the provinces and the Peking government. The most important consideration is, of course, that the new expenditures incident upon reformatory measures will continue to increase on a large scale. The necessary undertakings of reform could hardly be attempted without recourse to foreign capital, while every additional foreign load would bring China nearer bankruptcy and foreign interference with her finances in the most serious form. It is not too much to say that the Chinese empire is building between two fires, namely, between, on the one hand, the old habit of corruption and inertia, eking out a half independent existence among the mutually jealous Powers, and, on the other, a career of reform securing national strength but involving a probable loss, at least temporarily, of financial autonomy. The latter is perhaps the lesser evil, but the vast majority of the influential population of China would be strongly opposed to the outcome, and are already alarmed at its probability. Nor is it evident that the authorities of China are determined, either to avert the crisis by effective measures, or to brave the temporary humiliation abroad and violent opposition at home for the sake of ultimate good.

To return to the actual work of reform, among the practical steps that have been taken since the beginning of the period of nine years of preparation, should be noted the promulgation, on January 18, 1909, of the laws granting self-government to the smaller local divisions, and, on July 22, 1908, of the laws creating the provincial assemblies and, on September 21 and October 26, 1909, of those regarding the provisional parliament.

Local self government is defined in the first article of the law of January 18, 1909, as the management, under the supervision of local officials, and with a view to supplementing the administrative work of the latter, of local affairs of public interest by members elected in the locality. It is emphasized that self government is not independent of, but supplementary to, official administration, and that it is to be carried on under official supervision. All domiciled male citizens over twenty-five years of age paying more than two *yuan* (silver dollars) of taxes, excepting the illiterate, opium smokers, public officials and a few other classes of unqualified men, have the right to elect and be elected members of the local assembly. The assembly, called *1-shi hui*, consists of from twenty to sixty members, according to the population of the community, one half of the members being elected by the richer citizens who together pay 50 per cent. of the taxes returned from the community. The members receive no compensation. The assembly meets four times each year regularly for fifteen days in each session. It discusses, usually in an open session, affairs relating to education, public health, public works, agriculture, commerce, and industry, care of the dependent, and the like; frames minor rules of self-government for the community; and oversees the finances necessary to the conduct of these affairs. It also hears and composes differences among the people which relate to the entire community. The assembly elects, by a single ballot, from among the entire body of the eligible men of the commune, a small executive council, called *Tungchi hui*, in case of a commune with a population of more than 50,000, or a local chief (*Hiang-tso*) and his assistant (*Hiang-tung*), in case of a smaller community, the term of office being two years both for the assembly members and for the executive. When the assembly and the executive disagree about local affairs, an appeal may be made to the assembly of the next

larger local division, thence, if necessary, to higher local officials, and thence again to the provincial assembly.

It is often said that the Chinese nation has for ages been accustomed to village self-government, and the imperial edict granting new law emphasizes this point. While this is a fortunate fact for the political life of the local district, it should also be remembered that the new system of self-government is different from the old in several important respects. The new system makes a much more distinct division of work between the official and the popular share of local administration. It also creates a regular deliberative organ, which the old system possessed, if at all, in an inchoate and indefinite form, and, even in the executive business, an element of regular discussion is now introduced in the larger communities. The range of the business of the self-government itself has also been radically changed, police and semi-moral functions of the old village heads being now either transferred to other hands or withdrawn, and new functions relating to education, public health, public works, and industry, being added. It is likely that a successful operation of the new system will require a kind of men and kind of training largely different from those that controlled the old.

The provincial assembly, or *Tai-ikü* in Chinese, contains from thirty to one hundred and forty members, elected for three years, by a system of double election, from among the male citizens over thirty years old. The voters at the first election should be male citizens over twenty-five years of age, who have either been in public service for more than three years or in official position, or received secondary education, or literary degrees, or who hold in the province property or capital of more than 5,000 *yüan* in value. As in the case of the local self-government assemblies the following have no right to elect or be elected members of the provincial assembly; the disorderly and quarrelsome, the bankrupt, the demented, the illiterate, the opium smokers, the actors and bond-servants, and those who have been punished for crimes; and the following are suspended their franchise: The officials and their private secretaries serving in the province, soldiers, police officials, religious teachers, students and teachers in primary schools. The elected members receive no compensation, except their traveling expenses. The assembly meets annually from the first day of the ninth month to the eleventh day of the tenth month (of the lunar calendar). It discusses, in a usually open session, financial matters, legal changes, as well as new undertakings or reforms, all relating to the province. It considers propositions and petitions from the people, hears disputes in self-governing bodies, and answers questions asked by the governor. It also elects from among its own members its share in the half of the members of the provisional parliament who are returnable from the provincial assemblies. The assembly may interpellate provincial authorities on matters of administration, though the latter might decline to respond if the question required secrecy. The assembly may impeach to the governor a public official engaged in corrupt practices of violation of law. The governor may, for specific reasons defined in the law, suspend the session for a period less than a week, and, with imperial sanction obtained from the provisional parliament, dissolve the assembly.

The resolutions of the assembly should be executed by the governor, but if the two should fail to agree in this respect, the assembly should refer the question to the provisional parliament. It may also refer to the same body any act of transgression committed by the governor against the rights of the assembly or against law, as also a dispute between the province and another province. In these cases the provisional parliament shall submit the case, with its own recommendations, to the Emperor. As one-half of the members of the national body are chosen from the provincial assemblies, the latter may expect in the former a large degree of sympathy for their cases against provincial authorities.

The first annual session of the provincial assemblies (except that of Sinkiang) has just closed. Their conduct has been differently criticised by observers. Dr. Morrison, the Peking correspondent of the London *Times*, has noted their common want of sympathy for the difficulties of the central government, and their excessive chauvinism. He describes the spirit of the assemblies as "iconoclastic, patriotic—in the sense that it denounces everything foreign—but lacking, so far, in intelligent leadership and constructive policy." He already observes "the coming chaos," "the first whispering of the approaching storm" between the radical provincials and, as he thinks, the insincere and incapable central authorities. The impressions gathered by some Japanese observers are, however, by no means so pessimistic. In many a province the preparation for the session had been planned with much care and zeal, and the double election passed off with relatively little corruption and in remarkably good order. The elected members seem mostly to consist of gentry highly regarded in their respective provinces, with some men of educational and mercantile occupations, as well as rather small numbers of young men of modern education. When the session was about to begin the regent and the governors issued edicts and orders counseling to all persons concerned public spiritedness and good behavior, and the assemblies opened in the twenty-one provinces on October 14, under favorable auspices. The subjects for discussion comprised, besides the bills submitted by the governors, a large variety of topics relating to provincial affairs. In some assemblies a general lack of interest seemed to characterize the majority of the members, while in others trifling matters regarding the etiquette between the assembly and the governor led to heated debates. Important resolutions were passed by some assemblies, including that of Chi-li to establish a large spinning mill, that of Kiang-su to institute a general movement of all the provincial assemblies for the convocation of the national diet before 1917, and that of Shan-tung to act in concert with all the other provincial assemblies regarding important questions. The general oratorical powers of such members as took part in the debates were highly appraised by Japanese observers. It does not appear that the present session has seen much bitterness in the relation between the assemblies and the provincial and central authorities. It is true that fifteen assemblies passed resolutions denouncing the new stamp tax, and that the assembly of Hu-pe very nearly expressed a decided opposition to the building of the Hankou-Canton and Hankou-Szechuan railways by a foreign loan. It is, however, perhaps inevitable that future sessions will be very different from the present, for the provincial budgets, which will be discussed in the assemblies only after 1910-1911, are apt to become the great bone of contention between the people and the authorities, and to lead to acrimonious controversies in the assemblies. The latter's right of appeal and impeachment might then find a frequent application. Granting that may be the case, however, it does not follow that therefore the future of the assemblies is doubtful. One may turn to the experience of the Japanese imperial diet in the first years of its existence, in which the lack of training and the youthful enthusiasm of the newly elected members drove many of them to assume an extremely radical and chauvinistic attitude. This state of things did not outlive the great events that have since befallen the nation and have deepened the mind of the diet. It is likely that the Chinese assemblies will go through a similar stage of political experience. Whether the dangers arising from it will prove overwhelming must depend upon the future course of events in China, and the degree of enlightened patriotism with which her government and people will meet them.

The law concerning the provisional parliament called *Tai-chöng yüan*, which will be first convened in 1910, was promulgated on September 21, 1909, and the law of its election, on October 26 of the same year. This uni-

cameral body is designed to prepare the way for the institution of the national diet in two houses. The provisional parliament will consist of two hundred members, a half of which number will be appointed by the Emperor from among titled members of the imperial family, the hereditary nobles, and the tributary chiefs of the dependencies, and from among those elected and recommended by their peers in the following four classes: the untitled members of the imperial family, officials of the central government between the fourth and seventh rank, and learned scholars and wealthy gentry of the empire. The other hundred members will be selected by the governors from among twice as many men elected by the provincial assemblies from among their own members. The provisional parliament will discuss all the financial matters of the empire, all the new laws (excepting the constitution and the laws of the imperial household) and new changes in old laws, and such other matters as are referred to its deliberation. On specific grounds defined in the law the provisional parliament may be suspended or dissolved by imperial order. The parliament may consider direct petitions from the people and make them subjects for discussion. The parliament may put questions to a provincial assembly regarding provincial affairs. It also should submit to imperial decision all disputes between a provincial assembly and another or between the assembly and governor of the province, as well as an impeachment of the governor by the assembly. As regards the relation between the provisional parliament and the central government at Peking, it is provided that if the parliament and the chief of a board or a grand councillor should disagree, the case should be referred to the throne; likewise the parliament may refer to the Emperor, with the concurrence of more than two-thirds of its members, an arbitrary act of a high official committed in violation of law or in disregard of the rights of the assembly.

These last provisions give the representative assemblies of all grades in China a unique feature which finds no exact parallel in the Japanese system. They may perhaps be regarded as a new application of the old Chinese principle of official censorship, which in its turn was derived from the ancient doctrine that the loss of virtue should cause the loss of political power. Apparently liberal and democratic, these provisions are further significant when they are considered in relation with the absence in the Chinese Government, already alluded to, of premiership and a cabinet system. From the most interesting historic development peculiar to China, all her high officials of state, as well as provincial governors, stand individually and separately in direct relation with the Emperor. A reference to the throne of all cases of differences between the parliament and any chief executive official would therefore be a necessary course of action. At the same time this provision would signify a large increment of the already enormous theoretical powers of the throne, for it creates another powerful system of machinery under direct control of the Emperor. To him will the provisional parliament refer, not only its differences with high officials but also all the appeals that come from the provisional assemblies regarding disputes among themselves or between them and governors. Add to this the large appointive power of the throne—whatever that may mean in practice—over half of the members of the provisional parliament. From these considerations one is compelled to ask if, behind these measures, may not be discerned the solicitous care of the throne, if possible, to increase and perpetuate its powers, in spite of, perhaps even by means of, the new régime, and thus to forestall the recurrence of those dynastic revolutions which have allowed no reigning house since the fall of Ch'ou to retain the sceptre undisputed for more than three centuries. Such a motive would be natural on the part of the imperial house, which is the theoretical originator and grantor of the constitution. Such, also, has been the case with the

Japanese Emperor and his constitution; and it is from the articles and the actual operation of the latter that the Chinese throne has derived the largest measure of inspiration in framing its constitution. China has availed herself of the clear expression of the imperial sovereignty in the Japanese constitution, but she goes further than Japan, as she establishes a definite, direct relation between the throne and the provincial and national assemblies. And it is fair to surmise that that relation will become real and eventful as soon as the assemblies begin to discuss the budgets, and in their conflict with the authorities have frequent recourse to their liberally bestowed right of appeal and impeachment. It will be observed with keen interest whether future laws will preserve the significant provisions to which reference has been made, and, if so, whether the throne of China would not find itself in relation with the actual politics of the nation at too many points of contact to be conducive to its tranquility.

A closer examination of the preparatory measures would seem to indicate another unexpressed but important purpose of their promulgation; namely, a larger centralization than has obtained hitherto of political powers at Peking. For highly interesting historical reasons, upon which we have no time to enlarge, the provincial governor has been allowed to wield large financial, military and diplomatic powers. While this condition has in the past largely contributed to the comparative peace and prosperity of some provinces, it would, under the new régime, have proved a great impediment to national unity and strength had it been allowed to persist. The new measures, some of which have been summarized in this paper, compel the provincial government to render its annual financial accounts and its monthly reports of all important affairs to the central government. Provincial banks will be under the supervision of the Central Board of Finance, which will also appoint two auditors for each province to oversee the reorganization of its finances. No loan contract and no agreement of any kind will henceforth be concluded by the province with a foreign power without the sanction of the boards of finance and of foreign affairs. The military and police forces will also eventually come under the control of the central government in one form or another.

It is an important question whether the provinces, which will continue to bear the bulk of the increasing financial burden of the new measures, will meekly acquiesce in a gradual loss of power, and whether the impecunious central government will be able to make a sustained struggle and carry it to a successful issue. Still more important will be the question as to the effect of the decrease, if any, of the political powers of the province upon its future welfare.

Finally, one may note that, from the historical standpoint, the new régime involves a departure from the old which is more radical than any that has been discussed; that is, the limited participation granted to the people at large in the conduct of provincial and national affairs as distinguished from the local. It is true that the old political philosophy of China taught that Heaven appointed the most virtuous man to govern and instruct the people, and that when a prince lost virtue and lost political esteem, he forfeited his political power, but even in this ideal theory, the people were an object of paternal care by the sovereign, and not critics and participants of government. Now, for the first time in Chinese history circumstances have forced the unwilling ruler to decree that henceforth, while sovereignty is still vested in the Emperor, "all affairs of government shall be decided by public opinion." Whatever the immediate practical effect of the régime, the solvent idea of popular participation in government appears to have taken root in the Chinese mind. In the mutual reactions between this idea and the tendency toward centralization and the movement to secure the imperial power, are likely to be enacted some of the most interesting political phenomena of the twentieth century.

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CONTENTS.	PAGE
CURRENT COMMENT	225
EXPORTS TO CHINA AND HONGKONG	227
IMPORTS OF TEA AND SILK INTO THE UNITED STATES	228
THE NEW CHINA AND ITS NEEDS	228
AN APPEAL FOR ORIENTAL INSTRUCTION	230
THE RUSSO-JAPANESE AGREEMENT DIPLOMATICALLY CONSIDERED	232
RAILWAY STRATEGY IN CHINA	238
NEUTRALIZATION, EXTENSION, OR COERCION ?	241
THE CARES OF THE MANDARIN	243
CHINESE COMMUNITIES ABROAD	244
COTTON GOODS IN CHINA	245
COTTON MANUFACTURERS IN JAPAN	245
THE PROTECTION OF THE TEA INDUSTRY IN FORMOSA	246
CANTON AS A RAILWAY CENTRE	247
RUSSO-JAPANESE TRADE	247
ADVERTISEMENTS	248

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IN contradistinction to what may be called the American view of the situation in Manchuria created by the Russo-Japanese agreement, which was presented in the last number of THE JOURNAL, there will be found in the present number, in the shape of an article from the *Fortnightly Review*, by a competent English observer of foreign affairs, what may be accepted as the European view. In the *Contemporary Review* Dr. E. J. Dillon deals with the same subject in substantially the same way. There is in both articles repeated admissions that the policy of Secretary Knox had very little to do with bringing about the closer rapprochement that has taken place between Russia and Japan. This has been the result of negotiations extending over two years, and was prompted by reasons more powerful than the benevolent intention of the United States to restore to China her own with the least possible international disturbance. The broad diplomatic significance of the entente between Russia and Japan, to which Great Britain and France are necessarily parties, must be held to dispose of Mr. Millard's charge about the "diplomacy which is actively trying to keep American interests out of China." The aims of all concerned evidently take a good deal higher flight than that, and the reception given to the Chinchow-Aigun Railway scheme would unquestionably have been the same had its financing as well as its construction been left in British hands. But it is surely the irony of fate that the political equilibrium of the world should have to be purchased at the expense of China, and that the deliberate filching of part of the sovereignty of China should be accomplished through the agency of the Power which waged a great war to defend the integrity of China, as necessary to her own independence, and with the tacit approval of another Power whose commercial interests, like our own, have steadily demanded the maintenance of the Open Door throughout the whole Chinese Empire.

WHILE it is true, as Mr. Millard asserts, that compared to what Americans thought they might expect from England in the East, her recent conduct savors of duplicity, it is only fair to take into account the larger considerations of empire which British statesmen are compelled to consult. There is a strong impression among Englishmen best qualified to judge that legitimate British interests are being sacrificed to the susceptibilities of Russia and Japan, and that the settled policy of the Open Door has not been maintained. It is admitted that while Russia and Japan may reasonably claim to have some right to be consulted as to railway development in Manchuria, neither of them

can, by merely putting forward vague claims, bar the path of progress indefinitely. It may be further urged that by Article VII of the Treaty of Portsmouth both Powers bound themselves to exploit their respective railways in Manchuria for commercial and industrial, and not for strategic purposes. It was pointed out by Mr. Millard that while Russia only a few months ago made formal request to be admitted to participation in the Hukuang loan, she showed that she then regarded the Scott-Mouravieff understanding as a dead letter. The appeal to the convention of 1898 has this further element of weakness, that it was an agreement between England and Russia by which China is in no way bound; that the Chinchow-Aigun promoters were merely claiming that China should be allowed to develop her railways for commercial or industrial purposes within her own territories, their interest being limited to the general advancement of trade. It will hardly be disputed that the conditions which existed in 1898 no longer prevail, and that the time has come for determining the territorial restrictions which constitute the respective spheres of interest of Russia and Japan.

THE demands of imperial policy which are held to justify a line of conduct indefensible under any of the precedents hitherto accepted in Great Britain, are fairly outlined in the article which we reproduce from the *Fortnightly*, which may be compared by the student of these questions with Dr. Dillon's comments in the *Contemporary*. Unfortunately, both involve the cynical admission that the new agreement guarantees not only all the treaties and conventions, but all other arrangements concluded up to this date between the two contracting Powers which have established them in the practical *status quo* now obtaining in Manchuria, and it means that they intend to stay there indefinitely and to keep their respective positions on the existing terms. In spite of the respectable authority of both commentators, this cannot be held to be an understanding that makes for peace. When Russia occupied Newchwang, and left the world in little doubt as to her ultimate intentions in Manchuria, it was remarked in these columns that if the Russian flag were to be allowed to float from Mukden, without protest or warning from the United States, we could have no possible reason to allege against its floating over Peking; against the creation of a German protectorate over Shantung and the adjoining provinces north of the Yangtze; against the marking out of a zone of French influence from the frontier of Tongking to the headwaters of the Brahmaputra. If the first steps did not concern us, neither did the further steps or the inevitable end. The fact that two Powers are now concerned in the "peaceful" penetration of Manchuria does not greatly alter the case so far as the nations are concerned who have stood for the maintenance of the integrity of China as essential to the preservation of the peace of the world. It must be admitted that, at the present moment, the United States appears to enjoy the solitary distinction of standing where the other Powers professedly stood with her in February, 1902, when Secretary Hay declared that any agreement

"whereby China gives any corporation or company the exclusive right or privilege of opening mines, establishing railroads, or in any other way industrially developing Manchuria can but be viewed with the gravest concern by the Government of the United States. It constitutes a monopoly which is a distinct breach of the stipulations of the treaties concluded between China and foreign Powers, and thereby seriously affects the rights of American citizens."

A CONTRIBUTION to this discussion will be found in another part of this issue from the pen of that very clear-sighted observer and thoroughly fairminded man, Mr. George Bronson Rea, of the *Far Eastern Review*. In a recent contribution to the *Times*, of this city, Mr. Rea presented the same questions from a somewhat different point of view, pointing to the general conclusion that the convention between Russia and Japan is a merely temporary understanding, and the British approval of it merely incidental to the position which India holds in the British Empire. Mr. Rea's line of argument was somewhat as follows: Japan and Great Britain were drawn together in the bonds of alliance for the sole purpose of opposing Russia's advance, and since then the energy and attention of the latter have been diverted from India and confined to Manchuria. India is safe so long as Russia and Japan can be played off against each other; but Britain, watching the progress of the game in the East, sees that Russia's position is growing stronger every day, and that her victory in the next war with Japan would mean the absorption of Manchuria and Korea. With Japan out of the way, Russia would have a free hand to follow her own cherished dreams of empire in Asia, and the centre of interest would again be shifted to Afghanistan and Central Asia. It is therefore clear that anything which might tend to weaken Japan's position in Manchuria, and strengthen that of the common enemy, must meet with the disapproval of Great Britain, even though in so doing other interests are sacrificed. It is, therefore, the judgment of Mr. Rea that in making the new convention Japan was willing to make any concessions to tie Russia's hands and stave off the day of reckoning; that instead of an expression of hostility to America or further menace to Chinese integrity, this convention might more aptly be termed a truce, or a sparring for wind on the part of Japan in an attempt to tie Russia's hands for a number years until Japan can catch up with her. Further, he regards it as foolish for the world to believe that there ever can be any pooling of issues between Japan and Russia to despoil China. Either one or the other must retire from the field, and any convention or agreement entered into to preserve the *status quo* against a third party merely says that they are not going to get away with the juicy bone of contention until they are ready to determine which of the two shall possess it. All of which, considering the character of its source, is interesting and suggestive, though obviously leaving out of consideration the very important issues in Europe and the Near East in reference to which Russian policy must for a generation to come have to be guided.

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the twelve months, ending June 30, 1909 and 1910.

EXPORTS TO CHINA.

Months. 1908.	Cotton Cloths.		Mineral Oils (illuminating).		Wheat Flour.	
	Yards.		Gallons.		Barrels.	
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
May.....	14,363,533	820,464	5,583,220	547,946	50	290
June.....	25,506,743	1,622,497	4,287,410	368,394	1,369	7,508
Total.....	139,987,013	\$8,003,857	87,006,468	\$7,112,229	66,773	\$249,165
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
October.....	4,042,308	253,476	4,476,930	374,685	1,125	4,162
November.....	6,173,276	366,155	8,045,560	643,618	2,450	10,452
December.....	5,452	1,176	4,520,040	371,268	757	3,038
1910						
January.....	.....	.....	3,311,000	268,540	1,393	5,895
February.....	17,271	3,568	3,166,810	258,115	500	2,250
March.....	64,939	3,983	6,279,100	477,295	19	103
April.....	3,334,800	209,841	3,106,000	230,143	611	2,936
May.....	21,601,907	1,342,041	9,646,950	574,867	250	1,000
June.....	10,515,200	662,990	10,845,070	655,309	263	1,163
Total.....	95,041,155	\$5,762,318	65,817,980	\$5,015,397	21,243	\$93,164

EXPORTS TO HONGKONG.

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
May.....	37,512	4,669	.....	.....	21,894	91,066
June.....	157,991	20,293	1,000,000	109,000	5,356	26,561
Total.....	814,872	\$96,935	67,707,658	\$4,581,522	892,151	\$3,534,950
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	60,477
September.....	46,364	6,458	.....	.....	73,794	304,967
October.....	530,881	41,876	1,785,799	75,896	89,572	375,141
November.....	48,707	6,147	.....	.....	108,433	440,904
December.....	139,993	14,503	3,793,550	314,016	167,645	703,956
1910						
January.....	16,595	2,543	1,589,140	195,711	108,727	432,622
February.....	24,447	3,356	.....	.....	20,800	89,650
March.....	13,437	1,842	.....	.....	34,285	146,546
April.....	14,297	1,442	2,133,172	83,368	12,277	50,915
May.....	24,427	4,165	1,170,000	91,115	11,304	45,395
June.....	66,974	4,322	.....	.....	15,676	64,737
Total.....	1,128,950	\$107,132	58,067,925	\$3,386,526	668,692	\$2,790,649

DEPARTMENT OF COMMERCE AND LABOR,
Bureau of Statistics.

WASHINGTON, D. C. Aug. 1, 1910.

Imports of Tea and Silk into the United States for the twelve months, ending June 30, 1908, 1909 and 1910.

Imported from	1908.		TEA.		1909.		1910.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	9,515,369	2,242,645	14,943,576	3,286,409	8,235,698	2,054,454		
British North America....	2,435,389	613,824	4,565,260	1,052,541	2,237,649	517,062		
Chinese Empire.....	27,293,278	4,016,939	32,219,609	3,501,476	28,043,171	3,275,343		
East Indies.....	7,290,513	1,194,822	9,990,398	1,505,612	8,154,649	1,316,283		
Japan.....	46,944,430	8,084,435	51,910,762	9,000,554	38,187,229	6,334,588		
Other Asia and Oceania ..	456,221	72,782	628,516	78,719	326,294	46,241		
Other countries	214,364	84,423	658,399	137,365	441,680	127,975		
Total.....	94,149,564	16,309,870	114,916,520	18,562,676	85,626,370	13,671,946		
RAW, OR AS REELED FROM THE COCOON.								
Imported from	1908.		SILK.		1909.		1910.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France.....	375,040	1,487,313	710,968	2,258,863	589,136	1,612,148		
Italy.....	2,966,783	12,916,747	4,979,038	19,091,152	3,523,924	13,268,689		
Chinese Empire.....	2,386,436	8,276,243	4,828,043	12,341,801	4,084,415	9,675,898		
Japan.....	9,625,310	40,678,372	12,694,744	44,689,830	11,957,504	40,103,780		
Other countries	70,472	306,859	120,957	448,922	208,348	764,269		
Waste.....	1,237,904	881,077	1,840,191	1,069,087	3,045,235	1,690,393		
Total unmanufactured	16,661,945	64,546,611	25,173,941	79,899,655	23,408,562	67,115,177		

THE NEW CHINA AND ITS NEEDS.

The following address was delivered at the commencement exercises of St. John's College, Shanghai, by Mr. H. F. Merrill, Commissioner of the Imperial Maritime Customs:

Young men of the graduating class, you have had the rare good fortune to spend these years of preparation for the work of life in this institution, which stands first among many friendly rivals in the successful education of Chinese youth, and in the character and achievements of its graduates. St. John's University has won for itself, beyond dispute, the right to be considered a serious factor in the shaping of the new China. Today you leave its walls to add so many more to the number of earnest young men who have got their equipment here to start them on useful and honorable careers. It is too soon for you to realize today what are the best things you have got in these halls; but by and by, after you have forgotten most of the facts that you have learned here, then I think you will find that the best things you have got here, and the things that stay with you, are a power to form correct judgments, to discriminate between good and bad, or between good and better, and the formation of a will and determination to choose the good and to follow the better course.

Most of the students here have sought this school, I am sure, because they have seen the trend of thought in modern China, which is manifested in a growing and spreading recognition of the fact that the Chinese must learn and adopt to a much greater extent than hitherto the ways and methods of modern civilization; must acquaint themselves with the progress and continuous advance made by thinkers, students and inventors of the Western world in fields of political and social economy, practical science and industrial arts.

Thus you have had impressed upon you the paramount

importance of a radical reform of the civil service—especially of the establishment of an honest, efficient and economical machinery for the collection of an adequate revenue by equitable methods of taxation. You have been led to see the crying need for a reform of the currency and financial system—the abolition of the numerous standards of value and the confusion of currencies, and the adoption of a national unit of value and a national coinage to be used throughout the Empire to the exclusion of all others—a coinage beyond suspicion and absolutely reliable. You have learned of the necessity for a separate judiciary system, with courts of justice accessible to all, presided over by judges able and impartial, whose judgments shall be rendered in accordance with the merits of the case, under a fixed code of laws and established principles of interpretation. You have seen much and heard much of the superiority of the Western nations in public sanitary works and municipal improvements, and have realized the importance of the general introduction into Chinese towns and cities of improvements in drainage, scavenging, street cleaning, lighting, policing, fire prevention, a pure and adequate water supply, public parks and recreation grounds, and, in general, a care for the health, safety and convenience of the public.

In the matter of transportation facilities you have witnessed a rapid advance in these last few years; but it is, after all, only a small beginning of what must come. Hostility to railways may be said practically to have disappeared in China, but there is in some places a strong, even a violent, sentiment against the control of foreigners or the participation of foreign capital in railway construction. The aim of the Chinese, which has lately become increasingly manifest, to develop their country's resources, and to construct and operate its railways and transportation lines as far as possible by the work of their own people, is one

which must meet with sympathetic recognition so long as it does not lead to a too hasty cutting adrift from foreign aid the establishment and conduct of industries and undertakings for which China is still a new field. Let prudence and modesty temper the ambition of China's new fledged engineers—a too hasty discarding of foreign expert assistance may lead to disaster. This applies not only to the matter of transportation, but quite as much to the development of China's mineral resources.

Even in agriculture you will have seen that the West has something to teach to the East—especially in such things as scientific forestry and irrigation, the selection of fertilizers adapted to different soils, the breeding and improvement of all kinds of live stock, and the application of the latest methods in horticulture.

You will have heard and read much here of the provision which Western governments make for the care of the poor, the insane and feeble minded, the blind, the deaf and the disabled, and you will have been impressed with the importance of the general introduction into China of institutions for the blind, asylums for idiots and the insane, hospitals for incurables, homes for the aged or disabled poor, institutions for deaf mutes, orphan asylums, bureaus of organized charity and the many similar institutions which in Europe and America are doing so much to alleviate the misery caused by poverty and affliction.

In thus indicating some of the principal points in which the people of the Western world are indisputably at an advantage as compared with the Chinese, I make no attempt to give a complete list. But the list is enough for my purpose, which is to suggest some ways in which one of you, no matter what calling or profession he may follow for a living after leaving here, may make use of the equipment obtained here in fostering a public sentiment in favor of real progress and true reform.

And now, I want to speak a few words on the other hand, concerning certain respects in which China is already in a happy condition, and needs not to learn of the West, and to urge the careful cherishing of these advantages, lest, in the movement toward modern material improvements, the good of the old ways should be discarded with the bad.

In the first place, the Chinese have simplicity of life. The Chinese people are patient, industrious and frugal—content with a simple life; earning by daily labor the means of subsistence, and not looking for or coveting luxuries beyond their means. Their food is simple, but there is enough of it and in sufficient variety; their clothing is sensible in its shapes and adaptable to the seasons, and withal cheap and little subject to the vagaries and whims of fashion which cause garments to be discarded long before they are worn out.

The Chinese houses are generally comfortable, and, if the income permits it, have some accessories and adornment beyond the bare necessities of life, but there is rarely any extravagant display. Economy and frugality are the rule.

Now, the introduction of modern material improvements is bound to create new wants, and to change the standard of living in China, as it has in Western countries. And so,

I think, the introduction of modern improvements into China is not going to be an unmixed blessing. In so far as these improvements cheapen the necessities of life, or add to its simple comforts, they will do nothing but good; but in so far as they minister to luxury, ease and pleasure, and create new wants and set up new standards in this respect, while they may still be good for those who can afford them, they may be a bane to those who cannot, for the increased diversion of capital to the creation of luxuries must result in an increased cost of the necessities of life.

Again, China has a more even distribution of wealth than is found in Western countries. Great fortunes there are in China, but they are comparatively few, and there is no restless striving for great wealth. They only add to the material wealth of the world who take some useful product from land or water, or devise and operate the ways and means of preparing it for use and of getting it to the consumer—he who gets wealth for himself by adding to the wealth of the world, by intelligent industry, or by discovering and operating new and improved methods in any of the numerous paths and processes through which all products must pass before reaching the consumer, deserves his wealth, and his possession of it ought not to excite envy and discontent. But he who adds to his own wealth only by practicing clever and often unscrupulous schemes for transferring to himself the possessions of others is of no benefit to the world—the greater his fortune the less is his merit—and vast fortunes thus made cannot fail to excite a sense of the injustice of things in the minds of the struggling masses, and arouse apprehension of serious trouble in the future. Colossal fortunes and extravagant display of wealth are extremely rare in China—may they ever remain so!

Next, and best of all, China is a peaceful and a peace loving nation. That she may be kept so is the fervent wish of her truest friends, and should be the aim of her students at home and abroad so far as their efforts and influence will help. There are many who honestly believe that the only way to insure peace is to expend annually the cost of a small war in the creation, equipment and maintenance of a powerful army and navy. And if we were convinced that only by the possession of such an army and navy could China's integrity be maintained, and her full sovereign rights recognized, we should heartily advocate the policy of display of force. But the world is coming to believe that war is not a necessity, and that the scope of diplomacy and of international arbitration will gradually, or, perhaps, even suddenly, be enlarged so as to include all matters at issue between nations. Such a consummation may yet be far off, but at least its possibility is recognized—it is no longer generally regarded as a chimera. Let not China be in a hurry, then, to create a great army and navy; let her rather be the first—lead the van—in subscribing unreservedly to an international pact for compulsory arbitration, and thus shall she preserve her traditional character as a peace loving nation. The cost of a great army and navy is an enormous drain on the resources of a country, and China's finances are in no condition to stand it. A well equipped, well disciplined and well drilled force sufficiently large to maintain internal peace, and a fleet of well found and well commanded gun-

boats to suppress piracy on the coast is all that China should try to maintain at present. In her relations with other nations an invariable adherence to strict right, and the full discharge of obligations entered into, will put her in a stronger position and be a surer guarantee against aggression than would the possession of a great army and navy.

Other advantages which China does not have to seek abroad consist in the possession by her people in a marked degree of certain good qualities and characteristics which I can only briefly mention here without enlarging upon or illustrating them.

The Chinese are orderly, law abiding and well behaved; they have a strong sense of right and justice—are fair minded; they are reliable in commercial dealings—pay their debts and keep their agreements, whether verbal or written; they are dutiful to parents, fond of children and mindful of the ties of kindred; they are courteous and polite, mindful of etiquette, and punctilious about returning courtesies or favors; they are respectful to elders and superiors; they honor and respect character and intellectual ability, and do not recognize an aristocracy of wealth. This list might be largely extended, but it is enough to show what I have undertaken to show—that China has not, by any means, to seek abroad all the requisites for national greatness and popular welfare; some of the most important are here already.

The benefits that China can get from the West are many and great; the advantages which she has already are hardly less important. How much of the new shall be adopted and how much rejected, how much of the old shall be cherished and how much discarded, these are questions in the determination of which a very important part is to be taken by the Chinese students of today, and the students of St. John's will not be found wanting. Here is a field for the exercise of that faculty of forming sound judgments, that will and determination to follow the good one and the true, which is the object and aim of all sound education.

AN APPEAL FOR ORIENTAL INSTRUCTION.

The following petition has been addressed by the American Asiatic Society of Japan to the public and private educational authorities of the United States:

"All who have become more or less familiar with the customs and habits of the Oriental peoples, and their recognized standards of civilization, by a longer or shorter residence among them, are deeply impressed, on returning to America, by the widespread ignorance that is met with among all classes of the standards and conditions of moral, social, political, economical and commercial life and activity which have developed during centuries and do obtain among these peoples.

"It is a well known fact, and greatly to the credit of Japan that, during the past forty years, she has sent commission after commission to study conditions in the Occident, and moreover has employed many experts in education, juris-

pudence, military tactics and in many other departments to aid in her modern development, the fruits of which are abundantly manifest in her curricula of education, as well as in the phenomenal achievements she has made. As a result of that wise method it can be said that the children of Japan are far better informed as to character, resources and standards of civilization of the American people than are the children in America regarding things Japanese.

"It is, therefore, in the hope that some appropriate and efficient means may be devised to supply the evident lack in the curricula of the schools in America that we take the liberty to submit the accompanying petition to the educational authorities of the United States of America.

"The petition has, practically, the unanimous endorsement of American citizens residing in Japan, and is respectfully submitted to you by the American Asiatic Association of Japan for your earnest and intelligent consideration.

"(Signed) N. F. SMITH,

"President.

"EUGENE S. BOOTH,

"Committee.

"YOKOHAMA, July, 1910."

A PETITION

To the Public and Private Educational Authorities of the United States of America.

Whereas, The great nations of the Far East, Japan and China, are in their present character and civilization the product of a long historical development, at least the outlines of which must be understood in order to obtain an intelligent appreciation of their national institutions and peculiarities; and

Whereas, The curricula of lower and higher schools in America, while rightly paying great attention to the history of other ancient nations, provide for little or no instruction in the history of China and Japan; and

Whereas, From this lack of instruction result widespread ignorance and lamentable misunderstanding in regard to these Oriental races, with whom the people of the United States are being constantly brought into closer contact, therefore,

Do we, the undersigned, Americans resident in Japan, respectfully urge and petition all educational authorities of the United States, both public and private, to supply the above deficiency in the interests both of American education itself, and also of international comity, based upon mutual understanding.

NAMES OF AMERICAN CITIZENS RESIDING IN JAPAN WHO HAVE SIGNED THE ABOVE PETITION.

N. F. Smith, president of the American Asiatic Association of Japan, numbering over 100 members.

John Hyde De Forest.

D. Crosby Greene.

Clay McCaulay, representative of the American Unitarian Association in Japan.

S. E. Hager.

C. B. Moseley.

J. C. C. Newton.

- Thomas H. Haden.
S. J. Umbreit, secretary of Japan Mission of the Evangelical Association.
E. Rothesay Miller.
W. E. Hoffsommer.
M. N. Wyckoff.
James H. Ballagh, D. D.
Miss Julia N. Crosby, superintendent Kyoritsu Jo Gakko, representing five other ladies, missionaries of the Woman's Union Missionary Society of America.
M. K. W. Heicher, representing the seven missions of the Methodist Episcopal Church.
Galen M. Fisher, representing five secretaries in Japan of the International Committee of the Young Men's Christian Association.
Sidney L. Gulick.
F. A. Lambard.
Ellan Emerson Gary.
M. F. Denton.
Edward S. Cobb.
Florence Brooks Cobb.
J. D. Davis.
F. H. Davis.
M. D. Gunning.
D. L. Grover.
Florence H. Learned.
Charlotte W. Grover.
Cara F. Gulick.
Otis Cary.
John McKim, Bishop, representing forty-nine members of the American Episcopal Mission.
J. H. Scott, American Baptist Missionary Union.
Margaret L. Matthew, secretary Tokyo Y. W. C. A.
A. Caroline Macdonald, National Society Y. W. C. A.
Mary E. Kerr, National Office Society Y. W. C. A.
H. Loomis, American Bible Society (two persons represented).
A. T. Howard.
Joseph Cosand.
B. F. Shively.
Cornelia Judson.
Horatio B. Newell.
Jane Cozad Newell.
Care F. Deichman.
E. H. Vandyke.
Martin L. Ryan, representing six American citizens.
G. I. Keirn, Universalist (six persons represented).
Flora E. Strout, representing two persons.
A. D. Hail, West Japan Mission Presbyterian Church (North), representing forty-seven persons.
J. Reifsnider, secretary and treasurer Episcopal Mission, Kyoto.
Willis G. Hoekje, secretary the South Japan Mission of the Reformed Church in America (twelve persons).
Schuyler S. White.
Alice P. Adams.
Mary E. Wainwright.
Rev. Wallace Taylor, M. D.
Mrs. Wallace Taylor.
Rev. George Allchin.
Mrs. George Allchin.
Miss E. Ward.
Miss M. F. Allchin.
Arthur W. Stanford.
Annie L. Howe.
Eliza Talcott.
Rosamond C. Bates.
Gertrude Cozad.
Charlotte B. De Forest.
Olive S. Hoyt.
Mary E. Stowe.
Grace H. Stowe.
Florence M. Gordon.
Amanda A. Walker.
Gideon F. Draper, vice chairman Methodist Episcopal Mission.
Charles W. Iglehart, secretary, representing sixteen persons.
F. L. Smelser, representing four missionaries.
A. Youngren, superintendent.
S. E. Cooper, secretary.
C. K. Lippard, secretary Lutheran Mission, representing nine persons.
H. G. Clark.
C. B. Olds.
Mrs. Olds.
C. A. Clark.
Charles M. Warren.
Cora K. Warren.
H. W. Myers.
H. M. Landis, chairman.
A. K. Reichauer, secretary East Japan Mission of the Presbyterian Church in the U. S. A., twenty-six members.
J. T. Steiner, secretary representing the Japan Mission of the Reformed Church in the United States (nine persons).
E. J. King.
F. W. Heckelman, missionary Methodist Episcopal Church.
Mrs. F. W. Heckelman, missionary Methodist Episcopal Church.
W. T. Johnson, Presbyterian missionary.
Sadie M. Johnson, Presbyterian missionary.
George M. Rowland, A. B. C. F. M.
Helen G. Rowland, A. B. C. F. M.
Miss Adelaide Daughaday, A. B. C. F. M.
J. B. Morgan.
Mary L. Morgan.
S. C. Smith, American Presbyterian missionary.
Margaret E. Moore, American Presbyterian missionary.
Alice M. Monk, American Presbyterian missionary.
August Dickerson, missionary Methodist Episcopal Church.
Alberta B. Sprowles, missionary Methodist Episcopal Church.
Florence Elton Einger, missionary Methodist Episcopal Church.

THE RUSSO-JAPANESE AGREEMENT DIPLOMATICALLY CONSIDERED.

From the Fortnightly Review.

In a month unusually full of political interest and international movement the overshadowing event has been the signature of the Russo-Japanese Agreement. It has embarrassed comment in many capitals, where it is felt that the larger moral of this remarkable instrument will lie almost wholly in the application. The immediate significance of its bearing upon the position of the contracting Powers in Manchuria is very great. Yet this alone may be the least part. The further potentialities of a *rapprochement* between Russia and Japan are enormous. They may affect every other factor of world politics. There has been no diplomatic settlement with a wider orbit of possible influence, for the Manchurian compact, practically amounting to an offensive and defensive partnership with regard to one well defined question, is the first arrangement of its kind which is not only of equal moment for Asia and Europe, but extends far beyond these continents and involves more or less the others. Though it is not true to say that the sharp point of the instrument is directed against the United States, it is, nevertheless, an affair of first class importance both for the American Republic and the Chinese Empire. It is of no less interest to the British Empire. It is at the same time capable of becoming an indirect, but none the less mighty, factor in the future politics of the Near East. Again, whatever touches the interest of Russia concerns those of France hardly less intimately. If the new agreement between our friends and our allies is far yet from meaning what Nietzsche would have called the inversion of all values, it is not too much to say that all previous diplomatic values are modified by it, some in a favorable sense, some in an adverse. Nor is this all. As roses have their thorns, all diplomatic successes whatever, which strengthen the position of any group of Powers, invariably lead to closer relations, whether of a more or less formal character, within another group. In this sphere also action and reaction are opposite, though not always equal. There are already signs that counter moves will be attempted in more than one quarter of the diplomatic field.

All this is not necessarily disquieting. It means for the present a more secure as well as a more complete and a plainer organization of international politics. Whatever superficial pessimists may think, it is the doctrine of "no entanglements," dear to the less thoughtful sort of pacifists, which would be most likely to lead to misunderstanding, cross purposes, friction and war. Compared with the present tendency to link up the interests of all mankind by a worldwide series of diplomatic arrangements, not arraying crudely hostile forces against each other on parallel lines, but full of cross connections, the former state of international affairs was one of diplomatic anarchy. In politics, as in industry, we have to deal with a vaster and more dangerous machinery, but also more effective for pacific purposes if handled with skill. The risks of war become wider and more terrible as international partnerships be-

come, as it were, syndicated, compelling us to think by continents and oceans rather than in terms of local and isolated problems as of old. But just this solid balance of the huger forces makes at present for equilibrium. The very fear of more stupendous calamities than mankind has yet known imposes caution, helps to keep the peace, enforces compromise where conflict would formerly have broken out, and, in spite of the unsatisfactory and apparently temporary character of most of the compromises, tends to the permanency of the provisional. We are familiar with a similar process in economic life. As employers and workmen become more widely federated, and the results of any possible conflict become more certainly and irreparably disastrous, pitched struggles between capital and labor become rare. That is like what is happening in international affairs. It need hardly be said that we must guard ourselves very carefully from an exaggerated optimism. The millennium is not yet in sight. The nations preoccupied by conflicting interests and full of suppressed passions are not yet a row of extinct volcanoes. It is every way likely that the highest international ideals of which we dream today will never become a shining reality until they emerge from another blood-bath. But the armaments, the alliances, the agreements and *ententes*, which would make war more universally ruinous if it came, do more than anything else to postpone it even now, and in the long run will do more than anything else to prevent it altogether. Mingled and even contradictory feelings like these explain the cautious and undecided character of most of the comments upon the new Russo-Japanese understanding. Let us try if, without departing from that wholesome mood, we can make a clearer picture of the meaning and consequences of the Manchurian settlement.

It interests simultaneously all the eight greater Powers of the world, involves the United States and Japan as well as Europe, and is in this way of wider effect than any diplomatic instrument ever before concluded. We have said that the moral of the agreement depends upon its application. It may remain of merely local importance. It may become of epoch making consequence for the whole future of world politics. Those who, like the present writer, take the more favorable view of it, are profoundly anxious that it shall become an agency of peace, not of aggression. Those who dislike it most deeply feel that they would only rivet it by hammering upon it, and that any dangers it may suggest would only be increased by insisting upon them. It is obvious enough that if Russia and Japan were ever driven by further diplomatic developments into a closer and more general alliance, like that which now unites France and Russia, they would be invulnerable in this sense, that complete defeat could not be suffered by either of them, and no losses could be inflicted upon them by any possible combination at any one point which they could not make good at other points. That is why the Manchurian under-

standing not only means an additional security of immense importance for both Japan and Russia in the next decade, but means one of the strongest guarantees for the continued peace of the world.

When the Treaty of Portsmouth was signed Japan was full of bitterness and disappointment, and Russia seemed to be plunging into revolution. That the belligerents in the tremendous struggle of 1904-5 should have been able, within half a decade, to frame a compact for the mutual defense of all their interests in the Far East is one of the greatest achievements of its kind in diplomatic history. There has been nothing quite like it since Bismarck, in less than a decade and a half after Sadowa, concluded the alliance with Austria-Hungary, which, as we have lately seen, dominates Continental politics to this day, and after more than thirty years is of far more force and importance than ever before. That was the most original triumph of Bismarck's genius, just as the failure to reconcile France still represents, forty years after Sedan, the worse disadvantage of German policy. It will be agreed that the statesmen of Tokio and St. Petersburg have imitated the happier of the examples set by the greatest modern master of statecraft. The provisions of the document signed in St. Petersburg on July 4 is simple:

(a) The contracting parties begin by declaring that their object is the consolidation of peace in the Far East.

(1) To this end they are to assist each other in the development of their respective railway systems, and will abstain from all prejudicial competition.

(2) "Each of the high contracting parties undertakes to maintain and respect the *status quo* in Manchuria, resulting from all the treaties, conventions and other arrangements concluded up to this date, either between Russia and Japan, or between these two Powers and China."

(3) "In the event of anything arising of a nature to threaten the *status quo* mentioned above, the two high contracting parties shall enter each time into communication with each other with a view to coming to an understanding as to the measures they may think it necessary to take for the maintenance of the said *status quo*."

We quote the last two clauses textually, as the pith of the agreement is contained in them.

The significance of the whole instrument in one respect is plain. It means unmistakably that Russia and Japan stand back to back in Manchuria, and that no force capable of dislodging them exists now or is likely to be created for many a day to come. We have said that this mere local aspect of the question is not its sole, nor perhaps its most important, aspect; but let us take first that side of the agreement. It would be an error to regard this mutual insurance system—for Manchurian purposes it is nothing else—as a defensive or even a precautionary measure exclusively prompted by the zealous diplomacy of the American Secretary of State, Mr. Knox. The agreement was rendered almost inevitable by quite different reasons, but there is no doubt that it was hastened and insured by the action of Washington. Mr. Knox had proposed the internationalization of the existing Manchurian railways. He had also urged the construction, under international auspices, of a great railway from Kinchau on the Yellow

Sea to Aigun on the Amur. This line, running to the west of the existing track from Harbin to Port Arthur, would outflank Russians and Japanese alike. It would secure, indeed, an independent connection between Peking and the Trans-Siberian Railway, but it would for that reason have been fatal to many of the military and commercial advantages which were supposed to be secured to Japan by the Treaty of Portsmouth. Some day it might have placed that country in the greatest jeopardy when China is not only awakened in aspiration as now, but is more thoroughly reorganized in fact. Mr. Knox, in both these proposals, ignored the point of view of Japan, disregarded her genuine anxiety about her national future, and set at naught all the bloodshed and heroism and loss, all the sacrifices and sufferings of one of the most daring and tremendous struggles ever waged by any nation. The Mikado's subjects are of the humor to die to the last man rather than submit again in their own part of the world to any such dictation from the West as expelled them from the mainland after 1895 in spite of their victories. The dreadful Nemesis of that policy was the more appalling conflict with Russia in 1904-5; and even if Washington could have imposed its recent policy upon Japan—whose point of view we are now explaining rather than advocating—another temporary success of that kind would some day prove to have been dearly bought by its authors and by the world at large.

Apart from any question of national pride—though that counts for modern Japan nearly as much as national interest—cool statesmanship at Tokio was bound to feel that the practical considerations bound up with Mr. Knox's Manchurian proposals justified resistance at all costs. But from the point of view of Washington it might well have seemed that the scheme offered equal advantages to China and Russia, and might well be acceptable to the latter. This view, however, was obsolete in point of time. It might well have been persuasive half a decade ago. It has become utterly obsolete since as a consequence of the policy of Vienna and Berlin rather than as a result of the policy of Peking and Washington. But in other respects also Mr. Knox's procedure was based upon a complete misconception of Russia's real interests in the Far East. China, even now, is deliberately pushing emigrants toward the Amur, and that process suggests possibilities far more disquieting than anything now to be feared from Japan. For the Czar's provinces and sphere of influence in the basin of the Amur, the yellow peril is a very real thing; but its most insidious and formidable shape is represented, not by another Japanese attack—which wise diplomacy can avert, and, as we see, has averted—but by the steady, pacific, irresistible wave of Chinese settlement. Mr. Knox's Kinchau-Aigun Railway would not only promote that movement, but might put it in the end altogether beyond Russia's control. Even Russia's political security at Vladivostok, in Northern Manchuria, and all along the lower Amur, would be diminished by an international line striking across the Trans-Siberian system. A dozen or twenty years hence the new line might be at the disposal of a far more powerful and possibly hostile China. For this reason alone statesmen at St. Petersburg were bound to look

with suspicion and disfavor on the Washington program. But there was another and still stronger reason.

As between Russia and Japan in the Far East it must be one thing or the other—either definite peace or renewed war. For the Czardom there can no longer be any object in such a war. It would be a purposeless madness involving calamities far greater than those of the last struggle. In any case that Power would be eliminated from Europe and flung forever, yet perhaps fruitlessly, upon Asia. All the historic ideals of Russia, that is to say, all her more vital interests in the Near East, would have to be finally and irrevocably renounced. The moral federation of the Slavs, already difficult enough to restore and strengthen, would go to pieces. After another and worse catastrophe in Manchuria—where Russia, for geographical reasons alone, would still fight at a natural disadvantage that no mortal efforts can remove or altogether remedy—the Czardom would be plunged into another revolutionary crisis at home. Yet in case of success in such a struggle, supposing triumph to be yet possible, which it is not, Russia, on Mr. Knox's own principles, would be prevented from gaining any real advantage in the Far East. America and China would still press for the internationalization of all Manchuria, but especially of the southern part of that province, and the efforts of Japan would then, as a matter of course, be joined with those of Washington and Peking to deprive Russia of the only practical fruits of any victory she might gain by colossal efforts, and to the ruin of all the purposes of her policy elsewhere. We need not labor the demonstration. Nothing in the usually complex sphere of diplomacy was ever plainer. So far as this generation is concerned Russia can reap nothing but bloody futility and infinite disaster from a renewal of the fatal adventure in the Far East toward which she was impelled before the scales fell from her eyes by persistent encouragements from the Wilhelmstrasse and the Ballplatz. These reflections and reminiscences may be forgotten at Washington by a diplomacy naturally concentrated upon a special purpose, but they will never be quite forgotten at St. Petersburg.

What follows? If it is, happily, not again to be war between Russia and Japan, then, as we have shown upon these calculations of the uselessness and peril of a half-and-half, as well as of a hostile, policy, it must be peace, and not only peace but friendship, co-operation and mutual support. That was the policy offered by Prince Ito to St. Petersburg nearly ten years ago. It was wise then. It is still wiser now. After the last Balkan crisis its ultimate adoption by Russia became inevitable, and Mr. Knox only hastened the inevitable. It is quite untrue, therefore, as we shall show still more clearly further on, that the new Russo-Japanese understanding directs a sharp front against the United States. Nothing of the kind. As between the contracting Powers it is a policy, and the only possible policy, of peace, and of mutual support and defense. The parties to the Treaty of Portsmouth, as a result of the new agreement, now stand, as we have said, back to back in Manchuria. Russia remains in economic occupation of the larger region, Japan of the smaller but richer, which, at the same time, possesses such strong and

compact mountain boundaries, covering Korea and Southern Manchuria alike, that it is the best land frontier which Japan at the present moment can desire. It would be idle to blink the significance of the second article of the agreement. It guarantees, not only all the treaties and conventions, but all other "arrangements" concluded up to this date between the two contracting Powers which have established them in the practical *status quo* now obtaining in Manchuria, and it means that they intend to stay there indefinitely and to keep their respective positions on the existing terms. Manchuria is quite as vital to Japan, and nearly as vital to Russia, as is the Panama region to the United States.

If this argument does not appeal to the American people, so close and experienced a student of European affairs as is President Taft will not refuse to consider dispassionately the European analogies. Bosnia and Herzegovina were occupied by Austria as the mandatory of the Powers. The Sultan's suzerainty was to be respected under the Treaty of Berlin, just as respect for the suzerainty of the Son of Heaven was provided for in the Treaty of Portsmouth. The diplomatic parallel is exact, and closely similar seems likely to be the practical result. No great Power will allow itself to be deprived lightly or without compensation of the political and economic fruit of the efforts and sacrifices in which it is bound to be involved by such a position of occupation without suzerainty. However ambiguous may be that position at the outset from the point of view of a purely theoretical interpretation of international law, the hard facts of occupation will in the end overrule all the claims of nominal sovereignty. And it must not be forgotten that practical precedents set by the Powers in world politics count for as much as the original letter of treaties and engagements. These cannot be broken by some Powers and imposed in like circumstances by anything but force upon others. We cannot lay it down that the allied empires of Central Europe shall steal a horse in the Balkans while Russia and Japan shall not look over a hedge in Manchuria. From this point of view consider the application in the Far East of the precedent set by Count Aehrenthal in Bosnia-Herzegovina, and since condoned and practically authorized by the Powers. Once in occupation of the newly annexed provinces, Austria-Hungary refused to budge, and these territories are now not only wrested away from the Sultan's suzerainty despite the Treaty of Berlin, but they are absolutely incorporated in the customs' system of the Hapsburg Empire, and no such thing as the "open door" exists in connection with them.

Commercially Russia and Japan will not go so far, but the practical considerations determining their indefinite continuance in the occupation of Manchuria are at least as strong as those which have finally established full Hapsburg sovereignty in Bosnia and Herzegovina; and Berlin and Vienna were prepared to go to war in order to force the acceptance of that situation upon Russia. Now, that precedent deliberately laid down was of far reaching importance, and its diplomatic consequences are not exhausted yet. With what face can it now be contended that a different measure from that which was ap-

plied by the Wilhelmstrasse and the Ballplatz to a Near Eastern question shall be imposed upon Russia and Japan in connection with a closely similar Far Eastern question? What purely moral standing have the Powers in connection with the Treaty of Portsmouth when they renounced that moral standing in connection with the Treaty of Berlin. Sauce for the goose always becomes sauce for the gander in these matters. "J'y suis, j'y reste," became eighteen months ago the recognized motto of the Balkan situation. It has now become the motto of the Manchurian situation as it is of the Egyptian situation. Count Aehrenthal and Herr Kiderlen-Waechter, the new German Secretary for Foreign Affairs, whose influence was so strongly felt when Bosnia and Herzegovina were annexed, are much more the authors of the new Manchurian agreement than is Mr. Knox; and the latter may well remind them of their responsibility if they attempt to persuade him that the strict application of their own recent precedents to Manchuria is in reality an affront and menace to the United States. Nevertheless, it will be urged that we are dealing here not with abstract questions in international morality, but with the more practical issue of equal commercial opportunity guaranteed by treaties, and that every Power is entitled according to the measure of its interest to insist upon the concrete advantages apparently secured to it by these treaties. That is very true, but let us see how it works out.

The interest at stake is that of the "open door." England maintains it in Egypt, yet her administrative position there is necessarily of considerable indirect advantage to her trade, though also of great positive benefit to the trade of other commercial nations. Japan and Russia may, and doubtless will, maintain in precisely the same sense the "open door" in Manchuria. Their geographical proximity and their control of the railways insure them the lion's share of the advantage, but all other Powers enjoying equal terms among themselves will participate in a developing commerce. Force, even if it were available, could not alter this situation. If Japan were beaten at sea she would only concentrate her commercial efforts with increased intensity upon Manchuria. Nothing could prevent her. That fact is, in itself, too obvious for argument. The real criticism invited from the point of view of American interests themselves is that Mr. Knox's tone and methods stimulate all the energy and ingenuity of the Japanese in the disputed sphere. In any case, from the purely commercial point of view—and we have already dwelt with the political—the question of the gain of a very few million dollars more or less in connection with a trade representing but an infinitesimal fraction of the total commerce, internal and external, of the United States, could never be sanely held to justify a war or the increase of international friction likely in the end to lead to a war. The United States, as it seems to friendly observers like ourselves, has far more to win by persuasion than by pressure. It is not altogether foolish to hope that the clearer demonstration of what is the practical *status quo* in Manchuria may even lead before long to an improvement in the relations of Tokio and Washington. How devoutly that consummation is to be wished will appear when we

turn to consider the bearing of the new understanding upon questions far wider than that of Manchuria alone. Let us glance from this standpoint at the general situation of Japan, China and Russia, and then at the possible influence of the agreement upon some other nations. For, as we have said, it in some sort affects them all.

Japan is learning diplomatic patience and wisdom in a trying school. White aggression forced her into competition with the West. After the war with China in 1894-5 she was subjected to an intolerable humiliation which denied her claim to political equality with European nations. These things must always be remembered if her attitude is to be understood. She will never suffer such things again, nor anything like them. After the last war she was compelled, as a result of the arbitration which led to the Treaty of Portsmouth, to content herself with a measure of gain which represented the minimum by comparison with the Bismarckian spoils of 1871. The renewed treaty with England was a compensation. But even the friendship of the United States turned. Neither Washington nor Tokio was responsible for the emigration trouble on the Pacific Coast. Neither of them was responsible for the feeling that their future naval ambitions in the Pacific Ocean might seriously conflict. That feeling on both sides was inherent in the nature of the case. It could not be avoided. It was bound to be increased on both sides by the most legitimate patriotic efforts. This was another case that in its tendencies and possibilities recalled Hegel's immortal phrase that the present writer has so often quoted in these pages during the last ten years: "Tragedy is not the conflict of right and wrong, but of right and right." When that is so the best hope lies always in a noble appreciation of the spirit of that maxim, and in reliance upon the healing and adjusting influence of time, which has so often and unexpectedly, as Bismarck knew, averted many wars that were long supposed to be "inevitable." But the loss of American friendship, combined with the growth of American naval power and the construction of the Panama Canal, quite altered international conditions and prospects for Japan. She could not, and did not, expect half the English speaking world to range itself on her side against the other half. This was what she never counted upon. It was not even what she desired. The ultimate result of an Anglo-American conflict, however that hideous and almost unthinkable calamity might turn in the first case, could not fail to be utterly disastrous in the long run to Japan herself, for it would lead sooner or later to an overwhelming coalition against her. Japan, therefore, was compelled once more to rely in heart upon herself alone. The exclusion of her people from the Pacific Coast, where there is no open door either for yellow men or yellow manufactures, forced her to reserve for herself some adequate field of expansion upon her own side of the ocean. For her island population alone, let us remember, now numbers fifty millions, and is increasing as fast as that of Germany.

These considerations made it quite certain that Japan would set a tighter grip on Manchuria. This is surely clear enough. Any other Power in her place would have acted in the same way. But the tighter grip on Man-

churia meant the more acute hostility of China, which may possibly become in two or three decades a greater peril than either Russia or the United States. Japan, therefore, showed the utmost practical wisdom in using every effort to bring about a settlement with Russia on the basis of interests that are, and for a long time will remain, identical. But let it not be imagined that Japan took these steps in a temper of aggressive optimism. She took them in a mood of profound anxiety as well as of stoical resolve. She means to remain a Great Power, and all the events of the last half decade have crystallized her conviction that the possession of Southern Manchuria is now what the control of Korea formerly was—a matter of life and death. That is the state of the case, and to blink it would be an evil as well as a stupid thing. It is idle to say that Japan wants war. She does not. She is an intensely human and artistic, as well as proud and ambitious nation, and she has had enough of war. But in a world where she feels herself morally to be more alone and isolated than is any other people on earth, she is determined to wage if need be the fight of fights, and against any odds, rather than forfeit any part of the present practical guarantees for her own future security. When she looks toward the United States on one side, and toward China on the other, she cannot avoid a certain feeling of sombre fatalism, but that does not shake her in the least. When Australian hostility—again not unnaturally—is added to American, that does not move her either.

It is in some sort a repetition of the old German situation, "*Feinde ringsum*," and these difficulties seem likely to prove the moral salvation of Japan no less than of Germany. They make, necessarily, for earnest and unremitting efforts to strengthen national organization. They leave no room for foolish confidence or for unthinking arrogance, or for any thoughts of light-minded aggression. Japan, therefore, has doubled the strength of her army since the last war, and will ultimately treble it. She likewise is determined to possess such a naval force—if construction entirely in her own yards can, indeed, give her adequate material, as she believes—that, in view of the geographical conditions of a struggle in her own waters, will give her the full presumption of being able to hold her own against any fleet that can be brought against her from other parts of the world. All this means heavy burthens, grinding sacrifices. The new agreement makes obviously to some extent for economy of resources. While the *rapprochement* with Russia lasts Japan upon her present arrangements will command military force far more than sufficient for any crisis that can tax it. She can, again, devote a little more money to her fleet, and with her a little more money goes a long way. That is the situation objectively depicted. Japan will not attack. That is certain. But it will be difficult—and indeed impossible for many years—for any Power or Powers to attack her successfully while the agreement with Russia exists. Speculations are, of course, rife as to the possible decadence of Japanese character. After an age of heroic achievements that is always so. Elizabethan England was full of them. Immediately after Cromwell's strong rule our own national decadence seemed complete. After Marlborough's wars

our degeneration seemed to deepen throughout a long age of prosperity and peace. We never seemed to have fallen lower than just before the Seven Years' War and the great awakening under Chatham's leadership. Other instances might be given, but we need not multiply them. In the thoroughness with which she is providing for her defense in any contingency, Japan is setting an example to every country in the world except Germany; and she neither has now, nor can soon obtain, security and prosperity enough to make it probable that any decadence in her natural character will make a perceptible difference in world politics during the present generation.

Now, however, let us turn to the case of China. In Japanese observers the situation in the Middle Kingdom inspires more alarm than confidence. Their wishes may possibly be fathers to their thoughts, but on the other hand, they may be the shrewdest judges. Two things may be said. There is steady and sure progress in the Middle Kingdom, as well as a vast moral and mental effervescence. On the other hand, it will be a very long time before these improvements and aspirations join together and harden so as to produce anything approaching the solidity of national organization which exists in Japan. Can the long period of probation be won through without tumult and anarchy? That is the doubt, and it is not so easy to answer it. By comparison with the Japan of today China is even weaker than ten years ago. She cannot stand alone. She owes her safety to the fact that China proper is under complete international protection. Yet her Government and people show an increasing disregard of that fact, and even a tendency to defy its meaning. Her policy is a sort of speculation upon diplomatic "futures." China is inclined to act now as though she already possessed the relative strength she expects to have, say, twenty years hence; and antagonism to Japan, if allowed to develop at the rate of recent years, may lead to ill consequences long before the progressing but far from reorganized empire is in any wise ready to face them. The first of all practical necessities is to create railways across the immense tracts where none exist; and the next task is to use the railways when added to the waterways for a systematic policy of industrial and maritime development. These are works which could only be rapidly and surely advanced by means of foreign capital and foreign assistance. But these are the very means which China is more than ever inclined to obstruct and reject in favor of an utterly premature self-sufficiency of spirit. Whether the Russo-Japanese agreement will assist in restoring a wiser and safer mood is what remains to be seen. The Empire needs co-ordinated effort and the direction of masterful and enlightened authority, and that is just what is lacking in China as a whole.

Under the existing Regency the powers and interests of the dynasty are in weak hands; and the notables, the so-called gentry in the provinces, cannot under present conditions, perhaps could not under any conditions, supply anything like the wonderful driving force that Japan received from the tradition and leadership of a feudal aristocracy. In Japan the revolution came, as all the best revolutions must come, from above. In the Middle Kingdom the aspirations and energy of the people altogether outrun the

ability and purpose of the Central Government, and of many or most of the provincial governments. China needs a Peter the Great. Not having him, Peking still deprives itself of the services of Yuan Shih-Kai. Railways extend, however, slowly. There is telegraphic communication everywhere. There is an almost equally ubiquitous press. The postal service is admirable. There is a buzz of political eagerness throughout the country. Militant patriotism is extolled as much as it used to be scorned. The secret societies increase in their subterranean vitality. There is a growing demand—now definitely rejected by the Regent—that the Imperial Parliament shall meet long before the decreed nine years' interval, to end in 1917, has elapsed. There is universal discontent and excitement. China has replied to the Russo-Japanese agreement by referring to the letter of the Treaty of Portsmouth, and expressing her unchanged desire that Manchuria shall be evacuated. Meanwhile the fleet is nothing, and the army, in spite of the excellent drill of the model corps in the north, is still far below a modern fighting standard, and is relatively insignificant in numbers. Whatever the strength of China may one day be those who build exaggerated hopes upon what strength China has now, or is likely to have for years to come, are leaning upon a broken reed. Compared with the attitude China is inclined to assume toward all other Powers—with the exception of the United States, whom the Chinese would like to manipulate but do not really love—these are not promising conditions. What may come of it all no prophet can foretell.

The right course is to believe genuinely, and even generously, in the spread and the ultimate success of progressive effort in China, but to remember always the prodigious distance that still separates its people from their goal of national efficiency and sufficiency. By far the most remarkable proof of the moral possibilities of the new era is afforded by the recent testimony to the large measure of success obtained by the anti-opium movement. In the huge inland provinces of Szechuen and Yunnan it seems certain that the growth has been extirpated, and that over wide regions not a single brilliant field of poppy remains. In other provinces, like Kansu or Shensi, where viceroys are less vigorous or revenue is more precarious, success is by no means so complete, but there is reason enough to think that China is gradually carrying out her part of the bargain with a steadiness which will compel us to put a stop in due course to the importation of Indian opium. In many places the mandarins have warred against the evil thing with stern determination, and have rooted up the pernicious crop when found to have been surreptitiously planted by disobedient cultivators. This, it may be thought, is a thing that would be possible in no other country in the world, and might put some Western examples to shame. Before we make the conclusions too sweeping, however, let us remember that prohibitive and destructive efforts, however beneficent in their object, are a very different matter indeed from the kind of achievements that display positive organizing faculty upon a national scale. The situation and future of the Middle Kingdom appear somewhat like a mountain top shining out of thick clouds and mists wrapping it downward to the base. The ultimate destiny of China and the Chinese seems certain to be bright, though how and when they will attain the distant summit of their national ambition is known neither to them nor to others. The more immediate political future of China is uncertain, obscure, and may have dangerous surprises in store.

At this point we turn naturally to the position in general politics now held by Russia. The Manchurian settlement means one of the most decisive steps toward national recovery that she has taken since the war. Our sentimentalists who abuse her on various accounts do not quite know what they mean. They do not mean action, yet they invite Sir Edward Grey to oppose Russian influence in North Persia, while they simultaneously denounce every feeblest sign of what they call militarism, and clamor against naval estimates. Our sentimentalists are a strange and inexplic-

able people, and if they could have their way we would quarrel with all our friends and apologize for all our rivals. We would be left without a friend or an ally in the world, and the last shred of empire outside these islands, perhaps of liberty within them, would disappear in a decade. The Manchurian agreement ought to bring our sentimentalists to reason if they are capable of it. Yet they do not rejoice so visibly as might be because peace between Russia and Japan is for a long time assured. For several reasons our friendship is still more valuable to Russia than anything else except the French alliance, but Russia is again invulnerable by us just as she was before our first Japanese alliance was concluded. That, of course, does not diminish in the least our satisfaction in the gradual restoration of Russia to her due place in the world's councils. It will be well, however, for philanthropic politicians, who expend a generous vocabulary of moral indignation but mean nothing effective, that Russia is henceforth perfectly free as far as physical control goes to do what she pleases in North Persia, where the reformed régime is still dragging out a frail and troubled and dejected existence. More important, however, is the European position of the Czardom. The Finnish bill rather suspends the parallel sovereignty of Finland than suppresses what we in this country understand by home rule; but whatever we may think of that bill, it has been carried and applied in a way that puts Russia for the first time in full control of the Baltic coasts of her empire. This policy may have gone too far or not—the whole spirit of recent dealings with the Poles may be accused of sheer reaction—but we must not forget that a desire for Imperial security and strength has dictated the action of the Czar's ministers, and under their sovereign they are the only possible judges of what their duty demands. That they are emphatically supported, both in their Finnish and in their Polish policy—not so harsh in either case as German policy toward the Poles—by the large mass of the Russian people, seems quite certain.

The Third Duma has suspended its sittings to the autumn, and the personal power of the Czar has been restored to an extent that a few years ago would have been thought impossible. Yet economic progress is not interrupted, and the increased strength and decision of the executive gives Russia the firm direction that she still needs more than anything else, and makes unquestionably for the surer and more rapid recovery of Russian power. The settlement with Japan is in its way a direct message to the address of Count Aehrenthal, and though that statesman's nature is to hit back, and he is certain to revolve expedients, he may find effective retort difficult. Russia is not ready for aggressive action, and some period yet must pass before she will have recovered her former influence. In the meantime she can now give her undivided attention to the Near East, and there she is again to be reckoned with. Her work of military reorganization goes steadily forward, and in another few years she will be more powerful than ever before. She watches and she waits, and she turns to profit both her military and diplomatic reverses. Recent figures as to the growth of her population are more astonishing and instructive than even previous statistics of the same kind. Consider her progress in man-power during the last half century. In 1860 she had 75,000,000 inhabitants. In 1910 she has 160,000,000. Her people are now increasing at the rate of 2,225,000 annually. Siberia already contains as many inhabitants as Canada, and grows as fast. In a single quarter of a century the Czar adds to his subjects an increment equal to the whole population of Austria-Hungary. These are assets that must tell with enormous weight in the international scales as time goes on, and they will now begin perceptibly to redress the balance before any very long time has elapsed. It is an utter mistake to imagine that Russia can always be treated either at Berlin, Vienna or Constantinople as a negligible quantity in the Near Eastern question. There the definite security won for the Empire of the Czar by the settlement with Japan will make itself psychologically felt at once.

RAILWAY STRATEGY IN CHINA.

THE KAIFENGFU-HAICHOW LINE.

(From the Far Eastern Review.)

The railway and mining concession exacted by Germany in her Kiaochow convention with China stipulates in Article 1:

"The Chinese Government sanctions the construction by Germany of two lines of railway in Shantung. The first will run from Kiaochow and Tsinanfu to the boundary of Shantung Province via Wei-Hsien, Tsinchow, Pashan, Tsechuen and Suiping. The second line will connect Kiaochow with Chinchow, whence an extension will be constructed to Tsinan through Laiwu-hsien. The construction of this extension will not be begun until the first part of the line, the main line, is completed, in order to give the Chinese an opportunity of connecting this line in the most advantageous manner with their own railway system. What places the line from Tsinanfu to the provincial boundary shall take in en route is to be determined hereafter."

In Article 4 it is also stipulated that "if at any time the Chinese should form schemes for the development of Shantung, for the execution of which it is necessary to obtain foreign capital, the Chinese Government, or whatever Chinese may be interested in such schemes, shall, in the first instance, apply to German capitalists. Application shall also be made to German manufacturers for the necessary machinery and materials before the manufacturers of any other Power are approached."

German railway rights in China, as defined by the Kiaochow convention, thus include the road between Tsingtau and the provincial capital at Tsinanfu, and another line from Kiaochow to the boundary via Ychowfu, and thence northwards via Laiwu-hsien to Tsinanfu, making a complete triangle in the preferred sphere. The line from Tsingtau to Tsinanfu has been built and is operating successfully, and the inner leg of the triangle is under construction, forming part of the German section of the Tientsin-Pukow Railway. The outer line from Kiaochow to Yhsien has been surveyed and estimates of construction prepared, but no work has yet been attempted, and the right to construct it is held for some future date when conditions are more favorable. Although the Kiaochow convention granted to Germany the right to the line from Tsinanfu to Yhsien or Chiningfu, to be constructed with her own capital and operated as a German line, this concession was subsequently waived in the negotiations leading up to the signing of the Tientsin-Pukow Railway loan agreement. In order to secure the Chinese Government's guarantee to the loan, the German bankers surrendered to China their rights to own and operate the line.

German authorities unite in predicting a great future for their port of Tsingtau, as with the construction of new lines extending beyond Tsinanfu into the interior trade will be attracted to the port, which in time, it is hoped, will prove a formidable rival to Tientsin and Hankow. To bring this about, the Germans have advocated the construction of two important railways, and have used their best

endeavors with the Chinese Government to grant them the concession. A link connecting the terminus of the Shantung Railway at Tsinanfu with some point on the Peking-Hankow line would prove of immense commercial value to the development of Tsingtau, and a line from Tehchow, in northwestern Shantung, to Chentingfu, on the Peking-Hankow line, has been recommended by Germany. This would place Tsingtau in a position to rival Tientsin as the port for the immense districts of Shansi and southern Chihli, and owing to the fact that Tientsin is ice bound for four months of the year, it would enable the German port to make a direct bid for the trade of the country even up to Peking and beyond.

The German program also includes the construction of another similar line parting from the Tientsin-Pukow Railway, somewhere in southwestern Shantung, probably at Yengchow, passing through Tsining on the Grand Canal, and Tsaotchowfu to Kaifengfu, the capital city of Honan Province. Here it would connect with the existing Peinlo or Kaifengfu-Honanfu Railway, which is to be extended westward via Tungkwan to Sianfu, from whence at some future date will start the important Trans-Asian line via Lanchowfu to Ili and Kashgar. This would divert to Tsingtau the trade of central China, and especially the coal export traffic of Shansi. Either of these projects would materially increase the prosperity of the German Shantung Railway and develop the port of Tsingtau. So Germany is looking far into the future, and in building the Shantung Railway the road bed was made wide enough for double tracks, although only a single line is now operated.

To the many overtures on the part of Germany to build these two important links, China has responded in the negative, but has promised that if foreign capital is called on China will apply to Germany for the loan. So while the concession is withheld these projects may be considered as coming within the sphere of future German railway loans in China. With the German position in relation to railway development in this section clearly outlined, we may now turn to another phase of the situation which also has an equally important bearing on the railway problem of central China.

The original mining concession of the Pekin Syndicate in Clause 17 stipulates:

"Whenever it may be necessary for any mine to make roads, build bridges, open or deepen rivers or canals, or construct branch railways to connect with main lines or with water navigation to facilitate transport of Shansi coal, iron and all other mineral products from the province, the syndicate on reporting to the Government of Shansi is authorized to proceed with the works, using its own capital without asking for Government funds."

This clause was held on the part of the Peking Syndicate to cede to them the right to build a railway from the mines in Shansi to tidewater. Their original scheme was to strike southward toward Siangyang, situated at the head

of navigation on the Han River, thus finding a short outlet to the Yangtze, but this was finally abandoned in favor of a route from the mines across 350 miles of country to the Yangtze at Pukow. Their somewhat indefinite railway rights, which have been recognized by the Chinese Government, were afterward merged with the concessions of the British and Chinese Corporation, which comprised the southern half of the Tientsin-Pukow Railway and a future line from Pukow to Singyang on the Peking-Hankow line. While the plan of the Peking Syndicate to build a road from the mines to Pukow has been abandoned, owing to the combination with the British and Chinese Corporation, the route has been modified to join the Tientsin-Pukow Railway at some point further north. No definite information on this subject is available, but in order to avoid a conflict with the established rights of the British and Chinese Corporation it is probable the Peking Syndicate claim will embrace a route from the mines terminating at some point on the Tientsin-Pukow line further north than the Pukow-Singyang project. Such a line would, therefore, pass through Kaifengfu and join the Tientsin-Pukow line at Suchowfu or Suchowan. As the Peking Syndicate still holds these railway rights as a valuable asset, it can be readily recognized that their claims must be clearly faced by the Chinese Government at some future date. The extension of the existing Peking Syndicate or Tao-Ching Railway through Kaifengfu to any point on the British section of the Tientsin-Pukow line, would tend to divert the traffic of Honan and Shansi to the deep water outlet at Pukow. Such a line must materially weaken the value of the Pukow-Singyang concession held by the same syndicate. The success of the German program is undoubtedly the greatest menace to the profitable operation of these British lines, as the Kailfeng-Yengchow extension would place Tsingtau in a most favorable position to compete with them for traffic in the same districts. So it is clear that the questions involved in any railway extensions connecting the Peking-Hankow and Tientsin-Pukow trunk lines are vastly important to British and German interests. The future of Tsingtau as a great port hinges on whether Germany can secure a western extension to her railways in Shantung, and the rights of the Peking Syndicate and the British and Chinese Corporation are affected by any move tending to favor the German program.

China undoubtedly appreciates the situation and is determined to avoid future complications. First and foremost her own interests demand attention, and the question of an open port on the north China coast under her exclusive administration is a paramount issue with her Government. For it is a significant fact that China has been deprived of all the valuable ports situated on the northern stretch of her coast. Shanghai, the great commercial centre of the Empire, is ruled by an international council, and the central Government has no control over its affairs. Tsingtau is held by Germany, Weihaiwei by Great Britain, Dairen and Port Arthur by Japan; this leaves to China the outlets at Newchwang, Tientsin and Chefoo. Newchwang as a port is worthless. Eighty years ago the spot on which Yinkow now stands was at the bottom of the sea, and it is now 20 miles inland from the mouth of the Liao River.

The encroachment of the land on the Liao Gulf is going on so rapidly that any port at the mouth of a river can never be depended on as a permanent outlet for trade. In addition, the Liao River at Newchwang is frozen over for at least four months of the year, and all commerce is checked until the thaw, and then only shallow draught coasting vessels can reach the town.

Chinwangtao is an artificial ice free port owned and operated by the Chinese Engineering and Mining Company. Tientsin, which ought to be the great port of north China, is handicapped by the same disadvantages as Newchwang, and any scheme of improvement embracing a large expenditure is only a waste of money. The silt carried down by the Haiho is so great that constant dredging is necessary to keep a channel open for light draught steamers. Large vessels have to lie off shore as far as 9 to 10 miles, so Tientsin as a port can never figure in any important scheme for the development of the Empire or the advancement of a national policy.

There remains Chefoo, which might be made a great Chinese port; but while the depth of water is ample, the harbor is open to the heavy northern gales, and a breakwater is imperative to make it safe for vessels during the winter season. But at the best, even after a large expenditure of money on improvement schemes, the harbor of Chefoo could only accommodate a very limited number of vessels. Chefoo's prominence as a port has rapidly declined since the opening of Tsingtau and the construction of the Shantung Railway. The trade of the province, which once flowed through Chefoo, has been diverted to Tsingtau, and the only hope of the port is the building of a railway which will terminate at some point on the existing Shantung Railway. It is quite clear that such a road would menace the prosperity of Tsingtau and diminish the through traffic of the German line, and as it conflicts with German interests, must meet with their disapproval. Chinese promoters have several times endeavored to raise the funds to construct this line from Chefoo to Weihien, but up to date have been unsuccessful. Under the terms of the Kiaochow convention, if the Chinese desire foreign capital to develop the province they must turn to Germany, and in view of the menace to her own interests it is quite natural that she would withhold financial assistance to such a scheme. While the Chinese are free to apply elsewhere for aid in the event of German refusal, such action on their part would undoubtedly result in complications. The Chinese have gone so far as to openly state that German officials are decidedly opposed to the construction of this line, and have threatened to use their power at Peking to break any official who encourages the scheme. This statement, however, is apparently without foundation, and must be accepted for what it is worth. The real difficulty in the execution of the scheme is the failure on the part of the Chinese to raise the funds themselves. At all events, Chefoo could never enter into any plan of the Chinese Government of building up a port under its own control, for as long as the Kiaochow convention holds good the proposed railway line will only have a local importance, and would be useless to China in the advancement of any broad national policy for the development of the Empire.

Weihaiwei, leased to Great Britain, has no future as a trade port. So it is quite clear that China is at present deprived of the only really good harbor on the Northern coast through which she could divert the great trade of the Central provinces. Japan holds the best harbors for the outlet of Manchurian trade, and Germany occupies the port of Tsingtau, commanding the desirable trade routes from the sea to the great central provinces. If foreign railway programs are permitted full scope to develop the logical sequence is that China will be forever barred from controlling a suitable deep water base for the furtherance of her own policy.

The situation outlined above is naturally one of vital importance to China, and it is interesting to note how she has solved the problem. Her move in the game, only recently announced to the world, is one of the most masterful pieces of political railway strategy yet recorded. By one simple line she effectively blocks the German program, nullifies the value of the British claims and opens for herself a port which will be under her own control. The deep significance of her move has apparently been lost sight of in the general attention devoted to the Chinchow-Aigun project.

Some months ago it was reported that the Chinese Government had opened the port of Haichow, a hitherto insignificant port in the northeastern coast of Kiangsu Province just south of the Shantung border. This report, however, lacks official confirmation. The reason for such a step is now made clear by the imperial sanction to a scheme for building a railway from Kaifengfu, through Suchowfu, Tsing-kiang and thence to Haichow.

Under date of March 8, 1910, the Board of Communications has memorialized the Throne on a railway project between Kaifengfu in Honan and Haichow, a seaport in the northern corner of the Province of Kiangsu.

According to the memorial, the importance of this railway having been recognized by the Chinese Government, surveyors were dispatched last spring to decide on the route to be adopted. The result of the survey was in favor of an early construction of the line, in view of the various advantages to be derived from the scheme.

Between Kaifeng and Suchow two routes were considered. One reaches Hsueh via Chenliu, Kih sien and Tangshan, while the other runs via Lanfeng, Kaocheng and Liukow, and along the old course of the Yellow River to Suchow. The latter, or northern line, running through a flat country, the cost of its construction will be less than the other route. But the southern line has the advantage of connecting the flourishing towns in the province, and from the political and military point of view it is of more importance. It has, therefore, been decided to adopt this line. From Suchow there are three candidate lines to reach Haichow. The first is a straight line running eastward via Peichow. The second is a line running in curve southeast to Hsueh, thence turning to the northeast to make Haichow. The third line runs via Hsueh to Chinkiang, from which place it turns northward to reach Haichow. Of these three lines, the first is the shortest and least expensive one, but the construction of the Suchow-Chinkiang section having already been granted to the

Kiangsu Railway Company, it is recommended that the third route should be adopted.

The cost of construction, estimated, and the distances of each section, are given below:

	Taels.
Kaifeng to Suchow, 560 li.....	6,700,000
Suchow to Chinkiang (this section to be built by the Kiangsu Railway Company).....	.....
Chinkiang to Haichow, 250 li.....	3,000,000
Extension to the beach and harbor improvement at Haichow.....	2,800,000

Besides the above, there will be other minor items to be counted, and the total expense will amount to about 14,000,000 taels, which, when compared with the other railways in China, is considered cheap, while the profits to be derived from this line will come next to the Peking-Mukden and Peking-Hankow railways.

Although the necessity of commencing the work as soon as possible is keenly felt by the Chinese Government, it is no easy matter for them to raise the funds required, without resorting to a foreign loan, which China does not desire at present. The surplus profits of the Peking-Mukden and Peking-Hankow railways having already been appropriated to the construction of the Kalgan-Kaihuacheng, Kirin-Changchun, Cheng-Tai, Taa-Ching, Pien-Lo and Shanghai-Ningpo lines, and other sources of income being also inadequate to meet with the fresh outlay of 14,000,000 taels, the board recommends that the work should be spread over several years, commencing it from more important sections of the line with such funds as are available for each year. By this means it is hoped to avoid any undue pressure being likely brought upon the financial resources of the Empire.

A glance at the map will show that the new line just keeps outside the German sphere of preferred rights in Shantung, so that opposition from that source cannot be fairly advanced, and its construction will effectively checkmate the German project to build a line from Yenchow to Kaifengfu. The map will also show that the new line, by connecting Kaifengfu with the Tientsin-Pukow at Suchowfu, obviates the necessity of the Peking Syndicate to extend its road in that direction, and in a measure it decreases the importance of the Pukow-Singyang project.

The new road will virtually be an extension of the existing Peinlo Railway, and will in time form the eastern division of the great Asian trunk line to Ili and Kashgar. The great volume of traffic from these regions, and from districts served by intersecting lines, will then be diverted to the new Chinese port of Haichow. With the connecting railways owned and operated by the Chinese Government, through rates can be made, which will draw the traffic to the new line and develop the new port. The German dream of a greater Tsingtau is somewhat dispelled when the future of Haichow is thoughtfully considered.

China naturally advances the legitimate argument that the line is of immense advantage from a military and commercial viewpoint. In fact, she does not have to offer explanations as to her reasons for building the line, as it does not conflict with the treaty rights of other Powers. The districts traversed by the line are the poorest and most

desolate in China, subjected to periodical floods, which cause great damage to crops and originate famines and pestilence. Recent reports from Haichow state that famine is again upon the land, and thousands are dying of starvation and disease. A repetition of the great famine of 1906-7 seems imminent, and relief measures have been initiated by the provincial authorities. The proposed railway will enable the Government to ameliorate these conditions in the future, and provide work for thousands of wretched creatures, who must otherwise starve. So, hand in hand, politics and humanity are guiding the imperial authorities in the construction of the new line.

One of the most significant features of this move on the part of China is revealed by a close study of the map. From Chinkiang northward to Haichow by the Grand Canal to Tsingianfu is approximately 90 miles, and from here to the new port of Haichow via the proposed railway or the Yen River another 80 miles, or a total of 170 miles. The distance from Chinkiang to Shanghai via Woosung is about 160 miles, or for all practical purposes the same. This really places Haichow in direct competition with Shanghai for the great Yangtze River junk traffic, which carries no small portion of the products for export.

China has moved and cries checkmate to Great Britain and Germany. The game has been played fairly and above board, and the world will await with interest the next move on the part of Great Britain and Germany to regain their lost ground.

G. B. R.

Editorial Note.—Since Mr. Rea wrote the foregoing the following paragraphs have appeared in the Chinese daily papers, which point to the fact that China will not be permitted to build the road without protest from British and German interests. The same principle underlying the Chinchow-Aigun Railway applies with equal force to the Kaifeng-Haichow project.

The *North China Daily News* of May 12, 1910, says:

"It is reported that a loan of 1,800,000 taels will be obtained from the United States to build a railway from Kaifeng-fu to Chang-Chow, and 10,000,000 taels will be loaned from the British and Chinese Corporation for the same purpose."

From the *North China Daily News* of May 13, 1910:

"Negotiations are now proceeding between the Yuch'uapu and a foreign syndicate for a loan of 20,000,000 taels to build a railway from Kaifengfu to Tsinanfu, but the bargain was not concluded, as the Yuch'uapu refused the syndicate's request that the line should be pledged as a guarantee of repayment."

From the *North China Daily News* of May 14, 1910:

"A report says that, as the French intend to invest capital in building a railway from Hsuehou to Haichow, the Germans oppose the proposition, as it is regarded as affecting German interests."

On April 26 the Japanese paper at Dairen published the following telegram:

"Peking, April 26.—The Sino-American Syndicate has agreed to advance a loan of 18,000,000 taels for the construction of the Kaifeng-Haichow Railway project."

As the Japanese have a peculiar way of securing accurate information of the inner workings of Peking politics, long before other foreigners, it may be accepted that their news of April 26 was correct. If the latter news is also true it indicates that British interests immediately entered the field for participation, and the second item also tells us that Germany, alive to the menace to her position, immediately proposed her old pet scheme of a line from Kaifeng to Tsinanfu, which would obviate the Chinese project. The last item of the 14th tells us that Germany has protested against the use of any foreign capital in the region of Shantung, although the proposed line is outside her recognized railway sphere. And here we have a repetition of the Chinchow-Aigun imbroglio, with the European Powers

refusing to recognize China's right to build a railway in her country without their consent? How long will it continue?

NEUTRALIZATION, EXTENSION, OR COERCION?

From the Far Eastern Review.

When Mr. Knox, the American Secretary of State, proposed the neutralization of the Manchurian railways as the surest and safest way of preserving to China the undisputed enjoyment of her sovereign rights in the three Eastern provinces, of insuring the practical operation of the open door and of contributing to the peace of the world by eliminating one of the possible causes of future dissensions, his plan was ridiculed and derided as impracticable, and rejected by the interested Powers as opposed to their schemes for political and commercial aggrandizement. Both Russia and Japan protested most emphatically against any such interference with their acquired rights, and European opinion, with almost unanimous accord, greeted the scheme as a diplomatic blunder. But, as Mr. Knox remarked, he did not expect that his scheme would meet with immediate success, and hardly hoped for a definite answer for several months. So he, at least, was not disappointed. The general opinion is that his scheme has failed, and the episode past and buried, only to be remembered by political opponents who desire to cast discredit for what they prematurely term his errors of diplomacy. But despite all the criticisms, disapprovals and general decrying of the scheme, time will demonstrate the wisdom of Mr. Knox's diplomacy. Sooner or later the interested parties will again be compelled to face the issue, and if foreign professions of friendship to China and the open door are sincere, other nations will lend their support to the Knox proposal as the only way to preserve peace and the integrity of China. Indeed, unless all signs fail, the time is not far distant. In fact, certain forces are already active, hastening the day when a crisis will come in the affairs of China arising out of the Manchurian situation, where neutralization is the only alternative to coercion.

The Port Arthur and Talienwan agreement of March 27, 1898, providing for the lease of the Liaotung peninsula to Russia, stipulates, in Article III, that the duration of the lease shall be twenty-five years from the day the treaty is signed, but it may be extended by mutual agreement between Russia and China. Article VIII covers the extension of the Chinese Eastern Railway to include a branch to Talienwan, subject to the same conditions as the main agreement of 1896. This provided that the Chinese Eastern Railway would revert to China at the expiration of eighty years, and may be repurchased at the end of thirty-six years. By the Treaty of Portsmouth Russia's rights were transferred to Japan and officially recognized by the Chinese Government in 1905.

So the situation today is that in 1934, twenty-four years hence, China may repurchase the line at its actual cost. But previous to this, in 1923, or thirteen years from date, the lease to the Liaotung peninsula, including the ports of Dalny and Port Arthur, expires. So half the title of this

lease has already expired, and there is only twelve and a half years for it to run. As leases go, this is a comparatively short life, and, unless it can be extended, or a promise exacted from China that she will agree to its extension in 1923, there is little inducement for Japan to embark on any grand scheme of development.

The development of Manchurian trade arising out of the enormous expansion of the bean market is an unexpected factor in the situation which brings China face to face with a crisis years before she anticipated it would have to be met. The growth of the bean exports to Europe has been so rapid that the railway and the port facilities are inadequate to handle the traffic. Japan must double track the South Manchuria Railway for its entire length, quadruple its car capacity, and enlarge the ports of Dalny and Port Arthur, to insure a hold on her legitimate share of the traffic and prevent its diversion to Vladivostok. And the railway improvements will be of no avail unless at the same time the port facilities are increased to enable steamers to carry away the cargo.

Dalny harbor will have to be deepened, new breakwaters and wharves constructed and improvements on a grand scale carried out, to place it in a position to cope with the development of the province. The limited facilities of the port are already taxed to the utmost to handle the traffic, and, as a temporary relief, Japan has opened the naval base at Port Arthur to trade for the purpose of making use of this slight additional increase in docking and loading facilities. The capacity of the wharves at Dairen is now calculated at 9,000 tons per day, and with the completion of the East Wharf it will be about 17,000 tons. But as half of the berths must be reserved for the smaller coast steamers the export capacity of the present improvements will be much reduced. It requires no great stretch of the imagination to foresee the day when the Manchurian trade through the port of Dalny will reach a total of 5,000,000 tons per year. The improvements in the Fushun collieries, bringing the daily output up to 5,000 tons per day, or 1,700,000 tons per annum, will be completed within a year or so, and the product of the Pensihu Yentai and other mines will bring this total up to 2,500,000 within the next five years. The growth of the bean and grain trade may be expected to divert some 2,000,000 tons through the same outlet in the same space of time, and if another 1,000,000 tons are added for sundry imports and exports, the 5,000,000 ton limit is not far off. This means that the docks must handle at least 14,000 tons of freight every day, without any allowance for delays or demurrage or the many setbacks which always occur to prevent the working out of an ideal system. So it is safe to assume that the capacity of the docks must be greatly increased and the harbor extended to embrace such improvements as will double the present capacity.

The original Russian plans for the port of Dalny included the construction of five immense piers varying in width from 60 to 300 feet and from a quarter to half a mile in length, but only one of the piers and part of the second were actually completed before the war. Japan will be compelled to complete what the Russians initiated to keep pace with the growth and progress of the country.

But any elaborate scheme to provide ample facilities for the handling of the immense trade of Manchuria, ten years hence, requires an enormous outlay of capital. The improvement of Dalny harbor will entail the expenditure of many millions, and the natural question arises, where will Japan obtain the money, and on what security? The matter is one which admits of no delay; it must be faced and settled as soon as possible, or the railway will be the loser.

Harbor works or port bonds usually run for a long term of years, with the receipts and wharf charges as security. When Japan turns to foreign bankers for a loan of several million sterling to be employed in the improvement of Port Arthur or Dalny, the first question will be "how about the lease?" European financiers, while entirely willing to advance funds for harbor improvements in the leased territory as long as Japan controls the property, would refuse to consider the proposition if China is to resume her authority in thirteen years. Terms which might be granted to Japan would not be extended to China.

It is safe to conclude that if Japan were to seek a loan today in the financial markets of the world for the improvement of Dalny, the embarrassing question relating to the life of the lease would be immediately raised. If Japan could give an assurance that the lease would be extended, backed up by the consent of the Chinese Government, she would have no difficulty in raising the necessary funds. And as the financial success of the South Manchuria Railway hinges on the terminal improvements, it is plain that Japan must receive some assurance from China that the lease will be extended, in order that she may go ahead with necessary financial negotiations to secure the funds.

It may also be accepted that China will never willingly consent to an extension of the lease, and will employ every subterfuge of diplomacy to delay giving an answer to Japan on such a vital question. Japan is in the position that she must now know, or at least in a year or so, whether China will consent to a renewal of the lease. This is vital to her interests. She must have China's official assurance to be in a position to raise the funds necessary for the improvements at Dalny and Port Arthur.

A clash is inevitable. China will refuse and Japan must insist. Japan may agree to confine the lease extension to the ports and permit China to re-establish her authority over the rest of the peninsula. At all events a crisis will arise. Japan must be able to produce China's consent to the extension to secure funds for urgent improvements. In the event of China's emphatic refusal to consider the question, Japan will be blocked and balked in her purpose. Will she accept such an answer as final, or will she resort to coercion?

The issue is not one to be decided twelve years hence: the solution must come now. It is the question of the day between the two nations.

In view of this situation, which might readily lead to serious complications between the two empires, and the effect it might have on other interests in the East, the proposal of the American Secretary of State to neutralize the Manchurian railways is not so much of a diplomatic blunder after all, nor does it have that air of grandiose simplicity that some people profess to see in it.

G. B. R.

THE CARES OF THE MANDARIN.

It is not an uncommon belief that the life of a Chinese official is essentially a delectable one. Visions arise of idle days spent in rickety yamēns, where the mandarin dreams of probable advancement in Imperial favor, contemplating more fruitful sources of income, legal or illicit, from which the purse may be filled and the family enriched. Fifty years ago the picture may have held good, prior to the days of telegraphs and telephones, when foreign consuls were curiosities, and self-governing societies were hidden from the gaze of the most penetrating. In those times the mandarin's existence was not without its charm. He could, and, therefore, did, command a wife, or an additional wife when the whim suggested a new plaything, and no one judged the act to be either barbarous or debatable. His children were fed and trained by their respective mothers, and only brought to him to be caressed. His room in the ramshackle yamēn—he had seen nothing better, and so was content—was his own, and therein, as a demi-god, he could command the obedience of the subservient crowds, who cringed at his beck; delight himself with the writings of the ancients, either of poetry or prose, and amuse himself by composing couplets and epigrams, which would add to his intellectual lustre when, at the next convivial party, he produced them impromptu. But those blessed days of unbroken repose and uninterrupted happiness have gone and will never return. Today the mandarin must erect new barracks of bricks, where there is no straw; he must enroll new regiments of modern drilled soldiers, and find the money both for pay and equipment; he must condemn as barbarous the old prisons in which the unfortunate Chinese were huddled together, and bound hand and foot with fetters, until they were carried to the execution ground to be silenced forever. The new age cries out for prisons that are more commodious than the average Chinese dwelling house and better ventilated than a superior class of Chinese mansion. But the mandarin must find the funds with which these new buildings are erected, however superfluous he may deem them. For him no Imperial Parliament votes a development fund to assist in his task. Indeed, the Central Government today is a source of unconscionable annoyance, and the worries which its telegrams entail are almost past endurance. Before the days of telegraphs the provincial official was virtually vested with plenary powers, and provided that the recognized taxes were forwarded to Peking, the "father of the people" did not think it imperative to interfere, except on rare occasions.

Today the situation is quite reversed. Let us take the case of the Canton viceroyalty, where a three-sided controversy between Peking, the provincial officials and the people has been in progress in regard to the closing of gambling dens. On the one hand are the more active spirits of the all powerful Self-Government Association. These in repeated telegrams to Peking advocate the abolition of licensed gambling dens on the ground that they are detrimental to morals and a blot on advancing civilization. With the moral aspect of the position the local government is in complete agreement, but licensed gambling provides funds in the provincial exchequer, and there's the rub. Peking steps in with its panacea for the situation: "Close

the dens and recoup yourselves by increasing the tax on salt." To this the local officials reply that the salt monopoly will not bear the additional strain of another 30 per cent., for the people will not submit to the increased demand. An *impasse* results and the sufferers are primarily to be found in the yamēn. A further worry, which is the growth of recent times, is the bitterness of the attack of a certain section of the native press, that grows with the sense of immunity enjoyed on neutral soil. It may be, perhaps, some consolation to bear in mind that the abuse of the native press is often impartially distributed between officials and foreigners. If the latter come in for all-round abuse, so mandarins are denounced for "paring off the fat and drawing away the blood of the children of Han and giving them to foreigners." Officials, says another organ, are responsible for all the misery of the people; "Ye are oppressing the people so that the rich are hurled into poverty and the poor are transformed into robbers. Whereupon ye slaughter the latter, and still others crowd in to fill their empty places." There is little room for wonder that the temptation of the mandarin is great to encourage this outspoken press to vent its grievances solely on the foreigner.

Another real worry, indeed a danger, that threatens almost every official in the present temper of the people is the possibility of some sudden ebullition of rage. Of these local riots there have been many instances of late, and while the immediate cause of such outbreaks may differ, one of two main reasons is generally to be found behind the disturbances. If the contributory cause be not the hunger of the populace, it is almost sure to be traceable to taxation. Nor is it necessary that the new impost should be levied on the bulk of the population. In a recent instance in Kuangtung a special tax had been imposed upon priests and wizards. The injured parties thereupon went out on strike and at once enlisted the sympathy of their fellowmen. A riot ensued, and when the local mandarin went in person to reason with the mob he was attacked, and may have considered himself fortunate to have been allowed to return to his yamēn without his robes and insignia of office. This danger of local disturbance has become much more real during the last few months, because of the numerous organizations that are more or less in sympathy and even in organized touch with the revolutionary party. Thus the cares of the modern mandarin include not only the task of raising money for the carrying on of local government, a difficulty formidable and ever pressing, but also the danger of local disturbances amounting often to menace. A paternal Government worries him; the local consul may pursue him; the self-governing society criticises him unmercifully; the free press vilifies him. His life has lost the *dolce far niente* glamour of early traditions. Little wonder, therefore, that there are frequent reports of mandarins wishing to resign their incumbencies, and among the more persistent of these are several viceroys as well as others of humbler rank. If all the facts were known it might well be that the official today in many cases really deserves our sympathy, though he does not often go the right way in order to win it. Whether it is the fittest or the most unfit who survive must remain an open question. But if the foreigner begins by recognizing the difficulty of the mandarin's task and the pressure brought to bear upon him by circumstances and his enemies, it is possible that we may so far enlist his interest or possibly his gratitude as to render him amenable to guidance in practical administration of which he stands in such obvious need.—*North China Daily News*.

CHINESE COMMUNITIES ABROAD.

During recent years a noticeable feature of native press comment on public affairs has been the frequency of references to the growing wealth and influence of Chinese communities overseas. At one time we hear of such communities joining in the petitions to Peking for the opening of a parliament; at another time their aid has been offered, or is to be requisitioned, to provide funds for the navy; at another some particular body of Chinese is threatened with oppression by the foreign government under which it dwells, and the aid of the mother country must be invoked. With the outside world at large the condition of Chinese emigrants does not, in all probability, arouse much interest, save in those places where it may come into conflict with local labor interests. To the Chinese Government, however, it has become a matter of pressing concern; and hence the Chinese nationality law of 1909, on which a Chinese writer, Mr. Tsai Chu-tung, contributes an important article to the June number of *THE JOURNAL OF THE AMERICAN ASIATIC ASSOCIATION*. As regards the ordinary emigrant who leaves China for a few years with the fixed intention of returning when he shall have made a sum of money the law has nothing to say. The problem which it was framed to meet was created by the numbers of Chinese who have assumed foreign nationality or have been born abroad. China, we are told, and the statement well accords with those allusions in the native press to which we referred above, "begins to realize, as she never did before, that her children born abroad will be a source of strength to her, if properly fostered and utilized." The loss of them is "a menace to the country, nay, the sapping of her vitality." About the beginning of the year 1908 the Ministry of Foreign Affairs was ordered to draft a nationality law in conjunction with the special commissioner for the codification of laws. The thing was done with great care; the draft was thoroughly revised by the Constitutional Investigation Board before being submitted to the Grand Council. Now the law has been in operation about a year, and in spite of some flaws it would appear to be a workmanlike instrument, and, in the old phrase, to supply a long-felt want.

The ancient principle of Chinese nationality is worth quoting. It involved, as once we may remember in the case of Japan, indissoluble national allegiance and disability of emigration. A Chinese "was not free to go beyond the border of the seas," and if he succeeded he still remained forever a Chinese, to be duly punished, if it seemed good to the authorities, on his return. "With the adventurous and commercial spirit of the nineteenth century" new fashions began. From the southern provinces in particular people began to emigrate, many of them to acquire wealth and a new nationality elsewhere. As in too many other cases the Chinese Government allowed the matter to drift. The principle of "perpetual allegiance," based on the theory of the "divine right" of the children of Han, remained unaffected. But practical violations of that theory were left to be dealt with according to the good pleasure of local officials, a fruitful source, as may well be imagined, of troubles, both domestic and international. With the institution of consular jurisdiction in China, and the consequent creation

of a privileged class, a new abuse arose, from the laxity of the naturalization laws of some foreign countries. By certain European colonies near China (the Portuguese of Macao are cited as special offenders) naturalization certificates are said to have been granted to Chinese who had never even been out of China; and such certificates were carefully concealed until some occasion arose on which it would be convenient for the owner to claim protection of a foreign court of law. Curiously enough, we are told, the final spur to action was given from without, by the attempt of the Dutch Government to force naturalization on Chinese in Java. Internationally, enforced naturalization is impermissible; but China was apprehensive of the argument that she herself possessed no recognized means of exacting allegiance from her subjects abroad. Broadly speaking, the law thus brought into existence falls under two main heads: foreigners who seek naturalization in China, and Chinese who seek naturalization abroad. As regards the former class the most noticeable feature of the law is the numerous disabilities which it places on candidates for naturalization. The explanation given is that China is nervous of having her politics controlled from outside, a contingency, it must be confessed, which seems rather remote. But remembering that privileged class which lives under foreign consular jurisdiction, China can scarcely be blamed for assuming that those who seek her nationality will be the least desirable kind of aliens.

For Chinese desiring to naturalize themselves in foreign countries the effect of the law may be summed up in one all-embracing provision, that they must obtain leave from the proper authorities; and this would appear to apply equally to those born out of China. Only in cases where the origin of both father and mother is beyond power of ascertaining can the place of birth be accepted as conferring nationality. It is fair to say that consent is not to be withheld capriciously. Liability for any civil or criminal case, or for military service, debts of state or communal taxation, or the possession of any official rank, will alone disqualify an applicant. Unless the necessary authority has been obtained, no certificate of foreign nationality will be recognized. The obvious possibility that non-recognition may give rise to double nationality and consequent international complications has been faced and accepted. Such cases are neither frequent nor, in all probability, difficult of arrangement; in any event they are better than the evil with which the law is designed to cope. In describing the law as "a most important landmark in the history of Chinese lawmaking" Mr. Tsai Chu-tung would not appear to exaggerate its value. Apart altogether from the humiliating position in which China found herself, of being virtually unable to claim allegiance of her nationals overseas, the law is likely to act as a deterrent against foreign naturalization in proportion as it reveals new interest on the part of the Central Government in its subjects in foreign lands. There is, of course, the danger that that interest may give to Chinese communities abroad an undue sense of their own importance, and that a new force may thus be added to that of the gentry, students and business men who now make a regular appearance in every public question. But this danger, in any case remote, is worth risking for the sake of the recognition and importance implicitly accorded to Chinese citizenship. Not the least valuable feature of the law is that it helps to bring China into line with other nations in respect of mutual dealings. How large a percentage of the intolerable difficulties that have arisen between China and Western peoples may be traced to the fact that she observes one standard and they another, it would be hard to say; but every move on her part that tends to unity of purpose is to be welcomed both in China and without.

COTTON GOODS IN CHINA.

Consul E. Carleton Baker, of Antung, in his annual review of the trade of that Chinese port, states that during 1909 the imports of American cotton goods fell off, while the imports from Japan greatly increased. The consul writes:

The imports of cotton goods into Antung during 1908 and 1909 were as follows:

Article.	1908.	1909.
Shirting, gray, plain—		
American .....pieces	8,898	7,887
English"	13,111	14,097
Japanese ....."	....	466
Sheeting, gray, plain—		
American"	66,211	62,518
English ....."	....	8,493
Japanese"	7,980	32,904
Shirting, white, plain....."	25,013	27,133
Drill—		
American"	15,734	11,067
English"	4,410	180
Japanese"	2,765	2,221
Jeans, English....."	20,546	21,954
Cambric, lawn and muslin....."	1,394	2,927
Chintz and plain cotton prints....."	2,531	3,254
T cloth, printed....."	28	....
Italians, fast black....."	1,452	136
Lastings—		
Plain"	14,538	11,223
Figured"	3,246	5,013
Turkey red cottons and dyed T cloth....."	3,859	2,949
Flannel"	2,612	3,006
Colored woven cottons.....yards	98,195	232,694
Japanese cloth....."	87,076	125,448
Blankets .....pieces	71,714	37,857
Towels .....dozens	33,293	34,908
Yarn—		
English .....cwt.	129	72
Indian"	264	372
Japanese"	2,576	1,373

There are several reasons for the decline in the American cotton goods trade and the advance in the sale of the Japanese product, chief of which is the fact that the price of American cotton goods is too high as compared with that of the Japanese. The difficulty of overcoming this serious disadvantage is constantly increasing. Competition with Japanese goods was formerly easier, as the quality of the American cotton goods showed a marked superiority. Today, however, the difference is not so great, not because of inferiority in the American goods, but because of the increasing excellence of the Japanese product. The Chinese now state that the difference in quality is not sufficient to make it worth while to pay the American price, which is 15 to 25 per cent. higher.

While the decline in the American piece goods trade was not exactly startling in 1909, the present situation is somewhat alarming. Much of the American cotton goods sold last year belonged to the old stock which the Chinese bought under favorable circumstances. The old stock, however, is almost or entirely exhausted, and with the present adverse exchange and the rise in the price of American cotton the difficulties of meeting Japanese competition during the coming year will be much more serious. The fact that the Japanese are pushing their trade in cotton goods and that

their product is becoming increasingly popular will add greatly to the difficulty of meeting their competition.

While the position lost by the American cotton manufacturers cannot be regained in a day, much can be done to recover the trade. The first important step is to realize the serious difficulties of the situation. American dealers are apt to minimize the danger of losing their trade because they see no startling decline in the sale of their goods. The most significant fact, however, is not that American piece goods are still selling in the Chinese market, but that their sale is not keeping pace with the largely increasing demand in China for such goods, and that the Japanese are successfully, and in some places exclusively, meeting the increase in demand.

What the trade in American cotton goods in this part of China needs is painstaking and assiduous cultivation. The trade has to a great extent been left to take care of itself. A vigorous, determined and direct attempt to advance this trade would do much toward increasing sales. The low price of Japanese piece goods could more nearly be met through direct trade than through middlemen in Shanghai and other distributing centres, whose profits make the prices higher for the consumer. If direct trade could be established and if the field could be intensively cultivated, the ultimate gain would justify the initial expense, which might seem high in proportion to the immediate profits in sight.

COTTON MANUFACTURERS IN JAPAN.

In answer to an inquirer who was under the impression that there was a growing trade in American cotton piece goods in Japan, Vice Consul General E. G. Babbitt, of Yokohama, furnishes the following statistics:

The following statement shows the value of cotton piece goods imported into Japan during the years 1908 and 1909:

Article.	1908.	1909.
Shirtings and sheetings—		
Gray"	\$3,760,857	\$2,777,945
White"	820,574	631,959
All other....."	20,651	52,420
Satins and Italians....."	1,536,363	898,112
Prints"	669,356	854,290
Flannels"	102,540	88,004
Velvets and plushes....."	702,288	650,897
Victoria lawns....."	120,400	196,826
Umbrella cloths....."	848,047	442,522
All other piece cottons....."	332,880	343,337
Total	\$8,913,956	\$6,936,312

The details of the foregoing trade by countries are not yet available for 1909, but those for 1908, which will hold substantially good for 1909, give the following percentages from the several countries: Gray shirtings and sheetings, Great Britain 99.79; white shirtings and sheetings, Great Britain 99; satins and Italians, Great Britain 96, Italy 3, Germany 1; prints, Great Britain 87, Russia, Switzerland, Holland and France the remainder; flannels, Great Britain and Germany 45 and 42, respectively, Holland the remainder; velvets and plushes, Great Britain 93, Germany and France the remainder; Victoria lawns, Great Britain

99; umbrella cloth, Great Britain 93, Italy nearly all the balance. The only items wherein the United States seems to have any share are cotton drills, about \$7,000, and cotton duck, about \$18,000.

From the foregoing it can be seen that the United States, whatever it may be able to do in the future, has not been participating in this trade, which is almost monopolized by Great Britain. Cotton ducks and cotton drills are the only items in which the United States has seemed to have any active interest, and the value of these imports is relatively very small. The only other item of any importance in which the United States is interested is a cheap cotton stiffening, which goes into shirts as a lining or between the layers of linen.

The local manager of a trading company which handles what little American goods come here and a large percentage of the English goods informs me that its principal business in American cottons is in China; in Japan there is practically no American trade in cottons, and the Japanese are working hard to capture the China market. It is really only in the better class of goods, certain widths and long lengths, that the Japanese are not, as yet, able to compete with foreign products.

The price of American raw cotton has been considered too high, and recently the imports have been largely from British India and China, as the following statement covering the imports for the last two years will show:

Whence Imported.	1908. Per Cent.	1909. Per Cent.
United States.....	20	21.5
China	18.5	15
British India.....	44	56
Egypt	5.5	5
All other countries.....	3	2.5
Total.....	100	100

The imports of raw cotton into Japan in 1909 were valued at \$53,937,278, an increase of \$9,757,965 as compared with 1908. The increase came from British India, while imports from the United States fell off and continue to do so, the imports for the first two months of 1910 showing only about a third of the imports for the same period in 1909, while imports from British India nearly tripled those of 1909. The total imports for the first two months of 1910 exceeded those of 1909 by \$8,231,580.

COTTON MANUFACTURING IN JAPAN.

The following statistics, covering the cotton spinning and cotton weaving industry of Japan, are taken from the Tenth Financial and Economic Annual of Japan, issued in 1910:

COTTON YARNS.

The following statement shows the general condition and production of cotton spinning in 1900 and 1908:

Description.	1900.	1908.
Number of mills.....	80	86
Gross amount of capital invested. \$	17,882,440	26,104,115
Average number of spindles worked daily.....	1,144,027	1,403,034
Quantity of raw ginned cotton required	318,087,291 pounds	410,823,154

Total production of cotton yarn.

	pounds	259,083,020	355,773,374
Waste cotton.....	"	29,385,738	43,710,897
Waste cotton yarn.....	"	6,567,593	4,048,557
Average number of male operatives daily employed.....		12,262	15,265
Average number of female operatives daily employed.....		43,760	58,960
Annual working days.....		303	331
Average daily wages of male operatives		\$0.16	\$0.22
Average daily wages of female operatives .....		.10	.14
Quantity of coal consumed.....	tons	342,054	515,141

COTTON PIECE GOODS.

The following statement shows the value of the piece goods, wholly cotton, manufactured in Japan in 1900 and 1908:

Article.	1900.	1908.
Bleached	\$7,514,459	\$14,427,309
Fatako-ori	6,816,330	9,280,316
Crêpes	1,233,240	2,190,419
Flannel	4,840,858	7,087,711
All other.....	9,483,132	17,139,942
Totals.....	\$29,888,019	\$50,125,697

THE PROTECTION OF THE TEA INDUSTRY IN FORMOSA.

The article that appeared in the *Kobe Chronicle* of May 6, 1910, has caused no insignificant agitation among American and English merchants interested in the Formosa tea business. The Government policy of protecting the Formosa Tea Company of Japan has been accused by this article of having for its object the transfer of the foreign merchants' business into the hands of Japanese. In order to make it clear whether such accusation is justifiable, it is necessary to disclose the true nature of the protection given to the Formosa Tea Company. It would be difficult to make the situation thoroughly comprehensible without briefly referring to the history of the tea industry in Formosa.

In the year of 1904 at Anpeichin, Toyen Province, Formosa, the Government experimental plant of tea manufacture was established, with the intention of reducing the manufacturing cost of Oolong tea by introducing machinery in the place of hand labor. The experiments were unsuccessful, and the plant proved to be a failure. Meanwhile, as the aborigines have been driven away, the Government became the owner of a large tract of mountain land. In accordance with the policy of utilizing natural resources to the furthest extent, the Government was anxious to employ these lands for industrial purposes, and experiment has shown that the climate and soil are favorable for the cultivation of black tea trees. These were sent to the Anpeichin experimental plant, and black or Congou tea was made very satisfactorily.

It was thus discovered that by fostering the Congou tea industry the large tract of newly gained mountain land could be utilized most advantageously. In addition, the Anpeichin experimental plant could be made serviceable instead of being a Government burden. The Government,

therefore, decided to encourage the cultivation and manufacture of Congou tea in the island of Formosa. It was difficult, however, to induce any investor to start the enterprise, as it was entirely new and experimental, without some protection, and the Formosa Government deemed it best for the development of the industries of the island to offer material assistance for the undertaking of the Congou tea industry. This subsidy was for the protection of a principle and not an individual, and was open to any individual or company willing to start the new industry. Japanese promoters happened to make the first offer to start the business if assured of Government assistance until the infant industry could stand alone. The company agreed to plant Congou tea trees on more than 12,500 acres of this mountain land and manufacture Congou tea, which could be marketed in Russia.

The Government considered the matter carefully, and finally the free use of the Anpeichin experimental plant and the subsidy of 6 per cent. interest for five years for the capital invested for the cultivation and manufacture of Congou tea were granted to the promoters. The protection thus given to the Formosa Tea Company is the fact which has been criticised by the *Kobe Chronicle* so severely that has caused so much turmoil among the parties interested in the Formosa Oolong tea business. Does protection of this sort involve such discrimination as would exclude foreign merchants from the business, as the *Kobe Chronicle* declares?

The American and English merchants in Formosa are engaged in the exportation of Oolong tea. They buy, mix and export what the native merchants gather from the native producers and bring into the market. They have no interest whatever in the Congou tea industry, which has never before existed in Formosa. Therefore, the protection given to the Formosa Tea Company would not affect their business interests in any way. In regard to the policy toward the Oolong tea business, the Formosa Government has endeavored to increase the commercial prosperity of the island, and has used every effort to improve the demand for Formosa tea by running tea parlors in American and English expositions and by the general distribution of printed matter and pictures that had in view the advertisement of Formosa tea, and the benefit of all engaged in the business of selling this commodity.

It has been the aim of the Government to help all interested, and due consideration has been paid in order to improve the interests of the producers as well as merchants. The policy of protecting the Formosa Tea Company by the Government is to develop the new industry in the island, which has no concern at all with the existing Oolong tea business, and accordingly the established business interests of foreign merchants cannot in any way be interfered with by the protection.

T. Koyama,

Resident Commissioner, Formosa Government, Japan.

CANTON AS A RAILWAY CENTRE.

Vice Consul General Myrl S. Myers, of Canton, summarizes what has been accomplished lately in railway building in South China, and the plans for extensions:

The new terminal buildings of the Canton-Kowloon Railway at Tai Sha Tau, Canton, are on a site of reclaimed and banded land, with water frontage. The terminus is conveniently situated at the end of the roadway, which, for the greater part, is already completed, and will eventually connect Shameen with Tai Sha Tau. The terminal station is a two story building, providing full accommodations for the permanent general offices. There are also sidings and store sheds to deal with freight.

The permanent residences for the foreign and Chinese staff, and also the running sheds, carriage sheds and permanent workshops are at Tung Shan, about 1½ miles east of the terminal at Tai Sha Tau.

The Chinese section of the line is 89 miles long and the

British 22, a total distance from Canton to Kowloon of 111 miles. Construction proper on the Chinese section began about July, 1908, and at the end of 1909 the grading was practically finished. Track has been laid and ballasted about 8 miles, but only construction trains are being run. It is expected that this railway will be completed about March 1, 1911.

Of the Yueh-Han Railway only 4 miles of track were opened to traffic in 1909, from Yum Tam to Par Kong How. There are many reasons for the little progress made during this time, the principal ones being the failure of grading contractors to carry out their contracts, lack of experienced workmen, lack of good foremen, and alleged lack of concerted action among the directors. The line is now open to traffic for 48 miles, while the grading for another 50 miles is practically completed.

Last year 1,456,466 passengers were carried. The freight consists chiefly of pigs, poultry, etc., but this amounts to little. The amount collected in fares from passengers and freight was \$120,460. The gross expenses for the year, not including fuel consumption, maintenance of equipment and maintenance of way, were \$20,757. The rolling stock and machinery are valued at \$510,000.

On the Sam-shui branch of this line 3,293,731 passengers were carried, of which 481 were foreigners. The gross earnings for 1909 were \$263,043, an increase of \$25,585 over the previous year. The total operating expenses amounted to \$84,429, an increase of \$2,782. In 1909, \$56,995 were spent for the improvement of the line and additional property. Compared with the preceding year this item shows a marked decrease, the reason for which was the damage caused by floods during 1908.

The official opening of the Sunning Railway took place in June, 1909, and a great event was made of it. In this district live most of the Chinese who have gone and who still go to America. The president and engineer of this line is a Chinese who obtained his railway experience on the lines in Western America. This line was built entirely by Chinese capital and Chinese labor. The line runs 37 miles from Kung Yik to Toa Shan. During 1909 the passenger earnings were \$84,433 and the freight earnings \$31,943, a total of \$116,376. The gross operating expenses amounted to \$93,840. The railway company has obtained from the Board of Posts and Communications the right of extending this line to Pak Shek, 28 miles from Kung Yik, which will be known as the Kong Moon section. Work on this section is now being pushed forward.

During 1909 the French railway was brought to within about 15 miles of Yunnan-fu. Had it not been for several washouts which occurred during the summer of 1909 construction would have been finished by January, 1910.

During the latter part of the year a start was made on the projected railway from Yunnan-fu north to Sui-fu or Lun Chow on the Yangtse. An American engineer is now in charge of the locating work in the Province of Yunnan.

The concession of the right to build the line from Canton to Macao, which had been granted to the Portuguese, has now been given to a Mr. Leung Wan Kwai, who is floating a company for the purpose of building the road.

RUSO-JAPANESE TRADE.

Mr. Fukuda, consul at Moscow, who recently returned home on a furlough, speaking about the prospects of Russo-Japanese commerce says: It appears that the business men are inclined to entertain rather pessimistic views on the commercial relations between Japan and Russia. But this is a great mistake. The political relations between this country and Russia are in a very sound state at present and will continue to be so in time to come. The perfect understanding of will and purpose on each other's side, indeed, offers a very favorable opportunity for closer commercial relations between the peoples of the two countries. What

troubles those engaged in trade with Russia, however, is the high tariff imposed by Russia on foreign articles to protect her own manufacturers. But it is customary with Russian merchants that if they see any profit in purchasing Japanese goods they never hesitate to do so, even paying the high import duty themselves. Such being the commercial custom among Russian merchants the high customs tariff is a matter of little concern to Japanese merchants, provided they find a proper market for their goods. What Japanese merchants dealing with Russia must pay attention to is that the Russian tariff is levied on the specific duty principle. The German merchants knowing this fact are taking measures to make articles exported to Russia as light as possible in weight. The fact that the Russian government impose heavy duties on foreign articles shows that there is much room for the development of her home industries, and it is necessary to get a clear knowledge about Russian affairs to find a larger market in Russia for Japanese goods. It is unwise, therefore, for our merchants to merely indulge in useless pessimism and to idle away the time when they ought to push things. To give an instance, the export of raw silk in Russia was in an anything but encouraging condition and given up as almost hopeless till a few years ago, but Russia now imports some 6,000,000 yen worth raw silk, one-third of that amount being supplied by Japan and the rest by France. The raw silk is spun into thread in Russia. Our light habutaye is also promising, and a rising demand in the future is expected. Tea is the most important article among the daily necessities of Russians and about 200,000,000 catties are annually imported. The bulk of the tea imported is China tea, coming in order next is Indian Ceylon tea. Of late Formosan black tea is imported by Russia and enjoys a good reputation. Tinned fruit, tinned cuttlefish, straw braids, matings, camphor and raw wax are also promising.—*Journal of Yokohama Chamber of Commerce.*

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CONTENTS.	PAGE
CURRENT COMMENT	257
EXPORTS TO CHINA AND HONGKONG	259
IMPORTS OF TEA AND SILK INTO THE UNITED STATES	260
REPORT ON THE FOREIGN TRADE OF CHINA FOR 1909	260
SUMMARY OF THE COMMERCIAL LIABILITIES AND ASSETS OF CHINA IN INTERNATIONAL TRADE	266
JAPAN'S FOREIGN TRADE	266
PALACE POLITICS IN PEKING	267
TRADE WITH THE PHILIPPINES UNDER THE NEW TARIFF	269
AMERICAN POLICY IN THE FAR EAST	270
THE MEDICAL CONDITION OF CHINA	273
ENTERPRISE IN THE HOKKAIDO AND SAGHALIN	275
CHINESE NAVAL REORGANIZATION	276
ADVERTISEMENTS	280

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THE report of the Imperial Maritime Customs on the foreign trade of China for 1909, which we reproduce in this number of THE JOURNAL, does not contain very encouraging matter for the prospects of American trade. The following passage is at least not suggestive of progress: "The value of Japanese trade has risen from 89.9 million to 111.5 million taels, and the value of British Indian trade from 34.6 million to 45.25 million. The total value of the trade with Russia, both by sea and through the ports on the Manchurian frontier and on the Sungari, has risen from 38 million to 55.9 million taels. The other leading countries have also shared in the increase, but in less degree, the United States alone remaining stationary." It is true that British and German exports to China show, like our own, a decrease, but the totals of British and German trade are higher than those for 1908, because of the increase in imports, amounting in the case of Great Britain to 7 million taels, against the decrease in exports of less than 4 million. In our case the decrease in exports is barely balanced by the increase in our imports from China. There is the usual disparity between the figures of the Maritime Customs and those of our own Bureau of Statistics. For 1908 the Customs figures, placing the value of the Haikwan tael at 65 cents, called for a total value of American exports to China of \$26,809,705, while the figures given by the Bureau of Statistics were only \$21,741,455. On the other hand, our imports from China in 1908 were valued on that side at \$15,485,600, and on this at \$22,320,263. For 1909, the Chinese figures place our exports to China at \$20,532,095, estimating the Haikwan tael at 63 cents, while our own placed them at \$19,574,013. On the side of imports the Chinese Customs figures are \$20,441,106, against \$29,070,113, given by our Bureau of Statistics. The decline in our exports to China was fully accounted for by a drop of \$2,300,000 in the value of cotton cloths and \$2,100,000 in the value of mineral oils.

THE Statistical Secretary of the Maritime Customs regards 1909 as having been a commercially good year for China, since it was marked by a large increase in her customs revenue, a notable expansion of exports, a rapid industrial progress and a revival of the home trade. He adds that while the countries which supply imports to China have less cause for satisfaction in the year's results the total net imports of 1909 were, nevertheless, second only to those of 1905. The low exchange, while an important factor in quickening the flow of exports, stood in the way of the looked for development of the import trade, and gave an additional advantage to such native manufactures as flour,

cotton yarn, cotton cloth, iron, etc., with which foreign exports have now to compete. It is satisfactory to learn that stocks of cotton piece goods were low at the end of the year, and that a further reduction in the number of competing houses had improved the position in Shanghai. Still more satisfactory, as bearing on the future purchasing power of China, is the emergence of the soya bean as a highly important article of export. In all the history of the foreign trade of China there has been nothing so remarkable as the sudden demand which has been developed for Manchurian beans, and the rapid expansion of the value exported. In 1908 the trade had already attained dimensions which were regarded as surprising, but in that year its value was only \$5,850,000. With startling suddenness there came the total of \$20,000,000 for 1909, or, including the value of the bean cake exported, the extraordinary total of \$33,000,000. Thus, as Mr. Chalmers points out, the soya bean has almost at a single bound taken a position above that of tea in the list of Chinese exports, and nearly as high as silk.

THE ceremonies attending the brief visit of H. I. H. Prince Hsün to the United States ended at New York on Saturday, October 1, with a breakfast tendered by the acting mayor and a representative committee of bankers, exporters and manufacturers specially interested in the cultivation of good relations with China. It is a matter for special congratulation that the city government of the commercial metropolis of the country should have wiped out so thoroughly as it has done in the case of both Prince Tao and Prince Hsün the reproach incurred by Mayor McClellan's shabby treatment of Prince P'u Lun. The later visitors from Cathay have been treated by the municipal authorities with all the distinction due to their exalted rank in spite of the fact that they were "only Chinamen," and that means a sensible contribution to the concord which our Government is earnestly trying to establish between the two nations.

THAT to foreign observation these efforts have not been entirely judicious may be inferred from the comments of an English critic, which we reproduce from the *North American Review*. This not unfriendly observer notes the fact that today it is not too much to say that the Celestial Empire leans almost exclusively on American support, and recognizes in the United States her best guide and well wisher. If she has any champion at all in her efforts to maintain her sovereignty over Manchuria in fact that champion is America. If she has in the whole world a single sincere friend who would gladly see her strong, united and progressive, that friend is America. Thus, as our authority adds, "It is from America that China will receive the ablest and most disinterested assistance in converting herself into a modern state, just as it is from America that she has already received the most persistent encouragement in her campaign against opium. To direct Chinese advancement from the abundance of her own experience in matters of education, government and commerce; to be the tutelary genius of that vast, nerveless, disjointed but aspiring empire, and to protect her by a vigilant diplomacy from the encroachment of her powerful neighbors—such is the high rôle to which America, more or less unconsciously, seems destined to be called." But the inference to be drawn from his comments is that our Government is playing this rôle badly, and he is particularly impressed by the failure of Mr. Knox to see that his scheme for neutralizing the Manchurian railways was a program that contravened not only the Treaty of Portsmouth, but also the convention with Japan by which the United States bound itself to observe the status quo which Mr. Knox proposed to upset. The most important part of this criticism is, however, to be found in this somewhat cynical avowal: "That Manchuria

is dominated throughout its length and breadth by Russia's and Japan's rights of ownership in the railways, and that the sheer force of economic pressure is slowly separating the province from China is true enough. But only a miraculous transformation in the character and material organization of the Celestial Empire or a war successfully waged against both Russia and Japan can check the inevitable denouement." With due deference to the British opinion in high places of which this may be assumed to be an expression, the public opinion of the United States is as firmly opposed to the making of any such admission as it was in the days when Russia seemed on the point of declaring her sovereignty over Manchuria, and Englishmen were ready to accept, as a counterbalance, the possession of an undisputed sphere of influence in the Yangtze Valley.

As we go to press a letter has been received from Mr. Thomas F. Millard, of Shanghai, taking exception to a criticism made in these columns on some passages in his article published originally in the *Forum*. Without going into detail, the question which Mr. Millard raises is, briefly, did what he calls the Hay Agreement of 1899 secure the assent of the great Powers to the principle that none would exploit railways in China for the advantage of itself and its nationals, and would not assert any exclusive or preferential privileges based on such concessions? As a matter of fact, the understanding to which Mr. Hay committed the Powers in 1900, as a sequel to his appeal to Germany in 1899, did nothing of the kind, and certainly not in the estimation of the German Foreign Office. The correspondence with Germany began with a communication from Mr. Hay to Mr. White, our Ambassador at Berlin, dated September 6, 1899. After referring to the assurances which had been given by the Imperial German Minister for Foreign Affairs on the announcement of the lease of the port of Kiaochau and the adjacent territory, that the rights and privileges assured by treaties with China to citizens of the United States would not thereby suffer or be in any wise impaired within the area over which Germany had thus obtained control, Mr. Hay used the following language: "More recently, however, the British Government recognized by a formal agreement with Germany the exclusive right of the latter country to enjoy in said leased area and the contiguous 'sphere of influence or interest' certain privileges, more especially those relating to railroads and mining enterprises." He went on to say that in the absence of any definite definition of these privileges it would be well to ask the German Government to give formal assurances that it will in no way interfere with any treaty port or any vested interest within any so-called sphere of interest or leased territory it may have in China. Further, that the Chinese Treaty Tariff shall apply to all merchandise landed at or shipped to all such ports as are within said sphere of interest. Finally, that it will levy no higher harbor dues than are levied on vessels of its own nationality. It will be observed that no stipulation was asked in regard to the exclusive railway and mining rights which had been granted to Germany under the Treaty of Kiaochau, and that it was only the open door for commerce, in its most restricted sense, whose preservation Mr. Hay sought to secure. The German Government rather discouraged any general discussion of this question, but assured Mr. White that no difficulty would come from their side, in subscribing to Mr. Hay's proposals, if the other Powers agreed. This was on December 4, 1899, and when early in the succeeding year Mr. Hay had obtained the formal assent of the Treaty Powers to his open door resolutions, Count von Bülow said under date of February 19, 1900, that in its Chinese "possessions" Germany proposed to maintain "absolute equality of all nations with regard to trade, navigation and commerce." No reference was made to the building of railroads or the working of mines, and certainly no exclusive rights in regard to either were waived, either in 1899 or 1900 by Germany or any other Power to which Mr. Hay appealed.

**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, 1909 and 1910.**

EXPORTS TO CHINA.

Months. 1909.	Cotton Cloths. Yards.		Mineral Oils (Illuminating). Gallons.		Wheat Flour. Barrels.	
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	547,946	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

1910						
January.....	.....	\$.....	3,311,000	\$268,540	1,393	\$5,895
February.....	17,271	3,568	3,166,810	258,115	500	2,250
March.....	64,939	3,983	6,279,100	477,295	19	103
April.....	3,334,800	209,841	3,106,000	230,143	611	2,936
May.....	21,601,907	1,342,041	9,646,950	574,867	250	1,000
June.....	10,515,200	662,990	10,845,070	655,309	263	1,163
July.....	10,897,533	727,329	5,392,690	323,424	638	2,576
August.....	9,582,788	563,587	14,052,380	888,045	2,643	11,823
Total.....	56,014,438	\$3,513,339	55,800,000	\$3,675,738	6,317	\$27,746

EXPORTS TO HONGKONG.

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	60,477
Total.....	733,751	\$76,224	6,064,596	\$662,663	595,377	\$1,606,811

1910						
January.....	16,595	\$2,543	1,589,140	\$195,711	108,727	\$432,622
February.....	24,447	3,356	.....	.....	20,800	89,650
March.....	13,437	1,842	.....	.....	34,285	146,546
April.....	14,297	1,442	2,133,172	83,368	12,277	50,915
May.....	24,427	4,165	1,170,000	91,115	11,304	45,395
June.....	66,974	4,322	.....	.....	15,676	64,737
July.....	51,982	8,126	1,757	189	58,169	242,814
August.....	19,350	2,558	1,748,039	130,973	54,231	217,046
Total.....	221,509	\$28,354	6,642,108	\$430,465	315,469	\$1,309,975

DEPARTMENT OF COMMERCE AND LABOR.

WASHINGTON, D. C., Oct. 3, 1910

Bureau of Statistics.

**Imports of Tea and Silk into the United States for the eight months, ending
August 31, 1908, 1909 and 1910.**

	1908.		TEA.		1909.		1910.	
Imported from	Pounds.	Dollars.		Pounds.	Dollars.	Pounds.	Dollars.	
United Kingdom.....	5,086,995	1,193,071		9,458,712	2,165,309	6,539,961	1,768,372	
Canada	1,591,426	422,573		3,699,745	822,567	1,742,340	395,684	
Chinese Empire.....	12,538,404	1,712,272		16,795,707	1,688,404	10,109,862	1,211,370	
East Indies.....	3,784,552	622,361		6,530,110	998,114	6,415,081	1,047,076	
Japan.....	21,165,870	3,806,781		26,004,864	4,722,275	24,484,988	4,599,856	
Other countries	552,181	128,963		826,891	136,510	640,318	132,906	
Total.....	44,719,428	7,886,021		63,316,029	10,533,179	49,932,550	9,155,264	

RAW, OR AS REELED FROM THE COCOON.		SILK.		
Imported from	Pounds.	Dollars.	Pounds.	Dollars.
France.....	231,896	792,360	499,203	1,561,692
Italy.....	1,974,771	7,463,403	3,156,547	12,282,069
Chinese Empire.....	1,602,902	4,135,121	2,945,181	7,246,151
Japan.....	6,366,050	22,388,398	7,651,076	26,803,889
Other countries	24,141	88,976	93,098	350,558
Waste. ....lbs...free..	684,981	471,583	1,382,268	779,754
Total unmanufactured	10,884,741	35,339,841	15,727,373	49,024,113

	14,513,843	39,584,696
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REPORT ON THE FOREIGN TRADE OF CHINA FOR 1909.

1°. GENERAL.—The year was commercially a good one for China, since it was marked by a large increase in her customs revenue, a notable expansion of exports, a rapid industrial progress, and a revival of the home trade. The countries which supply imports to China have perhaps less cause for satisfaction in the year's results, though the imports of 1909, judged by their total net value, were second only to those of 1905. The low exchange, so important a factor in the flow of exports, stood in the way of that development of the import trade which had not unreasonably been looked for, and gave an additional advantage to those native manufactures, such as flour, cotton yarn, cotton cloth, iron, etc., with which foreign imports have now to compete. A great rise in the price of cotton was further flung into the scale, as against the principal branch of the import trade, though its effect was in a large measure deferred by the system of contracting ahead with the home manufacturer. Stocks of piece goods were low at the end of the year, and a further reduction in the number of competing houses had improved the position in Shanghai. It must be a very exceptional year in which no part of this empire suffers from either too much or too little rain, and a certain portion of agriculture failure has always to be reckoned with, but in 1909 nearly every province had its share of distress. In general a deficiency of rain in spring was followed by an excess in summer, and, though famine was nowhere acute or widespread, the aggregate damage to crops, and

consequent impoverishment, must have been considerable. But when spring crops failed, autumn crops made amends, and vice versa, and conditions which disagreed with one crop were favorable to another, and, on the whole, a fair average of production was attained. The tea and silk yields are reported to have been exceptionally abundant. Cotton, however, was seriously injured by rain in Hupeh, Hunan and Kiangsi, and, though the rice harvests seem to have been satisfactory generally, the price of the staple rose on the Yangtze in consequence of the summer floods.

The depreciated state of 10-cash pieces remained one of the chief hindrances to trade, and, on the whole, the position of this currency was rather worse at the end of the year than at the beginning. In Fukien especially there appears to have been marked progressive depreciation, the rate of exchange at Foochow and Amoy in the fourth quarter being about 140 10-cash pieces to the dollar. At Tientsin the value of the coin fell during the year from 123 to 130; at Canton, from 110 to 116, and at Wuchow, from 120 to 130. At Chinkiang it stood at 129 at the end of the year, and at Shanghai it reached the lowest level—135—in October, but has since improved. The provincial mints have greatly reduced their output of this coin during the year, and the practical disappearance of copper ingots and slabs from among the imports may be taken as an indication that coinage on a large scale will not soon be resumed. Only 4,000 piculs were imported in 1909, as compared with

an average annual importation of 233,401 piculs in the six years preceding. In the Western provinces the 10-cash coins are but little used. Chungking reports that there are only a few in circulation at that port, and at Nanning they are not met with at all.

Exchange was low and very steady. The difference between the highest and lowest rates recorded for the Shanghai tael during the year was no more than 2d., contrasting with the fluctuations of 4½d. in 1908, 8d. in 1907, 4d. in 1906, 5d. in 1905, and 4d. in 1904.

The newly instituted provincial assemblies held their first sessions in October, and branches of the Ta Ch'ing Bank were opened at many important centres during the year.

The reconstruction of the Antung-Moukden Railway, begun in August, had made considerable progress by the end of the year, and its completion is looked for in 1911. The first section of the Tientsin-Pukow Railway, from Tientsin to Tehchow, a distance of 140 miles, was expected to be ready for traffic in April, 1910. The Yüeh-Han line has made but little progress at either end, owing to engineering difficulties and unsettled financial questions. An advance of 10 miles during the year is, however, reported at the southern end, and the total length of open line from Canton is now 54 miles. A 30 mile section of this railway, between Chuchow and Changsha, which when opened will aid materially the development of the Pingsiang Coal Mines, was commenced in August. The Kiangsu Railway, from Sungkiang to Fengking, was opened for traffic in the beginning of June, and on the Chekiang Railway trains from Fengking to Hangchow were running in September, through communication between Shanghai and Hangchow being thus established. Work on the Ichang-Wanhien section of the line, which is to connect Hupeh with Szechwan, was commenced in December. Both the Chinese and British portions of the Canton-Kowloon Railway made good progress. It is expected that trains will be running on the British section, between Hongkong and Taipo, by the middle of 1910, while on the Chinese section 31 miles will probably be ready for traffic in September, and work is proceeding so well that it is hoped through communication may be opened in the summer of 1911. A line of 130 miles, connecting Kiukiang with Nanchang, the provincial capital, has advanced so far that a 32 mile section may be in operation in the coming summer. In April the railway from the Tonkin frontier reached Mengtsz, and by the end of the year construction trains were only 44 kilometres from Yünnanfu. Passengers can now travel from Mengtsz to the frontier station of Hokow in about ten hours. The lines from Amoy to Changchow and from Wuhu to Kwangtehchow have made little progress.

The months of July and August saw the opening of three new customs stations in Manchuria, namely, at Harbin, for the control of the Sungari traffic at that point; at Sansing, further down the Sungari, and at Aigun, on the Amur, some 340 miles north of Harbin. None of these stations equals in importance those opened in 1908 at Suifenhö and Manchouli so far as

foreign trade is concerned, though Harbin, in the recorded half year, sent to Russian ports on the Amur native produce, mainly flour and grain, to the value of some Hk. Tls. 2,200,000. There was a comparatively poor yield of Manchurian staples in 1909, but when added to the surplus of the previous year it went far to meet the large foreign demand for beans, beancake and wild silk. The following figures show the important part taken by Manchuria in the year's trade:

	1907. Hk. Tls.	1908. Hk. Tls.	1909. Hk. Tls.
Net foreign imports.....	30,040,212	42,118,568	49,265,303
Net native imports.....	6,740,288	8,550,701	14,830,539
Exports	26,657,663	45,143,358	77,926,613
Totals	63,438,163	95,812,627	142,022,455

A decrease of Hk. Tls. 4,250,000 in the foreign imports of Dairen, due in the main to the smaller requirements of the South Manchuria Railway and other Japanese undertakings in the Leased Territory, was nearly balanced by a gain of Hk. Tls. 3,900,000 at Newchwang; and the widely separated frontier stations of Suifenhö and Manchouli each doubled its import values and jointly added Hk. Tls. 6,381,000 to the previous years' total under this heading. The imports at these stations consist of cottons and sundries crossing the frontier from Russia, and while the imports at Manchouli are all of Russian origin, those at Suifenhö are largely mixed with non-Russian goods arriving by way of Vladivostok. The exports from the Manchurian section show, as compared with the figures of 1908, an increased value of Hk. Tls. 32,780,000, or 72 per cent., and an excess over imports, foreign and native, of Hk. Tls. 13,500,000, or 21 per cent. This increase, of which Hk. Tls. 14,000,000 must be credited to Dairen, Hk. Tls. 6,500,000 to Newchwang, and nearly Hk. Tls. 7,000,000 to Suifenhö, was mainly caused by the sudden and surprising demand for the soya bean and its products.

At Tientsin an arrangement between the Chinese merchants and their foreign creditors has greatly reduced the large debt handed down from previous years and provided for the eventual payment of the remainder.

A revival of trade in Chihli is indicated by the following summary of the figures of Tientsin and Chinwangtao:

	1907. Hk. Tls.	1908. Hk. Tls.	1909. Hk. Tls.
Net foreign imports..	64,510,385	39,062,456	48,332,463
Net native imports...	18,880,242	25,842,067	29,080,389
Exports	18,682,209	21,117,466	31,089,082
Total	102,072,836	86,021,989	108,501,934

Shantung was visited by drought in the spring—the northwestern portion of the province apparently suffering more than the southeastern—but the value of the trade increased by Hk. Tls. 18,500,000:

	1907. Hk. Tls.	1908. Hk. Tls.	1909. Hk. Tls.
Net foreign imports..	27,046,750	25,605,918	29,267,628
Net native imports...	11,040,255	10,863,629	15,879,381
Exports	19,197,397	23,169,710	32,979,700
Total	57,284,402	59,639,257	78,126,709

More than half the increase is due to exports, mainly the pongees and wild silk of Chefoo and the ground nuts and straw braid of Kiaochow. Chefoo is hopelessly beaten by the newer port as a distributor of foreign imports, but had in 1909 a marked advantage in imports and exports of native produce. In total values the two ports are running a close race, the difference of a little over a million taels being in favor of Kiaochow.

The floods which visited certain Yangtze provinces in the summer, and which were most severely felt in Hupeh, had a marked effect on the consumption of foreign commodities, which again show a decrease; but, as elsewhere, native products moved more freely both outward and inward. The increase of Hk. Tls. 17,600,000 in the value of exports includes, however, over Hk. Tls. 8,000,000 representing the value of native opium diverted at Ichang from likin boats to vessels controlled by the Customs. The following figures show the volume of the trade on the Yangtze, from Chungking to Chinkiang, the ports of Changsha and Yochow being included:

	1907. Hk. Tls.	1908. Hk. Tls.	1909. Hk. Tls.
Net foreign imports..	110,239,450	104,644,857	97,816,052
Net native imports...	28,065,027	33,154,129	37,739,416
Exports	115,476,892	134,680,625	152,291,362
Total	253,781,369	272,479,611	287,846,830

At Shanghai a considerable improvement is shown, both in net foreign imports, which have increased by 11.5 million taels, and in exports, which have increased by 14.8 million. In Chekiang the Ningpo district appears to have suffered heavily from floods and cattle disease, and consequently the province as a whole did less well than might have been expected; but it is satisfactory to be informed that the decrease in the importation of rice at Ningpo, which amounted to the value of Hk. Tls. 3,300,000, and which by so much reduced the total of native imports, was made good by the produce of lands lately rescued from the poppy in the prefecture of Taichow. The Fukien ports, in spite of conditions which were highly favorable to crops, give no evidence of commercial expansion. Exports and foreign imports have further declined in this province, though the value of native imports was increased in 1909 by a demand for Shanghai flour and by the higher prices of native opium. A similar condition in the provinces of Kwangtung and Kwangsi, where excellent harvests were obtained, is revealed by the following summary of the figures of eleven ports:

	1907. Hk. Tls.	1908. Hk. Tls.	1909. Hk. Tls.
Net foreign imports..	106,231,976	107,838,502	104,165,988
Net native imports...	41,294,600	54,172,248	61,461,060
Exports	101,059,386	93,614,205	92,328,310
Total	248,585,962	255,624,955	257,955,358

The trade of the Yunnan ports bears marks of the opium campaign, which has put an end to the export of opium from Mengtsz and which probably accounts also for a decrease of some Tls. 600,000 in general foreign imports appearing on deduction of railway materials.

The total net trade of all ports shows an increase under each heading. Foreign imports rose from Hk. Tls. 396,261,991 in 1908 to Hk. Tls. 417,586,237 in 1909, and exports from Hk. Tls. 438,735,094 to Hk. Tls. 522,136,518, giving a total increase in the whole trade of 104.7 million taels. The net native imports, which are, of course, included under exports, amounted to Hk. Tls. 201,243,409, giving an increase of 22.7 million. In the northern provinces, in Yunnan, and at Shanghai there was a larger demand for foreign goods, but at the Yangtze and southern ports the demand fell off. Exports declined slightly in Fukien, the Two Kwang, and Yunnan, but show large increases in all other sections. It is to be noted that, considerable as the increase in the volume of exports has been, the increase in value has been proportionately greater, owing to the marked rise in the prices of several leading articles of export. The lower level of exchange in 1909, as compared with 1908, has also to some extent raised the silver value of imports.

2°. REVENUE.—The total collection was Hk. Tls. 35,539,917, a sum exceeded only in the year 1906, when import duties reached their maximum, and larger by Hk. Tls. 2,638,022 than the collection of 1908. Increase is shown under every head except opium duty, to which, while foreign opium contributed rather more, native opium exported from Chungking and Mengtsz gave nearly Hk. Tls. 100,000 less, the net falling off being Hk. Tls. 85,000. The principal increases are: Hk. Tls. 937,181 in import duties (exclusive of opium); Hk. Tls. 1,450,118 in export duties (excluding native opium, but including other native produce from port to port); Hk. Tls. 159,902 in coast trade duties; and Hk. Tls. 129,858 in transit dues, chiefly outward. The recent increase of revenue from exports is especially noteworthy as a sign of the times. Having steadily yielded about Hk. Tls. 9,000,000 annually for many years, it rose suddenly in 1908 to Hk. Tls. 10,612,000, and advanced in 1909 to Hk. Tls. 12,063,000. More than half the total increase of revenue comes from Manchuria, whose ports and marts returned Hk. Tls. 3,121,125, against Hk. Tls. 1,788,639 in 1908. The Harbin district, including the new stations at Aigun, Sansing and Harbin River, reports about half a million taels more than in 1908; Dairen, Hk. Tls. 565,600 more; Newchwang, Hk. Tls. 200,000 more; and Antung, Hk. Tls. 64,000 more; and the greater part of the addition was in export duties. Tientsin and Chinwangtao increased their contribution by Hk. Tls. 474,000, thus recovering, in import, export and transit duties, more than half the heavy decline of 1908. The two Shantung ports collected Hk. Tls. 300,000 more than in 1908, in the proportion of two-thirds at Kiaochow and one-third at Chefoo. The collection of the Yangtze ports—Chungking to Chinkiang—shows a decline of Hk. Tls. 571,600, of which the larger half fell on Hankow, and which appears chiefly in import, opium and transit duties. In the collection of Kwangtung ports there is an increase of Hk. Tls. 287,000, derived chiefly from import duties. Frontier ports show little difference beyond the decline of Hk. Tls. 30,000 in export duties on opium at Mengtsz.

3°. FOREIGN TRADE.—The value of the direct trade with foreign countries in 1909 reached a total of Hk. Tls. 757.

150,881, exceeding the total of 1908 by 85.98 million taels and the highest total hitherto recorded—that of 1907—by 76 million taels. Foreign imports amounted in value to Hk. Tls. 418,158,067, giving an increase of 23.65 million taels, and exports to Hk. Tls. 338,992,814, giving an increase of 62 million taels.

(a.) *Imports*.—There was a net importation of 48,917 piculs of foreign opium, giving an increase of 570 piculs as compared with the previous years' import. Of Bengal drug, 2,225 piculs more was imported; of Malwa, 1,476 piculs less; and of Persian, 171 piculs less. The slight increase of importations is due in part to actual scarcity of native drug and in part to excited speculation on the yet greater scarcity to come. Hongkong market prices, taken in January and in December, show that Malwa had risen by the end of the year 10 to 20 per cent., according to quality; Patna, 28 per cent.; Benares, 39 per cent., and Persian, 29 to 37 per cent.; and it may be added that by the middle of March, 1910, Hongkong prices for foreign opium were twice as high as in the beginning of 1909. Native opium has more than kept pace with the foreign drug and is reported from several of the maritime provinces to have doubled its market value during the year; while the price of Szechwan opium at Chungking rose in the year's course from Tls. 200-225 to Tls. 500-550, or 147 per cent. Coastwise movements of native opium through the Foreign Customs, which of themselves do not at this stage throw much light on the general question, have continued without noticeable change. Owing to a sudden demand at the end of the year, and it is said to an expectation that the downward movement of opium from Chungking will soon be forbidden, the quantity of Szechwan and Yunnan opium passing Ichang was as great as in 1908. So long, however, as opium is grown in the western provinces at all, or any of the old stock remains, it will naturally gravitate toward the richer provinces of the lower Yangtze and the South. Customs reports confirm the statements which have appeared in the public press from missionaries and others in regard to the reduced production in Szechuan and Yunnan. The Mengtsz commissioner says that "the suppression of the traffic in opium in this province must be recognized as thorough even by the most skeptical," and the commissioner at Chungking, while admitting that a good crop had been gathered during the year, finds that, in consequence of a decisive prohibition in the autumn, "there can be no doubt of the fact that a clearance of the poppy on a most extensive scale has been effected."

In foreign cotton goods there is an advance in total net value of over 26 million taels, the conspicuous increases being in cotton yarn, white shirtings and American sheetings and drills. The importations of yarn (2,406,110 piculs) and of white shirtings (4,029,517 pieces) compare not unfavorably with the best in previous years, and American piece goods approximate to the average of the years which preceded the inflation of trade in 1905 and 1906. It is impossible to say how much cotton yarn is now turned out from native mills, but the quantity distributed by Shanghai to other ports in 1909 was 425,055 piculs, as compared with 378,000 piculs in 1908 and 187,000 piculs in 1907; and as might be expected, there is evidence in the port returns

of an increasing consumption of piece goods from native factories. Cotton shirtings show a decline of 354,000 pieces, or 27 per cent., on the figures of 1908, and cotton lastings a decline of 192,000 pieces, or 17 per cent.

The importations of the principal descriptions of plain cottons, namely, gray and white shirtings, sheetings, drills, jeans and T-cloths, according to countries of origin, have been as follows:

	1906. Pieces.	1907. Pieces.	1908. Pieces.	1909. Pieces.
British	10,785,227	8,224,951	8,993,534	10,691,448
American	8,544,165	578,647	1,586,989	3,856,231
Japanese	733,436	840,401	986,982	1,396,297
Indian	85,003	67,905	141,312	133,855

There is, however, a very large increase in the quantity of Japanese cotton cloth of narrow width imported at Dairen, the total figures under this heading being, for 1908, 5,265,000 yards, and for 1909, 22,798,000 yards. The noticeably smaller value per piece of the leading cotton fabrics is attributed to the larger proportion of cheap grades imported.

Metals have declined in total value by 5.20 million taels, which is more than covered by the decrease of 5.72 million taels in copper ingots, slabs and ore. There have also been considerably reduced importations of iron pipes and tubes, lead and tin, balanced by increase in rails and old iron.

The total of sundry imports remain at about 220 million taels. The consumption of cigarettes continues to increase, the value of importations from abroad being Hk. Tls. 700,000 more, and that of shipments of local makes at Shanghai for native ports Hk. Tls. 800,000 more, than in the preceding year. The excellent crops of rice in Kwangtung caused a reduction of 3 million piculs, valued at 11 million taels, in the importation of foreign rice. The same cause influenced the importation of foreign flour, which, however, is rapidly giving place to the produce of native mills. Imported flour was less than 600,000 piculs, as compared with 1.75 million piculs in 1908 and 4.41 million piculs in 1907, and was valued at 2.7 million taels, the lowest figure since 1898; while the native flour distributed coastwise from Shanghai during the year was 1,490,000 piculs, valued at 5.5 million taels, or about twice the quantity so distributed in the year before. In the importations of kerosene oil there is a decline of some 40 million gallons, of which 37 million gallons falls on the American product and 3 million gallons on the Borneo. Russian oil has increased and Sumatra oil has maintained the figures of 1908. Various reasons are assigned for this reduction of over 20 per cent. in an article which had almost become a necessity in Chinese households; but the most probable reason seems to be the conjunction of its increased price with an abundance of vegetable oil. Electric lighting plant has, however, been installed in many Chinese cities in recent years, and the electric light will more and more compete with the less convenient, less safe and less attractive oil lamp. Foreign sugar has gained ground to the extent of 7.5 million taels; and an increase of 700,000 piculs, valued at 4 million taels, in refined sugar is significant of changing tastes. Another sign of the times may perhaps be discerned in the

value, larger by nearly a million taels, of imported spirits; and in this connection it may be noted that, according to the Hankow trade report, a distillery for the production of Chinese wines and spirits has been established at Hankow.

The value of Japanese trade has risen from 89.6 million to 111.5 million taels, and the value of British Indian trade from 34.6 million to 45.25 million. The total value of the trade with Russia, both by sea and through the ports on the Manchurian frontier and on the Sungari, has risen from 38 million to 55.9 million taels. The other leading countries have also shared in the increase, but in less degree, the United States alone remaining stationary.

(b.) *Exports.*—Apart from tea, silk and two or three other articles, a marked general increase has occurred in the leading exports to foreign countries; but the rise of a great export trade in beans is the fact which overshadows all others. From the earliest days of the Foreign Customs beans and beancake have been the principal exports from Newchwang, but for many years the trade was exclusively domestic. About the year 1890 a beginning was made with shipments to Japan, and the traffic soon rose into importance, Japan being practically the only foreign buyer of these products until 1908. During the eight years 1900-07 the average annual value of the beans exported abroad was 4.37 million taels. In the spring of 1908, according to a credible published statement, a trial consignment of Manchurian beans was sent to London by a well known Japanese firm. Orders followed, with the result that the total export of beans abroad rose, in 1908, to 4,770,000 piculs, valued at 9 million taels, and in 1909 to no less than 14,438,000 piculs, valued at 32.78 million taels. The soya bean thus took at a bound a position equal to that of tea in the list of exports, and if to the shipments of beans be added those of beancake, giving a combined value of 52 million taels, even the position of silk at the top of the list is already challenged. Of the beancake exported (10,088,359 piculs), all but an inappreciable quantity was of Manchurian origin; and of the beans, 10,915,000 piculs were sent out from Manchurian ports, 1,173,000 piculs from Hankow, 1,737,000 piculs from Chinkiang and Shanghai, and 600,000 piculs from Amoy and Kwangtung ports. The ultimate destinations of the consignments of beans are less easy to determine with accuracy. There went direct to Japan, 4,945,000 piculs; to Great Britain, 1,158,600 piculs; to Hongkong, 2,010,800 piculs; to Port Sail ("for orders"), 2,021,600 piculs; and to Vladivostok through Suifenhö, 3,842,000 piculs. The statement of the Hull Seed, Oil and Cake Association that 400,000 tons of beans were shipped to the United Kingdom in 1909 may be accepted, under such good authority, as not far from the mark, and would account for 6,800,000 piculs. Add the shipments to Japan and 460,000 piculs declared as for the Straits, Dutch Indies and European countries, and there still remains a balance of over 2,000,000 piculs of which the destination is uncertain. It is difficult to forecast the future of a trade so suddenly brought into full grown life and depending on so many factors. The soya bean, itself edible, can, it seems, be made into a kind of coffee, a kind of milk and a kind of cheese; the oil expressed from it is valuable for culinary purposes and in the manufacture of soap; and

the cake, excellent as a fertilizer and as a food for cattle, can also be made into soy and into biscuits. The European demand, once created, for an article combining so many uses is not likely to decline; but it may be taken for granted that China will not be allowed to keep a monopoly as producer, and that the bean will henceforth be cultivated wherever soil and climate are found suitable. The Manchurian product will then be handicapped by distance and will require all the help that can be got from cheap production, ample transport facilities and low exchange. The carrying capacity of the South Manchuria Railway and the wharf accommodation at Dairen have proved unequal to the demands of the bean traffic and will have to be enlarged, and the opening of Port Arthur, already promised, will probably not be long delayed.

The yield of silk was good throughout; but prices in the foreign markets were low, and there was but a slight increase, of some 800 piculs, in the export of white and yellow raw silk. Demand in the United States did not come up to expectation, notwithstanding generally improved trade conditions in that country; while the Japan crop was so large that, as I am informed, a considerable part of it was shipped to the United States on consignment. Prices were thus kept down. Japan has advanced rapidly as an exporter of raw silk in recent years, her shipments in 1905 having been 72,000 piculs, and in 1909 134,000 piculs, or nearly double. The salient feature of the silk trade in 1909 was, however, the export of filatures and pongees manufactured at Chefoo from cocoons of the Manchurian wild silkworm supplied by Antung, Takushan and other places. The shipments of cocoons from Antung alone to Chefoo totaled 121,000 piculs, and were effected at prices which rose during the year to double the figure ruling in the autumn of 1908. About as much again was received at Chefoo from other Manchurian ports. Chefoo in turn sent out, for ultimate shipment abroad, 14,000 piculs of wild raw silk, 10,000 piculs of waste silk and large quantities of inferior pongees—all products of the Manchurian cocoon. Shantung pongees have become important to several modern industries, so that the export has increased to 10,655 piculs, from 6,247 piculs in 1908, while the value per picul has risen 40 per cent.

The decrease of some 81,000 piculs in the total export of tea is due mainly to a reduced demand for common black teas, which in turn is attributed to the abundant supply from India and Ceylon of the inferior teas used in cheap mixtures. This feature of the trade is reflected in the average value of black tea exported, which was over Tls. 3 higher per picul in 1909 than in 1908. China appears to have no specialty in the production of common teas, and her distance from the European consumer would, even in the absence of taxation at home, place her at a grave disadvantage in this competition. The future of the China tea trade rests with the finer qualities, which so far have not been imitated elsewhere. These finer China teas were much in request in the London market during 1909, and it is stated that the supply was hardly equal to the demand. The export of tea to the chief European countries was reduced all round. That to the United States was slightly larger, as there was an increase of 20,000 piculs in green

tea to set against a decline of 17,000 piculs in black. The consumption of Chinese and other teas in Great Britain and in the United States during 1909, as compared with the consumption during previous years, was as follows:

	1906. Piculs.	1907. Piculs.	1908. Piculs.	1909. Piculs.
United Kingdom—				
From all sources.	2,026,035	2,054,925	2,065,614	2,131,951
From China....	42,540	72,966	66,906	61,583
Per cent.....	2.1	3.43	3.14	2.88
United States—				
From all sources.	670,800	743,850	682,000	783,830
From China....	247,162	248,526	201,074	253,814
Per cent.....	37.0	33.4	29.5	32.4

Raw cotton, in spite of a short crop, was purchased for Japan in rather larger quantity and at much higher prices than in the preceding year, the average value showing an advance of Tls. 6 per picul. The export of matting from the Canton district was adversely affected by a pending question as to the rate of duty in the United States, but the point has been settled satisfactorily and a better business in this article is looked for. Among mining products, coal and pig iron, though as yet attaining but small totals, show signs of development; 196,000 tons of coal, chiefly from the Kaiping and Fushun mines, went to Hongkong, Japan, Korea, the Straits and British India, as compared with 28,000 tons exported in 1908. The increase in the exports of Hankow pig iron is less marked, but its interest lies in the fact, reported in the *London Times*, that cargoes of this metal, described as of a high grade, were imported at Seattle, Portland and San Francisco, where the low exchange enabled it to compete successfully. Grain was exported to Russia through ports on the land frontier to the value of 2.26 million taels, and shipments on a much smaller scale took place by special permission at South Manchurian ports, chiefly at Dairen. The figures of grain export are included under the heading of provisions, which also includes the value of frozen provisions, amounting to Hk. Tls. 660,000, exported from Hankow. Shipments of sesamum seed from Hankow to the continent of Europe, still increasing, amounted to 2,153,000 piculs, and the cultivation of the seed is being extended to meet the demand. Brown sugar, for which Swatow has always been the principal port, shows no sign of revival as an export abroad. The fibre originating in the Kiukiang district, hitherto incorrectly called "hemp," has for 1909 been classified as ramie, with the result that there is a large apparent increase in the exports of ramie and a corresponding falling off in the exports of hemp. In reality there has been a slight decrease in the shipments abroad of both kinds. Undressed hides of the cow and buffalo, exported chiefly from Hankow and Chungking, show an increased value of 2 million taels, while the export of undressed goat skins, mainly from Tientsin and Hankow, and a large proportion of which are destined for the United States, was greater by 1.7 million pieces, valued at 1.4 million taels. In sheep's wool, almost all exported from Tientsin and consumed in the United States, there is an increase of 117,000 piculs, valued at 3.1 million taels.

4°. SHIPPING.—The total entries and clearances—208,516 vessels, 86,771,809 tons—give an increase of 911 vessels and 2.78 million tons. The Japanese flag marks an increase of 900,000 tons, which, substantial though it be, indicates a considerably lower rate of advance than has been customary under this flag in recent years. Chinese vessels of foreign type have increased their total tonnage by 791,000 tons, chiefly on the Shanghai-Ningpo line, where the Ningpo-Shaohsing Steam Navigation Company's steamers began to run regularly in August and on the Yangtze. The new ports of Aigun, on the Amur, and Sansing and Harbin on the Sungari, have added 570,000 tons under the Russian flag. German tonnage has increased at most of the ports and shows a total gain of 658,000 tons. Norwegian steamers have been fully employed and contribute an increase of 371,000 tons, chiefly at the ports of Tientsin, Chinwangtao, Swatow and Kiungchow. At the last named port they were frequent visitors, running under charter from Bangkok and Haiphong to Hongkong in competition with existing lines.

Some gold went out, but more silver came in, to pay for exports, and there was a net gain in treasure of over Hk. Tls. 10,000,000. On the exchange, silver was drawn from Europe (Hk. Tls. 10,400,000), from San Francisco (Hk. Tls. 7,500,000), from India (Hk. Tls. 1,500,000), and from Japan (Hk. Tls. 1,200,000), in all, about Hk. Tls. 21,000,000; but against this Hk. Tls. 2,000,000 was taken for Indo-China, Siam, the Straits and Vladivostock. Gold was taken from the commercial area for Europe (Hk. Tls. 5,500,000), the Straits (Hk. Tls. 4,400,000), India, Siam and Batavia; but was received from Australia (Hk. Tls. 1,654,000), San Francisco and Japan. The net export of gold was about Hk. Tls. 4,500,000 less than in 1908.

6°. BALANCE OF TRADE.—The excess of imports (c. i. f. value) over exports abroad (f. o. b. value) has been reduced by successive steps from 97 per cent. in 1905 to 23.5 per cent. in 1909. This approximation has been brought about chiefly by the development of the export trade, which has increased by 110 million taels since 1905, while imports have been reduced by about 29 million taels only. With regard to the invisible or unrecorded assets and liabilities, of which a list was appended to the report for 1904, I have been able, after careful inquiry, to substitute revised figures under some of the headings for those which have done service since that year. The full list, as revised, is appended, and may be summarized here as follows:

LIABILITIES.		Hk. Tls.	Hk. Tls.
Value of merchandise imported in			
1909	418,158,067		
Net import of treasure to commercial area	10,048,867		
Loans and indemnities	53,700,000		
Invisible liabilities	33,350,000		
			515,256,934
ASSETS.			
Value of merchandise exported in			
1909	338,992,814		
Invisible assets	150,500,000		
			489,492,814
Difference to be accounted for			25,764,120

The general effect of the revision, so far as it has been carried out, is to add about $1\frac{1}{4}$ million taels to the invisible liabilities, and to reduce the invisible assets by 5 million taels. But the original estimates under the headings *E*, *G* and *I* have not been touched, because data to justify revision was lacking, and it has to be admitted that the attempt to form an up to date estimate of by far the most important invisible asset, namely, the remittances from and money brought in by Chinese emigrants (*m*), has for the present altogether failed. It may be that the American and British census figures, which should be available within the next year or two, will help to elucidate this obscure question, and meanwhile the original estimate of Hk. Tls. 73,000,000, believed now, as in 1904, to be a minimum figure, is retained, with the addition of 4 million taels, which my information leads me to think is justified in respect of Siberia and Korea.

J. L. CHALMERS,
Statistical Secretary, Imperial Maritime Customs.

SUMMARY OF THE COMMERCIAL LIABILITIES AND ASSETS OF CHINA IN INTERNA- TIONAL TRADE.

LIABILITIES.	Hk. Tls.
A.—Value of merchandise imported into the treaty ports of China, 1909, at moment of landing	418,158,067
B.—Value of bullion and coin imported into the treaty ports, 1909	31,889,326
C.—Principal and interest of loans and indemnities	53,700,000
D.—Expenditure on Chinese embassies and consulates abroad	2,000,000
E.—Expended by Chinese students and travelers abroad	3,000,000
F.—Net profits of foreigners remitted to home countries	19,600,000
G.—Net freights and net premia of insurance ..	6,750,000
H.—Munitions of war, not included in value of merchandise imported	2,000,000
Total	537,097,393

ASSETS.	Hk. Tls.
a.—Value of merchandise exported from the treaty ports of China, 1909, at moment of shipment	338,992,814
b.—Value of bullion and coin exported from the treaty ports, 1909	21,840,459
c.—Excess of exports over imports of unrecorded trade over land frontiers of China ..	2,600,000
d.—Expenditure on development of railways, mines, etc.	16,000,000
e.—Expenditure on foreign embassies and consulates, etc., in China	5,300,000
f.—Maintenance of foreign garrisons	8,600,000
g.—Expenditure on maintenance of foreign war vessels, including money spent by crews ..	9,000,000
h.—Expended on maintenance of foreign merchant vessels, including money spent by crews	3,000,000
i.—Repairs to foreign vessels at Shanghai and elsewhere	12,500,000

k.—Expenditure on foreign missions, hospitals and schools	10,500,000
l.—Expended by foreign travelers in China ...	6,000,000
m.—Remittances from and money brought in by Chinese emigrants	77,000,000
Total	511,333,273

JAPAN'S FOREIGN TRADE.

According to the statistics of the Department of Agriculture and Commerce, the total amount of the trade of Japan during the six months from January to June of this year is Y. 451,146,153, of which exports amount to Y. 211,201,360 and imports to Y. 239,944,793, showing, as compared with the corresponding period of last year, an increase of Y. 49,627,883 (about 12.3 per cent.). Of this Y. 24,291,065 (about 13 per cent.) in exports and Y. 25,426,818 (about 11.8 per cent.) in imports. When compared imports exceed exports by about Y. 3,743,433, the former showing an increase over exports by Y. 1,255,753 (about 4.4 per cent.), compared with the corresponding period of last year, as shown in the following list:

COMPARATIVE LIST OF THE AMOUNT OF FOREIGN TRADE OF JAPAN FROM JANUARY TO JUNE, 1910.

	Total Amount Since January. Yen.	Comparison with the Corresponding Period of Last Year. (Increase) Yen.
Exports	211,201,360	24,291,065
Imports	239,944,793	25,426,818
Total	451,146,153	49,627,883
Excess of imports	28,743,433	1,225,753
When classified according to months the result is as follows:		
	Total Amount of Export and Import. Yen.	Comparison with the Corresponding Period of Last Year. (Increase) Yen.
January	71,508,886	16,004,919
February	70,233,949	2,703,063
March	73,979,823	4,031,193
April	76,366,567	17,954,842
May	85,558,706	7,370,477
June	73,442,958	7,508,125
Total	541,145,153	49,629,883

As can be seen from the above, the amount of the trade of Japan shows a gradual increase, which appears to be attributable not to an extraordinary increase in the trade of a few particular goods, but to an increasing general demand. In short, it is due to the recovery of the markets in Japan and abroad. Exporting goods, which have undergone an increase of about 13 per cent. over those exported in the corresponding period of last year, were cotton yarn braid for hats, cotton cloth, cotton hosiery, rice, sugar, timber, copper, habutai, silk handkerchiefs, cotton towels, pottery, porcelain, etc., while the imports, which increased by 11.8 per cent., are raw cotton, ginned cotton, wheat, kerosene oil, woolen cloth, serges, phosphates, iron bars, rods and plates, white shirting, white satin, cotton velvet, umbrella cloth, paper, etc. It is attributable to the increase of the above articles that the amount of imports for the six months from January of this year shows an increase of about 4.4 per cent. over the corresponding period of last year.

PALACE POLITICS IN PEKING.

From a Correspondent of the (London) Times.

The changes in high Government offices at Peking, set forth in the Decree of August 17, are of far greater significance and importance than would appear from the tenor of the messages telegraphed by Reuter's correspondent. Their tendency is on the surface progressive, and the new appointments are most satisfactory from the European's point of view, especially that by which Tang Shao-yi becomes President of the Ministry of Communications; but to attribute this Edict to the conciliatory influence of the Regent's brother, the Prince Tsai Tao, is to ignore the essential facts of a most interesting situation. The changes now decreed may perhaps be regarded as an admission on the part of the Regent that "his policy of the last eighteen months has been a failure," but those who have watched the course of events at Peking since the death of the Empress Dowager (November, 1908) have been led to realize of late that this admission was bound to be extracted from him by pressure of superior forces, the forces of the Yehonala Clan, led by the present Empress Dowager, Lung Yu, the widow of his late Majesty Kuang Hsu.

It is impossible in the space of this article to set forth in detail the origins and objects of the several factions whose party strife is waged unceasingly in and around the Forbidden City; the subject is extremely intricate and perplexing in its kaleidoscopic variations. It would require a separate chapter, for instance, to explain the recent *rap-prochement* between the Yehonala Clan and the Aisin Gioros (Red and Yellow Girdles); suffice it, therefore, to say, that since the death of the old Empress Dowager Tzu Hsi important changes and divisions have occurred in the counsels of the Clansmen, and that many of the senior members of the Gioros, who were formerly arrayed in a solid body against the Yehonalas, are now making common cause with that powerful family against the Regent and the House of Chun.

THE REGENCY AND THE THRONE.

To appreciate the most important features of the situation, which are likely to produce far-reaching results in the future, it is necessary to bear in mind the conditions under which the present child Emperor was chosen for the Throne and his father, Prince Chun, appointed to the Regency. In the first place there were, strictly speaking, two candidates for the Throne whose claims in the direct line of succession were superior to those of the present Emperor—namely, Prince Pu Lun and Prince Kung. At the solemn Council convened by the Empress Dowager on the morning of November 14, 1908, when his Majesty Kuang Hsu lay at the point of death, the claims of Prince Pu Lun were advanced by Prince Ching and earnestly supported by Yuan Shih-kai, on the ground that the moment was opportune for reverting to the orthodox succession on lines of primogeniture, but the old Empress Tzu Hsi's masterful methods carried the day, as usual, and her nominee, the Prince Pu Yi (then less than three years of age), was proclaimed as Kuang Hsu's successor. Two things are noteworthy in regard to this selection; first, that in

making it the Empress Dowager fully expected to live and to continue as Regent to administer the Government; secondly, as she frankly informed the Council, that her choice was made in fulfillment of her promise given to Jung Lu at the time of the marriage of his daughter to Prince Chun (1902). For Prince Chun, and the other brothers of the late Emperor, she had no great affection, but so long as she herself lived his position as Regent was clearly ordained to be held subject to her supreme authority.

On the morning of the day of her death (November 15, 1908), being apparently in good health and spirits, Tzu Hsi assumed the title of Empress Grand Dowager, making Kuang Hsu's widow (her niece) Empress Dowager. That same evening, after a sudden collapse, she died, but before her death issued a Decree in the following terms:

"By command of the Empress Grand Dowager: Yesterday I issued an Edict whereby Prince Chun was appointed Regent, and I commanded that the whole business of government should be in his hands, subject only to my instructions. Being now seized of a mortal sickness and without hope of recovery, I order that henceforward the government of the Empire shall be vested in the hands of the Regent. But should there arise any question of importance, in regard to which an expression of the Empress Dowager's is desirable, the Regent shall in person apply to her for instructions and shall act in accordance therewith."

The Regent, therefore, holds his mandate, such as it is, not from the late Emperor, but from the old Dowager. The fact is of interest, and of no small importance in determining the nature of his position and the extent of his authority *vis-à-vis* the present Empress Dowager, Lung Yu. In the eyes of the party which now thwarts his policy and questions his powers he is Regent only during the good will and pleasure of Lung Yu, the real inheritor of Tzu Hsi's supreme authority. In this connection it is to be remembered that the Emperor Kuang Hsu himself held his mandate not (as the dynastic house laws require) from his predecessor on the Throne, but from Tzu Hsi, who, in order to secure her position as Regent, had violated by his appointment the laws of succession, and made him, to all intents and purposes, a puppet *ab initio*. Tzu Hsi, in fact, repeatedly proved that the solemn house laws of the dynasty become remarkably elastic in strong hands, and there is every reason to believe that the hands of the present Empress Dowager, Lung Yu, are strong.

THE PRESENT EMPRESS DOWAGER.

Lung Yu is the daughter of the Duke Kuei Hsiang, the third and favorite brother of Tzu Hsi. She was never on good terms with her husband, the late Emperor, and at the time of the *coup d'état* in 1898 was openly on the side of her illustrious aunt and the reactionary Manchus. For this reason there has never been any love lost between her and the Regent and his brothers. Moreover, the Regent's wife, a daughter of the great Jung Lu, has done nothing (as might have been expected) to improve matters; on the

contrary, she has incited her husband to take a strong and independent line of action, and she herself has been openly disrespectful to Lung Yu. During the period which followed immediately upon the sudden death of the old Dowager and before the accession of Prince Chun's son to the Throne had created a coalition against the Regent among the senior members of the Imperial Clan, Lung Yu perforce acted cautiously, collecting and organizing her forces; but from the outset there have been rumors of her dissatisfaction with the Regent's policy and proceedings, with his assumption of the right to sleep in the palace and other Imperial prerogatives. This dissatisfaction and her claims to exercise a controlling authority were first publicly manifested in the removal of Tuan Fang (a nominee and *protégé* of the Regent) from the Viceroyalty of Chihli, on a charge of having failed in respect to the memory of Tzu Hsi on the occasion of her funeral ceremonies in November, 1909. His successor to the Viceroyalty was *persona grata* with the deceased Empress, and as the chief prerogative and manifestation of authority in China lies in the appointment of high officials to lucrative posts, it was realized at Court that the Regent had "lost face and eaten bitterness."

The present changes are a further indication of the fact that Tzu Hsi, being dead, yet speaketh, and that the position of the Regent is neither entirely comfortable nor secure. The return to high office of Tang Shao-yi—one of China's ablest men, a sincere progressive and the foremost lieutenant of the great Viceroy Yuan Shih-kai—is not improbably due to some extent to the critical position of affairs in Manchuria created by the Russo-Japanese Treaty, which even the Manchus have come to appreciate, but, even so, it implies that the Regent's critics and adversaries are in the ascendant, and it would not now be surprising if it were followed by the rehabilitation of Yuan Shih-kai.

RIVAL LADIES AND RIVAL FACTIONS.

The future destinies of the Forbidden City and of the Chinese Empire lie at this moment between two masterful women—namely, the Empress Dowager Lung Yu and the Princess Chun, wife of the Regent, daughter of Jung Lu and mother of the child Emperor. Students of Chinese history are aware that it was as mother of the young Emperor Tung-Chih that Tzu Hsi originally came to power, and was eventually able to relegate her colleague, Hsien-Feng's senior consort, to the background. Although the situation in the palace today is not identical, inasmuch as the present Emperor's mother is not an Imperial Consort, it is indisputable that the position of parent of the Emperor carries with it no little influence and authority.

The present condition of affairs emphasizes the importance of the human equation in the politics of the palace; even the well laid plans of the great Tzu Hsi, backed by all the weight of the prestige of her name, are not exempt from its influences. She was aware, it is true, that her brother, the Duke Kuei Hsiang, Lung Yu's father, was always jealous of Jung Lu's influence, but she could hardly have foreseen that the father's lack of good will would, in their daughters, develop into hostility, threatening either the destinies of the Yehonala Clan or those of her trusted

adviser's descendants. Yet this is what has actually come to pass.

The latest reports from Peking confirm Reuter's statement that the issue of the Decree has created much excitement in official circles and a general expectancy of further developments. In the event of a crisis occurring, it would not be surprising if Lung Yu were to follow the example of her illustrious predecessor and to issue an edict in her own name depriving the Regent of his office and consigning him to the Imperial Clan Court "for the determination of a suitable penalty." She could readily find, as Tzu Hsi found, precedents for such a course in Chinese history, which even provides for the annulment of a child-Emperor's title on the ground that his father had conspired against the Empress Dowager. There is no doubt that what may be called the Legitimist (or orthodox succession) Party in the Palace favors the idea of putting Yu Kang, the son of Prince Pu Lun, on the throne, but for Lung Yu's own immediate purposes and the complete defeat of the Regent's wife, it would probably suffice were she to assume the Regency in her own person, a step which, with the support of the Imperial Clansmen, would perhaps present little difficulty, and which she could justify to the nation by the deathbed mandate of Tzu Hsi, above quoted.

Lung Yu's position has been much strengthened by the unconcealed opposition of many metropolitan and provincial officials to the Regent's employment of his brothers in high positions and to his recent proposal, vetoed by the Empress Dowager, to place Prince Tsai Tao on the Grand Council. Among others, Hsi Liang, the Viceroy of Manchuria, has sent in a strong memorial denouncing the Regent's conduct, which he declares to be contrary to all dynastic precedent. That there is strong and increasing opposition to the Regent is clear, and it is to be observed that, like his brother the late Emperor, the Regent himself is rather a passive resister than a fighter by instinct. But the courage of Jung Lu animates the Regent's wife, and around her are gathered the forces of the party which supports the House of Chun.

YEHONALA INTRIGUES.

A fact which is not generally appreciated, and which bears closely on the situation, is that there is no Yehonala blood in the present Emperor. It is true that the first Prince Chun, the Regent's father, was married to a sister of Tzu Hsi, the Lady Yehonala, who died in 1896; the Regent was not the son of this lady, however, but of one of the Prince's senior concubines (Prince Tsai Tao was born of the same mother). This lady is still alive, a woman of forceful character, who exercises no little influence over the Regent. It will readily be understood that much of the hostility of the Regent and his brothers to the Yehonala Clan dates back to the time of their childhood and to the domestic quarrels in the household of the first Prince Chun, quarrels of bitterness and jealousies between the Lady Yehonala, his Consort, and his concubines and their children.

To the Regent's vacillation and to his want of tact in the preferment of his brothers may be ascribed the coalition which has been formed against him by the senior

members of the Imperial Clan and the Yehonala family. He appears to possess that unfortunate combination of good intentions and bad performances which characterized his unhappy brother, the late Emperor. But the women of his party are of a different temperament and constitute no negligible factor in the situation. Given time and opportunity, their influence may yet save the situation for the House of Chun. Among the latter's supporters in the ranks of the high officials are Na Tung, President of the Waiwupu, and the Commander-in-Chief, Yin Chang; while the foreign drilled Manchou troops are understood to be loyal to the Regency.

Finally, an important factor in the politics of the Palace is that hoarded treasure of the late Empress Dowager, estimated at some ten million sterling, to which Reuter's correspondent incidentally refers. Since Tzu Hsi's death the balance of power between the parties in the Forbidden City has been such that neither could risk a decided move to dispose of this hoard without serious risk of setting in motion the fierce denunciations of censors and other machinery of organized hostile opinion. It would now appear as if the Empress Dowager's party, feeling itself sufficiently strong, is preparing to dispose of this treasure while taking steps to conciliate public opinion in advance by identifying itself with a progressive program.

TRADE WITH THE PHILIPPINES UNDER THE NEW TARIFF.

Trade between the United States and the Philippine Islands increased 84 per cent. during the first year's operation of the new tariff law, which provides for free interchange of merchandise between those islands and the United States. Imports from the islands doubled during the period in question, and exports thereto increased about 70 per cent. The new tariff act went into effect August 6, 1909, and the figures of the Bureau of Statistics of the Department of Commerce and Labor, stating the trade with the islands from August 1, 1908, to July 31, 1910, show: total imports from the islands during the year ending July 31, 1909, \$9,167,525, and during the year ending July 31, 1910, \$18,917,372; total exports to the islands, year ending July 31, 1909, \$10,650,869, and in the year ending July 31, 1910, \$17,517,675.

The articles which show the principal increases in imports are sugar, manila hemp, cigars and cigarettes, copra, fibres other than manila, and hats, bonnets, etc. Sugar increased from a little over one million dollars in 1909 to five million in 1910; cigars and cigarettes, from \$5,374 in 1909 to over one and three-quarter million in 1910; manila hemp, from seven and one-third million in 1909 to eleven million in 1910, while copra, fibres and hats, bonnets, etc., show smaller increases.

On the export side increases occur in a much larger number of articles. Iron and steel manufactures increased from two and one-third million dollars in 1909 to three and one-half million in 1910; cotton cloths, from less than a half million to two and one-third million dollars; flour, from \$325,000 to \$1,000,000; boots and shoes, from \$230,-

000 to \$531,000; explosives, from \$917,000 to over \$1,000,000, and meat and dairy products, from \$477,000 to \$652,000, while numerous other articles also show an increase.

The trade of the United States with the Philippine Islands exceeded in 1910 that of any earlier year. Exports from the islands in the fiscal year 1910 amounted to \$17,317,897, against \$12,657,904 in 1905, the former high record year, and \$5,971,208 in 1900. Exports to the islands in 1910 were \$16,832,645, against \$11,461,732 in 1908, the former high record year, and \$2,640,449 in 1900. Prior to 1900 exports to the islands had never reached \$500,000 per annum, while imports therefrom averaged from \$5,000,000 to \$6,000,000, exceeding, however, in exceptional years, \$10,000,000 per annum.

The table of principal articles imported and exported is as follows:

Imports into the United States from Philippine Islands:

	1909.	1910.
Manila	\$7,321,584	\$11,032,517
Sugar	1,129,750	5,126,707
Cigars, cigarettes and cheroots	5,374	1,832,970
Copra	291,990	396,893
Fibres, except manila.....	23,196	154,258
Hats, bonnets, hoods, etc....	25,315	122,745
Wood and manufactures of..	17,207	49,161
Oils, vegetable.....	183,058	22,155
All other articles.....	170,051	179,966

Total	\$9,167,525	\$18,917,372
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Exports from the United States to Philippine Islands:

Iron and steel, manufactures of	2,335,672	3,556,406
Cotton cloths.....	461,301	2,305,945
Explosives	917,308	1,103,960
Wheat flour.....	324,900	1,057,563
Cotton, manufactures of, except cloths	541,743	810,312
Oils, mineral.....	944,313	760,453
Meat and dairy products.....	477,000	651,521
Paper and manufactures of..	329,578	583,047
Boots and shoes of leather..	229,994	530,888
Wood and manufactures of..	344,521	483,403
Coal, bituminous.....	283,303	442,473
Chemicals, drugs, dyes, etc....	212,280	422,614
Salmon, canned.....	80,490	397,203
Breadstuffs, except flour....	387,115	351,378
Hay	341,616	302,881
Electrical appliances.....	182,424	241,097
Leather	135,989	210,371
Automobiles	30,714	195,536
Spirits, wines and malt liquors	153,289	192,682
Vegetables	167,291	166,256
Paints, pigments and colors..	99,006	163,029
Harness and saddles.....	70,390	118,894
Fruits and nuts.....	77,268	105,374
All other articles.....	1,523,364	2,364,389

Total	\$10,650,869	\$17,517,675
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AMERICAN POLICY IN THE FAR EAST.

BY BRITANNICUS.

From the North American Review.

The course of American policy in the Far East has for many years been followed in Europe with a certain perplexity. That the United States has definitely enrolled the integrity of China and the principle of the open door among the objects of its diplomatic solicitude is by now pretty well understood. But how much weight is to be attached to this development is a question which Americans themselves, perhaps, could hardly answer with any precision and which European statesmen and publicists find frankly bewildering. The uncertainty is very largely due to the fact that nobody knows whether the diplomatic activities of the State Department represent a settled national policy or merely the views and whims of individual Secretaries of State. Mr. Hay, Mr. Root and Mr. Knox in the past twelve years have all formulated proposals and written despatches that seemed to commit the United States beyond escape to a leading rôle in the drama of Far Eastern politics. Their countrymen to all appearances have applauded and supported them. It has, I should judge, sincerely gratified Americans to see their statesmen acquitting themselves with such distinction and success in competition with Oriental and European diplomats; and what one may call the sentimental sincerity of the American attachment to the open door I take to be beyond question. But diplomacy to be effective rests, and can only rest, on the implication of force. "If anything is to be done in the world," the Kaiser once declared, "the pen will be powerless to carry it through, unless backed by the might of the sword." Is American diplomacy in the Far East the diplomacy of the pen, or of the pen backed by the sword? Are Americans sufficiently interested in the fortunes of China or of Manchuria to contemplate the possibility of war? Is there any conceivable development in the Far Eastern situation—short of an organized and deliberate attack upon American lives or possessions—that could induce American opinion to sanction the use of force? Does American diplomacy in the Far East belong to the sphere of *Realpolitik*, or is it rather to be described as a series of more or less astute adventures in the art of bluffing? Is there not an unwritten mandate imposed upon Mr. Knox, as upon his predecessors, by the public sentiment of the United States—a mandate to the effect that he may spill ink, but must not think of spilling blood? All the world knows that America would rush to arms to punish or prevent a violation of the Munroe Doctrine. But although the Far East of recent years has been as much a pre-occupation of American diplomacy as South America, can anyone assert that it stands on a similar footing of actuality or that if, for instance, Japan were to close the door in Manchuria tomorrow Americans would feel irresistibly compelled to go to war? Another Boxer rising endangering the lives and properties of American residents in China, an invasion of the Philippines by an Oriental Power—in such contingencies as these American action could be pre-

dicted with every confidence. But apart from these extreme developments, and taking the Far-Eastern situation as it is today, is there anything in the effort to save Manchuria from drifting from its Chinese moorings and to prevent its political and commercial monopolization by Russia and Japan, or in the struggle for railway and mining concessions, of which not only Manchuria, but all Northern China, is to be once again the international battle ground, or in the intricate political competition that is interwoven with the fight for trade, or in the "racial" issue or the naval issue, or in the prospect that Korea must pass finally, formally and completely into Japanese hands—is there anything in all this, or can anything be imagined as arising from all this, that American opinion would regard as a legitimate *casus belli*? The doubts that obtain under this head are the chief factor in the perplexity with which, as I began by saying, American diplomacy in the Far East is regarded in Europe. Nobody quite knows what fighting value, if any, should be attached to it, or whether Mr. Knox's prolific pen bears any correspondence to the material preparations or the national will power and determination that would be necessary to enforce the policies that flow from it. Is America in the Far East just amusing herself by playing at *Weltpolitik* or does she mean business? The objects of her diplomacy—to stave off the dismemberment of China and to preserve throughout the Far East an equality of commercial opportunity—are sufficiently clear. But how far is she ready to go to attain them? It is possible that even Americans are not yet in a position to answer that question with any definiteness. So far as an outsider can judge, they have not yet thought the matter out. In Europe, at any rate, among those who know the United States best, while American good will is everywhere recognized as an asset of real value, the general opinion seems to be that Mr. Knox's diplomatic activities in the Far East are of a kind that can be countered, and, if need be, resisted, without any serious risk of a more than verbal embroilment with the country he represents.

But while a readiness to fight is the ultimate touchstone of all diplomacy, and while a power that shirks or overlooks the possibility of the final arbitrament of war is necessarily placed at an enormous disadvantage in the event of a real crisis, the ordinary business of international bargaining is carried on without much reference to the actual or potential power of the negotiators. The United States, through her character, the unselfishness of her aims and the moderation of her statesmen, has powerfully affected Far Eastern developments during the past decade. Throughout the Boxer crisis Mr. Hay set the whole world a rare example of humane, pertinent and equitable diplomacy; he more than made up for the indifference and remissness of his predecessors in the State Department by taking a firm and definite stand in favor of the open door and the territorial integrity of the celestial empire; it was

he who before the Russo-Japanese War did more than any other statesman to elucidate the realities of Russia's control over Manchuria, and it was through American intervention and on American soil that the Tsar and the Mikado concluded their treaty of peace. Up to the end of 1905, indeed, Europe was able to forecast American intentions and policies in the Far East with some exactitude. The United States was regarded as a power, which, itself indifferent to territorial aggrandizement at the expense of any Asiatic State, was resolved to protect China against partition, to insist on equal access to all the markets of the Far East, and to act as peacemaker among the nations. It was thoroughly in accordance with these aims that Mr. Roosevelt should have remitted to China a portion of the Boxer indemnity—a stroke of policy as shrewd as it was chivalrous—and that just before the last Presidential election the United States should have formally entered, by means of an agreement with Japan, into the league of international peace which had gradually formed round the Anglo-Japanese Alliance. But concurrently with these developments other tendencies began to appear in American policy. In the first place, the admiration for Japan, which had taken a practical financial form during her struggle with Russia, quickly gave way, when the war was over, to an attitude of suspicion and complaint. Japan, it appeared, got almost as much upon American nerves as Germany upon British nerves, and the Americans suddenly concluded that Hawaii and the Philippines, if not the Pacific Coast itself, were in danger of a Japanese raid; that American traders were being shut out of Manchuria and Korea, and that Japanese ambitions, political, commercial and naval, would one day necessitate a war for the mastery of the Pacific. These apprehensions were all for a time brought to a head by the mannerless, if rational, prejudice of California against the admission of Japanese immigrants, and the relations between the two peoples, though not between the two Governments, took on a temporary but undoubted acerbity. Even today, when the immigration question is in process of settling itself, a sentiment of hostility in American thoughts about Japan is very evident, and all over the United States there appears to be an uneasy consciousness that the future is likely to increase rather than diminish the chances and causes of friction between the two nations. There can, at any rate, be little doubt that American diplomacy today has acquired an anti-Japanese point, and that, as compared with five years ago, the misgivings entertained by the United States in regard to Japanese aims and policy, and the estrangement which has set in between the two peoples, must be reckoned as new factors in the Far Eastern situation.

In the second place, these misgivings and this estrangement seem to have embraced not only Japan, but Japan's ally, and to have affected to an appreciable extent the popular American attitude toward Great Britain. Americans apparently resent the Anglo-Japanese alliance as ministering to Japanese "arrogance," as an act almost of treachery to the white race, and as placing Great Britain in a highly equivocal and unsatisfactory position in the event of trouble between the United States and Japan. A dozen years ago the State Department at Washington cheerfully threw

on Lord Salisbury's shoulders the burden of defending the open door. Today Americans conceive the state of affairs to be precisely reversed. They believe that Great Britain allows herself to be overridden by her inexorable ally, that she looks on in fatuous and supine complacency while Manchuria is converted into a Russo-Japanese province, and that, so far from assisting, she positively thwarts the endeavors of the United States to make the open door a reality. Mr. Schiff's tirade of last March, in the course of which he impartially belabored Great Britain, Russia and Japan, was regarded in Europe as a visible sign that in the Far East Great Britain and the United States were at the parting of the ways. Since then the wrangle over the Hankau-Szechuan loan and Great Britain's prompt rejection of Mr. Knox's scheme for the internationalization of the Manchurian railways have served to confirm the American belief that the Anglo-Japanese alliance means the sterilization of British policy and the abdication of British enterprise in the Far East. So far as I can judge, I do not think it is putting it too strongly to assert that a portion, at any rate, of the distrust and resentment with which Americans have watched the course of Japanese policy since the war falls upon Great Britain; that the State Department at Washington no longer counts upon Downing street as an auxiliary in the struggle for the open door; that so far as American diplomacy is opposed to Japan, it is opposed also to the Anglo-Japanese alliance, and that the masses of Americans, whenever their attention is called to Far Eastern affairs, find fresh confirmation for their suspicion that Great Britain is not "playing the game."

The third factor to alter the position of affairs since the Russo-Japanese War is the steady growth of American friendship with China—a friendship that Europe, with equal cynicism and ignorance, diagnoses as the resultant of the famous Chinese boycott of American goods. As the only power whose interests on the Asiatic mainland are purely commercial, the United States has always stood high in Chinese regard, but today it is not too much to say that the celestial empire leans almost exclusively on American support, and recognizes in the United States her best guide and well wisher. If she has any champion at all in her efforts to maintain her sovereignty over Manchuria intact, that champion is America. If she has in the whole world a single sincere friend who would gladly see her strong, united and progressive, that friend is America. It is from America that China will receive the ablest and most disinterested assistance in converting herself into a modern State, just as it is from America that she has already received the most persistent encouragement in her campaign against opium. To direct Chinese advancement from the abundance of her own experience in matters of education, government and commerce, to be the tutelary genius of that vast, nerveless, disjointed but aspiring empire, and to protect her by a vigilant diplomacy from the encroachments of her powerful neighbors—such is the high rôle to which America, more or less unconsciously, seems destined to be called. Side by side, at any rate, with American alienation from Japan there has proceeded an American rapprochement with China, and no European statesman doubts today that it is one of the objects of American diplomacy in

the Far East to guard China and befriend her, to play her off as much as possible against Russia, Great Britain and Japan, and to reap a legitimate reward in a harvest of railway, mining and industrial concessions.

The three factors I have enumerated as forming the new American policy in the Far East, namely, a scarcely veiled antagonism to Japan, a suspiciousness both of Great Britain's attitude and of her effectiveness in regard to the open door, and an increasing intimacy and confidence in Chino-American relations—have to be reinforced by two other factors of not less weight and consequence. The first is the formal adoption by the American Government in the Far East, as in South America, of the German plan of pushing private trade by every artifice of official and diplomatic assistance. Mr. Taft's indorsement of this device has been often proclaimed, and his insistence upon American participation in the Hankau-Szechuan loan proved that he meant what he said, and was determined to act upon it. So long as he is in the White House, and probably for much longer, one may, therefore, take it for granted that American financiers, contractors and concession hunters and merchants in the Far East will enjoy the resolute backing of their Government, and that all the knowledge and helpfulness possessed by an alert and highly trained consular and diplomatic service will be placed freely at their disposal. This is a development of very considerable moment because the motive power behind at least three-fifths of the international rivalries over China and Manchuria is the competition for trade. But of equal or even greater importance in shaping the course of American diplomacy at this juncture is the fact that the State Department is presided over by Mr. Knox. In place of the insight and imagination and the unvarying courtesy of Mr. Hay, and of the lucid, patient intelligence of Mr. Root, the world has now to reckon with Mr. Knox. The world, or, at any rate, the world of European diplomacy, has not, I am bound to confess, found the change at all to its taste. In his handling of both South American and Far Eastern affairs, Mr. Knox, to the surprise of all who remember him as a grave constitutional lawyer, has shown a tendency to revert to the hectoring tone and the half baked impulses that characterized the diplomacy of Mr. Blaine and Mr. Sherman as markedly as they did not characterize the diplomacy of Mr. Hay and Mr. Root. Although he has only been in office for some eighteen months, it is safe to say he has made more mistakes and occasioned more unnecessary and futile trouble than could be charged against his two predecessors during a whole decade. From the Crane episode to the squabble with Russia over the taxation imposed on American citizens by the Russian Railway Company at Kharbin, and onward to his egregious proposals for the neutralization of the Manchurian railways, Mr. Knox has not once intereved in Far Eastern affairs without receiving a rebuff, and exposing himself and his country to the laughter and amazement of the world.

The supreme instance of his heedlessness or incapacity was to be found, of course, in his astounding scheme for internationalizing the Manchurian railways. Feeling apparently that the various pledges and conventions that purport to regulate the status of Manchuria were hardly worth

the paper they were written on, that Japan was exploiting Southern and Russia Northern Manchuria as though Chinese sovereignty were no more than a convenient fiction, that the door which it was promised should remain open had, in fact, been effectually closed on the outside world, that all forms of development to which Russia and Japan objected had to be abandoned, that Great Britain was indifferent and China helpless, and that Manchuria was rapidly lapsing into a Russo-Japanese preserve, Mr. Knox suggested that the Manchurian railways should be neutralized by sale to China, that the operation should be financed by the five leading powers, and that the management of the lines should be placed under joint international control. In this way alone, argued Mr. Knox, could equality of commercial opportunity be guaranteed beyond question and Manchuria saved from becoming the cockpit of an international struggle for concessions and privileges. As a matter of mere theory, everyone, I think, will agree that it would be better for the tranquillity of the Far East if Manchuria could be taken out of politics. But everyone also must recognize that of all the dreams that ever beguiled the fancy of statesmanship this one is surely the least likely of realization, and that its first contact with the realities of the situation would shatter it to pieces. What are those realities? They are, first, that Russia and Japan but a few years ago waged the most terrible war of modern times, largely for the control of the railroad built by Russia under the Chinese concession of 1896, that by the Treaty of Portsmouth that control was divided between them, Russia retaining the northern section in her own hands and ceding the southern portion between Changchun and Port Arthur to Japan, and that since then both powers have given abundant evidence of the importance they attach to the settlement thus obtained. Mr. Knox's proposals, therefore, while of interest to all Powers with a commercial or political stake in the Far East, peculiarly concerned Russia and Japan. Yet the American Secretary of State omitted to sound either Government in advance before springing his scheme upon the world. Without a moment's warning he launched a programme that contravened not only the Treaty of Portsmouth, but also the convention with Japan by which the United States bound herself to observe the status quo that Mr. Knox now proposed to upset. That in itself was sufficiently startling. But the full inaninity of Mr. Knox's adventure could only be revealed by referring to the material issues affected by it. Russia since the war by an immense effort has double tracked the Trans-Siberian line. Mr. Knox invited her to surrender her control over the northern Manchurian section, a section some 800 miles long, forming the final and vital link in the Russian chain of connections with the Pacific. Without that link Vladivostock is left in the air; the heart of Siberia, whither Russia is transplanting her surplus population at the rate of a million souls a year, is laid open, the Amur Valley and all the maritime provinces are held on sufferance, and the Russian advance across Asia ends in a fatuous cul-de-sac. To ask St. Petersburg, under such circumstances, to abandon her rights of ownership and administration in the northern Manchurian railway was like asking Great Britain to neutralize the Chan-

nel Islands or the United States to renounce its interest in the Panama Canal. For other but not less compelling reasons Japan is and must be equally tenacious of her hold over the line from Changchun to Port Arthur, and the American suggestion that she should vest it in an international board ominously recalled to her the intervention of France, Russia and Germany which robbed her of the fruits of her victory over China. I need say nothing as to the financial aspects of Mr. Knox's scheme or of the probability of its adoption. It never stood a moment's chance of acceptance. It was courteously but summarily rejected by both Tokio and St. Petersburg, and their refusal even to discuss it necessarily carried with it the refusal of the British, French and German foreign offices. Even now, after six months of inquiry and reflection, the world has failed to discover a single intelligible principle behind Mr. Knox's *émule*.

None the less it has one important result—a result that a foreseeing American Secretary of State would have done anything rather than help to bring about, a result that is hardly less disastrous to the purposes of American diplomacy than a defeat at sea. In the first week of July the text of a new Russo-Japanese agreement was published. By the terms of this memorable compact Russia and Japan agree to co-operate in all that concerns the working of their respective railways in Manchuria and to refrain from all rivalry that would prevent the attainment of this object. Both powers agree to maintain the status quo in Manchuria as it has been established by the treaties and agreements not only between Russia and Japan, but also—a far reaching provision, this—between either of these powers and China. Furthermore, in case anything occurs to endanger the status quo the contracting powers bind themselves to discuss together the measures necessary for its maintenance. Now there were doubtless many influences at work to bring the antagonists of five years ago into the amicable relationship of which this new agreement is the proof. The recolonization of Manchuria by the Chinese, the absurdity of wasting time and energy on futile contentions over minor matters when both Russia and Japan had tacitly agreed not to renew the major struggle, and the necessity which Russia since the Balkan crisis of eighteen months ago has felt of concentrating in Europe—all this played its part in framing the convention of July. But no one can doubt that Mr. Knox's proposals powerfully, and indeed overwhelmingly, contributed to the same end, equally menacing the interests of Russia and Japan, they naturally predisposed those powers toward concerted action.

I have tried in this article to elucidate the aims and motives of American policy in the Far East as they appear to a foreign and friendly onlooker. If I were to criticise them and to attempt an estimate of their relation to actual facts, I should have a great deal more to say. It would then, for instance, be necessary to show by irrefutable figures that the open door is not being violated in Manchuria by either Russia or Japan, that Great Britain is not by any means as weak or indolent in her Far Eastern policy as she appears to be to Americans, and that most of the suspicions and apprehensions entertained by Amer-

icans are the product of imperfect information. That Manchuria is dominated throughout its length and breadth by Russia's and Japan's rights of ownership in the railways, and that the sheer force of economic pressure is slowly separating the province from China, is true enough. But only a miraculous transformation in the character and material organization of the Celestial Empire, or a war—successfully waged against both Russia and Japan—can check the inevitable dénouement. The true policy for the United States is to avoid irritating where she cannot hurt and formulating proposals that it is impossible for her to carry out, to recognize that single handed she can effect nothing, that Germany dare not and China cannot help her, and that her interests will best be served by a policy of cordial co-operation with the powers in whose hands lies the decisive control of Far Eastern events.

THE MEDICAL CONDITION OF CHINA.

BY MARTIN R. EDWARDS, M. D.

The medical condition of China is startling in many ways to one accustomed to the sanitary condition of the Western world. Disease, from its mildest to its most hideous forms, is found throughout China's four hundred millions of people. There has been, up to the present time, no effort made to deal with the situation in any scientific manner, due to several conditions that need not be entered into. Ignorance of the course of disease, and the way in which disease is spread, is universal, from the Emperor's palace to the boatman with his family of six or eight crowded together into a twelve foot boat. By the great mass of people, it is still believed that the gods bring epidemics of plague upon them, and it is Heaven's will that cholera should carry off its thousands.

Personal hygiene is a matter of little importance to the Chinese as yet. His Excellency Wu Ting Fang realized this, perhaps, in his facetious remark that "Chinese are much cleaner than Americans, because they have to take a bath only once a month or so." Physical exercise for the sake of better health is never indulged in, and as is well known, the heavy set, well rounded body is greatly esteemed as a type of well being. The care of the teeth is but little attended to, and there is a total lack of dental facilities.

Hygienic measures for the household are quite unthought of. Slops and refuse are thrown in the most convenient places, and left there to decay. The wells are generally surface wells, with possibilities of contamination wholly unconsidered. The belief, so often expressed, that "cold water is poison, and must therefore be boiled and used as tea and otherwise" has probably saved the lives of millions. But just why their cold water is poison has never occurred to them. Drains are almost never present. Stoves are of such a construction that the rooms are filled with smoke and soot. And as the stoves are used only for cooking purposes warmth for the winter is secured by the putting on of more and more clothes as the cold increases. Light seems to be studiously neglected in the construction of the

houses, and the many damp and dark corners supply a splendid breeding place for bacteria.

Municipal cleanliness up to the last few years has been entirely neglected. Sewers are found only in the cities occupied by foreigners. Certain other cities are making attempts, however, to rid themselves daily of the household refuse. The night soil, of course, is removed daily, as an article of high fertilizing value by the farmers. Building regulations have not been found in any city, but it is of interest to note that practically all of the buildings being erected by the Government and the moneyed class are being built in foreign style. Vital statistics are as yet unattainable. Examination of food and water supplies are carried on only in the four or five cities with large foreign populations. In short, hygienic measures for the preservation of public health have been entirely neglected.

There is, however, a new interest in hygienic matters to be seen in certain quarters. On the part of the officials there is now a desire to learn of sanitary conditions in foreign cities, and a movement is on foot toward sending a number of students abroad for training in hygienic matters.

As a result of this lack of knowledge along the lines of personal, household and municipal hygiene, sickness is found everywhere. In certain cities cholera is always present. Plague still runs riot in some of the centres of population. Tuberculosis is seen on every hand. Smallpox is so common that there is a current expression, as they speak of some child, "He is so young that he has not had smallpox yet." Epidemics at this hour are raging quite unchecked by native endeavor in some of the Chinese provinces.

The forces in opposition to the appalling hygienic conditions, and the vast amount of preventable suffering have been woefully inadequate. Where ignorance reigns concerning the causes of disease and the various conditions that make for its hindrance or spread, little could be expected from the common people toward the amelioration of conditions, yet one would hope that the physicians would be able to institute measures that would tend toward their betterment. In China, however, this hope finds no realization.

The Chinese physician, although he sometimes has studied much, knows practically nothing of the human body, as to its anatomy, chemistry, physiology or pathology. Most of the text books that he studies—and it is only the great exception that makes any pretense—were written over a thousand years ago. The butcher's son, or the farmer, due to the entire lack of laws in China relative to medical practice, may become a doctor on merely deciding to be one.

The Chinese doctor diagnoses his cases from the condition of the pulse in either wrist. Physical diagnosis, as we know of it, is an unknown subject in China. Certain of the Chinese physicians have a wide knowledge as to drugs, particularly of herbs, and it is indeed felt by many foreign physicians in China that there is a field for research in Chinese pharmacology. However, while the Chinese physician uses some drugs to great advan-

tage, as untrained native doctors have always done, he has a large variety of substances, which he calls drugs, that to our minds would be considered not only useless, but most objectionable. The heads of flies, hairs from various animals, live toads, and a great abundance of things particularly nauseous, are considered to be most efficacious. I saw a case of smallpox treated by the liquor made from the crushed bodies of body lice.

Because of his ignorance of human anatomy, the Chinese physician knows nothing of surgery, and he is particularly afraid of the knife. Conditions are seen every day in Chinese streets that would be most easily remediable by slight surgical attention. Acupuncture needles and instruments for scarification largely constitute his list of instruments. But perhaps this is fortunate. These needles are thrust, regardless of possible infection, into muscles, joints and various organs of the body in order that the evil spirits may be given opportunity to escape. There are, however, charts showing safe (?) parts into which the needles may be thrust. The writer saw a case of cholera in which the abdomen had been literally riddled by these needles. Ruined eyesight, because of their use, is frequently seen. The instrument has well been called the "deadly" acupuncture needle.

Gynecology and obstetrics are quite untaught, and in fact the Chinese physician takes no interest in such matters. All such work is in the hands of equally ignorant midwives. Many cases are heard of where treatment has been given to women in childbirth that is almost too inhuman to believe. In cases of difficulties of childbirth, there are no hopeful sources to which the patient may turn.

The treatment of the insane has in all periods of Chinese history been most inhuman. Even today it is not uncommon to see people in chains or imprisoned amid unspeakable conditions who are—or perhaps only have been—insane. Only ignorance and superstition can explain these conditions.

The treatment of the teeth is most crudely attended to. In cases of intolerable pain and decay, the pulling of the teeth is the only resort. Usually each village has one or more tooth pullers, who, seated at some prominent corner, for a few cash will pull any or all of the teeth of whoever, in desperation, is driven to him. Innumerable cases of necrosis of the jaw and allied conditions are found, due to this enforced neglect.

The priesthood is universally gone to for healing, and large numbers of sick may be found around the temples which have gods within them that are supposed to have particular miraculous powers. Every city has several gods, as the god of motherhood, of the eye, and of general medical disorders, and they are often given splendid temples, and are sacrificed to with lavish expenditures. In a recent epidemic of dysentery at Foochow, tens of thousands of dollars were spent in fireworks, expensive processions, etc., leading to gaudily decorated boats on the river, on which it was hoped that the dreaded sickness-giving spirits could be persuaded to depart.

In the face of such ignorance of hygienic matters,

such worse-than-uselessness on the part of the physicians, and such superstition with its certain despair, is it any wonder that the 1,000 or so foreign trained physicians are literally "worked to death," as the Chinese are realizing their efficiency in matters of life and death? It is no uncommon sight to see large numbers of sick Chinese about the doors of hospitals that are too crowded to receive another patient, and about the feet of physicians for whom it is a physical impossibility to take another patient on their hands.

Imagine Boston with but two physicians, New York with eight, and but 200 between the Atlantic and the Pacific. The basis for an adequate comparison between the United States and China is still lacking, for it will require untold educational effort in the common schools, the colleges, and the professional institutions in order to give to China the medical knowledge that here is now common to all.

ENTERPRISE IN THE HOKKAIDO AND SAGHALIN.

Mr. Thomas Sammons, American Consul General at Yokohama, who has been on a tour of inspection in Japanese Saghalin and the Hokkaido, investigating commercial and industrial conditions, gives the following interesting observations as a result of his trip:

Both the Hokkaido and Japanese Saghalin are inviting fields for Japanese industries and enterprise. The silk industry has been successfully extended to the Hokkaido, and the island will soon be able to raise sufficient rice to supply its increasing population. The island is rich in agriculture, and with a population said to be less than 2,000,000 the yield from agriculture is placed at yen 35,000,000 for 1909. Rice, wheat, rye, barley and apples are among the main agricultural products. Onions are shipped in large quantities from the Hokkaido to the Philippines, and Hokkaido sulphur is still finding a market in the United States.

In Japanese Saghalin the farm products that are successfully grown in Canada and Norway are being reproduced with favorable results. Probably the most important work of the Japanese Experimental Farm, near Toyohara, is that concerning the raising of winter wheat. It has now been demonstrated that winter wheat can be successfully grown in Karafuto.

Of course fisheries constitute the present prominent industry in the island, but farming bids fair to advance as it has already done in the Hokkaido and eclipse the annual yield of upward of yen 10,000,000 from the sea.

Oil has not been found in any large extent in South Saghalin. A company is successfully exploiting this industry in northern Saghalin, and is said to be meeting encouraging results. The narrow gauge railway, extending 25 miles from Otomari (Karsakoff) to Toyohara (Vladimiroff) is being rebuilt, and important harbor improvements are under way at the former place.

Saghalin is heavily timbered, but the trees are mostly larch and small in size. Railway ties are now being exported from Japanese Saghalin to Korea. In the tie

industry, however, the Hokkaido is very prosperous. The demand both for oak logs and oak ties exceeds the supply. Enough ships are not to be had to fill orders, and in time the supply will be reduced to the minimum. At present the United States furnishes the chief market for Hokkaido ties and oak logs. Germany, Australia, Mexico and other parts of the world also go to the Hokkaido for oak, the logs being mostly used in America and Germany in the manufacture of furniture.

One of the serious questions in the Hokkaido is the continuance of fishery by artificial propagation, the fisheries now yielding approximately yen 15,000,000 annually.

President Saito, of the Agricultural College at Sapporo, assisted by an intelligent and capable body of Japanese experts, is conducting searching investigations regarding all of the natural resources of the Hokkaido, including the question of keeping up the ancient industry of catching fish. He is hopeful regarding the future, and he is supported by actual facts showing that Japanese farmers are taking up lands in the Hokkaido as timber is removed and sold for commercial purposes, and that numerous new and important industries are being introduced.

President Saito estimates that 1,000,000 acres of Hokkaido fertile lands are now under actual cultivation, and that an equal amount is being rapidly prepared for agricultural purposes. About 6,000,000 acres are reserved for forestry areas.

Numerous industries are springing up in the Hokkaido, and with the introduction of modern machinery and the horse it is believed that the ancient farming and industrial methods still prevailing in some parts of the empire will find the North Sea province leading as the very newest part of New Japan.

In this connection it is interesting to note that Sapporo was originally planned on paper by American engineers, with broad streets, parks and a sewer system. On these lines the city was built "to order" on a beautiful, fertile plain with picturesque mountain scenery adjoining.

Among the very latest industries in the Hokkaido may be mentioned the modern paper manufactory at Tomakamai. This plant has a capacity of 70 tons of paper a day. The mills are supplied with the latest electrical and paper making machinery to be had in the United States. The electric power plant has already developed 15,000 horse power, with a possible increase to 22,500 horse power. Over half of this large amount of power will be available for sale to other commercial enterprises should there be a demand for the same. Coal, wood and power are now to be had within convenient distance from this new plant, which, considering the demands of Japanese newspapers and book publishers, may be reasonably expected to seek an outlet for at least a part of its output in the markets of the world.

Numerous sawmill plants are located in the Hokkaido, in addition to flouring mills; the manufacture of linen fabrics is in progress at Sapporo and the canning of sea foods on the coast. In addition to this, there are extensive shipments, mostly of soft wood, to China, which takes more of Hokkaido lumber than the balance of the world combined.

Cities are growing rapidly in the Hokkaido, Otaru now having 100,000 population, although in the memory of men still young it was but a fishing village, that is to say, some forty years ago. Up there, in fact, there is something of the spirit of what in America is termed the "boomer." American rolling stock contributes toward making the Hokkaido railways exceptionally comfortable and the enthusiastic Hokkaidoite now proposes direct steamship connection with America as well as other parts of the world.

CHINESE NAVAL REORGANIZATION.

Apropos of the visit to the United States of His Imperial Highness Prince Tsai-Hsun, head of the Naval Board, the following extracts from the correspondence of the *Far Eastern Review* will be found interesting. The letters were written before the visit of the Prince to Europe, but the information they contain still represents the latest authoritative contribution to the subject:

Of the many reforms proposed by the authorities in Peking, the reorganization of the present obsolete war vessels and acquisition of a formidable navy is easily far ahead of any other project in its bearing on China's future, and leads all others in the expenditure of funds. It is becoming clearly evident that China is earnestly pushing forward her program of military expansion, and at the same time her army is being organized and brought up to a war footing; the naval advance to keep pace, and at a given time, seven years hence, the two arms of the service will have reached that degree of proficiency and strength planned by Yuan Shih-kai. Then with a modern drilled army under capable officers, and a moderate navy, China will be in the long desired position to maintain a semblance of national dignity in the face of foreign aggressions. For it is not to be doubted that the military spirit has taken hold of China, and with a new generation in power, having the example of Japan ever before them, the dream of military glory has taken firm root in the minds of the younger men. For ages the greatest ambition of the Chinese boy was to attain the rank of governor of a province. The change that is taking place in the minds of the youth is best exemplified by the response of a son of one of the highest Peking officials, who, when asked what he desired to be when a man, quickly answered, "A general in the army." And so the military and naval spirit is growing, and with it a yearning to pay off some old scores against those who have humiliated the empire in the past. The army reorganization is proceeding as rapidly as funds can be provided to arm and equip new troops, and orders are constantly being issued from Peking urging the viceroys and governors to make haste and form the divisions or regiments allotted to their provinces. In the most important provinces foreigners have been able to keep fully advised as to the progress made with the new army, but in the remote border provinces this information has been difficult to secure.

THE ARMY IN KANSU.

It is generally conceded that the best fighters in China are found in the wild border province of Kansu, and the contiguous Mongolian territory. This almost unknown and forbidden land still shelters the banished Boxer leader, Prince Tuan, and gave refuge to Tung-fu-hsian and other rabid Boxer generals, after the collapse of the 1900 movement. It is therefore interesting to read the narrative of the American explorer who recently followed the Great Wall of China to its furthest extremity. He states that in every village and most insignificant hamlet in Kansu his attention was drawn to the squads of natives undergoing military drill, following some well directed plan. This in itself is significant, as such a noticeable

program is not in evidence in other provinces where foreigners can observe it, and if we remember aright the publication of this obscure news item was followed shortly afterward by an order from Peking prohibiting missionaries or travelers from penetrating into these regions. It was only a month or so later when the report came from Peking that H. E. Tieh Liang petitioned to be relieved of his post as Minister of War, and appointed to the viceroyalty of the Shen-kan provinces, to supervise the organization of the army there. That one of the most powerful ministers of the Government should volunteer to relinquish the practical command of the entire army, and abandon the joys of Peking for the comparative hardships of a frontier post, for the sake of drilling the Kansu troops, is an indication that the Kansu army is of some importance, or Tieh Liang would not solicit a post lower in rank unless as reported he had lost favor at court. Even after this request had been refused by the Regent, we hear that Tieh Liang is still anxious to inspect the Kansu troops and proposes to take with him two battalions of the Chihli modern drilled cavalry as his escort. All this may have some significance, or may be only coincidence, but it points to the fact that China is earnestly preparing to defend herself, and if these Kansu reports are true, she is closely guarding her military secrets.

VALUE OF PEKING NEWS.

The utter impossibility of gathering reliable news in Peking has led to the publication of many conflicting reports not only about the Army and Navy, but other official matters. The walls of the Forbidden City effectively protect the high official from the news gatherer, whether native or foreign, and interviewing the president of a board is a rare privilege. Peking news by the time it reaches the newspapers through several minor officials or yamen servants is stripped of its news value and reduced to rumor, and so the world has been treated to a choice collection of conflicting reports about the reorganization of a navy for China, with all the trimmings of dreadnoughts, ordinary battleships, cruisers, torpedo boats, docks, arsenals, wireless telegraphy stations and everything which a first class Power should possess in this line. The disjointed native news paragraphs on this subject make interesting reading, but it is difficult to accept a serious view of the much advertised reform. Behind the grandiose schemes and dreams of dreadnoughts and Celestial Togas arises the specter of finance. Where is the money to come from? Docks, colleges, equipment and recruiting stations require millions before ships are purchased, and millions are necessary for maintenance. With the present visible resources of the Imperial Government any large scheme is impracticable unless financial reform is hastened, or fresh burdens of taxation imposed on the long suffering patient Empire.

LARGE NAVY UNNECESSARY.

If the creation of a navy was the only pressing need of China today, a fair start might be made, but with an equally urgent demand for an army, new railways, schools,

waterways and many other drains on the treasury, a large navy becomes a luxury, and an incentive for some more powerful neighbor to acquire new ships at bargain counter prices. The agitation for a large navy follows the growth of the newborn national sentiment and desire to be on an equal footing with the foreigner, but in reality the need for such a fleet does not exist. A navy sufficiently large to patrol the coast and rivers and effectively police the trade routes, and guarantee safety against practical attacks should receive the first serious attention of the Government. When foreign men-of-war are obliged to guard their national interests by policing the rivers and deltas of the Empire, owing to the utter helplessness and incapacity of the native police launches, the talk of battle-ships is premature. The intimacy between the subordinate naval officials and the pirates of the Canton delta renders impossible effective police work by native patrol boats, and compels British and foreign gunboats to remain constantly on duty.

REORGANIZATION SCHEME.

In spite of all this China has set her heart on a new navy, and the Regent has given his indorsement to the plan by creating a commission of reorganization and approving their findings. Early last February he appointed Duke Tsai Tse, President of the Board of Finance; Prince Su, President of the Board of Interior; Tieh-Liang, President of the Army Board, and Admiral Sah, the Commander-in-Chief of the Peiyang and Nanyang squadrons, to formulate plans for the new navy. In the above officials the Regent selected the best talent available in China for such an important task, for although only one member of the board has any real knowledge of such matters, the others, through their position in the Ministry, would have to lend their support and co-operation to any real scheme of reform. Of course the first step was to have Admiral Sah proceed to Peking and initiate the others into the rudiments of naval knowledge, and his undoubted ability is so far responsible for the progress made. The primary result following the creation of this commission was the centralization of naval power into the hands of the Imperial Government, severing at one stroke the independence of the Viceroy and control over their fleets which in the past has led to their refusal to dispatch aid to one another in times of national need. Heretofore the Imperial Chinese Navy has been under the control of the four great coast Viceroyalties at Tientsin, Nanking, Foochow and Canton, and the funds appropriated for maintenance divided among them.

The first rough reorganization scheme, recently approved by the Throne, abolished this antiquated system of four naval sections, and centred control in a naval and military advisory board, as outlined by the following edict:

IMPERIAL DECREE.

PEKING, July 15, 1909.—In the outlines of Constitution presented sometime ago by the Commission of Constitutional Reform it was set forth that the supreme command of the Army and Navy should be vested in the authority above. This rule was enacted by Edict in the last reign, in obedience to which We now announce that We will be

Generalissimo of the Army and Navy of the Chinese Empire, as laid down in the Outlines of Constitution, and following the example of our Imperial ancestors in holding personal command over the six armies when they obtained possession of the Imperial heritage. By this We seek to encourage a military spirit among the soldiers.

We hereby command the formation of an Army Advisory Board to assist Us in managing military and naval matters in the Empire. Yu Lang, Prince of the 3d Order, is commanded to be in charge of the board. As We are in youthful years and are being educated, but have not personally attended to State affairs, all our powers and responsibilities as Generalissimo of the Army and Navy shall, temporarily and before Our assuming the reins of Government, be invested in the Prince Regent.

The Army Advisory Board is commanded to report to Us and ask permission to carry out all necessary measures.

As Prince Yu Lang (3d Order) has been appointed in charge of the Army Advisory Board; Tsai Fu, Imperial Noble, ninth in line of descent, is hereby appointed commissioner to train the Imperial Guard Corps, and Prince Yu Lang is relieved of the post.

Prince Tsai Hsun (3d Order) and Admiral Sah Chen-ping are hereby appointed commissioners to devise means for the navy organization until further orders, and until some success has been attained. A copy of the memorial on elementary measures to be adopted and requesting the appointment of other commissioners, presented by the commissioners appointed to form a nucleus for the navy, is ordered to be made for the commissioners now appointed.

The above Edict was sealed by the Prince Regent and signed by the Grand Councillors Prince Ching, Shih Hsu, Chang Chih-tung and Lu Ch'uan-lin.

H. I. H. PRINCE TSAI HSUN.

Following the Regent's new program the supreme command of the navy is vested in the Emperor, with a powerful Prince as the Imperial representative and the best naval officer in the Empire as the real directing force. H. I. H. Prince Tsai-Hsun is a younger brother to the Regent, and has absolutely no experience in military or naval affairs, but his appointment is justified by the Regent's desire to have the Manchu princes of the blood assume a share in the Government, and take an interest in the preservation of the dynasty. The announcement is now made that Prince Tsai Hsun will shortly start on a visit to foreign countries to learn something about naval affairs, or in other words to gather ideas and dispel the traditional air of exclusiveness in which he and other of the Princes have moved. It is not expected that Tsai Hsun will return a full baked admiral, but as he is highly intelligent and a keen observer, the trip will open his eyes, so he will see things in the same light as the Regent and Princes Tsai Chen, Tsai Fu and Pu-lun, who have been broadened by foreign travel.

THE ADMIRAL OF THE CHINESE NAVY.

In Admiral Sah (Sa Chen-ping) rests China's hope of real naval reform and reorganization. No official in China is better equipped for this important duty, and if his advice is followed there is no doubt of practical results. Admiral

Sah is a native of Foochow and received his first education in the naval school at that port, and afterward completed his training in the British Navy. A course of study at Greenwich Naval College was followed by actual service in the British Navy. Entering the Chinese Navy as a junior officer, through his marked ability and devotion to duty, he has risen through the different grades to the highest command. He commanded the cruiser Tiehyeun at the Battle of the Yalu, and after the death of Admiral Yeh was advanced to the vacancy. In 1903 he was ordered to the command of the Pei-yang or Northern Squadron, and in 1905 admiral of Kwangtung, and Commander-in-Chief of the land and sea forces in 1906. The land command was withdrawn in January, 1908, leaving him free to concentrate his attention to his particular sphere of usefulness.

THE PRESENT NAVY.

The existing navy of China consists of three squadrons, the Peiyang, with Taku or Chefoo as bases; the Nanyang, at Nanking or Shanghai, and the Kuangtung, at Canton. In all there are only about twenty serviceable ships, the displacement of the largest being 4,000 tons. The Commission of Reorganization recommended that four cruisers, sixteen torpedo boats, ten Yangtze River gunboats, twenty-one coast patrol vessels and four training ships should be regarded as in commission at present, and if found serviceable, after inspection, to be carried on the active list as the nucleus of the new navy.

Nine of these gunboats were constructed at the Kawasaki Dockyard at Kobe at a cost of \$2,500,000 gold, six to the order of the Hukwang Viceroy at Wuchang, and three for the Nanking Viceroy. Four second class torpedo boats were also built for the former Viceroy.

China controls four dockyards and arsenals at Taku, Shanghai, Foochow and Whampoa, near Canton. The most important is the Kiangnan at Shanghai. In the reorganization of these arsenals it is proposed to fully equip and bring the works up to date and permit outside mercantile work for the docking and repair of merchant vessels to help defray expenses, as is now practiced at Kaingnan.

PLANS FOR THE FUTURE.

A naval base will be established at Nimrod Sound on the coast, south of Shanghai, a favorite place for the target practice of foreign war vessels. A gunnery school will also be located there. Four naval schools will be established. The present school in the Whampoa Dockyard will be converted into an engineering college for 300 students, the naval school at Chefoo into an imperial navigation college for 320 students, and the school at the Foochow arsenal and dockyard into a shipbuilding college for 200 students. In addition a naval academy or war college is to be located at Peking in which officers will be taught the higher science of naval warfare. The torpedo gunnery and general training school is to be located at Hsiang-shan, Chekiang, on Nimrod Sound. The present naval schools in Nanking and Tientsin will also be included in the scheme, the curricu-

lum enlarged and number of students increased. The base in Nimrod Sound is to be fortified and wireless telegraphy installed to connect the forts along the coast.

The increase of the fleet is also recommended and at the same time other important measures are advocated. The impracticability of some of the schemes proposed by Prince Su and Duke Tsai Tze and opposed by the Admiral, creating considerable difference of opinion, have been solved by the Regent appointing Admiral Sah to the presidency of the new Admiralty Board, and leaving the technical matters entirely in his hands.

It appears that Grand Councillor Chang Chih-Tung has opposed the appointment of the young and inexperienced princes to the highest commands of the army and navy, and in so doing incurred the resentment of the Regent. His continued sick leave is said to be attributable to this clash with the young ruler, and presages his complete retirement at an early date.

The chaotic state of naval affairs in China can be appreciated from the fact that the first step of the new board was to ascertain the exact number of existing men-of-war and vessels. It hardly seems possible that after some months of deliberation in Peking the Government was ignorant of the number of ships controlled by the Viceroys, yet this is apparently the case, though it undoubtedly refers to the large number of smaller craft doing police duty on the rivers.

According to the program drawn up and sanctioned by the Throne the work is to be spread over seven years, beginning from the present year. A Navy Council will be created in Peking, to consist of the presidents of the Boards of War, Interior and Finance, besides the Navy Commissioners, Prince Tsai Hsun and Admiral Sah Chen-ping. The Viceroys of Chihli, Liang Kiang, Hu-kuang, Min-che, Liang-kuang and Manchuria will also be included in the Council.

For the first year's work account will be taken of all the present ships, and orders will be given for the construction of second, third and fourth class cruisers. Naval bases for the Northern, Southern, Fukien and Kuangtung waters will be inspected, and the naval schools at Tientsin, Nanking and in Fukien and Kuangtung will be expanded. Steps will also be taken to reorganize the different dockyards.

In the second year the following measures are to be carried out: Formation of fleets; construction of third class cruisers, transports, torpedo boats and destroyers; construction of naval and gunnery schools; preparation of a naval budget and division of territory into districts for recruiting marines.

Between the third and the seventh years the Government will build eight first class battleships, about twenty cruisers, ten gunboats and three flotillas of torpedo boats. Distribution of squadrons will take place, naval bases will be completed and transport arrangements carried out. Over and above these measures the Government will recruit a force of marines, create an Admiralty Board, establish a new naval academy and take such other steps as may be necessary from time to time.

SELECTION OF OFFICERS.

It is proposed to select the sons of high Manchu officials attending the Noble's School at Peking, and send them to the naval colleges at Nanking and Tientsin for a preliminary course of study preparatory to a foreign education in the navies of the friendly Powers. It is reported that the Chinese Government has already arranged with the British authorities to train the cadets on board British warships, and that permission has been granted by the Regent to select 100 students at once.

All officers who have served in the Chinese navy will be returned to duty after undergoing certain examinations. The Viceroys have been ordered to send in reports recommending such men for reinstatement. The absence of competent native officers to train the men for the new navy and command the ships is a factor in the scheme occupying the serious attention of the authorities. Students are now being educated in England, France and Germany, and a request has been made to have the number increased. Prince Hsien Chang, the son of Prince Su, is pursuing naval studies in Germany, and other graduates of the Nobles' School at Peking are to be sent to Europe for the same purpose. Whether the naval academies of Europe and America will be as freely opened to China as they were to Japan is problematical, for there is a tendency to discontinue such courtesies.

The escapade of a Chinese naval pupil on board the French training ship *Borda*, who camped to Belgium with papers stolen from an officer's cabin, has served to intensify the dislike of French officers to the admission of foreign cadets to the training ships. There is a revulsion of feeling in France at least to this system, and the officers are complaining that after educating the Japanese they are now expected to teach the Chinese. The recent incident of a Chinese military student in Japan who acquired the mobilization plans of the regiment and other valuable information, led to the summary dismissal of all Chinese students from the army. The order, it appears, was subsequently rescinded. While these examples are on a par with methods employed by some regularly accredited military attaches of other nations who have reduced the art of securing information to a science, foreign governments are beginning to be a little more exclusive in extending courtesies of this nature.

DESPERATE FINANCIAL SITUATION.

Of course the all important part of the scheme is to raise the funds. And, as already pointed out, every cash of revenue entering Peking has a capacious maw open to receive it. The desperate straits of the Government to raise funds for the navy program are fully disclosed by the many proposed schemes for this purpose.

The late Viceroy Yang, of Chihli, by discharging unnecessary officials, saved about \$210,000 in salaries and arranged to have the amount sent to Peking for naval extension. The Regent after consultation with the Grand Council and Minister of the Treasury decided that by economizing the expenses of the Imperial household and other Yamens in Peking a saving of \$3,600,000 could be made, and the following measures were also proposed: Increase in the taxes on land, tobacco, spirits, sugar and houses; to award honorary titles in return for voluntary contributions; to raise a loan from Chinese abroad; to raise foreign loans; to tax the fishing boats protected by the navy, etc. Prince Su proposed to raise funds by consolidating the salt revenue of the Empire, but the Treasury Minister op-

posed it. The sum of \$170,000, the new year allowance of the Imperial household remitted by the Empress Dowager, was with her consent appropriated by the Regent for the navy.

The Minister of the Treasury appropriated about \$1,700,000 from the opium duties for initial urgent expenses, and after his associates requested a regular allowance of \$9,000,000, he managed to spare \$3,000,000 from the present funds, but advocated that seven-tenths of future funds be raised from the different provinces, and the balance by contributions from the people and from Chinese abroad, with special honors and awards for anyone who contributes a gunboat or small vessel.

Some official proposed that instead of draining the people's pockets only to raise insufficient revenue, permission be granted to open and develop mines, and use the profits for the navy, but he must have been under foreign influence, for the memorial was shelved. It was further advocated that 30 per cent. of the annual net profits of the China Merchants' Steam Navigation Company be set aside for the navy.

The extremities of the Government to raise the large amount for this purpose have led to many reputed offers of foreign financial assistance. German firms, it is reported, offered to loan the money and build the ships. British interests were alleged to stand ready to loan a few hundred millions without any security, and again that America would advance any necessary funds for this purpose.

Owing to the many financial perplexities which practically prohibit China from carrying out any large scheme with the present resources of the Government, it is urged that only a large foreign loan can solve the problem, and this cannot be floated until permanent reforms are in force. The latest information is to the effect that the Naval Commission has reported to the Throne that a sum of 18,000,000 taels will be required as preliminary expenses in the carrying out of the naval reforms, and a further annual charge of 2,000,000 taels will be required for maintenance. The report urges that the Board of Finance and the provincial governments may be ordered to provide the above amounts. According to the naval budget, which has been approved by the Throne, the sum of 1,500,000 taels is for the construction of a naval station, of which amount half a million is required forthwith and the other million next year; the remaining 16,500,000 taels are to be spent on the construction of warships, which will cover a period of four years. The Board of Finance, under instructions from the Throne, undertakes to raise 500,000 taels this year and 1,000,000 next year for the purpose of building a naval station, and as regards the other amount of 16,500,000 taels, which is to be divided into four yearly instalments of something like 4,250,000 taels, besides which there is another 2,000,000 taels to be provided every year for maintenance, the board finds difficulty in raising 6,250,000 taels a year unless it gets the co-operation of the provincial governments. Of that total amount the Board of Finance has expressed its readiness to raise 5,000,000 taels, and asks the Throne to order the Viceroys and the Governors to raise between themselves the balance. In consequence of this the Throne has given instructions to all the Viceroys and Governors, instructing them to report how much each of them can furnish toward the naval funds.

THE IMPERIAL TREASURE.

It is quite evident that the foregoing report, which includes only 16,500,000 taels, or, roughly speaking, \$10,000,000 gold, for construction expenses as already outlined, is insufficient. Eight battleships, twenty cruisers, ten gunboats and three flotillas of torpedo boats cannot be constructed for this sum, and strength is given the previous report that \$240,000,000 gold will be expended.

But the persistence of the Regent and his advisers in carrying through the scheme, in spite of the apparent lack of sufficient resources, and his refusal to accept foreign finan-

cial assistance, leads us to consider another view of the situation which has not been touched. While the Government is poor, and in financial straits, there remains the great wealth of the Imperial family to be reckoned with. Overlooked by the allied troops, who ransacked the palace from end to end, the accumulated treasure of years lies untouched in the secret vaults over which the foreign soldiers lit their camp fires, unconscious of the wealth underneath. The tribute of years to the Empress Dowager and former sovereigns are here hoarded, and available for the country's defense. Native reports are to the effect that an investigation by the chief of the Imperial household disclosed the fact that the treasure amounted to 19,000,000 taels of gold and 999,000,000 taels of silver, or, roughly speaking, some \$1,000,000,000 gold. This amount of actual treasure is enormous, and it may be greatly exaggerated. But there is every reason to believe that the Imperial treasure must be vast, as the tribute from the provinces, gifts from officials and other perquisites of the Throne have been rolling into Peking for years. The money has not been expended on any great public improvements, or buildings, or diverted into any provincial reform scheme, so it is safe to believe that it exists.

If we accept the view that the Regent and other young members of the Imperial Clan, broadened by foreign travel, realize that the very existence of the Empire and the dynasty is at stake, we can well believe that in such an emergency the hidden treasure would be drawn on. So when we read that the naval scheme will be carried out in spite of the lack of funds, the only solution is that the Regent is determined at any sacrifice to fulfill his trust, preserve the dynasty, and turn over intact the inheritance of his son when the latter is of age. The appointment of his brother, Prince Tsai-Tsun, as the head of the navy and in supreme control of expenditure, insures honest expenditure of the Imperial wealth.

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CONTENTS.	PAGE
CURRENT COMMENT	289
EXPORTS TO CHINA AND HONGKONG	291
IMPORTS OF TEA AND SILK INTO THE UNITED STATES	292
ANNUAL MEETING OF THE ASSOCIATION	292
THE MYSTERY OF THE "STATUS QUO"	295
TRADE OF THE NORTHERN CHINESE PORTS	298
AMERICAN-JAPANESE RELATIONS	308
THE SPIRIT OF MANILA	309
THE ANNEXATION OF KOREA	310
THE ECONOMICAL CONDITION IN JAPAN	311
PROSPECTS OF SILK INDUSTRY IN JAPAN	312
ADVERTISEMENTS	312

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It is impossible to read the reports on the trade of the northern ports of China reproduced in this number of the JOURNAL without being impressed with the new sources of agricultural wealth which are being developed in Manchuria. And not alone in the three eastern provinces. From Chefoo and Kiaochau, ports of Shantung, come intimations of the finding of profitable markets for hitherto unconsidered products of the soil. Chief among these are ground nuts, whose export in 1907 was only 21,000 piculs, rising in 1908 to 95,000 piculs, and reaching last year the surprising total of 348,000 piculs, and that without any material decrease in either the exports by junks to Chinese ports or in the quantity of ground nut oil exported. The production of ground nuts in Shantung in 1909 is estimated at 4,000,000 piculs, and but for difficulties of transport a much larger proportion of this would have been exported. But having established their position in the foreign market, there is every reason to anticipate a further increase in the export of ground nuts, either crude or in the form of oil. The extraordinary expansion of the non-Asiatic demand for the soya bean and its products has already been referred to in these columns, and its bearing on the Japanese commercial position in Manchuria is beginning to be understood. According to the Superintendent of Customs at Dairen the bean mills of his district were seriously affected by the high price which ruled during most of the year, and some of them were obliged to shut down, profit on sales of products not being sufficient to cover the cost of raw material. Hitherto the oil has been regarded merely as by-product of bean cake, and was exported almost exclusively to the south China ports. But with the opening of a market for bean oil in Europe there is some probability that the positions of bean cake and bean oil will be reversed, and that the latter will become one of the principal articles of export abroad. The basis of all commerce being barter, the advantage possessed by Japan in introducing her products into Manchuria is likely to be somewhat diminished by the passing of the soya bean and oil trade out of her hands.

In any case the economic significance cannot be too strongly emphasized of the fact that the soya bean has almost at one bound taken a position above that of tea in the list of Chinese exports, and nearly as high as silk. This means an enormous increase in the purchasing power of the farmer in southern Manchuria, which is evidently being duplicated by the experience of the farmer in Shantung. Another encouraging indication of progress in Manchuria will be found in the intimation that the product of the Fushun colliery promises in the near future to become a

very important article of export. The coal field is described as running east to west, parallel with the Hun River, for a distance of 10 miles; the thickness of the seam varies between 120 and 175 feet, and the width of the workable deposit is at least a mile. It would thus appear that the Fushun coal fields are unparalleled in the world for thickness and volume of seam. The entire belt of coal, which is bituminous and rich in volatile matter, is calculated to contain 800,000,000 tons, and as fuel for locomotives and marine engines the coal can compete with the best Japan product, being probably better suited for gas making than any other coal found in the East.

OPINIONS may differ as to the effect on the material development of Manchuria of the influence of Japan in the south and of Russia in the north. But there can be no question about the necessity, referred to in an article elsewhere reproduced, of resolving the mystery, speaking diplomatically, of the status quo. As Mr. Lucien Wolf puts it, the textual meaning of the Russo-Japanese Convention depends on a bewildering tangle of "treaties, conventions and other arrangements," to which the convention itself refers third parties for enlightenment. The world's knowledge of these, which constitute the status quo in Manchuria as guaranteed by Russia and Japan, is not only scanty and fragmentary, but leaves all the main questions to which that compact gives rise unanswered. As Mr. Wolf points out, the fundamental documents are the lease of Port Arthur and the railway concession negotiated with the Russo-Chinese Bank in 1896. It is impossible to have an approximate idea either of the privileges claimed by Japan and Russia or of the rights they are disposed to concede to others without an accurate knowledge of these instruments; but neither has seen the light in an official form, and the statutes of the Chinese Eastern Railway contain provisions presumably borrowed from the railway concession agreement whose accuracy has always been contested in China. Then there are quite a number of undisclosed minor agreements closely affecting the principles of Chinese sovereignty and equality of opportunity in Manchuria whose publication ought to be insisted upon. No power is in a better position to make such a demand than the United States, and there is no phase of diplomatic effort affecting the Far East which would be likely to yield such beneficial results.

THERE is, happily, nothing in the relations between the United States and Japan, present or prospective, to detract from the significance of the welcome given to Secretary of War Dickinson at Tokyo, or to minimize the expressions of national amity which he conveyed to the Government and people of the Island Empire. There is, as the Secretary remarked in consonance with Count Komura, certainly no reason why the careers of the two countries should not be pursued in parallel lines without involving conflicting interests of a disturbing character. That there is a special need at the present time of giving a serious import to this exchange of courtesies finds ample evidence in the continued activity of the efforts to undermine the friendship existing between the United States and Japan. The *Far Eastern Review*, elsewhere quoted, does not at all exaggerate the sinister character of these efforts in stigmatizing them as

the greatest intrigue of the last decade. It would unquestionably be well if the citizens of America would seek the motive behind all this vicious propaganda, which may serve our yellow press with a sensation once in a while, but could not serve it so continuously unless there was some deliberate purpose and serious support behind it to keep the agitation from falling into innocuous desuetude. Our contemporary is equally in the right in its statement that neither Tokyo nor Washington desires conflict, and that the basis for all the falsifying and misrepresentation intended to embroil the two governments must be sought in some well organized attempt on the part of interests outside of Japan and the United States to precipitate trouble from which they may profit.

THERE is not much comfort to be extracted from the figures of Far Eastern trade for the first eight months of the calendar year. Our total exports to Asia are \$5,000,000 less than they were for the corresponding period of 1909, and \$23,000,000 less than they were for the same eight months of 1908. On the other hand, the total value of imports has increased from \$96,684,561 in 1908 to \$129,778,561 in 1910. Our exports to China for the eight months, including Hongkong, are a trifle less than \$15,000,000, against close upon \$19,000,000 for 1909, and \$23,700,000 for 1908. Imports continue to show a moderate rate of increase, being nearly \$24,000,000 for the eight months ending with August last. In the case of Japan, the volume of exports also continues to shrink, having come down from \$24,000,000 in 1908 to \$15,600,000 in 1910. Our imports from Japan remain fairly steady at a figure a little over \$42,000,000. For the British East Indies, the disparity between imports and exports is, of course, still greater, the latter being only a little over \$6,500,000, against \$52,300,000 for the former.

AGAINST this not very encouraging showing there is to be reckoned a considerable expansion of our trade with the Philippines since something like free trade was established between our ports and those of our Asiatic possessions. For the eight months our total exports to the Philippines were valued at \$11,624,734, being \$5,000,000 more than for the corresponding period of 1909 and \$6,000,000 more than 1908. The imports from the Philippines rather more than balanced the value of the goods sent to the islands, and the latter amount seems to be pretty evenly distributed over our chief articles of export. Cotton cloths have, however, made more considerable gains than any other product of manufacture, being valued at \$2,104,577, against \$347,903 in 1909, and a similar amount in 1908. The value of iron and steel and their manufactures which the Philippines have been able to absorb rose to \$2,538,091, a gain of \$800,000 over the preceding year.

In view of these figures, perhaps a new significance attaches to the statement of the *Far Eastern Review* that there is every indication that the business men of Manila do not propose to confine their operations to the Philippine Islands, and are not to remain inactive in the struggle for Far Eastern trade. We are assured that the preliminary plans for the development of a great Eastern commercial metropolis and distributing centre for America's Oriental trade are well advanced toward completion, and that cordial co-operation has been established between the Philippine administration and the progressive section of the commercial community. There is much comfort in the assurance that Manila may be expected to be heard from in the near future, and that if the port does not secure its share of Far Eastern trade it will not be the fault of the men in whose hands its destiny at present rests.

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, 1909 and 1910.

EXPORTS TO CHINA.

Months. 1909.	Cotton Cloths. Yards.		Mineral Oils (illuminating). Gallons.		Wheat Flour. Barrels.	
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	547,946	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

1910						
January.....	.....	\$.....	3,311,000	\$268,540	1,393	\$5,895
February.....	17,271	3,568	3,166,810	258,115	500	2,250
March.....	64,939	3,983	6,279,100	477,295	19	103
April.....	3,334,800	209,841	3,106,000	230,143	611	2,936
May.....	21,601,907	1,342,041	9,646,950	574,867	250	1,000
June.....	10,515,200	662,990	10,845,070	655,309	263	1,163
July.....	10,897,533	727,329	5,392,690	323,424	638	2,576
August.....	9,582,788	563,587	14,052,380	888,045	2,643	11,823
Total.....	56,014,438	\$3,513,339	55,800,000	\$3,675,738	6,317	\$27,746

EXPORTS TO HONGKONG.

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	60,477
Total.....	733,751	\$76,224	6,064,596	\$662,663	595,377	\$1,606,811

1910						
January.....	16,595	\$2,543	1,589,140	\$195,711	108,727	\$432,622
February.....	24,447	3,356	.....	.....	20,800	89,650
March.....	13,437	1,842	.....	.....	34,285	146,546
April.....	14,297	1,442	2,133,172	83,368	12,277	50,915
May.....	24,427	4,165	1,170,000	91,115	11,304	45,395
June.....	66,974	4,322	.....	.....	15,676	64,737
July.....	51,982	8,126	1,757	189	58,169	242,814
August.....	19,350	2,558	1,748,039	130,973	54,231	217,046
Total.....	221,509	\$28,354	6,642,108	\$430,465	315,469	\$1,309,975

DEPARTMENT OF COMMERCE AND LABOR,

WASHINGTON, D. C., Oct. 3, 1910.

Bureau of Statistics.

Imports of Tea and Silk into the United States for the eight months, ending August 31, 1908, 1909 and 1910.

Imported from	1908.		TEA.	1909.		1910.	
	Pounds.	Dollars.		Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	5,086,995	1,193,071		9,458,712	2,165,309	6,539,961	1,768,372
Canada	1,591,426	422,573		3,699,745	822,567	1,742,340	395,684
Chinese Empire.....	12,538,404	1,712,272		16,795,707	1,688,404	10,109,862	1,211,370
East Indies.....	3,784,552	622,361		6,530,110	998,114	6,415,081	1,047,076
Japan.....	21,165,870	3,806,781		26,004,864	4,722,275	24,484,988	4,599,856
Other countries	552,181	128,963		826,891	136,510	640,318	132,906
Total.....	44,719,428	7,886,021		63,316,029	10,533,179	49,932,550	9,155,264

RAW, OR AS REELED FROM THE COCOON.			SILK.				
	Pounds.	Dollars.		Pounds.	Dollars.	Pounds.	Dollars.
Imported from							
France.....	231,896	792,360		499,203	1,561,692	256,961	475,831
Italy.....	1,974,771	7,463,403		3,156,547	12,282,069	1,892,215	6,922,025
Chinese Empire.....	1,602,902	4,135,121		2,945,181	7,246,151	2,677,532	6,431,335
Japan.....	6,366,050	22,388,398		7,651,076	26,803,889	7,299,701	23,887,889
Other countries	24,141	88,976		93,098	350,558	130,105	458,878
Waste.....lbs...free..	684,981	471,583		1,382,268	779,754	2,257,329	1,138,738
Total unmanufactured	10,884,741	35,339,841		15,727,373	49,024,113	14,513,843	39,584,696

ANNUAL MEETING OF THE ASSOCIATION.

The thirteenth annual meeting of the Association was held in the rooms of the Chamber of Commerce of the State of New York on Thursday, October 20, at 3:30 p. m. 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.

The promise that the Presidency of William H. Taft would be signalized by closer relations between China and the United States has been fully justified by the event. Since this Association was formed for the purpose of impressing on the Government of the United States the fact that the integrity of China is an American interest of the most vital character, there has been no time when the State Department of the United States has displayed so sedulous a concern for the unity and independence of China as under its present head. It marks a very decided advance in the general acceptance of the principles which the Association was organized to promote, to have this testimony from a dispassionate British critic in regard to the existing relations between the Chinese Empire and this Republic: "To-day it is not too much to say that the celestial empire leans almost exclusively on American support, and recognizes in the United States her best guide and well wisher. If she has any champion at all in her efforts to maintain her sovereignty over Manchuria intact, that champion is America. If she has in the whole world a single sincere friend who would gladly see her strong, united and progressive, that friend is America. It is from America that China will receive the ablest and most disinterested assistance in converting herself into a modern state, just as it is from

America that she has already received the most persistent encouragement in her campaign against opium. To direct Chinese advancement from the abundance of her own experience in matters of education, government and commerce; to be the tutelary genius of that vast, nerveless, disjointed but aspiring empire, and to protect her by a vigilant diplomacy from the encroachments of her powerful neighbors—such is the high rôle to which America, more or less unconsciously, seems destined to be called."

Exception has been taken to the methods employed by our diplomacy in the effort to protect China from the encroachments of her powerful neighbors. But they have at least had the merit of compelling Russia and Japan to make an open declaration of the reserved rights of sovereignty which they claim in Manchuria, and of concentrating the attention of the world on the difficulty of reconciling the exercise of these and similar rights, elsewhere claimed, with the stipulations of existing treaties. The status quo in Manchuria unhappily depends upon conventions and agreements which have not all been made public, and which, in the interest of a specific settlement of the Far Eastern question, should be brought to light. China herself is largely responsible for the secrecy which has enveloped some of her most important understandings with her neighbors, but there can be no longer any good reason for China refraining from a full disclosure of every obligation by which her Government has permitted itself to be bound. Without some such revelation of the devious diplomacy of the past, her friends must be compelled to work very much in the dark, while her enemies must continue to enjoy the advantage of making their own statements in regard to claims whose very existence is in dispute.

It may be remembered that the recall of Mr. Charles R. Crane on the eve of his departure as Minister to China was said to have been due to his indiscreet publication of the fact that the Department of State was carefully examining the agreement which had just then been 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. On this subject the Department issued a statement declaring that official assurances had been received from both China and Japan that the Manchurian Convention contained no exclusive claim to mining rights, and that China was as free to grant these to American as to Chinese prospectors. Mr. Crane's recall was accepted at the time as 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, and the official statement of last November was avowedly 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.

Mr. Crane's successor, Mr. William J. Calhoun, was pronounced at the time of his appointment by those who knew him to be a shrewd, forceful, high minded, clean handed, competent man, and one not easily baffled or led astray. While Mr. Calhoun has carefully avoided publicity, and has been fortunate enough not to have publicity forced upon him, there is every reason to believe that he has amply justified this characterization.

Some of President Taft's references to the Chinese question in his first annual message were generally regarded as disappointing, because of their indefiniteness. He restated, with sufficient clearness, the policy of this Government in the Far East to be that of supporting the principle of equal 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 left much to be desired. The President recalled the fact that by the Treaty of 1903 China had undertaken the abolition of likin with a moderate and proportionate raising of the customs tariff, and the putting into practice of a scheme of currency reform, and he intimated that this Government was endeavoring to facilitate these measures and to secure the needful acquiescence of the Treaty Powers. But the important fact was omitted that the Chinese Government had already reached the conclusion that the effective 12½ per cent. import duty provided for in the new treaties would not be sufficient to supply it with the funds necessary to reimburse the provincial authorities for the surrender of their likin revenues, much less to provide the needful coin reserve which must form the basis of any comprehensive measure of currency reform. It is obviously time for the Treaty Powers to take cognizance of the fact that the series of agreements which began with the Mackay Treaty of 1902 forms part of a bargain which China is confessedly unable to carry out, and contains stipulations which everybody knows to be impracticable. As there can be no real development of Chinese commerce until likin barriers and other stations for taxing goods in transit have been removed, and

as there can be no stable prosperity for China without the establishment of a sound currency system, it would seem to be desirable that the Treaty Powers should arrive at some common understanding as to the nature of the demands which they are prepared to make on China, and that China should have some emphatic reminder that there can be no advance in import duties without some security that her side of the compact is to be faithfully observed.

The administration of our Chinese exclusion acts has relapsed under the present Superintendent of Immigration into the old ruts of suspicion, severity and petty oppression. It has formed the occasion of frequent protests on the part of resident Chinese in San Francisco and elsewhere, in regard to which the apparent indifference of the representatives of the Chinese Government in this country is perhaps as remarkable as the unsympathetic attitude of our own.

It seemed at one time as if a new element of discord might be introduced into our relations with Japan by the passage of a bill applying practically to all Asiatics the provisions of the Chinese exclusion law. This was to be done by the insertion of the following words in Section 2 of the present immigration act: "Persons who, under the provisions of Section 2169 of the Revised Statutes of the United States, are ineligible to become citizens of the United States, unless they are merchants, teachers, students or travelers for curiosity or pleasure." In other words, it was proposed to have the excepted class of all foreigners ineligible to naturalization confined within the limits as narrow as has been done in the case of the Chinese. A bill so framed came before the House of Representatives with a favorable report from the Committee on Immigration and Naturalization. It was, of course, of Californian origin, and gave another demonstration of the difficulty of maintaining even the appearance of friendly relations with Asiatic powers while the policy of our Government in regard to them is shaped by the labor unions of the Pacific Coast. Fortunately, nothing more was heard of the bill during the last session of Congress, and there is not much likelihood of its emergence at the approaching short session.

His Imperial Highness Prince Tsai Tao, the head of the Military Advisory Board of the new Chinese army, arrived at San Francisco for a brief visit to this country on April 22, and, on behalf of your Executive Committee, an invitation was presented to him to be the guest of honor of the Association at a public dinner to be held at Delmonico's on May 3. This was promptly accepted, and as thoroughly representative a gathering was secured to meet his Imperial Highness as the short time at the disposal of your committee would allow. A very gratifying feature of the event was the rivalry which your committee met for the first time from the local authorities of New York in their efforts to do honor to their distinguished guest. Before the arrival of the Prince the Department of State had already asked Mayor Gaynor to make arrangements for his reception in New York, and had suggested that among these should be included the tender of a public banquet. The Mayor displayed some natural irritation that he should have set about acting on this request in ignorance of the fact that the Prince had already accepted the invitation of the Association, and from some prominent citizens came

representations that the Association should waive its privilege of entertaining the Prince at a public dinner and allow the city authorities to be the hosts on that occasion. For reasons deemed sufficient your Executive Committee refused to accede to this request, and they believe that the result amply justified the position which they felt impelled to take.

In the absence of the President of the Association the duties of Chairman at the dinner were discharged by General Thomas H. Hubbard, and to the admirable tact and discrimination which he displayed the complete success of the dinner was very largely due. The Prince had before him the address of welcome of General Hubbard when he wrote the reply delivered at the dinner. Its conventional phrases thus acquire a new significance, and fresh emphasis is given to the cordiality of recognition which it contained of the obligations of China to the United States, and of the desire that the relations between the two countries should continue to grow in intimacy and friendship. Like his kinsman, Prince P'u Lun, Prince Tao was profoundly impressed with the value of the work which is being done by this Association, and was extremely frank in expressing the desire that the intimate knowledge of Chinese affairs possessed by our members should prove an effective aid to the furtherance of the progressive hopes and aspirations of China. The Prince's statement that the work of this Association had rendered China better understood by Americans, and America better understood by the Chinese, was one made after due deliberation and full inquiry into the subject.

The brother of Prince Tao, H. I. H. Prince Hsün, visited the United States in September, and was invited by your committee to be the guest of the Association at a public breakfast. This invitation he was unable to accept, but during his brief stay here the Prince was entertained at a breakfast tendered by the Acting Mayor and a representative committee of bankers, exporters and manufacturers specially interested in the cultivation of good relations with China. It must be held to be a matter for special congratulation that the city government of the commercial metropolis of the country should have wiped out so thoroughly as it has done, in the case both of Prince Tao and Prince Hsün, the reproach incurred by the somewhat shabby treatment which Prince P'u Lun received at the hands of a former mayor.

The Convention signed at St. Petersburg on July 4, supplementary to that of July 30, 1907, between Russia and Japan has not tended to dissipate the distrust entertained in commercial circles here and elsewhere with regard to the intentions of both powers in Manchuria. That distrust has chiefly centred about the policy of Japan, probably because her sphere of influence includes the most populous of the three eastern provinces of China, and because her industrial and commercial competition is much more aggressive and resourceful than that of Russia. The subject is not one in regard to which your committee have felt themselves constrained to address our Government, for the double reason that they have not had before them any well authenticated cases of a violation of the principle of the Open Door

by either of the powers claiming exclusive railway rights in Manchuria, and that the Department of State has shown itself ready and anxious to do all in its power to promote and defend American interests in that portion of China most clearly threatened by adverse foreign possession.

The new Japanese tariff was prefixed by the declaration that the Imperial Government, "taking into account the requirements of the national finance and the development of domestic industries, made suitable amendments to the existing customs tariff, with a view to insure fairness in the rates of duties." The claim is probably a correct one that the new duties are much below those levied by the United States and in Continental Europe, but the material fact is that on most of the products of manufacture which we send to Japan there will be a very considerable increase of import duty. American exporters are therefore not greatly impressed with the justice of the Japanese contention that in no case is there a conspicuous increase in the new tariff schedule.

The Japanese annexation of Korea, which was formally concluded by the treaty signed on August 22, is one of those inevitable events in regard to which comment seems to be superfluous. The main point of interest for other nations is that, independently of any conventional engagement formerly existing on the subject, the Imperial Government of Japan will for the period of ten years levy the same import or export duties and the same tonnage dues as were provided for goods and vessels entering the open ports of Korea under the régime which has just been brought to an end.

In presence of conditions in Manchuria which have rendered increasingly difficult anything like cordial co-operation between the British Foreign Office and our Department of State in their attitude toward matters Chinese, it is satisfactory to note that Secretary Knox sent instructions to the Legation at Peking and the Consulate General at Shanghai to support the request of the municipal council for such extension of the International Settlement as may meet the requirements of the present situation. On another important question—that, namely, of keeping the administration of the Imperial Maritime Customs free from the influence of Peking officialdom—the two governments are believed to be in entire accord.

TREASURER'S REPORT.

The following is a summary of the report of the Treasurer:

The last annual report, dated October 18, 1909,	
showed funds in hand of.....	\$1,318.70
Since that date receipts have been as follows:	
To dues collected from members.....	2,270.00
To contribution from Mr. Wm. P. Clyde....	100.00
Total	\$3,688.70
By disbursements to October 20, 1910.....	2,805.16
Balance in National Bank of Commerce.....	883.54
Total	\$3,688.70

OFFICERS ELECTED.

The following officers were re-elected for the year:

President—Seth Low, New York.

Vice Presidents—Lowell Lincoln, New York; 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—Thomas A. Phelan, Charles A. Conant, Silas D. Webb and I. Osgood Carleton, all of New York.

THE MYSTERY OF THE "STATUS QUO."

(From the Nineteenth Century.)

Much has been written about the hidden motives and the more remote political incidence of the Russo-Japanese convention of July 4 last, but of its textual meaning we have so far heard little. It must, however, have puzzled a good many people, especially if they took the trouble, as I did, to wade through the bewildering tangle of "treaties, conventions and other arrangements" to which the convention itself refers third parties for enlightenment.

For the purposes of this investigation the only section of the convention that matters is Article II. The other two articles, as well as the preamble, possess no immediate importance. Article I, for no intelligible reason, merely repeats an undertaking embodied in Article VIII of the Treaty of Portsmouth, which was duly carried out by the Russo-Japanese railway agreement of July 28, 1907, while the third and concluding article deals with the measures to be adopted for giving effect to Article II. Hence, unless Article II is clearly understood, the whole meaning and object and probable effect of the agreement must remain a mystery. As a matter of fact, it is not in the least understood, and I doubt whether any outside investigation, unaided by an interpreting statement on the part of the signatory Powers, will bring us appreciably nearer the truth.

Still it is worth while making the attempt, for something may perhaps be gained if we can only bring home to the Russian and Japanese Governments the difficulty in which, no doubt quite unwittingly, they have placed third parties, and the consequent necessity of some such interpreting and synthetizing statement as I have indicated. Reduced to a few words, the convention guarantees the maintenance of the *status quo* in Manchuria, and it defines this *status quo* as "resulting from all the treaties, conventions and other arrangements concluded up to this date, either between Russia and Japan or between those two Powers and China." If, then, we want to know what this *status quo* is we must examine all these treaties. But this is not the only reason why we should embark on such a task. A close examination of the wording of Article II discloses a very singular limitation. The *status quo* is defined as exclusively a triangular affair between Russia, Japan and China, whereas it is legally quite as much, if not more, the resultant of treaties between China and the other Powers, of agreements between certain groups of those Powers which have at least the same legal validity as the Russo-Japanese agreement, and finally of a series of assurances, declarations and undertakings in regard to the rights of third parties to which at various times both Russia and Japan have affixed their signatures. None of these contributory elements are recognized as forming part of the Russo-Japanese conception of the *status quo* under the convention of last July. It follows that not one but two questions have to be elucidated. We have to examine the triangular fabric of "treaties, conventions and other arrangements" not only to find out what Russia and Japan understand by the *status quo*, but also whether their understanding is in accord with our own rights as acquired by "treaties, conven-

tions and other arrangements" which apparently have not entered into their reckoning.

The Russo-Japanese treaties relating to Manchuria date only from the war. They are few in number, and the information they yield is scanty. The first is the Treaty of Portsmouth of September 5, 1905. Under this important instrument the lease of Port Arthur and Talienwan "and all rights, privileges and concessions connected with or forming part of such lease," and the southern half of the Manchurian Railway, "together with all rights, privileges and properties appertaining thereto," were transferred to the Japanese Government, subject to the consent of China. Of the exact nature of the rights, privileges, concessions and properties thus ceded nothing is said, but by a unilateral Russian statement embodied in the third *alinéa* of Article III we are led to infer that they do not comprise "any territorial advantages or preferential or exclusive concessions in impairment of Chinese sovereignty or inconsistent with the principle of equal opportunity." This would be quite satisfactory, and would render any further inquiry superfluous could we be assured that the Japanese view of the concessions transferred to them was precisely the same as that formulated by Russia, and that both were in agreement with our own view of Chinese sovereignty and equality of opportunity. As it is, the condition of Manchuria today, five years after the Treaty of Portsmouth, suggests a doubt. The only other provision of the treaty which concerns the *status quo* is an addition to Article III, by which Russia and Japan agree to maintain guards for the protection of their respective railway lines in Manchuria up to a maximum of fifteen per kilometre. No Chinese treaty authority is invoked for this arrangement, which is so little in harmony with the sovereign rights of China that it has been interpreted as enabling Russia to maintain an army of 27,550 men in Manchuria, in addition to the railway staff, and Japan one of 14,675 men, in addition not only to her railway staff, but also to the guards on the Antung-Mukden line and the large garrison in the leased territory of Liao-tong. Thus the Treaty of Portsmouth does not carry us very far on our quest.

Nor do we obtain any fresh light from the remaining Russo-Japanese treaties and conventions. On July 28 and 30, 1907, two were negotiated—a railway agreement and a treaty of commerce. Here the only new fact bearing on the *status quo* is afforded by Article II of the Protocol attached to the treaty of commerce. This places the trade between the leased territory of Liao-tong and the Russian Amur and Maritime Provinces on the same tariff basis as the trade between those two regions and Manchuria proper. What that tariff basis is, however, we are not told. The same provoking reticence characterizes the next convention, also of July 30, 1907, which first marked the passage of Russo-Japanese relations from the stage of passive peace to that of active *rapprochement*. This instrument, indeed, adds somewhat to our perplexities, inasmuch as while it engages each of the two Powers to respect the

rights acquired by the other under "treaties, conventions and contracts with China" "in so far as those rights are not incompatible with the principle of equality of opportunity," it carefully avoids any similar condition in regard to the sovereignty of China. Finally, the convention of last July complicates the puzzle still further by ignoring even the reduced conditions governing the *status quo* under the convention of 1907 and by boldly guaranteeing "all the treaties" within the China-Russia-Japan triangle without any explicit reserve in regard either to equality of opportunity or Chinese sovereignty. It is true that in the preamble the two Governments place on record their "sincere attachment to the principles established in the convention of July 30, 1907," but they do not in terms confirm those principles, and there is nothing to show that they were ever intended to apply to Manchuria. In this connection the precedent of the non-Manchurian incidence of the Anglo-German agreement of October 16, 1900, of which the literal scope was the same as that of the Russo-Japanese convention of July, 1907, is ominous. Moreover, if the principles of the latter convention applied to Manchuria no second agreement defining the *status quo* in that curiously situated province was needed.

The first category of treaties thus leaves us as much in the dark as ever. Let us now see what can be gleaned from the Chino-Japanese group. This consists of five published treaties, the first and most important of which was signed on December 22, 1905. It was rendered necessary by the stipulation in the Treaty of Portsmouth requiring the consent of China to the transfer of the Liao-tong lease and of the southern half of the Manchurian Railway, together with "the rights, privileges, concessions and properties appertaining thereto." This consent is duly given, but still no light is shed on the exact nature of the privileges transferred. So far from this being the case Article II of the treaty introduces a further element of doubt by permitting Japan a curious latitude—"as far as circumstances will permit"—in "conforming" to the "original agreements" between China and Russia. An additional agreement signed on the same day contains three provisions which must be noted as bearing on the question of the *status quo*. The first (Article II) relates to the railway guards, and pledges Japan to withdraw her share of them in the event of Russia being prevailed upon to do likewise with hers. This article is significant as indicating a disagreement between China and the railway concessionaires concerning the interpretation of at least one "privilege which is not easily reconcilable with her sovereign rights," and which consequently renders a knowledge of the original concession very desirable. The second provision (Article VI) concedes the railway line between Mukden and Antung on the Korean frontier to Japan, and the third (Article XI) establishes most favored nation treatment for the frontier trade between Manchuria and Korea. The importance of these two stipulations will appear presently.

On May 30, 1907, another agreement was concluded providing for the establishment of the Chinese Imperial maritime customs at Dalny. This is the first official glimpse we obtain of the extent to which Chinese sovereign rights and the principle of equality of opportunity in the leased terri-

tory are guaranteed under the "rights, privileges and concessions" transferred to Japan, and as far as it goes it is wholly satisfactory. Not quite so reassuring is the next agreement, which under date of August 19, 1909, settled an angry dispute arising out of the concession of the Antung-Mukden Railway by the Treaty of December, 1905. On its face it is innocuous enough, inasmuch as it merely approves the technical arrangements already made by Japan, and pledges China to give every facility for the progress of the work. When, however, it is read in conjunction with the correspondence which preceded it, a new light is shed upon it. China objected to the work being proceeded with until certain conditions were observed by Japan. Among these was that the privileged régime of the Manchurian Railway, especially in regard to police and the so-called railway guards, should not be applied to the new line. This does not appear unreasonable, seeing that there was nothing in the original concession assimilating it to the main railway, and Japan did not pretend to derive her claim from any of the earlier privileges transferred to her by the Treaty of Portsmouth. However that may be, the protest of China was ignored, and under a threat of force she consented to the construction of the railway without conditions. Thus an important extension of the privileged position of Japan in Southern Manchuria was created. Whether this extension comes within the four corners of the *status quo* as defined in the Convention of last July is, however, doubtful, seeing that the text of the Railway Agreement makes no express reference to it. A still more disagreeable surprise awaits us in the next Agreement, signed on the 24th of August of the same year. This dealt with a number of disputes which had arisen between Japan and China in Manchuria since the war. Among them was the Sinminting-Fakumen Railway, which China had proposed to construct, but which had been vetoed by Japan. The right of Japan to raise an objection so little in harmony with the sovereign rights of China was a mystery. In the new agreement it was partially cleared up, for in it China confirmed her "declaration of the 22nd of December, 1905," pledging her not to construct any railways in the vicinity of or parallel to the South Manchurian line. This is a new privilege, which from its date is additional to the privileges acquired under the Treaty of Portsmouth, and its effect is to give Japan a monopoly of railway construction in Southern Manchuria incompatible with the principle of equality of opportunity. What adds to the disagreeable impression created by it is that the "declaration of the 22nd of December 1905" does not appear in the Treaty of that date. It has since been ascertained that it was one of several secret Agreements attached to the Treaty which have not yet been made public. This first revelation of the existence of secret Treaties among the documentary elements of the *status quo* as defined in the Convention of last July very appreciably increases the difficulty of ascertaining the exact scope of that compact.

The only remaining Chino-Japanese Agreement, so far as the published texts go, was concluded on the 4th of September, 1909. It dealt chiefly with the regulation of Japanese mining rights acquired apparently from Russia

under the Treaty of Portsmouth, but neither the extent of these rights nor the authority for them was indicated. It will thus be seen that, while the Chino-Japanese group of Treaties is slightly more informing than the Russo-Japanese group, it is still far from throwing a clear and comprehensive light on the *status quo*. Indeed, except in regard to the Customs houses at Dalny and Antung, it leaves the situation in Southern Manchuria as transferred to Japan in 1905 quite unexplained. The only detailed information relates to privileges acquired by Japan since the war, and these for the most part are not calculated to inspire confidence in the assurances regarding the sovereign rights of China and the principle of equality of opportunity contained in Article III of the Treaty of Portsmouth.

We are limited, then, to the Russo-Chinese group in our quest for the veritable key to this mystery. Unfortunately, when we come to examine this category of Treaties, the darkness, instead of being dispelled, becomes denser and more confusing. They are surprisingly few—only four. It is understood, of course, that, as in the previously discussed groups, I am limiting myself to officially published or otherwise authenticated texts. The first Treaty dates from 1881. This was the famous Treaty of St. Petersburg negotiated by the Marquis Tseng for the retrocession of Ili to China, but its interest for the Manchurian question arises from its provisions concerning overland trade, which by Article XV apply to all the Chinese provinces, whether interior or exterior. These provisions are a renewal and extension of the commercial Convention of 1869. They are contained in an elaborate *Règlement* attached to the Treaty, and they provide, *inter alia*, for a free-trade zone of 100 li (thirty miles) on each side of the frontier, and for a schedule of customs dues on specified trade routes equivalent to two-thirds of those levied by the Maritime Tariff. It was not until the Manchurian Railway was built that the real value of these privileges was realized by Russia, and then their interpretation gave rise to prolonged disputes between St. Petersburg and Peking. All these differences were finally settled by a customs arrangement signed in 1907, which conceded the Russian demands and thus gave a 33 per cent. preference to the whole trade of the railway. It was in view of this arrangement that Japan stipulated in her additional Agreement with China of the 22nd of December, 1905, for the concession of the Antung-Mukden Railway and for most favored nation treatment for the overland trade between Korea and Manchuria, the result being to assure to her precisely the same railway facilities with their attendant tariff preferences in the South as Russia then claimed, and subsequently made good, in the North. It also explains the tariff arrangement between Liao-tong and the Russian Amur and Maritime Provinces contained in the Russo-Japanese Commercial Treaty of 1907 referred to above.

The only other Russo-Chinese Treaties relating to Manchuria are the Evacuation Convention of the 8th of April, 1902, and the supplementary Railway Agreement of the 10th of May, 1909. How far the first of these instruments is still valid is doubtful, seeing that Russia did not execute her obligations under it until forced to do so by Japan. Nevertheless it is interesting, and it may prove important as illustrating the Russian view of the *status quo*, and especially of the scope of Chinese sovereignty, under the new conditions in Manchuria. Thus, among the obligations, are two reserving to Russia a veto on Chinese military measures (Article III) and on railway extensions in

Southern Manchuria (Article IV), while a third (*Ibid*) prohibits China from seeking foreign aid in the construction or working of the Shanhaikwan-Niuchwang-Sinminting Railway.

The Railway Agreement of 1909 is much in the same spirit. It is the last document in our *dossier*, and it deals ostensibly with certain "differences of opinion" which are stated to have arisen in the interpretation of the original concession, of which, however, it gives no particulars. Its effect is to impose further limitations on Chinese sovereign rights. In the first place, those rights in the railway zone are stated sweepingly to be subject to "Agreements concluded by the Railway Company" (Article II), though no details of these arrangements are disclosed. Then the control of the municipalities is divided between the Chinese authorities and the railway manager, while the last word in all disputes is, in effect, reserved to the Russians. Finally, certain unspecified portions of the railway zone and other lands allotted to the company are declared to fall within the exclusive administration of the Russian authorities. A comparison of these two Agreements with Article III of the Treaty of Portsmouth, and especially with the guarantee of Chinese sovereignty in the Russo-Japanese Convention of July, 1907, to which the two Powers expressed their "sincere attachment" in the Convention of July, 1910, is calculated to give rise to disquieting reflections.

This, then, is all we know about the "treaties, conventions, and other arrangements" constituting the *status quo* in Manchuria as guaranteed by Russia and Japan in their recently concluded Convention. It is not only scanty and fragmentary but it leaves all the main questions to which that compact gives rise unanswered. The fundamental documents—frequently referred to in the treaties reviewed above, and especially in the Treaty of Portsmouth and the Railway Agreement of 1909—are the lease of Port Arthur and the Railway Concession negotiated with the Russo-Chinese Bank in 1896. Without an accurate knowledge of these instruments it is impossible to form even an approximate idea of the privileges claimed by Japan and Russia, or of the rights they are disposed to concede to third parties. Neither, however, has yet seen the light in an official form. It is true that varying texts of the two Port Arthur Agreements have been published—one in a China Blue-book (No. 1, 1899, pp. 128 and 187) and the other in the *Times* of the 3rd of June, 1908—but neither has been publicly acknowledged by the Russian or Chinese Governments, and when in June, 1898, Sir Nicholas O'Connor made inquiries of Count Mouravieff in regard to the *Times'* version the Russian Minister declined "either to admit or deny its correctness." There is has remained to this day. The still more important Railway Concession Agreement is in even worse case. No version whatever has been published except M. Cordier's entirely imaginary and misleading reconstruction, based on the dubious text of the Cassini Convention, which appears in his *Histoire des relations de la Chine avec les puissances occidentales*. A good many of its provisions are embodied in the statutes of the Chinese Eastern Railway Company published officially in St. Petersburg in December, 1896, but we know from other sources that they are not complete and that their accuracy is in some respects contested by China. In a word, the *status quo* in Manchuria is a question of secret treaties, and these, as we have seen in the case of the Chino-Japanese Agreement of the 24th of August, 1909, are not confined to Russia and China. Moreover, it is clear from certain references in the Russo-Chinese Railway Agreement of 1909 that there are quite a number of other undisclosed minor agreements, which closely affect the principles of Chinese sovereignty and equality of opportunity in Manchuria. Surely, if the Convention of last July is not to stand as a colossal diplomatic joke—and that not a very good one—all these secret arrangements and any others calculated to elucidate it should be made public.

LUCIEN WOLF.

TRADE OF THE NORTHERN CHINESE PORTS.

The report of the Imperial Maritime Custom on the Trade of China for 1909 has already been reproduced in these columns. In the subsequent reports of Port Trade there are a number of interesting items and much important information. The following paragraphs are culled from the copious data contributed by the resident Commissioners of Customs at the Northern Ports from Angun to Kiaochow.

ANTUNG.

The comparative commercial obscurity which shrouded Antung during the first years after it was opened by treaty in 1903 has now been permanently resolved by the prominent position the journals of the world have accorded during the year to the Antung-Mukden Railway question. Likewise the anticipated boom—if such there is to be—hangs imminent over the place, inasmuch as the reconstruction work along the line has already progressed sufficiently to give promise of completion in 1911. Late in August the contractors began replacing the old bridge abutments back of the Japanese Settlement and Chinese town and soon had their gangs of laborers throwing up the new embankment in the country. At the Mukden end of the line the broad gauge had been laid and trains put on the run over about 30 miles to Shihch'iaotzu by the close of the season, while the work on the remaining section, from Shihch'iaotzu to Antung, was approximately 30 per cent. completed during 1909. For the coming season it is estimated that the new trains will be running in September or October north from Antung to Chikuanshan, a distance of, roughly, 53 miles. When completed the line will have a length of about 170 miles, instead of its present 188 miles; will be equipped with 80-lb. rails like those on the South Manchuria Railway, as well as with similar rolling-stock; will be carried over about 20,000 feet of bridges, the longest of which will be 1,830 feet; and will run through approximately 25,000 feet of tunnels, one of them designed with a length of 4,884 feet. With this new equipment the now medieval progress of two days and one night between the termini will be ruthlessly pressed into about six hours. This will mean, with the through trains over the Yalu bridge, which is now in course of construction, that Mukden will be within 32 hours of Fusan even with the present temperate schedule on the Korean line; in other words, 80 hours from Tokyo. It seems probable that this shortening of the rail haul to the Mukden district will inevitably attract considerable through cargo north-bound and divert some of the agricultural products from Eastern Fengtien and Southern Kirin from the South Manchuria line, although much must depend upon the rates to be established. While touching upon this oft-discussed question of the influence of the railway upon the port's commercial future, it seems not inappropriate, especially in view of the challenge of its subsequent importance impliedly advanced during recent months, to attempt to cast into an abbreviated statement the inferences deducible from these three initial years. The gross value of the trade under the cognizance of this office has increased from Hk. Tls. 4,926,000 to Hk. Tls. 6,942,000 to Hk. Tls. 8,469,000. The growing share taken by steamers in the timber-carrying trade affords a gradual improve-

ment in the business mechanism, which should be further supplemented by the promised installation during the coming season of a direct three-weekly service from Shanghai. The industry of producing and shipping the wild silk and cocoons has shown signs of latent possibilities of a development that can give to the valley a growth in wealth and consequent population which inevitably bring in their train the enhanced purchasing power of imports that, at the least, guards the commercial future against decline. If the prophecy of the growing demand for pongees reads true, this one element may render the port almost secure against mediocrity. Then, if those reluctant gnomes of the neighboring mountains can be cajoled into telling behind which of the great rock doors their guarded treasures lie, and if some satisfactory working scheme for carrying out these lodes of now inert wealth can be devised, another powerful element would be added to the *raison d'être* of the port. When one considers, over and above all these, the inherent vitality of Manchurian agriculture with the especially favorable turn it has recently received from the Western realization of the value of its bean products, it is difficult to limn for the future of this port any other than a bright picture.

NEWCHWANG.

In spite of very persistent reports from certain quarters that the trade of Newchwang was a fast dying one and that the port was suffering from commercial stagnation, the trade of 1909, taken all round, has been of a most satisfactory character, and although the value of imports is not so large as in 1905, which holds the record, the value of exports exceeded that year's figures by 25 per cent. The conditions of trade were sound throughout, and there was none of the rash speculation which formed one of the objectionable features of the trade of 1905. The net value of the trade amounted to Hk. Tls. 55,018,080, an increase of more than Hk. Tls. 13,800,000 over the trade of the previous year and Hk. Tls. 22,700,000 over that of 1907, but it fell short of the record year—1905—by almost 6¼ million taels. It should, however, be remembered that in 1905 Newchwang was practically the only door through which the trade of Manchuria passed, and that during the last two years two powerful rivals have arisen—Harbin in the north and Dairen in the south. That Newchwang should have held its own in the face of this competition argues well for its future. The port is favorably situated for a distributing centre, with the Liao River and its tributaries affording cheap transportation to the interior and two railways to assist in the carriage of goods. Dairen has the advantage of a deep and open-all-the-year-round harbor, while Newchwang is frozen up during four

months out of every twelve, and is, in addition, handicapped with a bar at the mouth of the Liao. It is natural, therefore, to expect that during the winter trade will enter and leave by the Dairen route and also that deep-draught vessels will have to repair to that port; but during the balance of the year Newchwang, for moderate-draught vessels, has better possibilities for doing business than its southern rival, and, with anything like proportionate freight rates on the South Manchuria Railway, will retain its present grasp on the Manchurian trade. Great efforts are being made to develop Dairen, and, where an improvement is possible, no expenditure is too large to be undertaken. With Newchwang, on the contrary, nothing is being done to conserve that natural asset, the Liao River, the upper reaches of which are reported to be silting up and badly in need of scientific improvement. The necessity of doing *something* is recognized on all hands, but the trouble is to obtain funds for the work. As a move in this direction the Newchwang chambers of commerce passed resolutions recommending the adoption of a "one-per-mille" tax on imports and exports and a shipping tax of $2\frac{1}{2}$ candareens per ton on the shipping visiting the port; but unfortunately the resolutions are coupled with conditions to deepen the "Bar," which have complicated matters, and up to the present nothing definite has been settled. What is of vital importance to Newchwang is the strengthening of the narrow strip of land between Duck Island and the harbor in the vicinity of the Chinese railway station. Experts say there is danger of this strip breaking through, and should such occur the result would be the leaving of the upper part of the harbor high and dry. The width of this strip in its narrowest part was, at the beginning of 1909, some 1,780 feet. At the end of the year its width was 1,753 feet, a loss of 27 feet. At that rate it would require 65 years for the strip to be eaten through, and one may accordingly argue there is no immediate danger to be anticipated. What is to be really feared, however, is an unusually big floor, when, if the water once began overflowing the strip, it would soon succeed in breaking through and the course of the river would be changed. It has been proposed to safeguard this possible contingency by strengthening the Duck Island bank of the river, to stop further washing away, and to build a dike, preventing any overflow. The cost of carrying out such a scheme is estimated to be in the neighbourhood of \$150,000, and it is to be hoped that some arrangement can soon be made to enable this very important matter, for Newchwang, to be taken in hand. The Chinese Government has already commenced operations in the building of a weir at the mouth of the Shuangtaitze Canal to stop the outflow of water from the Liao River, and 1910 should see the completion of the job. The mouth of the canal is lower than the river bed, and it takes away more than its proper share of water, the consequence being that for several miles below the Liao has shoaled very badly and rendered navigation during low-water season, even for shallow-draught junks, an extremely difficult affair. The weir that is being constructed will be 4 feet in height, and it is calculated that this will keep enough water in the Liao to make a sufficiently deep channel for junks. It will interfere very little with the

outflow of water during flood season. The cost of the work will be about \$100,000, and the whole is in charge of Mr. W. H. Hughes, the foreign engineer to the Manchurian Government. During the year the customs revenue steamer Chuentiao made a careful survey of the Bittern Shallows, as well as one of the mouth of the Liao River. The Shallows not having been surveyed for many years, the captains of vessels thought they might be extending further out to sea, and consequently gave the vicinity a wide berth. The survey has demonstrated that no change has taken place and that the fears of the "skippers" are groundless. The harvest of 1909, while not a bumper one, can still be considered as fairly satisfactory. It was what the Chinese term an "eight-tenths" yield. Compared with the harvest of 1908 it represents a decrease of 40 per cent. in the output; but this decrease is partly offset by an increase in the acreage of the land under cultivation. A conservative estimate reckons the amount of Manchurian products available for exportation during 1910 as 20 per cent. less than the amount during 1909.

IMPORTS, DIRECT AND COASTWISE.

The value of foreign goods imported aggregated a total of Hk. Tls. 19,172,654, of which Hk. Tls. 7,041,808 represented the direct imports and Hk. Tls. 12,130,846 coastwise arrivals. Both divisions show satisfactory advances over the trade of the preceding three years. The part Japan is taking in the import trade grows larger each year. Of the direct arrivals, about 45 per cent. came from that country; but as Japan took, on the other hand, nearly 90 per cent. of the direct exports, there is still room for further expansion. Coming to the list of principal articles imported, all classes of cotton piece goods indicate that a brisk trade has been carried on. There has been very little speculative buying, such as existed in 1905, and arrivals have gone to fill actual orders. Stocks remaining in hand at the close of the year were therefore not large, and a good trade is anticipated for the spring of 1910. American shirtings, sheetings, and drills rose from a total of 772,860 pieces the year before to 1,057,122 pieces for the year under review; the same goods of English manufacture increased from 84,743 to 150,462 pieces, and of Japanese make from 205,400 to 297,660 pieces. Plain white shirtings increased by about 50,000 pieces, and English and American jeans by 115,000 and 22,000 pieces respectively. Figured and plain lastings totalled 98,077 pieces, against 34,086 pieces, and cotton blankets had a rise from 41,945 to 214,491 pieces. Velvets and velveteens advanced from 293,959 to 463,961 yards, and Japanese cotton cloth increased three-fold, from 1,026,029 to 3,273,802 yards. English cotton yarn decreased from 2,529 to 1,163 piculs, while Indian yarn increased from 66,838 to 90,591 piculs, and Japanese yarn from 25,546 to 30,932 piculs. Woolen piece goods show all round larger importations, the more noteworthy advances being in broad, medium, and habit cloth, Russian cloth, and long ells. Metals, with but few exceptions, show satisfactory advances. Bar iron increased by 6,255 piculs, while nail-rod iron decreased 2,164 piculs. Old iron more than trebled the 1908 arrivals, the quantity being 90,076 piculs, against 27,327 piculs. Tin, in slabs, decreased 104

piculs, but tinned plates increased 2,527 piculs. In foreign sundries American flour has dropped out of our list of imports, and the only movement recorded in the customs returns for 1909 was a re-export of 6,375 piculs of this article. In 1907 arrivals amounted to 379,045 piculs and in 1908 to 142,861 piculs. The high cost of flour in the United States and the low value of silver has made the commodity too dear for this silver-using country. Its place has been taken by the cheaper Manchurian flour from the mills at Harbin and Tiehling and by native flour from Shanghai. While the color of the cheaper article may not be as white as American flour, the nutritive properties are said to be as good, which is all the Chinese buyer demands. No reliable statistics of flour arrivals from Manchurian mills are available, but one fairly trustworthy informant estimates the quantity to have been about 100,000 bags, i. e., 40,000 piculs. The importation of window glass increased by 3,750 boxes, and matches by 733,000 gross, while needles more than quadrupled the figure for 1908. American kerosene oil shows a falling off of 891,000 gallons and Sumatra oil an increase of 113,000 gallons. The total importation amounted to 6,480,943 gallons, against 7,259,000 gallons in 1908; but the latter year's importation was the largest on record, and the figures for 1909 are much above the average of the past five years. The present high cost of the native bean oil is forcing a good many Chinese to replace that article for illuminating purposes with the cheaper kerosene oil, and the consumption of the latter is steadily increasing all over Manchuria. Foreign paper (chiefly printing) increased some 6,000 piculs, which can be taken as showing the strides made in the newspaper business. A good trade has been done in foreign sugar, and arrivals of brown, white, and refined totalled 264,064 piculs, against 179,788 piculs for the preceding year, an increase of over 47 per cent. Native sugar, however, shows a small decrease. The importation of Russian seaweed declined from 40,660 to 6,384 piculs.

DAIREN.

Before entering into the particulars which belong to the trade report proper it may not be out of place to detail the special conditions under which the Dairen Customs function—to explain briefly in what relation the Japanese Leased Territory stands to the rest of Manchuria with regard to the duty treatment of goods passing the frontier. The Dairen Customs came into existence through the "Agreement about the Establishment of a Maritime Customs Office at Dairen," concluded on the 30th May, 1907, between the Japanese Minister and the Inspector General of the Chinese Imperial Maritime Customs, and, as stated by my predecessor, Mr. Commissioner Kurosawa, in his trade report for the year 1907, began to function on the 1st July of the same year. The Customs Provisional Regulations were issued on the 26th June in the name of the Governor General of Kwantung, following the precedent of those issued for the Kiaochow Customs. At Dairen itself there are, besides the head office, four examination offices—one at the wharf, one at the goods station, one at the passenger station, and the other at the junk harbor.

In the Leased Territory the Customs have a branch office at Port Arthur and out-stations at Pulantien, Chinchow, and Pitzewo. Attention must now be directed to the circumstance that the whole of the Leased Territory is a "free area." Consequently, cargo—with certain exceptions—may be landed here without restriction upon the production at the custom house of "import statements." Presentation of "import applications" and examination of goods or checking of invoices are enforced only when merchandise is declared as having for its destination a place outside the bounds of the Leased Territory. Acceptation of these "import statements" without comparison of their details with the goods they cover renders it impossible to give exact figures of the quantity, quality, or value of the import trade. The figures in the port statistics must therefore be taken as approximate only so far as imports are concerned. When applications are made for goods to be imported into Manchuria, import duty having been paid, the packages are stamped by the Customs officers, or, where the nature of the goods does not permit stamping, labels are affixed to show that they have passed the Customs, and it is only cargo so stamped or labeled that the railway employes are authorized by their superiors to load into goods wagons. It happens very often, therefore, that the customs are requested by telephone to send a man to a station in the Leased Territory where there is no Customs officer stationed, for the purpose of passing goods to be loaded. In addition, there is an officer constantly traveling along the line as far as Wafangtien—the second railway station outside the Leased Territory—whose duty is to keep a watch at all the stations on the way for possible (though improbable) irregularities. Some time before the writing of this report a further safeguard was introduced by the institution of a system of sealing goods wagons and by the examination of such seals at Pulantien out-station. Produce or manufactures from produce of the Leased Territory sent by rail to Manchuria pays, under the terms of the Provisional Regulations, either the Revised Import Tariff duty as foreign goods or, at the option of the importer, no duty whatever. In the latter case, however, the cargo, being considered as native goods, is liable to local dues en route to as well as at its destination. When manufactures in the Leased Territory from raw material brought from the interior are sent to Manchuria, they are treated as Chinese merchandise re-entering Chinese territory, and become subject to the same duties, charges, and taxes as Chinese merchandise similarly traveling. (In the Agreement, Section 6, the last sentence reads: "The duty to be paid by articles manufactured in the Leased Territory from materials brought there from the interior of China will be the same as at present paid by articles in similar circumstances in the German Leased Territory of Kiaochow.") The category of territorial produce or manufactures includes up to the present time only the cement made by the Dairen branch works of the Onoda Cement Factory, together with fish and ground-nuts, while no manufactures from raw material brought from the interior have been returned there since the opening of the port. Another circumstance which is liable to be lost sight of, but which is the chief factor contributing

to cause an apparently too great margin of difference between the values of imports into Dairen and of those sent by rail into Manchuria—too great a margin in all seeming for consumption by the limited population of the Leased Territory—is the growth of Dairen and the extensive progress made in new undertakings in the town. For instance, in 1908 the South Manchuria Railway Company made a beginning with the construction of gasworks, the laying down of a system of tramways, and considerable additions to its electric plant, etc., while the Onoda Cement Company began the building of a branch factory. In the year 1908 the railway's outlay for rails, tools, machinery, materials, etc., for use exclusively in the Leased Territory, and for rolling stock, which, though running over the whole line, cannot be classed under the heading of imports into the interior, amounted to (gold) Yen 15,476,812 (which figure also covers some supplies remaining over from stock imported in 1907). The Onoda Cement Company imported in the same year construction materials and machinery for its branch to the value of (gold) Yen 583,100, their purchases at Dairen not being included in this sum. The value of building materials consumed in the Leased Territory in 1908 is estimated by the Dairen branch of the Yokohama Specie Bank at (gold) Yen 6,401,000. The same authority estimates the total consumption in Kwantung during that year at 72.6 per cent. of total imports. In 1909, however, although various undertakings were in progress, the greater part of the materials for use in them having been imported in 1908, the balance between imports into the Leased Territory and imports into the interior is considerably less than in 1908. The year 1909 opened with an active exportation of beans and beancake. The low price of beans ruling in the last quarter of 1908 after the appearance of the fresh crop in the market induced, toward the close of the year, some trial shipments to Europe. The favorable result of this experiment encouraged many of the exporting firms to repeat it, and some of them negotiated forward contracts for the 1909 crop. It is deeply to be regretted, in view of the adverse effect upon Manchurian trade in the future, that native contractors have been either unwilling or unable to meet the obligations incurred at that time. The price of beans, forced up in May by competition among buyers, did not come down with the fresh harvest, as had been the case in 1908; but, after a short interval of fluctuation, rose to and remained at a high figure, so that the exportation of the staple became unprofitable. Bean mills were seriously affected by the high price which ruled during most of the remainder of the year; and some of them were obliged to "shut down," profits on sales of products not being sufficient to cover the cost of raw material. A new feature in the trade of this port was introduced by the opening of a market for bean oil in Europe. Hitherto the oil had been regarded merely as a by-product of beancake, and had been exported almost exclusively to the South China ports. There is some probability that in the future the positions of beancake and bean oil relatively to each other will be reversed, and that the latter will become one of the principal articles of export abroad. In October the completion of the track-doubling between Dairen and Sukiatus—a

distance of 238 miles 24 chains—increased very sensibly the carrying capacity of the railway. An addition of 125 special coal cars and 12 consolidation locomotives, the latter being now on their way from England, will add some 1,000 tons to the daily arrivals of coal. The number of berths at the wharves is at present 20—one for a 500-ton vessel, nine for vessels of 2,000 tons, five for vessels of 3,000 tons, one for those of 4,000 tons, and four for those of 5,000 tons; but the extension of the eastern wharf—to be completed by the end of 1910—will provide berths for three more ships of over 4,000 tons. Greater expedition in the moving of cargo to the wharves has been attained by the use of locomotives, and, in addition, preparations are being made for the employment of electric cars for the same purpose. Ten thousand tons per day can now be loaded and discharged at the wharves, against 5,000 in 1908, but this amount is expected to be increased to 15,000 when the prolongation of the eastern wharf has been completed; and a further increase of 15,000 tons is hoped for when the projected grain elevator and anti-breakage coal shipper have been erected. The question of free stevedoring has not yet attracted much attention on the part of the authorities concerned; but the adoption of a lighterage system, referred to in the last annual trade report, will be put into effect shortly. The increase in the number of foreign firms is a sign of the development of trade at Dairen. In 1908 there were one American and five British firms; in 1909 one American, five British, one French, and two German firms were added to this number, making a total of 15, besides one Russian firm and eight Greek shops. In addition several Chinese firms from Chefoo, Newchwang, and Shanghai have established branches here. This increase in the number of firms carrying on business has been accompanied by a corresponding increase of coastal shipping. The South Manchuria Railway Company, which began a weekly service to Shanghai in August 1908, has since May, 1909, had two steamers on the run, while Messrs. Butterfield & Swire and Messrs. Arnhold, Karberg & Co. each opened, toward the end of the year, a weekly service to Shanghai via Chefoo and Tsingtau. The laying of the submarine cable between Chefoo and this port, which was completed in June, has had the effect of facilitating business communications with Chefoo and southern ports by saving both time and expense. Conveniences for travellers and business men introduced during 1909 were the issue of through tickets at the principal stations on the Peking-Moukden line and on the South Manchuria Railway—from the 15th January; the agreement concerning through passenger traffic on Russian railways and vessels, Japanese railways, the South Manchuria Railway, and the Osaka Shosen Kaisha, signed at St. Petersburg on the 31st March; through carriage of luggage between the Korean railway and the South Manchuria Railway, which began on the 1st April; and the transportation of through cargo from the 1st May on the Japanese railways, the South Manchuria Railway, and the Osaka Shosen Kaisha. The restriction upon the entry of vessels into Port Arthur was partially removed by a notification of the Kwantung Government issued on the 8th July, since which time junks have been permitted to enter a

certain portion of the second section of the harbor during the daytime only. The rumor about the opening of Port Arthur to general commerce has been confirmed by a statement made in the Japanese Diet on the 27th January, 1910, by Count Komura, Japanese Minister of Foreign Affairs. It is probable that the South Manchuria Railway Company will use the port as a depot for the export of coal. The prosperity of Port Arthur in the future depends upon its being thrown open without restrictions of any kind, as well as upon the rates of freight to the interior; but on these points no opinion can be ventured at the present time.

TIENTSIN.

The trade at Tientsin at the opening of the year was in a state of considerable depression from various causes, the most prominent of them being the overtrading and reckless speculation of the preceding years. The total indebtedness of the Chinese mercantile community to foreign merchants at that time is estimated to have been no less than 14,000,000 taels, including the accumulated interest on accounts outstanding for many years. This formidable sum was at the end of the year, after deducting debts that appeared irrecoverable and compounding others, reduced to 5,000,000 taels, which, under agreement with the diplomatic representatives of the foreign merchants concerned and a committee representing the principal Chinese hong, known as the Li-shih-hui, it was arranged to repay by instalments covering a period of twenty-five years, bearing interest at 4 per cent., the interest along being payable for the first four years. A bank was to be specially established by the Li-shih-hui to finance this arrangement. The currency difficulty alluded to in the trade report for the year 1908 still exists as a troublesome element in the business transactions of the port; the foreign banks still have in their coffers an accumulation of debased silver bullion, amounting, at a conservative estimate, to over a million taels, which is not acceptable as currency payment of customs duties. A step toward a solution was, however, made on December 4, when the Customs Taotai, representatives of the foreign consuls, the banks and the Chinese Chamber of Commerce met to discuss the question. A solution was proposed on the basis that the Chamber of Commerce should guarantee to the banks the difference between the debased sycee held by them and standard silver of 992 purity, the banks undertaking to pay the meltage fees for the conversion into standard silver, and the Kungku, or Assay Office, thereafter to pass no silver of lower standard. There is some hope that this arrangement will take effect early in the year 1910. The parity of the copper coinage currency has remained fairly steady during the past twelve months, varying from 125 1-cent copper pieces to the dollar, as recorded in the earlier part of the year, to 131 pieces at the end of 1909. The feature of the past year has been the remarkable impulse given to the export trade, while the same cannot be said of the foreign import trade, which, owing to an overstocked market, bad exchange and general lack of confidence, was very poor indeed for the first six months, and only began to revive in the second half of the year,

showing real improvement and becoming almost normal toward December.

Imports, Direct and Coastwise.—The total value of foreign imports shows an increase of 8,458,627 Haikwan taels on the 1908 total, the amount being 45,206,807 Haikwan taels. Of this sum 24,924,332 Haikwan taels represent the value of importations direct from foreign countries, or 55 per cent. of the whole, as compared with 58 per cent. in 1908 and 63 per cent. in 1907. These figures would therefore show an increased tendency to purchase foreign goods from the Shanghai market rather than from the country of origin; but more likely the real cause of this state of affairs is to be attributed to the unfavorable condition of exchange, as regards import contracts, the high home price for cotton and wool, and the fear of overstocking the market still more, all of which made the Chinese unwilling either to enter into new contracts or to buy above their actual needs, and caused them to purchase their goods as they required them from the Shanghai market. Of cotton piece goods, English grey shirtings show an increase of 35,855 pieces, imported entirely from Shanghai; while the white shirtings are 336,589 pieces in excess of the arrivals in 1908, about 55½ per cent. of which were imported direct from abroad. American and Japanese shirtings have doubled in quantity, the American goods being mostly imported from Shanghai and the Japanese almost entirely direct from Japan. English and American sheetings remained pretty steady, with a slight increase, but Japanese sheetings were more than double the amount of the preceding year. A great improvement was shown in Japanese drills, which were 188,943 pieces in excess of the 1908 importation; American drills were also almost double the amount imported in the previous year, the whole quantity coming from Shanghai. A falling off is to be noted in Japanese and Indian T-cloths, the importation being over 34 per cent. less than in the previous year for the Japanese and nil for the Indian; English T-cloths, instead, remained steady and were slightly on the increase. The importation of printed cottons also was not very brilliant; in fact, it was a little over 50 per cent. less than in 1908. A decline is also to be recorded in lastings and Italians as well as in turkey reds; while handkerchiefs show an increase of about 75 per cent. English cotton yarn shows a decrease of 1,112 piculs; but, on the other hand, the importation of Indian cotton yarn was increased by 36,354 piculs, and that of Japanese cotton yarn was more than doubled, being 64,016 piculs over the preceding year's importation, a fact no doubt due to the uncertain state of the yarn market and violent fluctuations in American cotton, the price of which will have to decline considerably more to come down to a level with prices of yarn ruling here. Importers kept very firm during the year and would not sell unless previous rates were obtainable, and the bulk of the business was consequently done with second hand holders, whose prices are more favorable, a fairly large business being done in Indian yarn at 1.50 taels to 2 taels under what importers were asking. There has not been any noticeable change in the importation of metals, which was, if anything, larger than during 1908, especially with regard to old iron and steel; while, on the other hand, tinned plates show a decline of about 75

per cent., accounted for by a large overstock at the close of 1908. A considerable improvement in the import business of "sundries" is one of the features of the year under review, and a rather brisk trade is to be recorded, more specially in needles, aniline dyes and cotton thread. Flour, on the other hand, shows a remarkable falling off, the total amount imported being 2,282 piculs, against 40,694 piculs in 1908, or 38,412 piculs less, the new regulation charging inland dues on foreign flour, which came in force in October, 1907, and the establishment of local mills being partly responsible for this falling off, which manifested itself ever since the beginning of 1908.

CHEFOO.

Except in the low lying districts bordering the Grand Canal and Yellow River, which again suffered severely from floods—seemingly perennial—abundant autumn harvests throughout the province fully compensated for the almost universal destruction of the spring wheat crops by drought. The trade of Chefoo for the year, stationary as regards imports, showed remarkable expansion under exports, with the result that its gross value reached the total of 44,320,000 Haikwan taels—somewhat more than the highest figure yet attained in any one year. This expansion—allowance made for enhanced silver values—was principally due to heavy shipments of tussah silk and pongees in response to a persistent, and apparently insatiable, demand in Europe and America—kept active by a continuously low silver exchange. It is this last factor, no doubt, that is creating new and profitable markets in the West for the hitherto unconsidered products of this as well as other portions of the Empire—such, for instance, as ground nuts, beans, bean oil, pigs, poultry, etc. During the year 1909 eggs were exported from Chefoo to America and millet (kaoliang) stalks to England—these last for the purpose of making paper, I understand. On the whole, and bearing in mind that Chefoo at present serves a very restricted hinterland, the figures for the year may be regarded as full of promise for the future.

Imports, Direct and Coastwise—The table shows net imports only, the total value of which—9,845,000 Haikwan taels—differs little from the figures of the preceding year, in spite of a considerable increase in the importation of opium. Of the principal piece goods, gray shirtings and American sheetings declined, but the deficiency was fully made up by English and Japanese sheetings, both of which recovered lost ground. Drills, jeans, T-cloths, cotton italians and turkey red cloth all show a considerable falling off. Japanese cotton cloth, on the other hand, gained notably. There was no change in cotton yarn, the bulk of which continues to be supplied by the Japanese mills. Metals showed improvement, the importations of old iron—a good test of agricultural and industrial activity—being nearly double those of the previous year. Among sundries, coal declined somewhat, and flour fell to an insignificant figure. The net importation of American kerosene oil happens to show a considerable excess as compared with the figures of the two previous years, but represents accumulation of stock merely, and does not indicate any present expansion

of the market. There were no arrivals of Sumatra oil during the year. Black pepper fell off considerably; soda ash improved. Sugar gained, refined more than making up for a slight decline in brown sugar.

KIAOCHOW.

The trade during the year has been satisfactory in all directions. As compared with the previous year's figures the volume has increased by 25 per cent., the revenue by 20 per cent., and the tonnage by 24 per cent. All branches of trade have prospered: tonnage was in steady demand, freights have been good throughout the year, while merchants have done a large business and realized good profits. The gross value of the trade—40,250,929 Haikwan taels, exclusive of the value of the junk trade (5,249,637 Haikwan taels)—shows an increase of over 8 million taels over that of the preceding year. Imports have increased from 20 million taels to 25.5 millions, foreign goods showing an increase of 3.6 million taels and native goods of 1.8 millions. Exports have increased from 12 million taels to 14.7 millions, exports to foreign countries—favored by low and comparatively steady exchange—having risen from 2.7 to 4.5 million taels, or 67 per cent., while exports to Chinese ports rose from 9 to 10.2 millions, or 13 per cent. This steady increase in exports, from 8.7 millions in 1907 to 12 millions in 1908 and to nearly 15 millions during 1909, is doubly gratifying. On the one hand, it is improving our balance of trade—the weak point in the trade of this young port—and has perceptibly reduced the heavy drain of silver to pay for imports (the net export of treasure during 1907 amounted to 4,593,000 Haikwan taels, during 1908 to 3,079,000 Haikwan taels, and during 1909 to 1,489,000 Haikwan taels). On the other hand, this increase in exports has induced three large shipping companies—the P. & O. Company, the Hamburg-Amerika Linie, and the Nippon Yusen Kaisha—to compete for our freights and give us the much needed direct steam connection with the principal European ports at fixed rates and fixed dates, an advantage which should further tend to develop our export trade. Furthermore, the benefit which the port, with its railway and steam connection, is conferring upon the province is daily becoming more evident to the people in the tangible shape of largely increased demand and good prices for their products. Produce which formerly was either consumed locally or exported by junks to Chinese ports, at rates which barely paid the grower, has now, thanks to the enterprise of the Tsingtau merchants, found a world market at good rates, and in consequence is being produced in yearly increasing quantities. Taking the conspicuous item of this year, ground nuts, for an example: during 1907 the export abroad amounted to 21,000 piculs, during 1908 it was 95,000 piculs, and during the year under review it was 348,000 piculs, and that without any material decrease in either the export by junks to Chinese ports (13,050 piculs in 1907, 20,140 piculs in 1908, and 10,730 piculs in 1909) or in the quantity of ground nut oil exported (104,000 piculs in 1907, 206,000 piculs during 1908, and 214,000 piculs during 1909). Thus the demand abroad has within two years quadrupled the quantity of ground nuts exported,

and, it may fairly be assumed, has to that extent increased production and benefited the neighboring districts where it is mainly grown. The production of ground nuts in Shantung during 1909 is estimated at 4 million piculs, the greater portion of which, however, is not available for export via Tsingtau owing to difficulties of transport. The year's production of the neighboring districts whence our supplies are chiefly drawn—Jihchao, Chucheng, Kiaochow, Kaomi, Pingtu, Tsimo and Laiyang, which reaped a 70 to 80 per cent. harvest—is estimated at 1,500,000 piculs. Half of this quantity is used for oil manufacturing purposes, the production of which is estimated at 250,000 piculs (300 cattles of ground nut kernels yielding 100 cattles of oil and 180 cattles of ground nut cakes). The Shantung ground nut is reputed the best in China, owing to its superior oil properties, and having established its position in the world market, there is good reason for looking forward to further increasing demand and production—the latter all the more as suitable soil has become available through the suppression of the growth of the poppy, which requires a similar though less fertilized soil. All considered, there is a fair prospect of this port becoming the chief place of export for this article, as it is already for straw braid. The export of straw braid, which in 1908 amounted to 76,190 piculs (nearly three-fourths of the total exported from China), has further increased during the year to 103,996 piculs. These two articles alone go a long way to show the possibilities of the port, which it should be noted are not confined to Shantung, but extend considerably beyond to the fertile province of Honan, and further, to Shansi and Shensi, as far as traversed by the Hwangho. This river is navigable for junks of about 700 piculs capacity for a distance of over 1,000 kilometres, and as its mouth is shallow and approachable only by small junks, Tsingtau—whose railway has during autumn been extended to Lokow, the Yellow River port of Tsinanfu—is its nearest outlet to sea. Of the produce of these provinces until now but little has reached this port, though of late a considerable quantity, some 900,000 piculs, of beans have been brought down, chiefly for production of oil and beancake and consumption in Shantung. This waterway excepted, the northern half of the province of Honan has so far, and that not until quite recently (since 1906), had only one other means of transport, the Peking-Hankow Railway, and only one port, Hankow, as an outlet for its produce—chiefly sesamum seed and beans, of which Hankow exported some 14,000,000 piculs in 1908. The railroad from the river's bank to Hankow is 550 kilometres, that from the river port Lokow to Tsingtau is 425 kilometres, a difference of 125 kilometres, and as the junk freight down stream is less than the 125 kilometre railway freight, the Tsingtau merchants should now, with direct steamers to Europe, be able to divert to this port at least that portion grown in the fertile districts of Honan and Shansi bordering the Yellow River, and in some measure also be able to compete with the Manchurian bean, which has a longer distance to travel by rail, and in quality is about the same as the Honan bean. Much, of course, in these speculations on future possibilities depends on exchange, which, as already mentioned, has during the year under review been specially favorable for exports. Exchange was low and comparatively steady; the silver dollar fluctuated between M. 1.70^s (= 1s. 8½d.) in March, and M. 1.81^s (= 1s. 9½d.) in December, and averaged for the year M. 1.76^s (= 1s. 8½d.). Copper coin fluctuated only slightly more; its lowest rate was 121.8 to the dollar in February, its highest, 136.5, in December, and the average rate for the year was 130.3. The growth of the poppy having been gradually suppressed since 1907, it became known during September that supplies in the interior of locally grown opium were running short, and were being bought up by the wealthier

classes, whereupon, toward the end of that month, considerable quantities of native opium were being rushed in from Shanghai, the principal depot of Yunnan and Szechwan opium. The supplies there being apparently limited, a wild speculation set in which soon extended to all classes of the Chinese population—traders and shopkeepers, rich and poor, all gambled in opium. Prices, which had been ruling at 500 taels per picul in the beginning of September, went up by leaps and bounds to as high as 900 taels per picul in November. Considerable fluctuations in value were of frequent occurrence, sometimes amounting to as much as 10 per cent. in one day, and by the end of November it looked as though a catastrophe was unavoidable. An attempt, supported by the authorities, to secure the assistance of the banks having failed, a company of wealthy Chinese merchants was formed to make loans on the opium bonded in the customs opium godown or take it over. Their efforts, very materially assisted by a timely and considerable rise of prices at Shanghai, allowing profitable reshipment thither of several hundred cases, relieved the situation and averted a serious disaster. This crisis was got over at a considerable loss to some speculators, but without serious damage to the trade of the port. For the three months, September to November, imports of native opium amounted to about 2,400 piculs, of which half was still in customs bond at the end of the year. Since the prices have further advanced, and at the time of writing this report are 975 taels for Yunnan opium, so that the company and the other holders of the opium still in bond are now realizing a handsome profit. During October the Shantung Government, alarmed at the large import, introduced measures of control and prohibited import except under special passes issued by the customs, which specified destination, mode and route of conveyance, names and sender and receiver, etc., and had to be viséd by the local officials in token of arrival and returned to the customs within a specified time. This measure stopped import for a while, but has since then worked satisfactorily.

Imports.—The value of foreign imports direct and coastwise amounts to 19,600,119 Haikwan taels. Compared with the previous year's figures the value shows an increase of 3.9 million taels, or 25 per cent., nearly half of which is due to railway materials for the construction of the Tientsin-Pukow Railway, and the other half principally to larger importations of cotton yarn and piece goods, sugar, matches, metals, silk and cotton mixtures, etc., as detailed below. The importations of railway materials were as follows: cement, 280,456 piculs, value 277,651 Haikwan taels; iron rails, 233,356 piculs, value 697,735 Haikwan taels; bridge iron, value 269,939 Haikwan taels; iron, other kinds, 25,367 piculs, value 97,424 Haikwan taels; hard wood timber, 110,521 cubic feet, value 42,649 Haikwan taels; soft wood timber, 5,855,397 superficial feet, value 114,180 Haikwan taels; sundry materials, value 576,159 Haikwan taels; total value, 2,075,737 Haikwan taels. Mining materials were imported to the value of 301,514 Haikwan taels. Of cotton goods, which showed a marked decline during 1907 and 1908, cotton yarn has recovered its former position, while piece goods—no doubt owing to the higher prices caused by the low gold exchange—are still considerably behind the 1906 figures, as will be seen from the following comparative figures:

	1906.	1907.	1908.	1909.
Cotton yarn... Piculs	193,316	172,044	158,075	192,482
Cotton piece goods,				
Pieces	1,937,695	1,657,231	1,238,750	1,440,155

It should be noted in this connection that foreign cotton goods represent a value of 9.5 million taels, or nearly 50 per cent. of the value of our foreign import trade, and that without taking into account native made cotton goods (chiefly yarn), which were imported from Shanghai to the value of 2.5 million taels. Some of the principal varieties of cotton piece goods show a marked increase, such as: Japanese grey sheetings have increased by 25,000 pieces;

Japanese drills, by 12,500 pieces; T-cloths (English and Japanese), by 122,000 pieces; printed T-cloths, by 13,000 pieces; dyed cotton italians, by 14,000 pieces, and dyed cotton lastings, by 19,000 pieces. Among metals, new iron bars show an increase of 13,400 piculs and old mild steel has increased by 45,600 piculs, whereas plain tinmed plates show a decrease of 14,000 piculs. Native steel, 293 piculs in 1908, has risen to 351 piculs for 1909. Among foreign sundries, cigarettes have further increased to the value of 26,000 Haikwan taels; aniline dyes show an increase of 50,000 Haikwan taels in value, while artificial indigo has increased by nearly 3,000 piculs. The import of Japan matches has risen from 3,723,613 gross in 1908, to 4,580,802 gross in 1909. American kerosene oil shows a decrease of 1,568,747 gallons, whereas Sumatra kerosene oil has increased by 257,605 gallons. Hardwood timber has increased by 98,924 cubic feet, and soft wood shows a large increase, of over 4 million superficial feet.

MUKDEN.

Mukden lies in a flat agricultural country about 110 miles northeast of Newchwang. There is a river, the Hun-ho, a mile or two to the south of the city, but this, which used at one time to be a valuable waterway, is now silted up, and such navigation as it lately had is closed by the railway bridges which cross it. The ruthless destruction of the forests on the hills has allowed the soil to be swept from the hillsides and carried into the river bed; near the city lie a succession of troublesome sandbanks, and the great raft and timber trade of 20 or 30 years ago has disappeared. Three railway lines converge at this point: the South Manchuria, or Dairen-Changchun Railway; the Imperial Railway of North China, and the Antung-Mukden line. There is also a short branch line from Sukiatun to the Fushun Colliery. The present Japanese station (a new one, with a hotel attached to it, is being built about half a mile further down the line), the joint terminus for both the Dairen and the Antung lines, lies outside the west suburb, some 2 miles from the city wall. The Chinese station is about half a mile farther away in the same neighborhood, the two stations being linked up by a short connecting line. The China-Japan Agreement of 1909 provided for the extension of the Chinese across the Japanese line and the placing of the Chinese station close to the city, but no steps toward carrying out this arrangement appear yet to have been taken. The rebuilding of the Antung-Mukden Railway, permitted by the same agreement, was pushed on with vigor during the latter part of the year.

The city of Mukden has great historical interest. Putting aside the thrilling events of the past few years, we may recall that during the Ming dynasty the greater part of the province of Fengtien was under Chinese control under the name of Liao-chou-wei, the territory being fenced off from the Tartar tribes by the Palisade. The war carried on by the Manchus for the conquest of China involved the domination of the southeastern Mongols, and for that purpose the position of Mukden gave it great strategical value. Nurhachu, the founder of the Manchu dynasty, captured the city in 1621, and shifted his capital here from Liaoyang in 1625. In 1657 Shên-yang, as the district was anciently called, was made a prefecture under the name of Fengtien-fu, a name since extended to the whole province. The city wall was first built in the twenty-first year of Hung Wu, of the Ming dynasty (A. D. 1388), in the form of a square, each side having a gate. The present wall, with its eight gates, together with the Imperial Palace, was built in 1631 during the reign of T'ien Ts'ung, the fourth son and successor of Nurhachu. The total length of the wall is some 10 li, and its height 35 feet. There are four gate towers and 651 gun embrasures on it. The suburbs, surrounded by a circular wall 32 li in circumference, and penetrated by eight gates, extend to a distance of 3 li on each side of the city wall. Occupying the centre

of the city, and recently repaired at great expense, stands the old palace of the Manchu emperors, unused for over a century. Two towers, the "Drum" and the "Bell" towers, dominate picturesquely the thoroughfare between the Small West and the Small East gates. Some 20 li to the east, beautifully placed on a wooded hill, with the Hun winding round its foot, is the tomb of Nurhachu (A. D. 1559-1626), popularly called the Tung Ling, or East Tomb. Five li to the north lies the Pei Ling, or North Tomb, where is buried T'ien Ts'ung (A. D. 1591-1643), who succeeded his father Nurhachu in 1626, though it was only in 1635 that he called himself Emperor of China. Shun Chih, the first of the Manchu emperors actually to reign in China, was his ninth son. The Pei Ling lacks the natural beauty of position of the Tung Ling, but the tomb stands in a pleasant wood, and being within easy reach of the city is a never failing source of delight to the foreign colony.

According to the police census the population of Mukden is 174,122—123,445 males, 50,677 females, living in 29,927 families. The discrepancy between the numbers of the sexes is due to the fact that the commerce in the city is almost entirely confined to extra-provincials, mainly from Shangtung and Chihli, who as a rule do not bring their families with them. The same may be said to be true to a certain extent of the resident official population, though to counterbalance this may be put the families of natives of the place who are serving as officials elsewhere.

From its geographical position it would seem that this should be a city of considerable commercial importance and the distributing centre to a large district. Owing to various reasons, however, this does not now appear markedly to be the case. There is a large local trade, the consumption of goods in a city of this size being of course considerable, and the crowded state of the streets and the number of well stocked shops give evidence of business activity. But local agriculture, industries and manufactures are less important than might be imagined, and the neighboring cities of Liaoyang, Tiehling and Sinminfu intercept a good deal of trade which might otherwise come here. The soil of the adjacent country, as regards the northeast and southeast, is poor. The northwest and southwest are richer, but the farmers prefer to sell their produce in Sinminfu and Tiehling, and will go to those places from villages quite near to Mukden rather than to this market. It seems that the soil of Fengtien, generally speaking, is of exhausted fertility. The region has been very long settled, and the farmers lack the knowledge and the means to restore the richness taken from the land. The predominating crops in this vicinity are beans, tall millet (kaoliang), small millet, wheat (to a limited extent), barley and some roots, such as turnips. The farmers keep but little live stock—generally only a few pigs, ponies or donkeys—and the supply of manure is quite inadequate. The chief source of supply is the inn yard and the highway, the products of which are scanty and expensive. The rich agricultural regions of Manchuria are now no longer to be found here, but must be looked for in the new lands farther north. Thus the great boom in the bean trade, the chief feature of the past year in these provinces, has been hardly felt here, Mukden being practically out of the sphere of these important developments. Opium was once largely cultivated in this region, but is now so no longer. There are some small bean mills in the city, which make oil for local consumption, selling the beancake for local feeding and for export; otherwise almost no farm produce leaves the place. There are some flourishing manufactures, such as fur curing, silver, copper and tin works, boots, clothing and medicines from the east mountains and Chihli. There is also a considerable horse and cattle trade. Formerly a great deal of wheat was brought down from the North and ground here for local consumption, as well as to supply the mountainous regions eastward, but owing to the establishment of the Russian and Japanese flour mills in the North, the supply

of wheat has been cut off, and the milling industry is nearly gone. The ancient and interesting industry of grinding elm tree bark with water wheels to make incense, which has been carried on for ages near Penhsihu, no longer finds much of a market here, but for some reason goes more and more to Liaoyang. The tallow candle trade has also disappeared, through the introduction of kerosene and Japanese candles. Ready made clothing is the main export of Mukden to the neighboring country. An important and peculiar thing is that every man, woman and child in this city can earn a livelihood by making at home clothing, boots, shoes, hats, etc., from materials supplied by the shops, there being apparently an unflinching demand for such articles. The women, who are usually strong and with natural feet, can earn good wages in this way; not a few possess good, simple American sewing machines. The troubles of 1894, 1900 and 1904-05 did much to harm Mukden trade and divert it to other channels. Other hurtful causes are unsatisfactory financial arrangements, which are thought to have been better managed in the past in more purely commercial towns, and the comparative heaviness of local taxation, required for the purposes of modernizing the system of administration. Taking it all in all we may conclude that Mukden, though a place of not inconsiderable trade, owes its importance to political rather than to commercial reasons. It is the seat of the Viceroy of Manchuria, of the Governor of Fengtien, and a large residential centre for officials, active, expectant and retired, while its picturesque antiquities, made accessible by modern improvements, offer considerable attraction to foreign travelers, whose visits to the ancient city form nowadays quite an established feature of its existence.

There is, however, one development in this neighborhood which promises in the not remote future to raise this region to a prominent place in the Eastern commercial world. This is the Fushun Colliery. This magnificent property, after having been the subject of contention for some years, was finally accorded to Japan by the China-Japan Agreement of 1909, and the export duty was settled on the most favored terms, i. e., 1 mace (16 sen) per ton, as in the case of Kaiping and other coals. The branch line to the colliery, 34 miles in length, leaves the main line at Sukiatun, 267 miles from Dairen, Chienchinchai being the station for the mines. The coal field runs east to west, parallel with the Hun River for a distance of 10 miles. The thickness of the seam varies between 120 and 175 feet, and the width of the workable deposit is at least a mile. It would appear from the reports made that the Fushun coal fields are unparalleled in the world for thickness and volume of seams. The belt of coal is calculated to contain 800 million tons; a vast supply, which even if taken out at the rate of 6,000 tons per diem would last for 400 years. It is a bituminous coal rich in volatile matter, with a heating power of 7,500 calories. As fuel for locomotive and marine engines Fushun coal can compete with the best Japan coal, and is perhaps better suited for gas making than any other coal found in the East. The present workings are of a temporary nature. Two new pits, named Oyama and Togo, are being sunk. Each pit is to consist of two shafts, 1,100 feet deep, and the work on these is progressing satisfactorily. The most up to date equipment is being used, and when the work is completed the daily output is estimated at 5,000 tons. During the year under review it was decided to establish coal wharves at Newchwang for the shipment of Fushun coal from that port, which is 120 miles nearer to the mines than Dairen. The first shipment from Newchwang was made on the 2d of June, and 66,934 tons were sent away during the year, mainly to Chinese ports. The present daily output of the mines is some 2,000 tons, but according to the plans laid down this will increase to 5,000 tons daily by 1912; a yearly pro-

duction of 1,800,000 tons, which, allowing 650,000 for use on the railway and in the markets along the line, will leave 1,150,000 tons for sale abroad.

The exact status of Mukden as a place of international trade and residence still remains to be defined. Its opening was provided for by the American Commercial Treaty of 1903 (Article XII), and the Japanese Commercial Treaty of 1903 (Article X), but no effective inauguration was possible until the cessation of the Russo-Japanese war, and the withdrawal of the Japanese army of occupation in 1906 permitted the entry of the foreign consuls and the resumption of ordinary trade conditions. A divergence of view between the Chinese Government and the Treaty Powers concerned as to what constitutes an inland "mart" arose at once. The Chinese text of the treaties contains the expression "will be opened by China itself as places of international trade." On the strength of this wording the Chinese authorities considered that Mukden and the other internal Manchurian marts were not treaty ports in the ordinary sense, but interior cities in which foreign trade was permitted to be carried on under regulations devised by the Chinese Government itself. A special area was marked out at Mukden and the other opened cities, and set aside for foreign trade and residence. Within this space foreigners might live and trade, and their goods might be delivered therein upon payment of the tariff import duty, but once moved beyond the boundaries of the mart, the foreign goods were liable to the likin taxation of the province. The foreign governments concerned declined to accept this view. They maintained that the whole of each opened city and its suburbs constituted a "treaty port," within any part of which foreign goods might be delivered upon payment of import duty. While this controversy was proceeding—and it still remains unsettled—a *modus vivendi* as to the payment of import duty on foreign goods was arrived at. Toward the end of 1907 the rules for the issue of special exemption certificates at the port or frontier station of entry were promulgated. These, with their later amplifications, provide for the payment of import duty at the place of entry and the issue of a special certificate, which will accompany the goods to the mart for which they are destined, and protect them from further taxation en route or at destination—what that destination exactly is, as has been mentioned above, being still, however, the subject of discussion. The establishment of this system having provided, more or less satisfactorily, for the taxation of foreign imports entering Manchuria, and exports continuing to pay export duty at the port or frontier station from which they left the provinces, there remained still the question of the inter-mart trade. This has so far been dealt with by the native inland tax offices, and apparently, in the absence of serious complaint, to the general satisfaction. As foreign trade in Manchuria goes mostly up and down the foreign railway lines, upon which, and within the railway settlements attached to which, no likin taxation is permitted; as all railway material comes in free of duty; as a number of interior cities have been opened to foreign trade and enterprise, at which foreign goods may be delivered upon payment of one import duty only, thus escaping the transit dues, or in the alternative, the likin charges levied in all other parts of China; as manufactories may be established by foreigners in any of the marts or railway settlements, and the products, so far, escape the taxation which Chinese factories in other parts of China have to pay—we may concede that as regards taxation the foreign trader occupies a more favored position in Manchuria than in any other portion of the Chinese Empire.

The import and export duties and the inter-mart taxation having been provided for as described above, it has not been found necessary so far to establish the foreign customs in Mukden. A commissioner is sta-

tioned here, but he is attached to the provincial foreign office for advisory purposes in customs affairs in Manchuria generally, and has no local executive functions. He collects no revenue, and records no statistics of trade.

Since the war a strong attempt has been made to introduce modern reforms into Manchuria. In Mukden especially are improvements noticeable, the city being a very different place from what it was three or four years ago. The system of provincial administration has been remodeled. On the 20th of April, 1907, an imperial edict abolished the Tartar generalship and appointed a viceroy for Manchuria, with a governor for each of the three provinces. The old five boards were done away with, six commissionerships being instituted in their stead, and a large number of government bureaus and departments, dealing with all phases of administration, came into existence. In education a faithful attempt has been made to carry out the modern system as promulgated in the imperial edict of the 2d of September, 1905. In this city there are over 30 schools of various descriptions, with more than 5,000 pupils, and costing the government about 450,000 taels annually. The city police, a well equipped body of men, some 1,300 strong, are a prominent feature of the streets. Tactful and well disciplined, they keep good order in the city, and often serve as pacificators in petty squabbles and street rows. Finance and currency are the two branches in which the spirit of reform has been least effective. Two government banks are established in Mukden. Great quantities of notes, for both "large" and "small" dollars, have been issued under government guarantee. The general Mukden currency is "small coin," the 10 cent piece being the unit. Small coin notes are issued by the banks at values varying from one 10 cent to 500 10 cents. The value of small coin in reference to large dollars varies daily. Currency, in fact, in Manchuria is in rather a more chaotic condition than in other parts of China. We have in Mukden two or three kinds of tael, at least three different kinds of dollar, small coin in silver of every coinage in the empire, and small coin in notes; copper cents, tiao notes issued by private Chinese hongts and banks, copper cash, as well as Japanese gold yen in coin and notes and the subsidiary currency, Japanese silver yen, and Russian roubles. The imperial Chinese telegraphs demand payment in one kind of dollar, the imperial Chinese posts in another, the Imperial Chinese Railway in another still. The Japanese railway and post office require gold yen, while ordinary bazaar purchases, wages, etc., are made in small coin. In December, 1906, the system of inland taxation was reformed. The old multifarious *likin* taxes in Fengtien were abolished, and in their stead were introduced a production and a consumption tax. The former is levied at the rate of $1\frac{1}{2}$ per cent. *ad valorem* on all kinds of native produce originating in the province, the latter on foreign (a point still in dispute between the Chinese authorities and the foreign consuls) and native goods alike at the rate of 2 per cent. *ad valorem* at the place where the goods are disposed of for sale. The consumption tax is not levied on grain, and only where it is stored for transport is a production tax of one per cent. charged. The prices are fixed in a value list, drawn up annually. There are some other special taxes, such as on salt, wine, tobacco, opium, timber, plants, carts and live stock, pearls and precious stones. There is also a tax on shops in Mukden. The ancient system of personal justice by the district magistrate has disappeared, to be replaced by a definite series of courts of law. In Mukden there are four courts, each with a defined jurisdiction and working under rules drawn up for its guidance. There is a large law school in the city in which the students take up a regular course of legal study. Not least among the new Mukden institutions is the Model Prison, an establishment conducted

on the latest modern principles. The building is constructed on the "star" shape, so that all the corridors are controlled from the centre. The wards are clean, well lighted, ventilated and wholesome. Provision is made for the sick, and the dietary is sufficient. Long term prisoners are taught trades and receive regular moral instruction; short term offenders of the coolie class are made to do coolie work in gangs on the streets. A "black maria," of the conventional European pattern is now a familiar object in the city. All malefactors are now consigned to this gaol, the old style of prison having been abolished in Mukden. An offshoot of the Model Prison is the Industrial Penitentiary, where the long sentence prisoners serve their term. Here a number of trades are taught, and quite a good business is done in selling the articles produced, leatherware, furniture, carpets, etc., of an excellent quality being made by the inmates. Macadamized roads have been laid down at enormous expense from the railway stations to the city and in the main streets inside the city. The side streets in the city and suburbs have, unfortunately, not been dealt with. A horse tramway runs from the Japanese station to the Small West Gate. The improvement in the main roads has brought about a great change in the traffic. High officials now use broughams instead of chairs or carts, and the employment of jinrickshas, hand trucks and light pony and donkey carts is universal. Government buildings in foreign style are a prominent feature of the city. The viceroy and governor's yamen, known as "Government House," is an imposing range of buildings, and other noticeable structures are the Courts of Justice, the Provincial Assembly Hall and the Ta Ching Bank. A tendency to improve the type of shop and dwelling house is discernible all over the town. A large stretch of land, said to be over 12,000 mou in extent, lying outside the west suburb on either side of the road to the railways, has been set aside for a foreign quarter. A special land office looks after the sale of the land, and the laying out of the roads. The public garden also lies outside the west suburb, facing the temples at present occupied by the American and German consuls. It has an area of 70 mou, is laid out with *t'ing'erh* and ponds, is thickly planted with trees, and fenced round with iron railings and gates. The provincial government has a forestry department, in which is employed a German expert. A large number of quick growing trees have been planted to the south of the city. There is an experimental farm of some 250 mou lying about the dagoba to the east of Mukden, under the management of several Japanese agricultural experts. Two American gentlemen have also been engaged by the Government to give expert advice and assistance in agricultural matters. A stud farm for horse, mule and donkey breeding has been established near Sinminfu. The mint is in the east suburb, occupying the site of the old arsenal; 23,619,267 10-cash and 20-cash copper pieces, and some \$9,000,000 worth of 20-cent pieces were coined in 1909. With it is incorporated an electric light power station. With the aid of an American electric engineer fine work has been done in supplying the city with cheap and excellent lighting. The main streets are now well lit up with electricity, and it is hoped ultimately to light up the whole city. In the matter of sanitation, considerable improvement has been effected. Latrines are set up in all parts of the city; there is some provision made for street cleaning and watering, while slaughter houses and markets have been established in various sections. With some further attention paid to road improvement and a complete system of surface drainage—an urgent need; with a more effective system of street cleaning, and with the rigorous suppression of the pariah dog, Mukden might fairly aspire to be considered a model, as far as up to date conditions of residence go, to other Chinese cities.

AMERICAN-JAPANESE RELATIONS.

The voyage of the Hon. Jacob MacGovack Dickinson, Secretary of War, to the Philippines by way of Japan was marked by the warm welcome extended to him by Japanese officials at Tokyo and the exchange of sentiments tending to reassure the people of both countries that the traditional friendship between the two nations is not strained by the unwarranted attitude of several groups of agitators in Japan and America as well as Europe, who have been given more newspaper space in both hemispheres than their importance warrants. That this is the official attitude, and indeed the attitude of the great majority of the responsible citizens of both countries, may be asserted in view of the many exchanges of courtesies that have taken place by visiting delegations representing the leading commercial interests of both countries and the warm welcome received respectively on either side of the Pacific.

Secretary Dickinson is a man of unusual attainments and stands foremost among America's substantial and patriotic officials. Selected for the post of Secretary of War by President Taft, Secretary Dickinson may be said to be imbued with the President's ideas regarding the insular possessions and Far Eastern affairs, or Mr. Taft would not have chosen him to assume charge of a department in which he takes the greatest personal interest. And for this reason, if for no other, Mr. Dickinson's speech at Tokyo may be taken to fully represent the attitude of the Taft administration toward Japan. It should also allay any fears of ulterior motive in the attitude of Washington towards Far Eastern questions and dispel any thought of a disposition on the part of the American Government to impose on the island empire.

Count Komura, the Foreign Minister, took occasion at a dinner given in honor of Secretary Dickinson to direct attention to the evil influences at work sowing seeds of distrust and antagonism between America and Japan. In reply Mr. Dickinson directed attention to the development of America and Japan from "hermit kingdoms" to powers having an interest in world affairs during the last twenty years and the continuous friendship during these years of progress. He pointed out that President Taft was fully conversant with Far Eastern affairs at first hand, having studied them at a proper perspective, and now as Chief Executive was in a position to "put a true estimate upon all suggestions that might tend to disturb the relations between the two countries." There is no doubt but that he voiced the sentiment of the great majority of thinking Americans when he said:

"I think that you have justly and truly said that there is no reason why the careers of these two countries should not be pursued in parallel lines—with a certain rivalry, to be sure, but a rivalry which may be pursued in friendship without involving conflicting interests of a disturbing character.

"There is every reason why amity and cordial relations should exist between us, and to my mind there is no reason why other conditions should intervene. It is for the broadminded, patriotic people, who are the leaders of thought in these two countries to dominate the situation and see that the people are not misled by false lights or sinister suggestions into an attitude which is hostile in their true interests and which could not be justified on any relational ground.

"The American people, while in a certain sense a warlike people, are yet great lovers of peace. I think I may justly say that their history illustrates that there is no more peace-loving people, or one more inclined to the principles of arbitration in the settlement of international disputes. Many differences are now willingly submitted to the character of adjudication which were formerly thought

to be terminable only by resort to arms. Having such ideals, we may well hope to look forward in the future to the preservation of that friendship which up to the present time has been maintained, and to see it cemented with still stronger and closer ties."

The greatest intrigue of the last decade seems to have for its purpose the undermining of the friendship existing between Japan and America. This propaganda is given publicity in the yellow press of the United States and Japan and is egged on by a few irresponsible European writers. Little by little there has been created the impression that the interests of Japan and America were bound to clash. Then by degrees it assumed more definite proportions until now there is hardly a European writer who takes it upon himself to solve all the troubles the Far East is heir to, who does not declare that it will all end by conflict between Japan and America.

Now this may not be a well organized press campaign, but it has all the earmarks of it. Were one to trust one's ears these days, since the signing of the Russo-Japanese convention, all the nations, affected directly or indirectly by its terms, were having one continuous love feast. And while we are reading how France, England and Russia love Japan and are united together to preserve the world's peace, we find a few public men in each of these peace-loving nations declaring how unfortunate it is that America and Japan must proceed to destroy each other. The prodding continues. Japan's pride is hurt by misquotations from speeches of prominent Americans and America's pride is touched by lying reports from the yellow press of Japan. The agency that distributes this seed of distrust among the citizens of the two countries must indeed be a powerful one and one to be greatly feared in the interest of peace. We wonder if despite this peace cordon flung round the globe there might not be found a publicity bureau of some proportions with a well filled treasury, that is not working consistently in sympathy with the program of international love and amity?

And so Japan must not permit herself to be misled, and if we are not mistaken the leaders of thought of the Empire are not so obtuse. And it would be well if the citizens of America would seek the motive behind all this vicious lying propaganda. It may serve the yellow press of America with a sensation once in a while, but it could not serve so continuously unless there were the purpose behind it, to keep the agitation from passing into innocuous desuetude.

We have reached these conclusions from the manner in which General Bell, Banker Schiff and Representative Hobson have been viciously misquoted recently. We have taken the liberty of carefully examining the speeches of these men and have failed absolutely to find one expression that might be construed as offensive to Japan or suggestive of hostilities between the two countries, and we do not believe that the lying reports of these speeches could have been made unless those who transmitted them were either vicious by nature or of that low order of creatures sustained by the yellow press who so lack principle that they would lend themselves to the service of just such an organization as we have suggested is now active.

We believe, however, that whether the agitation to spread distrust between the two nations, who have everything to gain by prolonged peaceful intercourse, is directed by a well defined organization is confirmed or not it behooves the intelligent among the citizens of both nations to maintain great reserve in the reception of any reports that serve to create a feeling of antagonism between the two peoples.

It is certain that neither Tokyo nor Washington desire conflict, and, so far as we can see, there is no motive for any change in that attitude. Then where is the basis for all this falsifying and misrepresentation? We believe it will some day be found in a well organized attempt on the part of interests outside the United States and Japan to precipitate trouble.—*The Far Eastern Review*.

THE SPIRIT OF MANILA.

There is every indication that the business men of Manila do not propose to confine their operations to the Philippine Islands or to remain inactive in the struggle for Far Eastern trade. For the last decade the preliminary plans for the development of a great Eastern commercial metropolis and distributing centre for America's Oriental trade, in a large measure, have been completed, and some of them carried out to a point where it is possible to report commendable progress toward the end in view. In this work the Philippine administration has taken the initiative, and there has never been lacking the enthusiastic and hearty support of the progressive commercial community and the local press. All elements seem to unite in an endeavor to promote local pride and legitimate endeavor toward bringing to the Philippine capital the greatest possible commercial prominence.

Now in all this "boosting," as it is called locally, there is an acknowledgment of the many drawbacks to early realization of fond hopes, but these free admissions are not accompanied by any expression of hopelessness. The opposite is the case. The Manila business man of whatever nationality is invariably an optimist, generous in the support of public movements that benefit the community at large, and, in sporting parlance, a "good loser" on occasion. The trials of the last decade have brought to the fore his many desirable qualities, and now that the dawn of prosperity is here, and his personal worries are largely eliminated, he is giving a large portion of his time and attention to advancing the interests of Manila to a place among her sister cities in the Orient. He desires above all that her name shall stand for the best there is in Eastern Asia.

And it is for the purpose of attracting attention to the desirability of Manila as a distributing centre for the Far East that the commercial interests and the local press there have united. The new harbor at its present stage of development is one evidence of the progress of plans for the future. Now comes the proposed declaration of a free zone where goods from all parts of the world may be stored until exported to other ports in the Far East. Every effort is being made to furnish desirable berthing accommodation and cargo handling at a minimum of cost at Manila, and the Government is in the spirit to go further if it becomes necessary to make the port more attractive to the shipping trade. But a modern harbor does not fulfil the total in facilities that attract steamship lines and trade, while it may go a long way to do so. Manila lacks coaling facilities and drydocks. And note the activity in developing the coal measures of Batan to provide desirable coal at low price. Manila is not idle in this respect, and nothing but the solution of this coaling problem will satisfy them. Every other resident has a few shares of coal mining stock, not because he expects large dividends, but he knows that he must help in the development of the industry if Manila is to compete with other ports in the Orient in coaling facilities.

Now about the docking facilities. This is as important as the coal if Manila would point with pride to her attractions as a port and distributing centre. And since Manila

merchants claim that Manila is to be made the big metropolis, and therefore it is necessary to increase docking facilities, why of course they are not going to rest until they are increased. Evidence of this spirit is echoed in Manila's press, that is nothing if not patriotic and progressive. The *Bulletin*, the leading commercial daily in the islands, under the caption "Manila's Future as a Distributing Centre," says:

"The report of the early retirement of the Toyo Kisen Kaisha from its working arrangement with the Pacific Mail, and the prospect that it has entered into an exclusive agreement with the Western Pacific for its Pacific freight carrying makes an interesting situation in trans-Pacific commerce and bodes well for greater activity in Oriental trade. And in it all Manila should profit.

"The opening of the Chicago, Milwaukee and Puget Sound Railway was the first movement toward the breaking of the Harriman-Hill monopoly in transcontinental freights, and the opening of the Western Pacific this month adds to the gayety. With their respective connections in the Pacific, the war will be extended in a merry fashion to our very door.

"The Pacific Mail does not propose to give up the battle by any means, and indeed it was in that company's motive for ordering the two 38,000-ton steamers for Pacific waters that the news of the defection of the Toyo Kisen Kaisha became known. This involves an expenditure of about \$6,000,000, and will add two vessels well to the fore compared with Atlantic standards.

"All this activity goes to show that more and more interest is being taken in Oriental trade, and in this activity the Philippines should get its share of attention. The proposition to establish a free zone in the new port and to encourage the establishment of a Far Eastern distributing centre in Manila should not lack for encouragement at this time, and we believe that even if the end in view is not accomplished as soon as we would wish, we should do our share to make Manila sufficiently attractive, so that once the American manufacturers begin looking for a distributing centre, that Manila will offer the best facilities for the purpose that may be found in the Orient.

"At the present time we must admit that Manila does not shine as a distributing centre for the East. It is confining its attention almost entirely to the island trade. And with the American manufacturers reticent about Oriental commercial adventure, the present outlook for Manila in that role is not very encouraging. However, Rome was not built in a day.

"We must make a beginning. This might be done by officially establishing a free zone. The announcement alone would prove of advertising value. Then keep up the good work of interesting American manufacturers in Oriental trade and the desirability of just such a distributing centre as we are proposing to develop at Manila. It will not take many years to induce the manufacturers to make a start, and the rest will be easy.

"Particularly should this movement appeal to the Manila merchant at this time when the different steamship companies show an eagerness to secure advantages in the different ports. We are in a position to offer special induce-

ments to shippers and importers, as well as the shipping companies, and with one of the finest harbors in the East, there is no reason why Manila should not claim her portion of Oriental trade within the next decade. There are many advantages and inducements that might be made that would not fail to help along this program, and it rests with us to figure them out carefully and place them where they will do the most good."

There is no controversy over this matter. Following the *Bulletin* comes the *Manila Times*, the pioneer daily of the Philippines, with a complete indorsement of the *Bulletin's* comment, and with a handsome addition of good suggestions in the typical patriotic Manila spirit. The *Times* says:

"The *Daily Bulletin* published a very interesting and timely article on the future of Manila as a distributing point, based on the entrance to the Pacific trade of the Chicago, Milwaukee & St. Paul and Western Pacific railways, and the decision of the Pacific Mail to order two new liners of large tonnage. The *Bulletin* points out the fact that Manila does not shine as a distribution point in the Oriental trade, and once more brings forward the suggestion that there be created a free zone at this port in order to simplify the handling of goods intended for re-export. This whole question is one of very great importance not only to the future of the Philippines, but to American trade in the Far East, and should commend itself to all who are interested in either.

"Manila, as has been pointed out on a number of occasions, offers peculiar advantages to American manufacturers for the distribution of their products in this part of the world, but up to this time it has not been possible to make much progress with the project. The establishment of a free zone would tend to advertise it, but it will be necessary also to work among the American manufacturers and commercial organizations.

"Manila is the natural Oriental terminus of the American Trans-Pacific lines, but at the present time the port lacks the facilities to make its use for such purpose possible. It has no drydock capable of handling the liners; it relies upon imported fuel, and the cost of repairs exceeds the cost at Hongkong. Philippine coal measures are being opened, and it will not be many years before Manila can be made an excellent coaling port; but the rest of that problem remains unsolved, and probably will remain unsolved until the governments here and at Washington unite for its solution. At the present time it is the practice, especially of the Washington Government, to throw business to the yards of Shanghai, Hongkong and Singapore. In this connection several million dollars have been spent in the last few years, and while it has represented economy for the time being, its effect has been to injure the local industry and to further set back the time that Manila will be a fully equipped port. Steps are now being taken to once more draw this question to the attention of the two governments, and every person who has a spark of interest in the welfare of the community should unite in urging fair and intelligent consideration for it.

"There is a future for this port, and that future can be made a very great one, but the two governments concerned have got to interest themselves in the project and lend their money and influence to the laying of the foundation."

There is always the fixed purpose of making the future of Manila something to be proud of. And Manila is succeeding. That kind of spirit will not down. Indeed, a few years ago it was no unusual thing for the wandering Manilan to find his city tabooed on every hand throughout the Orient, in Europe and in America. Today no such attitude toward Manila is found. Instead of being villified Manila has become, during the last few years, one of the most attractive ports in the East for tourists. Its praises are being sung everywhere. And all this is due to the spirit of the merchants and residents, who have made an expensive and well directed campaign of publicity reaching every part of the world. They have entertained thousands of strangers at personal expense, and, slowly but surely, the real Manila and the real Manila spirit has been recognized. And yet the good work by organization is being kept up, and the year 1910 is being marked by the most effective work. The Merchants' Association is the most sanguine of all the organizations in this respect. Then there are the State societies. Each State has a committee searching for visitors from the homeland. If one is found, for instance, from Ohio, he will find himself the guest of a strong organization from his home State, and by the time he leaves another "booster" for Manila and the Philippines has been added to an already long list.

And in all this desire to further the interests of Manila the spirit of reciprocity with other cities of the East is being fostered. Manila is ready to co-operate with her neighbors on any movement designed to benefit all. This has been demonstrated in many ways during the last decade. And in return an improvement in the relations among the Far Eastern cities, and especially toward the Philippine capital, has been noted.

Judging from the patriotic attitude of its citizens, Manila may be expected to be heard from in the future, and if the port does not secure its share of Far Eastern trade it will not be the fault of the men in whose hands its destiny rests at present.—*The Far Eastern Review*.

THE ANNEXATION OF KOREA.

The following is a translation of the full text of the Treaty concluded on August 22, between Japan and Korea.

THE TREATY.

His Majesty the Emperor of Korea and His Majesty the Emperor of Japan having in view the special and close relations between their respective countries, desiring to promote the common weal of the two nations and to assure permanent peace in the Far East, and being convinced that these objects can best be attained by the annexation of Korea to the Empire of Japan, have resolved to conclude a treaty of such annexation, and have for that purpose appointed as their plenipotentiaries, that is to say, His Majesty the Emperor of Japan, Viscount Masakata Terauchi, His Resident General, and His Majesty the Emperor of Korea Ye Wan-yong, His Minister President of State, who upon mutual conference and deliberation have agreed to the following articles:

Article I.—His Majesty the Emperor of Korea makes complete and permanent cession to His Majesty the Emperor of Japan of all rights of sovereignty over the whole of Korea.

Article II.—His Majesty the Emperor of Japan accepts the cession mentioned in the preceding article and consents to the complete annexation of Korea to the Empire of Japan.

Article III.—His Majesty the Emperor of Japan will accord to their Majesties the Emperor and the ex-Emperor and His Imperial Highness the Crown Prince of Korea and their consorts and heirs such titles, dignity and honor as are appropriate to their respective ranks and sufficient annual grants will be made for the maintenance of such titles, dignity and honor.

Article IV.—His Majesty the Emperor of Japan will also accord appropriate honor and treatment to the members of the Imperial House of Korea and their heirs other than those mentioned in the preceding article and the funds necessary for the maintenance of such honor and treatment will be granted.

Article V.—His Majesty the Emperor of Japan will confer peerages and monetary grants upon those Koreans who on account of meritorious services are regarded as deserving such special recognition.

Article VI.—In consequence of the aforesaid annexation the Government of Japan assumes the entire government and administration of Korea and undertakes to afford full protection for the persons and property of Koreans obeying the laws there in force and to promote the welfare of all such Koreans.

Article VII.—The Government of Japan will, so far as circumstances permit, employ in the public service of Japan in Korea those Koreans who accept the new régime loyally and in good faith and who are duly qualified for such service.

Article VIII.—This treaty having, been approved by His Majesty the Emperor of Korea, shall take effect from the date of its promulgation.

In faith whereof, etc.

DECLARATION.

Notwithstanding the earnest and laborious work of reforms in the administration of Korea in which the Governments of Japan and Korea have been engaged for more than four years since the conclusion of the Agreement of 1905, the existing system of government in that country has not proved entirely equal to the duty of preserving public order and tranquillity, and in addition a spirit of suspicion and misgiving dominates the whole peninsula. In order to maintain peace and stability in Korea, to promote the prosperity and welfare of the Koreans and at the same time to insure the safety and repose of foreign residents, it has been made abundantly clear that fundamental changes in the actual régime of government are absolutely essential. The Governments of Japan and Korea, being convinced of the urgent necessity of introducing reforms corresponding with the requirements of the situation and of furnishing sufficient guarantees for the future, have, with the approval of His Majesty the Emperor of Japan and His Majesty the Emperor of Korea, concluded through their respective plenipotentiaries a treaty providing for the complete annexation of Korea to the Empire of Japan by virtue of that important act which shall take effect on its promulgation. The Imperial Government of Japan undertakes the entire government and administration of Korea, and it hereby declares that matters relating to foreigners and foreign trade in Korea shall be conducted in accordance with the following rules:

1. The treaties hitherto concluded by Korea with foreign Powers ceasing to be operative, Japan's existing treaties will, so far as practicable, be applied in Korea. Foreigners resident in Korea will, as far as conditions permit, enjoy the same rights and immunities as in Japan proper, and the protection of legally acquired rights, subject in all cases to the jurisdiction of Japan.

The Imperial Government of Japan is ready to consent that the jurisdiction in respect of cases actually pending in any foreign consular court in Korea at the time the treaty of annexation takes effect shall remain in such court until final decision.

2. Independently of any conventional engagements formerly existing on the subject the Imperial Government of Japan will for the period of ten years levy upon goods imported into Korea from foreign countries or exported from Korea to foreign countries and upon foreign vessels entering any of the open ports of Korea the same import or export duties and the same tonnage dues as under the existing schedules; the same import or export duties and tonnage dues as those to be levied upon aforesaid goods

and vessels will also for a period of ten years be applied in respect of goods imported into Korea from Japan or exported from Korea to Japan and Japanese vessels entering any of the open ports of Korea.

3. The Imperial Government of Japan will also permit for a period of ten years vessels under the flag of powers having treaties with Japan to engage in the coasting trade between the open ports of Korea and between those ports and any open ports of Japan.

4. The existing open ports of Korea, with the exception of Masanpo, will be continued as open ports, and in addition Shin Wiju will be newly opened, so that vessels, foreign as well as Japanese, will there be admitted and goods may be imported into and exported from those ports.

THE ECONOMICAL CONDITION IN JAPAN.

At the half yearly general meeting of the Yokohama Specie Bank, Baron Takahashi, president, delivered the following speech:

"The economic state during the period under review has shown generally an improvement, and a gradual recovery to the normal level of activities after the prolonged stagnation of the money market since the autumn of the year before last; but still, as people are generally exercising great caution, some considerable time must elapse before we may see any industrial activities. However, our foreign trade, both import and export, has pursued a satisfactory course since last spring, along with the recovery of the economic conditions at home and abroad; the market prices of the sound securities rose gradually, and the amount of bills passed through the clearing houses increased as the months advanced. In short, the circumstances prevailing all round give indication that the financial world is developing in a right direction. Consequent upon the abundant supply of money the rate of interest was on the side of continual decline. The Government, availing itself of the opportunity, twice issued 4 per cent. loan bonds to the extent of yen 200,000,000 for the conversion of the 5 per cent. internal bonds, and the various companies, commercial and industrial, organized by the people either made calls on the shares or issued debentures to meet the reincreased requirements, or to replace their old loans bearing higher rate of interest, and thus, although a considerable amount of cash was withdrawn from the market, yet on the other hand the increase in the people's savings, coupled with the cash redemption of the national loans, kept the tide of the money market as easy as ever. This being the case, the banks have lowered the rate of interest on the deposits, but notwithstanding this they still found themselves able to carry large unemployed funds, and this bank had likewise to pass the period under review with more or less money unemployed.

"Turning to our foreign trade during the first half of the year we find that the merchandise exported amounted to yen 211,200,000 and that imported to yen 239,900,000. These figures, compared with those for the corresponding period of the year preceding, show, respectively, an increase of yen 24,200,000 in exports and yen 5,400,000 in imports, resulting in a total increase of yen 49,600,000 for imports and exports combined.

"This is doubtless the outcome of the improved financial state at home and abroad, but such a large increase of exports is to be attributed in one way to the price of bar silver having been favorable to the China trade, and to the great increase of our cotton goods exported to China, caused by the high prices ruling with the American productions on the similar goods, while increase in the import appears principally to be due to a large increase in the import of cotton from India."

PROSPECTS OF SILK INDUSTRY IN JAPAN.

According to the investigation made by the Department of Agriculture and Commerce, the extent of damage done by the recent floods to the autumn silkworms and mulberry fields is as follows:

Prefecture.	Output of 1909 koku.	Estimated decrease koku.	Area damaged cho.
Kanagawa	19,444	7,778	1,570
Niigata	8,241	1,648	unknown
Saitama	57,224	42,000	10,000
Gumma	88,881	50,000	3,300
Ibaraki	44,508	10,000	2,400
Tochigi	9,767	5,035	1,528
Shidzuoka	27,862	9,000	3,000
Yamanashi	31,626	9,488	unknown
Nagano	151,840	30,368	3,232
Miyagi	20,429	16,343	unknown
Toyama	1,751	263	no damage
Iwate	1,399	420	unknown
Total	462,972	182,348	25,131

As the above figures show, the estimated damage to the silkworms is 182,348 koku, which represents 39 per cent. approximately of the amount of cocoons for last autumn in the flooded provinces. If one koku is calculated at 35 yen, some 6,380,000 yen is lost, but the quantity of egg cards hatched this autumn is greater than usual, the silkworms in Kansai Provinces being excellent on account of normal weather, and it is anticipated to make up the loss occasioned by the floods. The area of mulberry fields damaged amounts to 25,131 cho, representing about 17 per cent. of the total arear for 1909.

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CONTENTS.	PAGE
CURRENT COMMENT	321
EXPORTS TO CHINA AND HONGKONG	323
IMPORTS OF TEA AND SILK INTO THE UNITED STATES	324
THE FUTURE OF THE PHILIPPINES	324
THE CHINESE BUDGET	328
TRADE CONDITIONS IN CHINA	329
JAPANESE-FOREIGN INDUSTRIAL RELATIONSHIP	332
THE TRADE OF HANKOW IN 1909	333
CHINESE COAL FOR UNITED STATES	334
TRADE OF NEWCHWANG AND MANCHURIA	336
REPORT OF THE WORKING OF THE IMPERIAL CHINESE POST OFFICE FOR THE FIRST YEAR OF HSUAN T'UNG (1909)	338
THE AMERICAN ASIATIC ASSOCIATION OF JAPAN	340
FOREIGN COMMERCE OF JAPAN IN THE EIGHT MONTHS ENDING AUGUST 31	340
PAPER MANUFACTURE IN MANCHURIA	341
A CHINESE PARLIAMENT	342
CHINESE FOREIGN LOANS	343
ADVERTISEMENTS	344

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SECRETARY DICKINSON'S farewell speech at Manila, elsewhere reproduced, is a very judicious treatment of the question of the relations between the Filipinos and the United States. The Secretary voices the opinion of every intelligent observer, American or foreign, that the real triumph of our Government in the Philippines is to have created in the midst of the chaos incident to a combined foreign and civil war, in a country so distant from our own, among people so diverse in language, conditions, religion and customs, a government which in its operations has responded so well to the public exigencies, and under which there has been development along all lines that promote peace, education, economic improvement and training for self government never before seen under similar conditions within a like period. It is true that this great work has failed to receive the recognition and appreciation it deserves, but it is also true that its successful accomplishment is freely admitted in quarters where ten years ago its certain failure was held to be a foregone conclusion. The Secretary of War did well to recall the words of his predecessor, Mr. Taft, spoken five years ago, to the effect that the American people do not conceive that they have the right to relieve themselves of the burden of wardship, of guardianship, of the whole Filipino people by attempting to assign the burden of government to a small party thereof, claiming to be the educated element of the people, however confident that element may be of its ability to carry on a government for the whole people. The lapse of a few years has not robbed the fact of any of its significance "that it is absolutely impossible to hope that the lessons which it is the duty of the United States to teach the whole Filipino people can be learned by them, as a body, in less than a generation, and that the probability is that it will take a longer period in which to render them capable of establishing and maintaining a stable, independent government." That was the opinion of the then President of the United States, as well as of his Secretary of War, no less than of most Americans who were at all familiar with the facts. It is not at all likely that any change of administration will sensibly modify the attitude of our Government toward this subject, or change the view that independence of all foreign nations must be maintained for the Philippines. In frankly recognizing that the purpose of all political parties among the Filipinos is to achieve independence for the islands, and in paying due respect to this ideal, Secretary Dickinson did well to remind his hearers how much more was involved in this aspiration than is generally imagined.

It is nearly seven years since Mr. Henry Gannett, the Chief Geographer of the United States Geological Survey, and the Assistant Director of the Philippine Census, declared in answer to the question, "Will possession of the islands pay us?" that the question of profit in any form should not enter into the matter. But even Mr. Gannett was somewhat oversanguine on the commercial side when he said that because of our possession of the Philippines we shall become the dominant Power of the Pacific, both politically and commercially. Mr. Gannett was on firm ground when he asserted that in taking the islands from Spain we assumed the duty of reducing them to order and of maintaining them as good neighbors to the other peoples of the earth. He was equally correct in the claim that in our colonial administration we have accepted the best of the English methods—by far the best heretofore in use—and have improved upon them from the start in many ways, and first of all by giving this people as great a measure of self government as they can assume. But the beginning of the process, which Mr. Gannett already saw in operation, of rapidly obtaining control of the commerce of the Pacific, has been somewhat belated—a fact which may be partly attributed to the unwillingness of the Congress of the United States to live up to the declaration contained in the reply of the American Commissioners at Paris to the memorandum presented by the Spanish Commissioners on November 16, 1898, "it being the policy of the United States to maintain in the Philippines an open door to the world's commerce." Had we lived up to that principle, and begun by transforming Manila into a free port, the economic development of the Philippine Islands would have been greatly hastened, and our advance toward being, commercially as well as politically, the dominant Power of the Pacific would be less distant than it appears today.

DOCTOR GILBERT REID has been delivering addresses to American audiences on trade conditions in China, and one of them, delivered in New York, will be found in another part of the JOURNAL. The Doctor labors under the somewhat common delusion that one reason for the depression in the American cotton piece goods trade in China is the failure of those engaged in it to imitate the methods of the Standard Oil Company and the American Tobacco Company. The Doctor's insistence on this point may be a little irritating to the men on whose business methods and general capacity it involves a reflection. But it can do no great harm, and may serve to promote useful discussion. The effect of the Doctor's way of dealing with the treaty obligations assumed by China in regard to foreign trade may, however, produce serious misapprehension in the minds of his Chinese friends as to how far it is safe to go in disregarding the most solemn promises relating to their treatment of imports in transit from the treaty ports inland. Article XXVIII of the Treaty of Tientsin plainly provides that goods, whether import or export, when they have paid their commutation of inland duties, shall be exempted from all further charges whatever. In other words, as Lord Elgin said on reporting the conclusion of this treaty to the Foreign Office: "Henceforth on payment of a

sum in name of transit duty which, for simplicity's sake, has been fixed at one-half of the tariff rate of duty, goods—whether of export or import—will be free to pass between the port of shipment or entry to or from any part of China without further charge or toll, octroi, or tax of any description whatsoever." The article, nevertheless, remained a dead letter in spite of the protests of successive British Ministers, occasionally seconded by their American colleagues, and ten years later Sir Rutherford Alcock had to complain that *likin* constituted a violation of treaty rights, and that the assumed right of the Chinese Government to tax foreign trade at discretion was a totally inadmissible one. That it is still persisted in is shown by the fact that the income from *likin* figures for a million taels more in the newly published Chinese budget than that from customs duties.

It is, of course, an open question whether Doctor Reid's sympathetic attitude toward the Chinese, even in regard to obligations which they have failed to discharge, is not a better one than that which has been familiar to "the old China hand" for two generations. This latter point of view will be found fairly illustrated in an article reproduced from the London *Saturday Review* under the familiar initials of "R. S. G." Mr. Gundry clearly recognizes the existence of a new force at work in China but he is not so sanguine as other observers of less experience in regard to its capacity to transform the Empire. He admits, however, the existence of a reasonable hope that the new force may achieve something more effective than edicts and new bureaux. Questionable as it is whether the mass of the Chinese people understand what Parliament means, "they know what corruption means, and debased currency, and the extortion of underlings, and cruelty of gaol warders, and scandals such as the charges recently made against officials of using public money in connection with rubber share speculation." The question is whether the people will be roused to more effective interest by a belief that new opportunities are being afforded for exposing corruption and making complaints more effectively heard? That is a question which time alone can answer, and the fact that an affirmative reply is regarded as possible by so well informed a critic as Mr. R. S. Gundry, affords of itself some ground for encouragement.

THE American group of bankers are still evidently among the optimists in regard to the immediate future of China. They have all but completed the preliminaries for the issue of a loan of \$50,000,000 to the Chinese Government for the reform of the currency, the promotion of industrial development and the building of state railroads. The sum seems rather inadequate to make more than a beginning in any of the three purposes enumerated. The two Viceroy's who recently memorialized the Regent to raise a foreign loan of several hundred million taels to complete certain designated railroad trunk lines have at least a proper conception of the magnitude of the task before the Government at Peking. They are equally just in their claim that the completion of railways would concentrate the country's wealth, and "might strengthen her a hundredfold, enabling her to exist side by side with the Powers." But as the President of the Ministry of Finance and of the Board of Communications both oppose the plan, it remains to be seen whether the National Assembly, to which it has apparently been referred, will recognize its necessity and importance.

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, 1909 and 1910.

EXPORTS TO CHINA.

Months. 1909.	Cotton Cloths. Yards.		Mineral Oils (illuminating). Gallons.		Wheat Flour. Barrels.	
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	547,946	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	\$4,541,123	22,443	\$98,190

Months. 1910	Cotton Cloths. Yards.		Mineral Oils (illuminating). Gallons.		Wheat Flour. Barrels.	
January.....	.....	\$.....	3,311,000	\$268,540	1,393	\$5,895
February.....	17,271	3,568	3,166,810	258,115	500	2,250
March.....	64,939	3,983	6,279,100	477,295	19	103
April.....	3,334,800	209,841	3,106,000	230,143	611	2,936
May.....	21,601,907	1,342,041	9,646,950	574,867	250	1,000
June.....	10,515,200	662,990	10,845,070	655,309	263	1,163
July.....	10,897,533	727,329	5,392,690	323,424	638	2,576
August.....	9,582,788	563,587	14,052,380	888,045	2,643	11,823
September.....	4,226,655	263,334	7,130,000	314,745	1,333	5,144
Total.....	60,241,093	\$3,776,673	62,930,000	\$3,990,483	7,650	\$32,890

EXPORTS TO HONGKONG.

Months. 1909	Cotton Cloths. Yards.		Mineral Oils (illuminating). Gallons.		Wheat Flour. Barrels.	
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	60,477
September.....	46,364	6,458	.....	.....	73,799	304,967
Total.....	780,115	\$82,682	6,064,596	\$662,663	469,176	\$1,911,778

Months. 1910	Cotton Cloths. Yards.		Mineral Oils (illuminating). Gallons.		Wheat Flour. Barrels.	
January.....	16,595	\$2,543	1,589,140	\$195,711	108,727	\$432,622
February.....	24,447	3,356	.....	.....	20,800	89,650
March.....	13,437	1,842	.....	.....	34,285	146,546
April.....	14,297	1,442	2,133,172	83,368	12,277	50,915
May.....	24,427	4,165	1,170,000	91,115	11,304	45,395
June.....	66,974	4,322	.....	.....	15,676	64,737
July.....	51,982	8,126	1,757	189	58,169	242,814
August.....	19,350	2,558	1,748,039	130,973	54,231	217,046
September.....	6,550	707	.....	.....	20,289	84,794
Total.....	141,656	\$19,927	6,642,108	\$430,465	335,758	\$1,394,769

DEPARTMENT OF COMMERCE AND LABOR,

WASHINGTON, D. C., Nov. 1, 1910.

Bureau of Statistics.

Imports of Tea and Silk into the United States for the nine months, ending September 30, 1908, 1909 and 1910.

Imported from	1908.		TEA.	1909.		1910.	
	Pounds.	Dollars.		Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	6,157,746	1,438,651		9,798,034	2,233,549	7,327,547	1,964,484
Canada	1,819,659	471,207		3,807,066	848,981	1,952,038	446,362
Chinese Empire.....	16,369,323	2,174,119		20,038,847	2,054,012	13,701,495	1,643,686
East Indies.....	4,754,018	754,938		7,133,058	1,085,871	7,260,784	1,186,634
Japan.....	29,017,759	5,115,160		32,573,674	5,800,035	33,553,151	6,127,772
Other countries	581,280	133,488		925,347	161,309	779,759	157,312
Total.....	58,699,785	10,087,563		74,276,026	12,183,757	64,574,774	11,526,250
RAW, OR AS REELED FROM THE COCOON.			SILK.				
Imported from	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	
France.....	306,652	1,024,949	574,644	1,737,925	271,395	801,576	
Italy.....	2,414,855	9,155,952	3,541,815	13,657,251	2,139,587	7,864,483	
Chinese Empire.....	1,951,594	5,103,639	3,219,723	7,889,098	3,006,438	7,336,372	
Japan.....	7,359,741	26,050,621	8,679,350	30,459,833	8,391,519	27,284,238	
Other countries	24,295	89,502	98,269	372,213	155,710	547,659	
Waste. ....lbs. .free..	721,516	492,329	1,522,712	858,774	2,421,423	1,227,351	
Total unmanufactured	12,778,653	41,916,992	17,609,513	54,975,094	16,386,072	45,061,679	

THE FUTURE OF THE PHILIPPINES.

Address of the Honorable J. M. Dickinson, Secretary of War, Delivered at the Popular Banquet Given by the Filipino Reception Committee, at the Hotel De Francia, Manila, on the Evening of September 2, 1910.

Having spent five weeks in the Philippines, where I have received constant and generous hospitality, public and private, from Filipinos and Americans, and being now about to depart from your shores, I take this occasion to express my thanks for and deep appreciation of the consideration and kindness of which I have been the recipient, and to assure you that I will always hold them in grateful remembrance.

I have seen much in Manila and vicinity and have visited the Provinces of Rizal, Cavite, Zambales, Mountain Province, Pangasinan, Tarlac, Pampanga, Tayabas, Albay, Samar, Cebu, Moro Province, Palawan, Iloilo and Capiz. I have seen most of the military posts and much of the educational, agricultural, and industrial development that is going on.

Such an experience means much in any man's life, no matter what his career may have been. I have been constantly active and have seen and learned much during my stay here, but by no means all that one in my position would like to see and know. A Frenchman, after spending several weeks in America, wrote a book in which he undertook in the most dogmatic style to say the final word not only upon the politics, economical and sociological conditions existing there, but to tell the people how they ought to conduct their lives and affairs. I have not learned that much about the Philippines, and do not feel that I have attained to the same clear and infallible judgment upon all the questions and problems that have been presented to me. While this is true, I do not minimize the importance of

having seen as much as I have of the country, the people and the existing conditions, and the greater confidence it will give me in considering such questions as may come before me for action, or for recommendation to the President. Happily the President has full and intimate knowledge of everything pertaining to the Philippines, from the American occupation down to the time he ceased to be Secretary of War. My visit here is intended to supplement this knowledge, and to bring it, so far as practicable, up to date.

The administration of the Philippines is a great responsibility that will tax to the utmost the ability and justice of the American people. There is nothing that touches the government and development of a people that does not arise; and it is frequently complicated by conditions radically different from anything which our Government at home has had to take into account.

To my mind, that which most deeply impresses a student of laws and governments is the wise, constructive statesmanship which, created in the midst of the chaos incident to a combined foreign and civil war, in a country so distant from our own, among people so diverse in language, conditions, religion and customs, a government which in its operations has responded so well to the public exigencies, and under which there has been development along all lines that promote peace, education, economic improvement, and training for self-government never before seen under similar conditions within a like period. This great work has never received the recognition and appreciation it deserves.

It is a monument to the wisdom, foresight and justice of Governor-General Taft and his able coadjutors. Publicists will in time put a just estimate upon it.

Since I have come to the Philippines I have heard various criticisms of the administration. I would have been surprised if there had been no such criticisms, for it would imply either that all public officials were perfect, which we know is not and never was true, or that the people here were so dull as not to understand public affairs or contemplated them with a listless indifference. We know full well that neither of these conditions exists. No public officer should resent just criticism. It is wholesome and should be welcomed. It quickens the sense of responsibility of all officials, no matter how high, able and conscientious they may be. If public servants were immune from it conditions would soon become intolerable. There is a just, enlightened criticism that arrays facts, gives them their just value, and demonstrates wrong where it exists. This is good for the body politic. There is, on the other hand, a quasi-criticism which degenerates into mere abuse, whose chief characteristic is inflammatory adjectives. Such outbursts do not bring about, but retard, wholesome reform.

The most insensate way to bring people over to one's way of thinking is to abuse them. This thought is addressed to Americans and Filipinos alike, not only in respect to the Government but in respect to their relations to each other.

It has been a source of satisfaction to me that although full opportunity has been given, charges of official dishonesty have been few. Without committing myself to an unqualified approval, I can truly say that my judgment is that the administration here will compare favorably with that given either by the United States or by the several States in America, and that, so far as I am able to judge, complaints more numerous and of a more serious character are made there than here. The United States, in the actual administration of government, are certainly doing as well by the Philippines as they are by themselves.

I have confidence in the integrity and ability of the Governor-General, and have had evidences which fully justify me in saying that he is giving his whole mind and heart to his work. He is in full touch with all of the very many activities which are going on in the islands. There may be a more competent man for this diversified work, but I would hate to have imposed upon me the task of finding him.

I do not mean to suggest that my visit here will result in general acquiescence and indorsement by me. On the contrary, I expect that the actual contact had by General Edwards, Chief of the Bureau of Insular Affairs, and myself with affairs here will eventuate in some wholesale changes.

Much has been said in the public press about the sale of the Friar Lands. While Congress has appointed a committee to investigate the charges made by Mr. Martin in regard to these sales, I have had imposed upon me a duty, entirely independent of that investigation. The charges made involve the official conduct of the Executive Secretary, Mr. Carpenter, and of Commissioner Worcester. It was proper for me to investigate them as an

administrative matter, without regard to what Congress might do. I shall not now go into any general discussion of the sale of the Friar Lands, but inasmuch as charges of official misconduct of the most serious character have been made against these men, it is an act of justice to let the result of my investigation as to them be publicly known. They, their families and friends have keenly felt these charges. Reputation to any true man is of more value than anything else in life. I shall not attempt to forestall the judgment of the Congressional committee, but having investigated for myself, having used every effort to get the bottom facts, and believing that I have ascertained them, and being convinced that neither of these men has been guilty of any official misconduct, I desire publicly to state here this conclusion.

The inference has been drawn, though probably without close analysis of Mr. Martin's speech, that the nephew of Commissioner Worcester had bought some of the friar lands. This is not true. He has not leased or purchased a hectare of friar lands. He has leased public lands in an amount authorized by law and at prices like those upon which they are leased to others. At the time of his lease there was no secret about it. Commissioner Worcester, who approved the lease, declined first on account of relationship, and called the matter to the attention of the Governor-General by letter. The Governor-General, however, could not act and Mr. Worcester acted, and called his action to the attention of the Attorney-General. While the fact of relationship might give and has given ground for suspicion, it could not deprive the nephew of Commissioner Worcester of his right under the law to lease public lands. No partiality has been shown to him in the matter and he has obtained no preferential treatment. I am convinced that Commissioner Worcester has no interest directly or indirectly in the leases.

Mr. Carpenter had no official relations to the friar lands which he has contracted to purchase. He acted upon the written authority of the Governor-General. There was no concealment about the matter and no injustice has been done to anyone. Although there had been strong dissatisfaction expressed as to the sale of some of the friar lands by Filipinos, I have not found anyone who has disapproved of this transaction of Mr. Carpenter, or who in any way reflects upon his conduct. On the contrary, I have from all sources received the highest tributes to his character and to his usefulness here as a public officer.

I will say generally as to the friar lands that at the time the contracts were made for other sales in large amount it was not supposed that any objection would be raised. The main idea was to reduce the bonded debt as rapidly as possible. Now that opposition has been declared and that the matter is under investigation by Congress, no sale of these lands in large quantities will be authorized until the situation is fully developed.

While my visit has been made solely in connection with administrative features, it seems in the minds of some to have significance in respect to the ultimate future relations between the United States and the Philippine Islands. Some Filipinos appear to magnify my office, and suppose that I will make some authoritative declaration as to

immediate independence. This view has been expressed to me as follows:

"I, a true Filipino, thank you for your arrival at this, our town, the people of which are anxious for liberty, and for this reason I am convinced that your trip here has no purpose other than to make clear to us that which is necessary to give independence to the Filipinos. I believe that you have in your hands the key of our independence, and for this reason I have ventured to write to you, to express the beatings of my heart and to tell you that they are all for the independence of our people, for your flag diffuses light upon those who are in slavery and sorrow."

On the other hand, some Americans think, as I have been told, that it would be wholesome for me to make a statement which would be a declaration of purpose upon the part of the United States never to part with dominion over these islands. Those who hold the views above indicated are alike doomed to disappointment. It is elementary knowledge that from the nature of my office any such statement would have no official significance. At most it would only be an expression of my personal convictions or opinions. Anyone who understands public affairs in American knows that such a declaration from anyone in my position, unless made by higher authority, so far from committing the Government as to a policy which is solely within the jurisdiction of Congress and the President to determine, would in all probability engender opposition. I am not now referring to changes in the form of government here which do not involve American control. It would be entirely proper for me to make recommendations on this subject to the President, but it would not be proper for me here to anticipate them.

Mr. Taft, in a banquet speech made at Manila on August 11, 1905, when he was Secretary of War, outlined the views of the administration with the full concurrence of President Roosevelt, with the express purpose, as stated, of removing, if possible, from political discussion in these islands, any element of uncertainty on that head; and he stated that what he said was exactly consistent with the statements which he had made before the Congressional committee while he was Governor-General of these islands, and that they represented exactly the policy of President McKinley. Among other things, he said, referring to the American people:

"They believe that they have become the trustees and protectors of the whole Filipino people; not alone of the 8 or 10 per cent. who speak Spanish, not alone of the smaller percentage who may be described as the educated part of the people; but of the whole Christian Filipino people and of the whole non-Christian Filipino people; and that they cannot discharge this trust without a due regard to the rights of all their wards; and that they must be especially careful to observe and protect the rights of the uneducated and the poor of their wards, who by reason of circumstances are unable to speak for or protect themselves. Enjoying as they do a government of free institutions, a government of liberty regulated by law, a republican form of government resting in its last analysis upon an intelligent public opinion, they do not think that their duty to the whole Filipino people can be

discharged without preparing that people to maintain a stable, popular government in which shall be secured the civil liberty of all. They do not conceive that they have the right to relieve themselves of the burden of wardship or guardianship of this whole people by attempting to assign the burden of government to a small party thereof, claiming to be the educated element of that people, however confident that educated element may be of its ability to carry on a government for the Filipino people. The American people have examined into, as far as may be, the capacity of the Filipino people to be developed into a self-governing nation; and while they admit that the proposition to make them a self-governing people is an experiment, never before tried with a tropical Malay or Oriental people, they believe the circumstances to be such that if the high national purpose of treating them as sacred wards of the United States and of dealing with them in every way for their benefit, for their own elevation and for their own education, shall be pursued, free from a desire for selfish exploitation or gain, that the experiment will be a success."

Referring to President Roosevelt, he said:

"He believes that it is the duty of the United States to prepare the Filipinos for self-government and he purposes, so far as his administration is concerned, and so far as he may control the policy of his administration, and in this respect the majorities in both the Houses of Congress do not differ from him, to maintain the supremacy of the United States in these islands, and to conduct the government for the benefit of the Filipino people, and with the sole purpose of elevating them as a whole to a self-governing people. He believes, as I believe, and as do most Americans who have had great familiarity with the facts, that it is absolutely impossible to hope that the lessons which it is the duty of the United States to teach the whole Filipino people, can be learned by them, as a body, in less than a generation; and that the probability is that it will take a longer period in which to render them capable of establishing and maintaining a stable independent government. He believes, and so do those who support him believe, that it is absolutely impossible to say just what form of self-government the American people and the Filipino people will agree upon for the Philippines when they shall have reached the condition in which they shall be competent to determine what form of government is best for them. Whether they shall become an independent nation, or whether they shall prefer by reason of mutual benefit to maintain the bond between the two peoples, as is done between the United States and Cuba, or between England and Canada, England and Australia, or what form the autonomy may take, may well be left to the future, and to the circumstances and to the individuals who shall be in control of the two nations at that time. All that can be asserted is that the policy which has several times been authoritatively stated, that this Filipino Government shall be carried on solely for the benefit of the Filipino people and that self-government shall be extended to the Filipino people as rapidly as they show themselves fitted to assume and exercise it, must be

pursued consistently by the people of the United States, or else they shall forfeit their honor."

Referring further to President Roosevelt, he said:

"It follows that the President of the United States (and he himself desired me to say this to the Filipino people) feels charged with the duty of proceeding with the policy of maintaining here the sovereignty of the United States, as the instrument for the gradual education of the whole Filipino people to a self-governing community, and that he intends, so far as in him lies, to continue this policy, however insistent may be the demands for immediate independence by those among the Filipinos who deem that they are fit for self-government to-day."

President Taft further said:

"I do say with all the sincerity of which I am capable that the constant agitation of the question of immediate independence by peaceable or other means can do no good for the Philippine people, cannot assist in their preparations for self-government and is simply an obstacle to the main purpose of the American government in these islands. The policy of President McKinley and of President Roosevelt has been in favor of a thorough primary education of the people; second, of the instilling in them, so far as is possible, the moral forces of providence, industry and thrift; and third, of instructing them in their political civil rights under the charter which Congress has given them, by which in the pursuit of happiness they may enjoy complete civil liberty."

He concluded his speech by saying:

"No officer whose heart does not respond to the cry of the Philippines for the Filipinos can hope to win the approval of the government in Washington, or to remain in the islands as one of its representatives."

In his speech to the Assembly on October 16, 1907, he said:

"The avowed policy of the National Administration under those two presidents (McKinley and Roosevelt) has been, and is, to govern the islands, having regard to the interest and welfare of the Filipino people, and by the spread of general primary and industrial education and by practice in partial political control to fit the people themselves to maintain a stable and well ordered government affording equality of right and opportunity to all citizens. The policy looks to the improvement of the people both industrially and in self-governing capacity.

"As this policy of extending control continues, it must logically reduce and finally end the sovereignty of the United States in these islands, unless it shall seem wise to the American and the Filipino people, on account of mutually beneficial trade relations and possible advantage to the islands in their foreign relations, that the bond shall not be completely severed.

"How long this process of political preparation of the Filipino people is likely to be is a question which no one can certainly answer. When I was in the islands last time, I ventured the opinion that it would take considerably longer than a generation. I have not changed my view upon this point; but the issue is one upon which opinions differ. However this may be, I believe that the policy

of the Administration as outlined above, is as definite as the policy of any government in a matter of this kind can safely be made."

Now that he is President of the United States, it may be expected that those views will be upheld. No one of sound judgment would expect a member of his cabinet to say anything contrary to them. Knowing, as I do, that he has not modified them, and coming here by his direction as his representative in administration here, I would be disloyal to him and deluding the people here, if I proclaimed any doctrine not consistent with them. I know of no declaration in regard to the future relations between the United States and these islands which can be regarded as in the least degree authoritative that is contrary to the views expressed by Mr. Taft.

Voicing my personal views, I say, without qualification, that I would not be here to represent or further any plan which contemplated the denial of ultimate Philippine independence, and that I would be glad if the conditions which would justify in the American mind Philippine independence, existed to-day. It is a consummation devoutly to be prayed for, and I would hail its realization not only because it would proclaim your capacity for self-government and the full redemption by the American people of their pledges, but would lift from America a burden which a purpose less lofty than that which inspired its assumption would not justify.

That the Philippine people have made and are making great progress is manifest. No just man could follow my footsteps and see what I have seen and assert the contrary. I regret that time will not permit a summary of these assuring evidences. But the problem of independence viewed from the Filipino side is much less complex than when viewed from the American side. For the Filipinos the dominant thought is doubtless that of self-government; and the main features involved in the problem, as many view it, are whether or not there are a sufficient number of people of ability, knowledge and training adequate to administer local self-government and control those portions of the islands inhabited by people who confessedly have no capacity for conducting any enlightened form of representative government. From that standpoint, the time for Philippine independence would be shorter than when viewed from the American side, as indicated by President Taft and by the action of Congress.

Whether fortunately or unfortunately, wisely or unwisely, the American people have entered upon such a career in the East as in the judgment of very many of them makes it impossible to assume any attitude in the future toward the Philippines which will not guarantee their independence of all foreign nations. This necessarily involves, if accompanied with local self-government by the Filipinos, much higher development and governmental capacity than would be necessary for a state of complete isolation. It would also mean the maintenance of such relations between the United States and the Philippine Islands as would insure their not becoming involved in international affairs. Unless the United States should adopt the radical policy of severing all relations with and responsibility for the Philippines, the above considerations

and the character of development which they involve cannot be left out of view. It must be borne in mind by those who manifest impatience that while from the very force of inertia a present status in a matter so complicated may continue from year to year, no fundamental change is likely to come about until after the whole question shall have been discussed and considered by the American people, and presented as an issue. That has never been done except in a general way. If the question shall be taken up now for solution, it will, in all probability, looking by the lamp of experience, be one of slow progress. It is complicated and the considerations are so vast that they would demand and probably would receive deliberate consideration. Now, I have only gone into this discussion for the purpose of inviting the calm and temperate judgment of those who are asking for immediate independence upon the real character of the problem, and for the further purpose of urging that however loud and insistent the cry for independence may be, no one who has the real welfare of the Philippines at heart will neglect, in grasping at what from the conditions will necessarily be a receding shadow for a long time to come, the real substance, which is the development to the highest degree possible under present conditions of everything that will tend to broaden the foundations for future Philippine independence.

I know full well that all of your political parties have the purpose to achieve independence for the Philippines. I respect this ideal, and if I were a Filipino would sustain it, but I would pray to be guided by that wisdom which would help me to lead my people in the way that would certainly achieve it and would erect it as a stable structure upon foundations that would make it perpetual.

It involves much more than superficial thinkers imagine. It means a reconstruction of the ideas of government which have been familiar to your people. It involves large social problems.

On account of their intrinsic worth, I commend for your consideration the statements of a prominent Filipino who said recently in a public speech:

"Political independence does not make a people safe from slavery; the law cannot protect the individual of inferior capacity from the native or foreign individual of superior capacity. That is the reason of the natural subjugation to which I have referred, and it is only a social transformation that can shield us from this danger.

"It is not my purpose to defend the Government nor to bring out its defects, but I wish to say that there is one trait on account of which a government can be pardoned for the defects it may possess, and that is when it is not opposed to the general advancement of the people. Now then, gentlemen, the Government we have is not opposed to the progress of our people, but, on the contrary, is in favor of it. The difference in the points of view which separate our political parties gives me no concern, nor will I make the least effort to cause this difference to disappear. It is necessary, or at least natural, that there should be different parties; but the fact that at bottom all parties are one and indivisible in defending the ideal of independence and the greater ideal of the establishment of a democracy is comforting to me.

"Our social problem will be solved by the only possible means—by education—and it is this work which is of the most moment, as it is of principal and fundamental importance; it must claim the attention of most intelligent men now, under American sovereignty, and in the future, under our own.

* * * * *

"We are forming a new people, our governing class is imbued with the necessity that when our nation shall be free it shall be able to guarantee the liberty of each one of its citizens, and that individual liberty shall be won not by

teaching the people that the Government is a providential being who is responsible for our evils and the author of our happiness. If that is our ideal of government, we do but clearly conceive an authoritative, paternal government, or an oligarchy. If we wish to establish a democracy, let us teach the people that every citizen is responsible and that to be responsible it is needful for him above all things to know his duties, and, what is still more important, to know how to perform them, for the enjoyment of individual rights is the inevitable result of the performance of such duties."

There are many questions which it may be thought I should discuss, but you must realize that it would not only be improper for me here to anticipate my report to the President, but that as to many of the questions I have only assembled the material for study.

In leaving the Philippines I carry with me the most grateful appreciation not only of the public hospitality but of the private hospitality and personal kindness shown to me by the Filipinos and Americans alike. A touch of nature makes all the world akin. It is in misfortune that such manifestations go most directly to the heart. It was, one might say, my misfortune, but I rather account it as a blessing, that brought me down with fever while I was visiting Mr. Osmeña and Mr. Legarda. The kind ministrations of which I was the recipient will leave an ineffaceable record on the tablets of my memory. This was but typical of the general good will shown me. Senator Lamar in his great conciliation speech upon the occasion of the death of Charles Sumner, the hereditary opponent of his people, said:

"Let us know each other better and we will love each other more."

This is my farewell word to the Filipinos, coupled with the sincere prayer that my visit here may in some degree justify my coming and fructify into benefits for your people.

THE CHINESE BUDGET.

The following are figures from the Chinese press of the budget as drawn up by the Ministry of Finance:

ANNUAL RECEIPTS.

	Taels.
Land Taxes	48,101,346
Salt and Tea Taxes.....	46,312,355
Custom Duties	42,139,287
Other Duties	26,163,842
Likin	43,187,907
Government property receipts.....	46,600,899
Contribution	5,652,333
Miscellaneous income	35,244,750
Public Loan	3,560,000
The total is placed at.....	296,962,722
and includes extraordinary receipts.	

ANNUAL EXPENDITURES.

	Taels.
Administrative Expenditure, including	
Civil List	26,921,274
Foreign Affairs	4,001,308
Civil Ministry	22,460,761
Financial Expenditure	25,161,855
Ceremonials	799,797
Education	16,149,540
Judicial	6,835,325
Military	97,498,657
Works	5,087,394
Communications	56,703,264
Government property payments.....	7,606,361
Payment of Foreign Debts.....	51,640,962
Frontier Defence	1,239,908
Public Loan Expenditure.....	4,472,613
The total is put at.....	333,058,364

THE TRADE CONDITIONS OF CHINA.

Address by Dr. Gilbert Reid before the New York Board of Trade and Transportation.

By way of explanation I may state that my reason for thinking that it is not altogether out of place for me to address this body on the subject of trade conditions in China is because during a residence of nearly thirty years in that country I have made a study of the commercial questions, and because for seven years I have been on the Executive Committee of the American Association of China, which concerns itself with all American interests, and because I have been connected with the International Institute of China, which aims to further all interests of both Chinese and other nationalities, educational, missionary and commercial.

Some fifty years ago our distinguished Secretary of State, Mr. William H. Seward, made the following prophecy, "The Pacific Ocean, its shores, its islands and the vast region beyond, will become the chief theatre of events in the world's great Hereafter." This prophecy has already been fulfilled. All the nations of the world are interested in the development, opportunities and future prospects of the Far East, especially of the Empire of China.

In the increased relations of Europe, America and Japan with the Empire of China commerce plays an important part. If it is wisely directed, it is a great civilizer and educator. If its aim is altruistic rather than mercenary, selfish, avaricious or miserly, there will be not only pecuniary gains to one's self but enlarged benefits to others. It is on this high platform of altruism and philanthropy that I invite a consideration of the present trade conditions in China. Being a resident in China for the larger part of my life, and representing at this time the Chinese view of the situation in the Far East, I must necessarily urge that form of commercial enterprise and industrial development that will be beneficial to China as well as to our own country. There is no reason why wise methods may not be adopted that will prove of mutual advantage, rather than of gain to one side and loss to another.

Our business men of the Atlantic Coast are being left behind by business men of the Pacific Coast in the interest which is being taken in the trade development of China. Representatives from the chambers of commerce along the Pacific Coast have visited both Japan and China to investigate the actual conditions and possibilities of trade. Some of their business men have entered into direct relations with business men in the Far East for joint participation in large business enterprises. This co-operation of commercial men in China and in America is the wisest method to be adopted in bringing about the development of China through American energy and American capital. If it could be adopted by our great capitalists in New York, the speedy development of China would be assured.

The trade conditions in China are in some respects less favorable and more difficult than they were before. There is greater competition, which requires more concentration

and thoroughness on our part as Americans, if success is to be achieved. Formerly the British and Americans were about the only competitors, and there was room for both. Now there is competition between the British, the Germans, and the Japanese, and to a minor degree between the French, the Russians, the Hollanders and persons of other nationalities, with all of whom Americans must compete, and it hardly seems that there is room for all. The only way to get room for all these rival nations is to remove the barriers to trade in China that now exist, and to assist in opening up the vast resources of that great empire. This is no time for American merchants to close their eyes to what is going on in China, under the rapidly changing conditions of the last few years. To-day the Chinese are rushing ahead, while Americans may fall behind not only the Chinese but our competitors of other countries.

Once the flag followed trade in China. That was at the beginning of the nineteenth century. Then for sixty years trade and the flag went together. During the last ten years the flag has gone ahead of commerce. Our Government is more keen on having a large friendly and influential participation in the development of China than our merchants. It would be good patriotism on our part, as well as good business, if our great business men would study more carefully the conditions as they are, the difficulties that stand in the way, and the best methods to be used for winning out in this larger competition.

The reason why trade conditions in China are unfavorable rests partly with the Chinese, and partly with our own merchants. By mutual consultation and friendly co-operation between ourselves and the Chinese these difficulties may be removed, the conditions will become favorable, and trade will prosper. This is no time for our business men to be pessimistic, when as never before we have the backing of the American Government.

Our most successful business firms in Shanghai, and in all China, are two great American monopolies, now under indictment by the United States Government, namely, the Standard Oil Company and the American Tobacco Trust. In China they are aided by our Government. They are more successful than smaller firms could possibly be. They have their agents, Chinese and foreign, all over China. They have learned the proper way of approach and the best methods for winning success. From experiences there one might conclude that a trust is not such a bad thing after all. Though a monopoly, they have all the competition they want with similar companies of other countries. The monopoly is not to the exclusion of competition.

In general the trade conditions in China have improved from year to year. In spite of this fact, the last year and more have shown a decline in American trade with China. This is not the fault of China. It cannot be hardly called our own fault. It is merely our inability to compete with others, especially with the Japanese. To

particularize, it is in the line of piece goods that we have suffered loss. Should this however, be a reason why our American merchants should withdraw from China, or remain passive in the hope that conditions will change of their own accord, once more to our own advantage? Are our American merchants going to acknowledge that they are unable to compete with our friends the Japanese along lines of business capacity and commercial enterprise? Instead of this, it seems to me that the wise and brave course for us to take is to study the question, face the difficulties, and decide on a way to overcome them.

Under existing conditions of trade in China nearly all foreign merchants have become more and more commission agents. Of necessity they must deal with the heads of Chinese houses and work through the Chinese employees in the foreign firms who are called compradores. It is only with such large corporations as the Standard Oil and the Tobacco Company that they have managed their business without the aid of these compradores; have gone into all parts of the Empire with Chinese and foreign agents, and have established their own branches or agencies in every important centre. If something of the same method should be adopted by all our business firms, perhaps there would be larger trade with China. Moreover, the conditions of one locality will differ from those of another, and it will be necessary to adapt ourselves as business men to these variable factors in the Chinese commercial situation.

The trade of China with foreign countries must be considered under two aspects, its import trade and its export trade.

The import trade of China may be of less interest and of less value to the Chinese, but it is that part of trade which business men in this country are more apt to consider. They are more inclined to take the American viewpoint, rather than the Chinese viewpoint. We are anxious as Americans to sell our own commodities wherever we can find a market. If the market in China for our goods is poor in comparison with the market at home or with the market in other countries, we withdraw ourselves from the Chinese trade and overlook all the other aspects of our mutual trade, which may be lucrative to ourselves as well as beneficial to China.

China's import trade, or our export trade to China, may be summarized under a few specifications. Over seventy years ago over half of foreign imports into China was opium. This of course was not an American production and its trade was never carried on to any large degree by our American merchants. This import is now less than one-tenth of the whole amount of productions brought into China. During these years the next great article of trade has been various cotton products and piece goods, to-day amounting to some 37 per cent. of the whole amount. Besides these the imports into China are woollens, metals, of which copper has been the most important for the last few years, and then tobacco, kerosene, coal, aniline dyes, flour, matches, timber, machinery, sugar, and even tea. In some of these lines of trade the Germans are pre-eminent; in others the Japanese; in others the British; in others Americans; while all the other countries will

probably engage in the sale of certain productions from their own country, as well as the sale of productions that come from countries other than their own. Thus a great deal of American trade in China is in other hands than those of Americans. In a general sense American people will be more interested in the advancement and prosperity of American trade, rather than that of any particular individual or firm.

In brief I would say that the success of our trade exports to China depends on three things, viewing it from the Chinese point of view. The first, as I have already hinted, is the agencies of our goods. Would it not be to our advantage to have capable American agents for American goods? Or is it true that we are so deficient in the training of our young men that we must seek for agents from among the great rival countries, like Great Britain, Germany and Japan? But whatever be the importance that we attach to this feature of the question, it is evident that all of our various lines of business need to have agents, not only at Shanghai, but also at the other leading treaty ports, and then to have Chinese agents at important centres in the interior of China, who will be aided by our own American agents who will travel as general supervising agents from place to place, seeking for the growth in a legitimate way of all forms of American production. Where we lose by merely establishing ourselves in Shanghai, working through the indirect method, it may be possible that gain will be secured by selling direct to the Chinese merchants wherever a market can be secured. It is in this way not only that our two great American corporations, to which I have referred, have succeeded, but it is the method pursued by our commercial rivals among the Japanese.

A second important element of success in maintaining China's import trade is found in the quality of our goods. I think it may be safely asserted that the quality of our goods as a rule has been high. For the time being our merchants may lose in the competition in spite of the high grade of our goods, and this because of the low price of an inferior grade of goods. I would not urge that we lower our quality, but rather that we maintain our high grade, and meet the danger of financial loss by adopting the direct method of agencies, and by seeing if it may not be worth while for us to hold the situation by selling our goods at a lower rate until we can recoup ourselves by somewhat higher prices after we have mastered the situation in the great international competition. In the long run it would not be to our advantage to lose our reputation by selling goods of an inferior quality. Still it may be worth while to consider whether we may not offer to China a lower grade of goods, along with our high grade goods, seeing that China in her state of poverty and undevelopment cannot be expected to purchase goods of the same type as the people of our own country or the more prosperous nations of the world. This is specially true in the line of agricultural implements. It would be folly for the Chinese with their small farms to purchase the colossal machines which are used on the ranches and great farms of our own West. If they buy any of our agricultural implements, they should adopt those which

we have discarded, such as were used fifty years ago, under conditions more similar to those of China of to-day.

A third essential feature of our export trade to China is in the packing of our goods. It may be found that in this respect we can find a reason for some of our losses and our decline in trade. It is one thing for Japan to send her goods only a short distance to China, and another for our merchants to send goods by a long ocean voyage, sometimes by the Suez and the Indian Ocean, and then transfer to shore by cargo boats, thence carried by coolies to our storehouses, or what we call godowns, afterward transferred into the interior by boats on the canals, and finally by carts, pack animals and wheelbarrows to the far distant markets of China. Nearly every quality of goods needs caution and attention on this matter if we are to succeed in the competition.

We now turn to China's export trade. This is of more interest to the Chinese merchants, though the import trade may be of interest to the Imperial Government, owing to the revenue derived therefrom. We will all acknowledge that China as a trading country must develop her export trade, or the productions of her own country, rather than assist her import trade or the productions of other countries.

Formerly there were two great articles of export from China—tea and silk. Over seventy years ago as one-half of her import was in opium, so one-half of her export was in tea. The tea matches the opium. Now, while the trade in opium has gone down to more than one-tenth of the whole amount of the imports the tea has also diminished to just one-tenth of her exports. The decrease in opium is to China's good; the decrease in tea is to her loss.

The trade in silk remains about the same in proportion as it was seventy years ago. The other articles of China's export are beans and bean cake, cotton (mostly to Japan), fibres, firecrackers, matting, metals (mostly copper), other ores, furs and skins and hides, straw braid and wool.

For the development of China's export trade there is much dependent on the Chinese, and also upon ourselves as their purchasers.

As to what is needed of the Chinese, quality again is essential. It is owing to the adulteration that has been practiced, as well as the poor methods that have been clung to, that the tea trade has declined to such a lamentable degree. It must be said that many of the Chinese need to be watched very carefully in the character of the goods that they offer our merchants for sale. This temptation to deception is partly due to the fact that all goods sold to foreigners pass through so many hands in transfer from the place of production to the foreign market.

Another thing needed to be considered by the Chinese in maintaining or increasing her export trade is the price of their goods. This is a matter which all business men alone must consider, every commodity being taken by itself.

A third essential thing is the adaptation of her goods to the foreign market. If it is true that we must suit our goods to the wishes of the Chinese, they must suit their goods to our wishes.

As to those elements dependent upon ourselves in the promotion of China's export trade, I will mention only two.

The first is that we should be willing to relieve the exchange problem that proves burdensome and almost calamitous to China. Of late China's imports have been greater than her exports. Besides this she has had indemnities to pay and the interest on foreign loans to meet. In addition to the deficiency in her treasury by the decrease in the trade of opium, she has a large amount of silver sent abroad, while, instead, she needs more silver for her own use. It is clear that the only way China can be made prosperous, and her trade improved, is by the assistance which we render in the development of China's export trade to equalize the exchange in silver. Mr. H. B. Morse, a Harvard graduate and long connected with the Imperial Maritime Customs, says: "The one serious problem for Chinese statesmen is to devise means by which the export of commodities may be encouraged and developed, that so the international balance of exchange may be maintained without bankrupting the empire." This shows that there is need of altruism in our commercial relations with China.

A second element is that our merchants should enlarge their vision so as to consider all the problems needing to be solved, and the methods needing to be adopted whereby China's own trade may be developed. This may be called the educational aspect of commerce. Besides the mere ordinary questions of trade, which business men through long experience can alone understand and are alone fitted to discuss, there is a larger problem which concerns the capitalist, the educationist and the philanthropist, namely, the development of the untold resources of China and her commercial and industrial improvement.

Briefly touching on this larger question, I would emphasize only a few points. First, we must co-operate with the Chinese in the removal of all barriers to trade. Of all these the greatest obstacle is found in the tax that is called *likin*, or tax on goods passing from the port of trade to the interior of China. This matter has been under consideration for years. Treaties have framed stipulations aiming at its abandonment. The evil, however, still exists. There is even a danger that it will have a stronger grip on the country, owing to the plan adopted by some of the foreign money lenders to take this tax as their security. Realizing the importance of continuing the agitation against this evil, we made it a matter of special consideration in the union committee which has been organized in the commercial section of our International Institute. This committee consists of eleven Chinese merchants and eleven merchants of other nationalities. A memoranda is being drawn up, to be signed by both the Chinese and foreign merchants serving on this committee. There are many other barriers to trade, both Chinese and foreign, which need to be studied and removed.

There is also need of co-operation in developing the resources of China. There is need of foreign capital. This is welcomed by the Chinese, if it could be more in the way of co-operation than of a concession granted to an outside party. When once the resources of China are opened up, and the various barriers removed, China's export trade will grow, and she will have more wealth to purchase commodities from abroad.

The Chinese likewise need to be educated to a higher

standard of civilization. As she develops materially and improves intellectually she will have new desires and make new demands, for which a supply will be needed from abroad. With growing wealth what now appear as luxuries will become to her necessities.

We may also teach the Chinese new methods and the use of machinery. This means the industrial development of China. It also means the introduction of foreign capital. But here again I will point out that there must be co-operation, as is already carried out in many industrial enterprises in Shanghai and elsewhere.

I might touch on the question of the investment of foreign capital in the building of railroads and the opening of mines, but this matter hardly comes under the subject which we are now considering—the actual trade conditions existing in China. I would only emphasize, as a friend to China, that all investment of money along these lines should be with the aim to benefit China and not to work her injury.

There is one query that often arises and needs a word of explanation. This is, if China advances will she not be able to supply her own needs? The best answer to this is that even in the moderate advance that China has made during the last seventy years foreign commodities brought into China have increased in value from \$38,000,000 to \$328,000,000, or nearly tenfold. If we take Japan as an example, we will find that from 1872 to 1906 her foreign trade increased from 43,000,000 yen to 843,000,000 yen, or twentyfold. It is a fallacy to suppose that the prosperity of any one nation means calamity to another nation. President Taft, when he visited China as Secretary of War, uttered these sensible words: "I am not one of those who view with alarm the effect of the growth of China with her teeming millions into a great industrial empire. I believe that this, instead of injuring foreign trade with China, would greatly increase it, and while it might change its character in some respects, it would not diminish its profits."

Another misconception exists in the minds of some, and that is if China becomes stronger will she not prove a menace to the rest of the world? It might be possible for us to conceive that China's military strength would be a menace to a nation hostile to her or weaker than herself, but there is no likelihood of there being such a fatal issue to China's growing strength if we all adopt the civilized method of friendly co-operation, of beneficent enlightenment and of development, prosperity and strength on our own part in our own land.

JAPANESE-FOREIGN INDUSTRIAL RELATIONSHIP.

(From Consul-General Thomas Sammons, Yokohama.)

The new plan of conducting the extensive electrical business of the General Electric Company in Japan is of the greatest possible concern to international trade in the Far East.

This new plan embodies a definite policy of procedure in conducting large business interests in Japan and with Japanese capitalists of the higher class. In the past there have

been various methods, including an equal division of ownership or stock, or a majority of the property being held by foreigners. That is to say, foreign capitalists have insisted upon a majority representation in some instances, with a corresponding investment of cash, or in other cases they have invested their money on equal terms so far as investment and a division of shares of stock were concerned.

Without going into details or mentioning names, the above may serve as a concise summary of prevailing conditions.

After an exceptionally thorough examination of industrial conditions in Japan, conducted by experts, the General Electric interests joined with the Shibaura Engineering Works on a basis of 25 per cent. ownership of \$1,000,000 worth of shares. This \$250,000 interest represents a cash interest and the sale of certain patent rights for a period of years. The General Electric people have one member on the board of directors of the Shibaura Engineering Works.

The Shibaura officials manage the business entirely, they obtaining all the benefits possible from the General Electric patents, and also by reason of their privilege of sending their engineers to any of the General Electric American factories. As a result a half dozen Japanese engineers are now admitted to the Schenectady works of this company.

The whole arrangement with the Shibaura company is considered satisfactory on both sides, as viewed from the standpoint of the parties concerned. The Japanese will learn a great deal from the vast experience which the American company has had in the electrical manufacturing business. While the American company is assisting them in manufacturing, it will, in turn, receive dividends on its shares—now 10 per cent. per annum. By this arrangement the American company establishes close business relations with the Japanese company and the Mitsui Bussan Kaisha, which is also the selling agent for a part of the General Electric product. Moreover, while the American company is assisting the Japanese company in manufacturing electrical equipment, there is no restriction on the former in selling its product from its American factories.

However, the Japanese factory has the great advantage of the import duty of approximately 25 per cent., and thus, gradually, only the large apparatus, which cannot be economically made in Japan, as yet, will come from America. At the present time the American manufacturers of electrical supplies export to Japan large quantities of all kinds of apparatus, large and small, because the capacity of the Japanese manufacturing plants (the Shibaura works being the leading electrical manufacturing concern in Japan) is not nearly large enough to supply the demand, and will not be for a considerable period.

In conclusion, it may be stated that this new plan of procedure was not adopted without the presentation of other plausible schemes, contemplating a much larger investment of American capital. The conservative feature of the policy as finally approved places the burden of responsibility on the Japanese capitalists, and, secondly, this plan of procedure strengthens and tightens the bonds of a closer Japanese-foreign industrial relationship. The commercial world will, once this arrangement is generally understood, watch the outcome with keenest interest.

THE TRADE OF HANKOW IN 1909.

The evils resulting from a debased copper coinage in decreasing purchasing power and enhanced cost of living have continued to have a depressing effect on trade, and capital is still being withdrawn from commerce and employed on the large land reclamation undertakings in the neighborhood of Hankow. The net imports in 1909 reached a total of 53.15 million Haikwan taels, an advance of nearly half a million taels on the total for 1908. Foreign imports, 37.788 million taels, are less by $3\frac{1}{2}$ million taels; but the balance is made good and exceeded by native imports, 15.36 million taels, compared with 11.218 million taels in the preceding year. The average exchange did not vary appreciably during the two years, so the loss on foreign imports must be attributed to local distress. Exports are valued at 72.15 million taels (to foreign countries direct, 14.91 millions; to Chinese ports, 57.24 millions), as compared with 67.4 million Haikwan taels in 1908. Some idea of the rapid growth of the export trade of Hankow during the last three years may be obtained by comparing the year's total with that for 1900, namely, 32.11 million taels. Previous to 1900 Hankow was merely a tea exporting port with a declining tea trade. The Ching-Han Railway and increased shipping facilities have in the decade more than doubled the value of the export trade, which seems capable of indefinite expansion. Happily conditions in the neighboring provinces Szechwan and Honan, from which Hankow draws its staple exports, were favorable, and so soon as the river rose in the spring tonnage was sufficient to meet requirements. The demand in America, seriously curtailed by the financial crisis there in 1907-8, has again sprung up, and the European market has been well maintained. The year's export business may be pronounced a good one on the whole, and foreign firms engaged in it have had no reason to complain. The Chinese also are reported to have made good profits. The net value of the trade of Hankow for the year, 125.30 million Haikwan taels, is the highest on record, and an increase of 5 million taels on that of the preceding year.

The Hanyang Iron Works, the most important of local industries, with which has been incorporated the Ta Yeh Iron Mines and Pingsiang Collieries, under the name of the Han-Yeh-Ping Iron and Coal Company, Limited, has had a busy and prosperous year, and the rapid development of this undertaking and the success it has attained reflect the greatest credit on its farsighted and able manager, Mr. V. K. Lee, and the commercial manager, Mr. Wong Kok Shan. The output of magnetic iron ores from the Ta Yeh mines was 306,000 tons and of manganese ores 1,500 tons. The iron works produced 74,000 tons of pig iron, of which 16,800 tons were exported to Shanghai and Chinese ports, 23,700 tons to Japan, and 3,800 tons to America. Hanyang pig iron, known in America as Chinese pig iron, is quoted at gold \$25, compared with \$24.50 for English and Continental iron. The total shipments of rails and fastenings amounted to 28,500 tons, double the output for the preceding year, and these were supplied to the following Chinese railways: Chekiang, Kiangsu, Fukien, Canton-Kowloon, Kiu-kiang-Nanchang, Tientsin-Pukow, Hunan, Yüeh-Han and

Peking-Hankow lines. Even with the large additions already made to the plant, difficulty is found in filling orders for rails. A new blast furnace, expected to be in working order by April, 1910, will double the present output of pig iron. As employees in the works, Cantonese and Ningpo men are found to be superior to the native of the province. The output of coal from the Pingsiang colliery amounted to 520,000 tons for the year. Coal, 210,000 tons, and coke, 106,000 tons, were imported into Hankow for iron works use and stock, and of the latter a comparatively small quantity was re-exported. The transport fleet of the company has been increased during the year by twenty wooden lighters constructed by the Yangtse Engineering Works, an establishment in close alliance with the Iron and Coal Company, which owes its origin to the enterprise of Mr. V. K. Lee. Under the able management of Mr. Wong Kwong, who acquired his technical education in Hongkong, these works, which are situated at the Seven Mile Creek, have, since they were completed, late in 1908, executed a considerable amount of original and repair work. Lighters, as aforesaid, have been built, and a towboat; crossings and points have been manufactured for several railways, as well as steel structural work for various local firms. Large orders have been received for railway bridges, crossings and points, and there is enough work in hand to keep the company busy for many months to come. The works employ from 1,100 to 1,200 men daily. Some trouble was experienced last high water by the river embankment falling away, and it is probable that more extensive bunding works will have to be undertaken to render the company's property secure. The staff, both technical and commercial, is entirely Chinese, and it is hoped that the success of this undertaking will lead to many others of the same kind in other parts of China.

Some space was devoted in the report for 1908 to the new frozen meat factory established by the International Export Company. In May the first shipments of frozen produce in store were made by the P. & O. steamship Palermo, fitted with special refrigerating plant, and other shipments followed by Blue Funnel and the company's chartered steamer Lozanka. The shipments included some 15,000 frozen pigs and large quantities of wild fowl, comprising geese, duck, teal and snipe, a few bustard, pheasants, quail, deer and hares. Other produce consisted of some 267,000 domestic ducks, 270,000 chickens, 22,000 pigeons, the frozen contents of fresh eggs to the value of Hk. tls. 350,000, and by-products, such as intestines and lard. The company is not entirely satisfied with its trade, the English prejudice against Chinese pig in the form of fresh pork, at any rate, appearing to be insurmountable. It is also finding the difficulty of winter transport greater than was anticipated, river conditions making direct shipments only possible during the hot weather. The frozen beef trade is not being prosecuted, in deference to native feeling on the subject. The high price of eggs in the winter caused a cessation in this line of the business, but it must be remembered that the magnitude of the company's operations is one of the chief causes of the rise in prices. The most successful

business has so far been done in frozen poultry, though the native bird still protests against all efforts to fatten it. Hares have also found a ready market. The export of frozen game is now only permitted during three months in each year. The company is making very large additions to its premises, and, as no one would credit it with throwing good money after bad, it must be presumed that the venture has on the whole justified expectations.

The Peking Syndicate has been finding in Hankow a market for household coal—anthracite—which burns without ash and gives out great heat, and expects, when this coal is better known, that it will be in great demand for steam production and for gas engines. The output of the mines is now 1,500 to 2,000 tons daily, an amount which will be increased when more rolling stock is available. The syndicate's river property at Tanshuichih, connected with the railway, has been banded and made ready to receive coal, and it is proposed to ship thence direct to ocean-going steamers.

All local oil mills did better than in 1908, and with a few exceptions large profits were made. The Japan Cotton Trading Company's cottonseed oil mill was destroyed by fire, but is being rebuilt and will be working by September, 1910. Beancake mills worked full time until the rise in the price of beans in the summer caused some of them to work short time. Owing to competition, the Sin Shun Mill Company has decided to sell its old plant and to put up a sesame seed mill, to be ready in autumn, 1910. The Yuen Foong Company intends to double its plant. All bean oil mills made handsome profits. Flour mills also had a successful year, with the exception of the Han Foong mill, which became involved in the native bank failures and closed down. The Government bank has taken the mill over and is said to be going to sell it to Japanese.

An addition to Hankow industries will shortly be made by the erection of a distillery for the purpose of manufacturing Chinese wines. A company has been formed under the patronage of the "Société Française des distilleries de l'Indochine," with a capital of tls. 350,000, four-sevenths of which will be European and three-sevenths Chinese. The name of the company is "Société Franco-Chinoise de distillerie de Hankow." The distillery will be erected near the "zero" terminus of the Peking-Hankow line, close to the Han River. Its daily production will be alternately, and according to the demand, either 132 piculs of fên-chiu, a produce of distillation, or 625 piculs of hua-tiao, or Shaohing wine, a produce of fermentation. From data obtained from reliable authorities, and also by careful inquiry made by Mr. Husson, administrateur of the new company, to whose courtesy I am indebted for these remarks, at Canton, Hongkong, Foochow, Shanghai and Hankow, it is estimated that about 70 per cent. of the Chinese drink Shaohing, while 30 per cent. consume spirit, commonly called samshu. Under the Chinese method of manufacture there is much waste, owing to ignorance of the laws of fermentation. The company's process may be said to be based on Pasteurian methods applied to the rearing of the Chinese microbe of fermentation, found in paddy husk, and discovered some years ago by Dr. Calmette, director of the Pasteur Institute. The ferment, or, as they

call it, the "medicine," employed by the Chinese for the saccharification of the rice, contains always some paddy husk; but the native makers put it there solely to prevent the sticking together of the balls of "medicine," which contain as many as forty to fifty different ingredients, the only useful one being, though they do not know it, the paddy husk. This ferment treated by Pasteurian methods yields very different results, both as regards quantity and quality, from those obtained by Chinese distillers. For example, 1 picul of rice yields 112 catties of spirit at 40° Gay-Lussac, whereas the best native distillers seldom obtain more than 65 catties from the same quantity. Judging by the success which has attended similar factories in Indo-China, a distillery conducted on scientific principles should meet with success in Hankow, more especially as, with the decline of opium smoking, recourse will naturally be had to other forms of stimulant.

Among other new industries may be mentioned the Hupeh Nail and Needle Factory, situated at Wuchang and promoted under official auspices. The factory is said to possess the only wire drawing plant in China. A paper mill is also building, and at Hwaughshihkang, close to the place of shipment of Ta Yeh iron ore, a cement works is nearing completion.—*F. A. Aglen, Commissioner.*

CHINESE COAL FOR UNITED STATES.

(From Consul-General S. S. Knabenshue, Tientsin.)

On August 10, 1910, a Chinese mining company made a shipment of sample coal, coke and cement to San Francisco, the total value of the shipment amounting to \$34,863, the cargo being made up as follows: Anthracite, 2,000 tons; lump, 920 tons; slack, 1,980 tons; special coke, 5 tons; cement, 10 casks.

The foregoing company sent several shipments of sample coal, coke, fire brick, tiles, cement, etc., to San Francisco and Manila last year, but this is the largest single shipment which it has made. This fact is more significant when it is considered in the light of the recent departure for the United States of a representative of the company, under instructions to inspect the larger towns and cities of the Pacific Coast with a view to discovering a market therein for the products of his company. It means that a definite and energetic attempt is being made by the company to find an opening outside of China for its excess output, and if the attempt is successful American coal will find a dangerous rival on the Pacific slope. This company is one of the strongest and best managed industrial concerns in China, if not the strongest. It has behind it substantial Belgian and British capitalists, and its direction is by an able foreign engineer. Up to the present it may be said to have been in a stage of preparation. It is now in a position to hold its own in the China coal market, and to look abroad for other markets to supply.

The head office in China is at Tientsin, and the mines and factories of the company are in what is commonly known as the Kaiping Basin, about 200 miles northeast of Tientsin, on the line of the Imperial Railways of north China. One of the mines and the factories are in the town of Tangshan, on the railway.

At the annual meeting of the company in London on October 27, 1909, the chairman of the board of directors referred to the resources of the company's mines as follows:

"The agent and general manager tells us, as a result of the experience of the year, and of further investigation made by him, that he estimates the output capacity on a conservative basis as follows, taking three hundred and thirty-four working days to the year: The output at Tangshan would be 2,500 tons per day, or 835,000 tons; at the northwest shaft, 500 tons per day, or 167,000 tons; and at Linsi, 2,800 tons per day, or 935,200 tons, making a grand total of 1,937,200 tons per annum, or 5,800 tons per day.

* * * At the last meeting we gave you some figures as to the estimated resources of coal within certain limits at our three mines, which amounted to no less than 39,000,000 tons. As regards the coal exposed or actually in sight in the mines on February 28 last, according to the engineer's report it was, in round figures, as follows: Tangshan, 5,346,000 tons; northwest shaft, 272,000 tons, and Linsi 3,429,000 tons, making a grand total of 9,047,000 tons, which is equal to about eight years' supply on the basis of the sale of the past year.

It will be noted from these figures that the resources of the company's mines are not insignificant. In 1909 the total output of the three mines was 1,361,730 tons, or nearly 600,000 tons under the estimated present possible annual output mentioned above. It is probable that the company could and would increase its annual output to a figure far above 1,937,200 if it should find in the United States or elsewhere a profitable market for its excess production.

In addition to the mines of this company there are four other large mines in this consular district now being operated with foreign and Chinese capital, under foreign direction and management, and by foreign methods. These are the Peking syndicate mines at Weihsien in Honan, which produced 244,380 tons of anthracite in 1909; the Lincheng mines (Belgian mines), in the southern part of Chihli, which produced, in 1909, 200,000 tons of anthracite; the Pachsin mines, in Shansi, which produced 100,000 tons of anthracite, and the Ching-Ching mines, in Chihli, which probably produced in the neighborhood of 100,000 tons of anthracite. The output of the Ching-Ching mines for 1909 cannot be definitely ascertained from the agents in Tientsin. The total output of coal from these five mines, controlled by foreign interests, may be estimated, then, at about 2,000,000 tons in 1909.

In addition to these mines there are smaller anthracite deposits west and south of Peking, which are worked partly by Chinese and partly by foreign methods, and hundreds of small deposits of anthracite and bituminous coal distributed throughout Chihli, Shansi and Honan, worked entirely by Chinese, without the aid of foreign capital or skill. These smaller mines, while too insignificant to export coal themselves, supply a certain share of the local demand.

Outside of this consular district there are, in north China, several other mining enterprises being carried on by foreigners, notably by the Germans in Shantung and the Japanese in Manchuria. The product of the Japanese mines at Fushun has already made a not inconsiderable inroad

into the market for Kyushu coal, and last year made its appearance in Tientsin and other ports on the China coast. The South Manchuria Railway, which controls these mines, is now making a strong fight for a wider market in China, and may eventually turn its attention to the United States. In both Shantung and Manchuria there is the same sprinkling of small coal deposits, being worked by the Chinese in their primitive way as is found in this district.

With the exception of the mining company first mentioned, which may be said to have begun in the early eighties, the mining companies in this district date back scarcely a decade, some of them not so far. They are, therefore, far from having reached their maximum output. In one case the interference of the Chinese has seriously checked the mine's progress, and in other cases the mines have filled with water and become temporarily unproductive. It is safe to predict, however, that in another decade the output of coal in this district and in all north China will be twice what it is today. This will be brought about by the improvement of the at present only partially equipped foreign controlled mines and the adoption by the Chinese in many smaller mines of foreign machinery and methods.

The greatest need, however, if any such development in the coal mining industry is to be experienced, is a larger market for the output. This extension of market may be found partly in China and partly outside of that country. It cannot be supposed that it will be found entirely in China. Until the advent of foreigners to their shores the Chinese used little coal. Their fuel consisted of wood, straw, grass, etc., and they had no railways or steamships or factories which required it.

At present even very little coal is used as household fuel in China outside of foreign homes. Their railways, however, and their ever increasing industrial furnaces and the coast steamers afford a considerable demand, which is bound to increase. It will not, however, increase as rapidly as the production can be increased profitably by the mine owners if they can find a foreign market for their surplus production. It is this fact that has turned the eyes of the coal men of north China to the United States and other countries.

The mining company referred to is the oldest foreign controlled mining company in China, and its mines have an early history under native management. When Li Hung Chang had effected his scheme for a merchant fleet under the Chinese flag and created the China Merchants' Navigation Company, he realized that he needed coal for his ships' bunkers, and the Kaiping mines being the most accessible from Tientsin, the then northern terminus of the China Merchants' line, he created a company for their development. He then realized that a railway was needed to bring the coal from the mines to the ships, and set out to build the first section of the Imperial Railways of north China—from the mines to the Haiho. Thanks to an indirect subsidy from the Government the steamship line still flies the Chinese flag; the railway, however, had to be completed by foreign engineers and with foreign capital, and the mines were later taken over by the present Belgo-British syndicate.

This company, from the fact that it was the first in the

field, and, furthermore, because of the proximity of its mines to the seacoast, and its early and better means of railway transportation, was already well established in north China and on the coast when the other companies made their appearance in the market. It is partially this fact that has kept down the output and the development of other mines. They have been unable to find a ready sale for their coal. By steady plodding, however, they have succeeded in getting a considerable sale for their products, thereby cutting down the domestic sales of the older company and forcing it to look elsewhere for markets for a part of its output. This cause more than anything else has stimulated said company to look abroad.

The mines at Tangshan and Linsi produce a good grade of bituminous coal, which has been used successfully on the railways of north China, on the merchant ships along the coast, and on many foreign war vessels. It has also a large sale for household and factory consumption. It is probably quite as good as the ordinary American product. Once the company has found a market in the United States or elsewhere overseas it is probable that the other mining companies will follow more or less promptly its lead and begin the exportation of their coals. I think a safe estimate of the possible export output of coal from the mines of north China, including Manchuria, at the end of ten years would be 2,000,000 tons annually, provided, of course, the necessary markets are found.

In addition to coal mining the company is interested in the manufacture of Portland cement and fire bricks, fire clay, ornamental tiles, etc. Sample shipments of all these articles have been made to the United States and Manila. There is also at Tangshan the Chee Hsin Cement Works, a Chinese company, capable of turning out 200 barrels of Portland cement a day, and engaged also in the manufacture of tiles, fire bricks, fire clay and similar articles. The products of this company have found a ready sale in China, especially the cement, which is widely used in railway building and other construction work in this country. It has confined its efforts to China alone, but if the mining company were to find an export market it is likely that the cement company would follow its example.

All of these implied predictions—that Chinese coal, cement, fire bricks, tiles, etc., will enter into competition with similar American products on the Pacific slope and possibly elsewhere—are contingent, of course, upon their finding a market where American products are sold, and this in turn is dependent upon the ability with which the articles are pushed, the amount which can be turned out, the cost of production in China, and the cost of laying down in the overseas market.

There is no question that the output of coal, cement, fire bricks, fire clay, tiles, etc., in north China can be increased over the maximum possible local demand to an extent which will allow them to compete freely with other products of the same nature in markets outside of China. They are being handled by progressive and able business men, and will certainly be pushed with energy, and the low cost of production in China and the cheap ocean freight rates will make it possible to lay them down at San Francisco or at

Manila at prices which will allow them to compete with no small hope of success with American products.

In the early part of the present year a Pacific Coast steel corporation in the United States entered into a contract with the Ta Yeh iron mines on the Yangtze to take annually for the next fifteen years 36,000 tons of pig iron and 36,000 tons of iron ore, to be transported to the United States and there turned into finished products. While this fact is widely separated from the present campaign instituted in China to force an entrance into American markets for China coal, cement, bricks, etc., the two are alike significant in demonstrating that, commercially speaking, China is moving, or is being moved, which, in the end, will amount to the same thing.

The present course of events in China points to a not far distant resumption by the Chinese of the few railway and mining concessions still held by foreign interests, and when this complete resumption has been effected the competition between Chinese products and foreign products in China and elsewhere will mean the competition between Chinese and foreigners, and not as at present between foreigners in China and foreigners elsewhere.

Forty years ago China did not have a railway or a mine worked by anything but the most primitive native methods. Today the Empire is already beginning to feel the restrictions of domestic demand for its iron and coal and other products, and is looking abroad for markets for the surplus production.

TRADE OF NEWCHWANG AND MANCHURIA.

(From Vice-Consul C. L. Williams.)

While the total revenue collected at this port for the first six months of 1910 shows a slight decrease, the trade for that period is regarded as very satisfactory, 1909 having been an exceptional year in every way.

Cotton piece goods, the principal import into Manchuria, continue to show results which can be achieved, even in China, by sound modern business methods. Thus while American piece goods, handled by middlemen in Shanghai, show large decreases, Japanese goods show large increases, while British goods have remained fairly stationary.

Omitting the year 1909, which was in every way exceptional, the imports of American cottons have decreased by over 60 per cent. in two years; British have increased by about 50 per cent., and Japanese in sheetings, shirtings, drills, and T cloths by 30 per cent., aside from their cotton cloth, which has jumped from 35,000 yards to over 2,000,000 yards. It must also be remembered that a great part of the Japanese article is imported via Dalny.

The imports of American oil show a great increase. The Sumatra article has not been successful during the six months of 1910 and imports of it have fallen off. The increase in the consumption of kerosene oil is attributed to the prohibitive cost of bean oil, an illuminant very widely used in the interior in the past.

The Standard Oil Company has under consideration the erection of a tank installation on the Chinese Railway line at this port.

American flour still remains a negligible quantity. At the moment the market continues to be supplied by the Shanghai mills principally, with occasional shipments from the Russian mills at Harbin and the Japanese mills at Kuanchengtze. It is reported that a Chinese mill is about to be opened at Mukden. There is also some prospect, according to Japanese reports, of the Japanese mills entering this market. Under the new tariff, flour imported into Japan pays a 30 per cent. ad valorem duty. Consequently the Japanese milling industry is booming, and threatens to become a serious competitor in the Manchurian market.

Owing to the excellent harvests and large export of beans both last year and this, gunny bags are imported in large quantities. The sacking used is made from jute, principally in Rangoon. The bags are in appearance similar to the potato sacks in use in the United States, but are somewhat larger and much firmer and heavier in texture.

Among the articles exported beans and bean products are predominant. The falling off in the exports of these from Newchwang may be largely attributed to the fact that ocean steamships find great difficulty loading here and have, consequently, made Dalny their headquarters. Newchwang retains her command of the China coast trade, but the supply available for this market has fallen short of the 1909 figures. Prices, too, have ruled very high.

According to press reports Dalny has shipped some 239,494 tons during the season (November to May, 1910), as against 207,452 tons for the same period in 1909. From the same source it is learned that the imports of beans into Japan for the season amounted to only 54,282 tons, a decrease of over 93,000 tons, and that as regards bean cake the falling off was even larger. This is attributed to industrial conditions in Japan and the high prices ruling for beans and bean cake.

Various receptacles for shipping bean oil have been tried in an effort to secure some form of packing which will protect the contents from leakage or deterioration in the tropics. Kerosene oil tins have not been found satisfactory nor have the wicker baskets used since time immemorial by the Chinese. The latest experiment is a steel drum.

All authorities unite in estimating a large bean crop for the coming season. The acreage under cultivation is said to have been greatly increased, and the weather, despite partial local droughts in one or two localities, has been favorable.

During the past six months a large quantity of coal from the Fushun mines has been exported through Newchwang, about 40,000 tons in all. These mines are under Japanese management and are situated on a branch line of the South Manchuria Railway. This coal, though very soft, has been found to have excellent steaming properties, and is proving a serious rival to the Kaiping coal, mined at Tangshan, near Chingwantao.

No large shipments have been made to the United States from this port, but several sample consignments of bean oil have gone forward. As has been pointed out at various times, the future of the bean trade depends very largely on exchange, as without a low rate great difficulty would be experienced in competing with cottonseed and other

vegetable oils. This is particularly applicable to the United States, and, personally, I do not expect to see a very great export trade on beans with the United States.

The export of pig bristles, although it has reached no startling proportions (46 tons in 1910), shows a healthy growth. These form practically the only direct export from Manchuria to the United States.

A tide of migration from neighboring Chinese provinces, chiefly Chihli and Shantung, into Manchuria has set in. The Manchurian provinces suffer from a chronic lack of laborers, which is supplied by coolies from those provinces. Of these a certain proportion settle, although the bulk return in the late autumn after the harvest. During the past spring the Chinese Government has made an experiment in shipping some thousands of famine refugees from the crowded districts in the upper Yangtze Valley to Heilungkiang. It is still too early to learn of the results.

Under instructions from the Japanese Government the Yokohama Specie Bank has instituted a special arrangement whereby loans are advanced at reasonable interest to finance industrial undertakings in Manchuria. No especial form of security is demanded, the loan being made more on the general credit of the borrower than against any of his assets in particular. The bank can not be said to have welcomed this innovation, but chose it rather than let in a competing Japanese bank, which seemed to be the only alternative. The Japanese flour mill at Kuanchengtze is said to have been one of the first beneficiaries under the new arrangement.

The local branch of the Ta Ch'ing Government Bank reported a satisfactory year's working at the close of the last Chinese year.

Transfer taels, the local business medium, have been gradually improving. A rate of 81 was fixed for the last settlement, June 1.

The Manchurian Candle Company continues to do a good business, being unable to fill its orders. Its capital is small, however, and not enough to warrant an investment in modern machinery. It is reported that a modern candle factory will be started at some more northern point very shortly, and further that the Price Candle Company intends building a factory in Shanghai to compete with the Japanese and Chinese made candles.

The Japanese Government monopoly cigarette factory at this port appears to be doing well. It is impossible to secure reliable returns regarding this institution, but it is reported that considerable enlargements have been found to be necessary.

The British American Tobacco Company has been carrying on negotiations through the British consular officials as to the amount of production tax to be paid by their Mukden factory in order that their cigarettes manufactured there may be exempted from the payment of all likin or other duties in Manchuria. The Chinese have suggested a 5 per cent. tax, but the company hopes to secure a lower figure. Their Shanghai factory pays a nominal 2½ per cent., actually about 1½, which exempts the cigarettes manufactured there from coastwise duty but not from likin. This subject is also engrossing the attention of the local Japanese factory.

Preliminary negotiations regarding the conservancy of the Liao have gone very satisfactorily, and it is hoped that a detailed scheme may be drawn up in time to commence work after the opening of the river next spring. A considerable quantity of machinery will have to be purchased. The weir at Shuang Tai Tze, built to prevent the river from cutting itself a new course to the sea, is now about completed.

REPORT OF THE WORKING OF THE IMPERIAL CHINESE POST OFFICE FOR THE FIRST YEAR OF HSUAN T'UNG (1909).

The confident anticipation held out at the close of the thirty-fourth year of Kuang Hsü (1908) has been more than realized. The total number of establishments, excluding box offices, letter-boxes, and pillar-boxes, has been raised from 3,493 to 4,258. Postal articles—letters, post-cards, newspapers, books, printed matter, and samples—have increased from 252,000,000 to 306,000,000. Parcels have gone up in number from 2,455,000 to 3,280,000, and the weight in kilos. from 7,155,000 to 9,176,000. The express delivery service, which, after a few years' experimental trial in seven of the main cities, was finally adopted and introduced into postal practice at fifty selected places in May, 1909, has met with considerable success. The system is elastic, and important business centres are constantly being added to the list, with the result that seventy-two places are now functioning: the letters handled numbered 908,905, compared with 317,137 recorded in the preceding year. It was feared at first that the express letters might flourish at the expense of the registered articles; this is not so, however, seeing that the latter have increased from 19,000,000 to 25,500,000. Chinese letters in clubbed mails remain stationary at about 8,000,000, a sign that the native postal hongs, while making full use of the I.P.O., are making no headway and gradually giving up the fight. Articles collected from letter-boxes, etc., have risen from 11,000,000 to 16,000,000. The volume of money order business, issued and cashed, shows that transactions have taken place involving nearly 10,000,000 dollars—an increase of 2,000,000 over the figures for the previous year. Receipts from actual stamp sales have materially improved, even without counting the special sale of commemoration stamps, which were in great demand at all treaty ports. The revenue generally shows a great advance on that of previous years, and were it not that much expenditure has been incurred on new postal buildings, maintenance and upkeep of long courier lines, increase in salaries for native staff, and inspectors' travelling expenses, the receipts and payments would very nearly balance. As it is, the following districts and sub-districts are self-supporting: Peking, Canton, Tientsin, Soochow, Kaifeng, Nanking, Taiyüanfu, Hangchow, Tatung, Kiungchow, Wuhu, and Kiukiang. Others, with every prospect of becoming so in the near future, are: Chinkiang, Tsinan, Swatow, Ningpo, Shasi, Santuao, Wuchow, Changsha, Lungchow, and Hankow.

Postal operations were carried on regularly at all points, the few difficulties encountered being due, as usual, to floods, robberies, and wrecks, and active postal extension has been carried out in all directions within the confines of the eighteen provinces. As regards the four great dependencies outside the provinces, Manchuria has made great postal progress, so much so that this vast area has now been divided into seven districts: Moukden (the headquarters of the Postal Commissioner), Newchwang, Harbin, Kwanchengtze, Antung, Kirin, and Chinchowfu. This subdivision was decided on in theory, when postal advance was first contemplated in Manchuria, but has now been actually brought into practice. At the urgent request of the Governor in Sinkiang (Chinese Turkestan) a District Inspector was sent by the Peking Office to start postal operations in that far-off region. So far little has been done beyond opening an office at Tihwafu (Urumsit) and extending the postal lines from Kiayükwan, in Kansu, to meet the Tihwafu couriers, a connection covering 3,100 li. To help in controlling this long line, which further stretches down to Sianfu, another District Inspector has been appointed to Lanchowfu, in Kansu. It is intended

during the second year of Hsuan T'ung to gradually open more offices and extend the line to Tarbagatai, where exchanges will be made with the Russian Post Office to connect with the railway at Omsk, on the Trans-Siberian Railway. The question of commencing postal operations in Tibet has been seriously studied, with the result that an officer of the Chinese Post Office was dispatched in October, 1909, en route for Lhasa via Yatung, on the border of India. Men are being trained, and it is hoped before long a daily service will be inaugurated in two stages between Yatung-Gyantse and Gyantse-Lhasa. Development is also being pushed on in Mongolia. Owing to the extension of the railway from Hwailai to Kalgan, and the increasing importance of the latter as a trade centre, it was decided to inaugurate a courier service to Urga and Kiakhta—2,700 li. Accordingly, an inspecting clerk was dispatched to Mongolia in May last, and already a Branch Office has been opened at Urga and a courier service established between that city and Kalgan; further extension to Kiakhta is now being carried on, and an office will shortly be opened at that mart. In railway communications the year has to record the opening of the lines between Hwailai and Kalgan in July, Shanghai and Hangchow in November, and Tonkin and Yunnan at the close of the winter: ready facilities in all cases were secured for the carriage of mails. The postal-boat service between Ichang-Wanhsien and Wanhsien-Chungking has been considerably improved by the centralizing of control for both these services at Wanhsien; the existing fleet of fourteen boats is now being augmented to deal with the increasing amount of mail matter despatched to and from Szechwan. Steam-boats and steam-launches continue to render valuable services on inland waters, and a postal motor-launch service is shortly to be inaugurated experimentally in the Hangchow district. To get some idea of the vast network of postal lines and establishments operating throughout the Empire, reference is invited to the map shown in Appendix B, an enlarged and improved reproduction of that which has accompanied this report in previous years.

The above short review shows that the first year of Hsuan T'ung has been an eventful one in the postal annals of China. More remains to be done, and during the second year attention will be devoted to complete the reorganization of districts on the lines already adopted in the Pechihli, Manchuria, and Canton districts, whereby sub-districts are co-ordinated to Head Offices situated in provincial capitals. Hankow is being made the controlling Head Office of Ichang, Shasi, Changsha, Yochow (Changteh). Chengtu will control Chungking and Wanhsien; and Yunnanfu, the provincial centre of Yunnan, will be the head-quarters of a District Postmaster and control Mengtze, Szemao, and Tengyueh. Seeing the size of the Chinese Empire and the enormous length of her courier lines, some attempt will have to be made to deal with the tariff, in order to bring it more in proportion with the heavy expenses entailed by the upkeep of these lines.

* * * *

RELATIONS WITH FOREIGN ADMINISTRATIONS.

These, always cordial and friendly, have been strengthened. An arrangement regulating the exchange of postal parcels between the Postal Administrations of China and Hongkong was concluded, based on the same principle and conditions as similar conventions passed with France in 1905. Two agreements, one for ordinary mails, the other for parcels, with the Postal Administration of Japan were

concluded on the last day of the Chinese year. During the year Peking has been constituted an office for the withdrawal and redirection of Japanese mail matter in North China. The existing postal agreement with India was brought, by mutual consent, into line with the terms of the Rome Convention, and, in addition to the Bhamo-Tengyueh line, a direct communication was established between Kengtung and Szemao: two postal routes are therefore now in operation to connect China's Far West with Burma. There is good prospect of concluding shortly a parcel post agreement with Germany, which will add one more link to the excellent relations that already exist with the Administration of that country. On the whole, it may be said that with the latest understandings, China has much improved her postal position with foreign countries and enjoys the full benefit of Union privileges.

From figures supplied for 1907 by the International Bureau at Berne at attempt has been made in Appendix O to show China's position vis-à-vis countries in the Union. The geographical data for China are taken from Richard's Comprehensive Geography of the Chinese Empire, compiled in 1908, and the figures given are those embodied in this report. It will be seen from this table that China's surface in square kilometres is 4,913,212; number of inhabitants, 418,500,000; number of post offices, 4,258; number of employes, 11,092; and that for each post office there are 98,285 inhabitants and 1,153 square kilometres. Table B of Appendix O shows that China, as regards mail matter and parcels handled, ranks fourteenth among the nations of the world.

During the year it was decided to send *viâ* Siberia all letters and postcards from Wenchow northward addressed to Europe, unless specially marked *viâ* Suez. For America it was left to the public's own discretion to indicate the route by which they wished their correspondence to be transmitted. Owing to the difficulties of transmission of parcels in northern Manchuria and the extra expense incurred for their transport by the South Manchuria Railway—a Japanese concern,—it was found necessary to charge double domestic rates on parcels destined to, from, or between places north of Kwanchengtze and Kirin.

Postal traffic through the Transsiberian route, hitherto limited to letters, is rapidly increasing in bulk, a certain amount of newspapers and printed matter being now allowed to pass, and a regular parcel post having been arranged for by the Japanese Post Office, and, as just heard at the moment of writing, by the German Post Office as well. The Chinese Administration is moving to take full advantage, for the benefit of the foreign public, of these new facilities which recent connexions allow it to do: the transmission to Europe by the overland route of parcels posted with the Chinese Post Office is already arranged for. As regards parcels from Europe, Germany is so far the only European country which has made the necessary arrangements with the Russian Post Office for their transmission. Some parcels are also received from France and England, but they have had to be transmitted through forwarding agencies in Germany; and seeing the difficulties and risks such agencies involve, direct understandings are very desirable between the interested countries.

Shanghai reports that at the beginning of the year arrangements were made with the German Post Office for the local delivery of their mail matter, as is done for the French and Russian. The British, Japanese, and Americans still prefer to undertake their own deliveries in the settlement. The British Agency at Foochow was to have been closed, owing to the loss entailed in its working, had not the Chamber of Commerce come to its rescue and agreed to guarantee 25 per cent. of the deficit: Hongkong makes good an equal amount, and the British Government the remainder.

At Canton arrangements have been concluded with the Macao postal authorities for the direct exchange of mails between Kongmoon and Macao, Chingshan and Macao; and reductions in the rates of postage on letters exchanged

between Macao and the Chinese post offices in the Heungchan district have been practically agreed upon.

Improvements in working methods have been introduced in many directions. Periodical reports from the districts to the Inspectorate are now rendered as much as possible according to the Chinese calendar. The requisitioning for parcel baskets, boxes, and mail bags has been simplified, with a view to increased economy, and to ensure as far as possible that each district shall receive and keep careful stock of its own supply. Postal establishments have been carefully defined and classified and regulations promulgated to secure the ready adjustment in the status of offices; in this connection a combined issue of the Postal Guide and list of Post Offices was issued, corrected up to July 31, 1909; and, in order that these publications may be kept up to date, a document styled "Additions and Alterations" is issued periodically by the Inspectorate. To meet the requirements of the Metropolitan Statistical Bureau, recently created for the compilation of information on all branches of Chinese Administration, lists and reports of special postal data have had to be called for, considerably increasing the statistical work performed in the districts and at the Inspectorate: these records will become useful when China moves to join the Union. Quarterly budgets and estimates, which, hitherto, have been rendered by a few of the larger districts, are now rendered by all, in order that the regulation of funds may be more carefully checked.

Continued attention is being paid to ameliorations in the town post, or collection and delivery service, which plays such an important part in the general programme, by rigorously attacking *min-chü* operations at their strongholds. At Peking, where most innovations begin, a foreign inspector is constantly on the move supervising the establishments in the city and suburbs and keeping the delivery staff on the alert; the latter are now provided with bicycles and are a familiar sight in the metropolis, displaying an activity which does more to advance I.P.O. interests than the most lengthy advertisements. These improvements are being introduced in all large cities where local conditions permit—Tientsin, Hankow, Chefoo, Shanghai, Nanking, Chengtu, etc. Extension inland has been much improved by a more liberal use of traveling inspectors, and rural districts are getting more and more connected with postal routes by means of numerous agencies, inaugurated on the improved system and scale of remuneration introduced in the previous year.

The new issue of commemoration stamps created a record for the sale of stamps in Shanghai, \$14,000 worth being disposed of in one and a half hours. Supplies were sent to all postal establishments, and it can be truly said that these stamps commemorating the accession of His Imperial Majesty Hsüan T'ung have been exhibited and placed for sale in all parts of the Empire. The commemoration 7-cent and 3-cent stamps have been replaced by stamps of the same value in the ordinary series, the colors being carmine (red-brown) and slate (gray-blue) respectively. In addition, the 4-cent (10-centimes) stamp was issued in its new color (vermilion) and the former color (brown) discontinued from the January 1, 1910.

Much improvement has taken place in office accommodation in a number of districts. Peking has further enlarged its registration and parcel departments, and at Moukden, Hangchow, Soochow, Chengtu, Canton, etc., new buildings have been erected or considerably improved. More is wanted in similar improvements, and will be progressively introduced as soon as receipts permit.

During Hsüan T'ung, second year, a revision of the postal domestic tariff will be taken in hand, and the insurance of letters of declared value is now being introduced between offices situated on the northern railway lines. The extension of money order facilities beyond the domestic zone is also under consideration.

Prospects are bright in all directions, and a continuation of the good results achieved during the year under review may be confidently expected.

T. PIRY, Postal Secretary.

THE AMERICAN ASIATIC ASSOCIATION OF JAPAN.

SECRETARY'S REPORT.

YOKOHAMA, JAPAN, October 15, 1910.

To the Members of The American Asiatic Association of Japan.

GENTLEMEN:—The Executive Committee begs to submit its report for the past year, for consideration at the Annual General Meeting to be held at the American Consulate-General, Yokohama, on Thursday, October 20, 1910, at 4 p. m.

The last annual report showed a total membership of 114: eighteen members have been added during the year and there have been twenty transfers to the absent list, leaving a present active membership of 112, of whom eighty-five are located in Yokohama, eighteen in Tokyo, six elsewhere in Japan and three temporarily absent.

There have been ten committee and special meetings held, in addition to those of sub-committees appointed for various purposes. The business handled by the Executive Committee, aside from routine matters, has included the "Petition to the Educational Authorities of the United States" suggesting the need for more attention to the history, et cetera, of China and Japan, in the interest of a better understanding of the Far East. The matter of the Public Garden has had consideration and the Revision of Treaties is now being given serious attention, with particular reference to the question of perpetual leases. The Secretary of State at Washington was addressed in regard to the grading of the Consulate-General at Yokohama, it being considered that the office at this port should be on a par with Shanghai and Hongkong.

On the occasion of the lamentable assassination of Prince Ito, in November last, a resolution of sympathy was passed and copies sent to the Minister of Foreign Affairs and the family of the late Prince. The Association was represented when the train bearing the body passed through Hiranuma, and an appropriate wreath was sent as a last tribute to one of Japan's great men. The Association was also represented at the funeral service in Tokyo.

In April the Association had the honor and pleasure of entertaining at dinner the newly appointed Consul-General, Mr. Thomas Sammons. Mr. Montgomery Schuyler, newly appointed Secretary of Embassy, Tokyo, was also a guest.

In May, at a special meeting called for the purpose, minor alterations in the constitution were approved. If any member has failed to receive a copy of the new constitution, with list of members, past and present, included, the Secretary will supply one on application.

The Memorial Day services were held on the lawn of the Naval Hospital, through the courtesy of Dr. E. S. Bogert, commanding. H. E. The American Ambassador presided and the address was delivered by the Rev. T. Roseberry Good. Thanks are due the ladies for their gracious attention to the details of music and flowers, and to Admiral Hubbard, U. S. Navy, for the attendance of the band of the U. S. S. Charleston, a detachment of blue-jackets, marines and firing squad.

Independence Day, July 4, was celebrated by yacht races, for the "Ambassador's Cup" presented by H. E. Thomas J. O'Brien, and two other cups presented by the American citizens. A new departure was the presenting of a cup played for by members of the Golf Club.

The fireworks display in the evening was somewhat more elaborate than usual and universally enjoyed.

In May the sum of Yen 638 was raised by subscription for the Charity Fund, which sum was placed in the hands of the Consul General, who reports a balance on hand of Yen 406.39, several worthy cases having received attention.

The retiring committee begs to extend thanks for the hearty co-operation shown by the members of the Association during the past year, and trusts that the incoming committee may have the same generous support.

E. G. BABBITT, Honorary Secretary.

Yokohama, Japan,

October 15, 1910.

FOREIGN COMMERCE OF JAPAN IN THE EIGHT MONTHS ENDING AUGUST 31.

Official returns of the foreign commerce of Japan during the eight months ending with August, 1910, compared with the corresponding months of earlier years, have just been received by the Bureau of Statistics of the Department of Commerce and Labor. They show that imports from Europe decreased from 64 million dollars in the eight months of 1908 to 54 million in 1910; those from America (chiefly the United States) from 31 million dollars to 17 million, while imports from Asia increased from 62 million dollars to 78 million, and from all other countries (chiefly Egypt and Australia), from 5 million to 5½ million dollars. In other words, during the period under consideration European merchandise showed a loss of 15 per cent., American products a loss of 43 per cent., and Asiatic products a gain of 27 per cent., the decrease in the total imports being 3½ per cent. The share which Asiatic merchandise forms of the total imports of that country has risen from less than 40 per cent. in 1908 to over 50 per cent. in 1910, while Europe's share has fallen from 40 per cent. in 1908 to 35 per cent. in 1910, and that of America from 19 per cent. in 1908 to 11 per cent. in 1910.

British India leads all other countries in the value of its imports into Japan, being credited in the eight months under review with 45 million dollars, against 32 million from Great Britain, 17 million from the United States, 16 million from China, 14 million from Germany, 5 million from Dutch East Indies, 4 million from Korea, 3½ million from Kwantung (Liao-tung peninsula), and 3 million from Belgium. These figures represent in each case, save that of India, a decrease when compared with those of a like period of 1908. Imports from Great Britain in that period have decreased 8 million dollars; those from the United States, 13 million; Dutch East Indies, 4 million, and Germany, 3 million, while those from India grew from 21 million dollars in eight months of 1908 to 45 million in the corresponding months of 1910.

This large increase in the 1910 importations from India

occurred chiefly in raw cotton, due largely to the high prices of cotton from the United States. Japan draws largely upon the United States for raw cotton, though in those years in which prices of American cotton are exceptionally high the shorter stapled and lower priced cotton of India is drawn upon. The quantity of raw cotton imported into Japan from India in the eight months of 1910 was 360 million pounds, valued at 44 million dollars, against 167 million pounds, valued at 17 million dollars in the same months of 1908; while that from the United States decreased during corresponding periods from 87 million pounds, valued at 11 million dollars, in 1908, to 34 million pounds, valued at 5 million dollars, in 1910. Thus the quantity of cotton drawn from India more than doubled, while that from the United States fell off more than one-half. Concurrently with Japan's increased imports of raw cotton have occurred decreased imports of cotton goods, the loss falling chiefly on Great Britain, the eight months' imports of cotton cloths from that country (representing over 90 per cent. of the total) having dropped from 6 million dollars in 1908 to 4 million in 1910. In this trade the United States did not share to any appreciable extent.

Under the head of iron and steel practically all the important classes show decreased importations, especially those from the United States. Imports of machinery and engines from the United States in the eight months under consideration decreased from 4 million dollars in 1908 to 1¼ million in 1910; locomotives and rolling stock, from 1 million dollars to less than 20 thousand; and rails, from 1 million to \$243,000. Iron nails show an increase from 330 thousand to 520 thousand dollars. Decreases occurred in imports of iron and steel manufactures from Great Britain, Germany and Belgium.

Kerosene imports from the United States during the eight months under review increased from 28¼ million gallons, valued at 3 million dollars in 1908, to 35 2-3 million gallons, valued at 3¾ million dollars in 1910; while those from Dutch East Indies decreased meantime from 20 million gallons, valued at 2 million dollars, to 12½ million gallons, valued at 1¼ million dollars.

Flour imports into Japan show a marked decrease, those from the United States, which supplies fully 95 per cent. of the total, having fallen from 245,000 barrels, valued at 1 million dollars, in the eight months of 1908 to 128,000 barrels, valued at one-half million dollars in the same months of 1910. Imports of leather goods from the United States decreased from 580 thousand dollars in the eight months of 1908 to 477 thousand dollars in the same months of 1910; while those from British India increased meantime from 118 thousand dollars to 236 thousand.

Exports from Japan in the eight months of 1910 show a general increase compared with like periods of 1908 or 1909, having been, in the eight months of 1910, 142 million dollars, against 126 million in 1909 and 120 million in 1908. All the grand divisions participated in this increase, Asia from 53 million dollars in 1908 to 62 million in 1910; Europe, from 25 million to 33 million; America, (chiefly the United States) from 38 million to 42 million; and all other countries from 3½ million to 5 million dollars.

The principal articles exported to the United States in the eight months of 1910 are: raw silk, 24¼ million dollars; silk manufactures, 1½ million dollars; tea, 4½ million dollars; mats and mattings, 1 million dollars; porcelain and earthenware, 1 million dollars; copper ingots, 2 million, and straw plaits and braids, three-fourths million dollars.

PAPER MANUFACTURE IN MANCHURIA.

Paper manufacture is now passing from a by-industry to the farming classes in Manchuria into an independent industrial stage, although not quite out of its infancy. Old hemp ropes are used for material and quote Y.4½ Y.5 per kin.

However, there are no signs of the import of paper decreasing, the total of about Y.902,962 of paper having found its way through Dairen, Yingkou, Antung, etc., during last year. Of this total, Japanese import took up about Y.450,000, the rest being divided into Ningpo, Amoy, Fuchou and other ports in Kiangsi and Fukien provinces.

There is an ingenious and practical scheme gaining ground in Manchuria. It is to utilize as paper making material kaoliang stalks, which are being used for fuel and which may be replaced more economically for the latter purpose by Fushun coal.

Taking Chienchinchai for the centre, the kaoliang belt of south Manchuria yields about 700,000 tons of kaoliang stalks per annum, from which, according to the process experimented upon successfully at the Central Laboratory, S. M. Co., Dairen, 245,000 tons of pulp, worth Y.16,537,500, at the rate of 4½ sen per pound, will be obtainable. Per ton of kaoliang stalks quoting only about Y.3½ the total of the 700,000 tons will bring in only Y.2,450,000, leaving something like five and four-fifth times as much, viz., about Y.14,100,000, for the producing cost and profit.

This margin may yet be widened by the introduction of improvements which are scientifically admissible in the pulp manufacturing method. This would certainly warrant investments, if anything ever does. It would be easy to supply to the home market and bar out all imports and still to spare a good deal besides for north China markets.

The Central Laboratory has announced as the result of repeated experiments that kaoliang pulp is peculiarly suited to the making of Japanese and Chinese papers. It is undeniably superior to what is put out from corn stalks and sugar canes in America. Its fibre is allied to that of the bamboo and straw species, being a mean between these two kinds in point of strength. It is rather soft, too. The laboratory has experimented on nine kinds of mixtures, consisting of paper mulberry material mixed with 10-90 per cent. of kaoliang pulp at a scale of 10 per cent., and has found that the 50-60 per cent. mixtures bear striking resemblance in appearance to mino-gami, and has a fine lustre, besides taking kindly to the touch of indian ink. It is past comparison with straw paper. The 70 per cent. and upward mixtures remind one in lustre of bamboo paper produced in south China.

A CHINESE PARLIAMENT.

From the (London) Saturday Review.

Great expectations are being founded on the recent opening of an Imperial Assembly at Peking. But great expectations are always being founded on something that is happening, or about to happen, in China; and the unfulfilled promises of many edicts make it difficult to rise above an attitude of expectancy regarding projects even of parliamentary representation. It must be admitted, however, that the prospect offers a suggestion of interest beyond the common. It lies in the thought whether there may in this be the element of purpose—a driving force—so lamentably wanting in customary official procedure. It is of good omen that the members seem to have expressed at the outset a determination to concentrate their energies on “securing reform for the financial administration” as the most urgent need of the country. It is of good omen also that they have expressed a desire for the speedy summons of a Parliament with so much vigor that it seems likely they will attain their end. There is nothing new either in the perception or the aspiration. Edicts denouncing abuses and exhorting officials to rectitude have been issued at intervals ever since foreigners knew what was happening in China, and provincial delegates have been urging the Government to expedite the assembly of Parliament for months, without effect, at Peking. But there is a new force with which the Palace may be puzzled to deal.

The edicts in which the lately deceased Sovereigns promised to inaugurate constitutional government contemplated proceeding by stages. First were to come Provincial Assemblies, which were duly elected last year; then the Imperial Assembly or Senate, which has just been constituted; and finally, at the end of ten years, a Parliament based on theories of representation that find favor in the West. Impatience has been expressed from the first by forward spirits at the prospect of this delay, and sustained pressure has been brought to bear upon the Regent and other prominent statesmen with a view to shortening the interval. Only four months ago the Regent (or the Grand Council, speaking in the name of the Throne) refused a similar request in terms which command respect but failed to persuade people who are tired evidently of words and want things brought to pass. He does not grudge the creation of Houses of Parliament; on the contrary, he hopes that as soon as constitutional government is established, the imperial anxieties and labors may be lightened. But “to say that once Parliament is opened complete success is ensured and prosperous rule may be attained would be a principle unknown in the any age, ancient or modern, and unknown in any clime, Chinese or foreign”; the thing next in order was the opening of the Senate, which would “not only form a foundation but also serve to foster the spirit of a Parliament.” The plan originally laid down would therefore be followed, the completion of the nine years’ preparation awaited; and he (speaking in the name of the Throne) “desired not to be vexed with further prayers!” But the agitation continued, and hardly

has the Assembly been constituted before it, too, resolves to memorialize in favor of a Parliament being summoned at the earliest possible moment—an amendment in favor of shortening the prescribed ten years to three being rejected, and the original proposal almost unanimously carried. The functions of the Assembly are advisory; but it is an influential body, and the Throne may find it more difficult to resist such a collective expression of opinion than the prayer of committees less comprehensive and less formally constituted. The Grand Council was not, it is understood, unanimous in advising rejection of former appeals, nor the Regent himself strongly convinced. The assembly of a Parliament may well seem a “leap in the dark”; but it is far from improbable that a remark attributed to Duke Tsai may afford a key to the situation. “The Treasury was” (he is reported to have said) “exhausted by far-reaching and expensive reforms and reorganizations. The remedy was a Parliament, which he hoped would be opened at the earliest possible moment.” The Duke is President of the Board of Revenue, and was able to reinforce his argument by exhibiting a deficit of 36,000,000 taels. He was making, for the first time in Chinese history a Budget speech, and though his figures may be open to question—having been compiled, apparently, on returns from the provinces which are not likely to have disclosed too favorable a position—they indicate, without doubt truthfully, a serious financial position.

Responsible writers in this country have never tired of insisting that financial reform was the key of the situation. A system which recognizes speculation and has elevated “squeezing” into a fine art, which admits the diversion of Naval Appropriations to repair of the Summer Palace and looks on tribute or presents as sources of imperial income, might pass when the heaviest imperial expenditure was in connection with the Imperial Court, when junks fired jingals and military examinations were based on bows and arrows. But that precise instance of the Summer Palace, which involved golden opportunities for the chief eunuch, was partly responsible for China’s defeat at sea by Japan; and, though expenditure has gone on increasing, no attempt has been made to purify the collection of such sources of revenue, say, as the land tax, which conceals opportunities proportionately as great. The Senate is abundantly justified, therefore, in selecting financial reform as the essential object to be aimed at; and Duke Tsai’s alleged support of the resolution in favor of a Parliament may be inspired by a hope that Parliament will prove strong enough to impose it. Whether that hope will be realized is another question. Representative institutions have not proved such an unqualified success even in some countries farther West that we can permit ourselves to expect the millennium to follow their institution in China. Nor can one fail to recall the shallowness of purpose which has characterized too many aspirations. Eagerness to have a Parliament savors too much of the eagerness to

acquire arms, ships, mints, mining machinery, and other Western appliances—the possession of which must necessarily make their possessor the equals of Western peoples—but which really did very little because the personal equation was ignored. One's admiration of Chinese capacity has been qualified by perception of Chinese limitations too often to permit enthusiastic anticipation. Obstruction will still have to be overcome, and similar instruments to be employed. Yet there is the hope that a new force may achieve something more effective than edicts and new bureaus. It may be questionable, as the *Review* remarked two years ago, whether the mass of the people understand what Parliament means. But they know what corruption means, and debased currency, and the extortion of underlings, and cruelty of gaol warders, and scandals such as the charges recently made against officials of using public money in connection with rubber-share speculation. They may not condemn as we do such barbarous punishments as the flogging nearly to death of a prisoner, recently, in the native city at Shanghai or the still more recent exposure of another in a cage. Temperament has made them callous, and experience hopeless. Edicts forbid and denounce these things, but they continue all the same. Will they be roused to more effective interest by a belief that new opportunities are being now afforded for exposing corruption and making complaints more effectively heard? We have seen lately in the *Times* correspondent's analysis of parties a picture of the intrigues, the rivalries, the jealousies which constitute the normal condition of affairs at Peking, and tend to perpetuate evils that only a power superior to the intriguers and hostile to the ingrained corruption can remedy. A Kien Lung might achieve the purpose; but the late Empress-Dowager—whose last words, paradoxically enough, are said to have been a warning against allowing women to hold power in the State and against allowing eunuchs to meddle in Government matters—destroyed all prospect of a Kien Lung arising by nominating a child-emperor who will grow up, ostensibly under the same evil influences as his predecessors. There seems little hope then from normal conditions; and we come back to the question whether there may be found in a National Assembly a power able to dominate these intrigues and impose some measure of reform. An indication of the customary paralysis, and it may be also of a new hope, may be discerned in a reported decision of the Chamber of Constitutional Studies to refer to the judgment of the Assembly a newly compiled judicial code which its Conservative members are condemning as inefficient and the Reformers praising as humane. After violent discussions, in which every disputant appears to have adhered to his opinion, it was decided to refer the matter to the Senate, which is supposed, presumably, to deliberate on a higher plane. There is talk of the creation of a Cabinet with a Prime Minister, next year; but that might simply mean the creation of another inefficient Board unless a vigorous personality can be found and sustained. A crying need is for concentration of energy. The Empress-Dowager was energetic, and is believed to have seen, tardily, the need for reform. But her conversion came too late. She represented, moreover, the intrigues and cor-

ruption which characterize the Palace, and it is in the Palace and all it represents that reform must begin.

R. S. G.

CHINESE FOREIGN LOANS.

Recently, according to the Chinese press, Viceroy Jui Ch'eng of Lianghu and Hsi Liang of Manchuria urged that a foreign loan of many million taels should be borrowed to build railways extensively in China, and addressed telegrams embodying their suggestion to all the Viceroys and Governors in the empire for an expression of their views. Viceroys Jui and Hsi point out that unless some important and simple measure be resorted to, China will not possess sufficient financial strength to carry out the nine years' reform programme, arranged for the eleven Ministries, which must consequently fail. They further point out that at the outset of the United States reform policy greater opposition by the States to a centralization policy was experienced than exists now in China. It was discovered that impeded communication and different local conditions were the causes, and the United States adopted the scheme of extensive and rapid construction of railways, which consolidated the republic. The Viceroys suggest that Imperial permission should be obtained to borrow several hundred million taels to complete trunk lines such as the Yuet-Han, Szechuan-Tibet, Kalgan-Kjakta, Il-Tsitsihar, etc., within ten years, and as soon as the loans are obtained, railway building should immediately be taken in hand, so that the funds may not be diverted to other purposes. The two Viceroys say that all materials and labor should be obtained in China and the only benefit that foreigners would derive would be wages and interest. The bulk of the money borrowed would be circulated among the people, and would relieve their poverty within ten years. After that period the lines would have been completed and administration would be greatly facilitated, and enlightenment would follow ten times more rapidly than by education. They urged that this is an important and simple plan to start with. China, though a large country, does not reap the benefits that her size should entitle her to, nor does she derive profit from her vast population. The completion of railways would concentrate the country's wealth and might, strengthen her a hundredfold, and enable her to exist side by side with the powers. Otherwise the evils that arise from disunion will endure and strength will be divided, and the people will continue poor. To strengthen China by military power would take fifty years and reform in administrative matters would take thirty, and it is feared that the forward movement of the world will not tarry for China to trudge along in her course. The two Viceroys pray all the other Viceroys and Governors to indorse their views and join in memorializing the Throne to grant the request. To this the Viceroy and Governor of this province have replied, disapproving the suggestion, as the evils they feel are greater than the benefits. Grand Councillor Hsi Shihchang, the Viceroys of the Kuangs, Kansu and Szechuan, it is stated, support the scheme, but Duke Tsai Tse, President of the Ministry of Finance, and the President of the Yuch'uanou both oppose the plan. In the circumstances, the Government intends to refer the question to the deliberation of the National Assembly in Peking.—*North China Daily News*.

J. P. Morgan & Co. admitted that negotiations have been practically completed for a loan of \$50,000,000 to the Chinese Government for the reform of her currency, the promotion of industrial development and for the building of State railroads. The loan will be in the form of forty-five year 5 per cent. bonds.

The group of bankers interested consists of J. P. Morgan & Co., Kuhn, Loeb & Co., the National City Bank and the First National Bank. The agreement as to the

amount of the loan, rate of interest and terms was signed in Peking, October 27, by Daniel A. Menocal, of the International Banking Corporation, on behalf of Willard D. Straight, formerly United States Consul General at Mukden, and now agent of the syndicate in China, but who has been in this country for the past few months. It is understood that the new loan will be handled by New York bankers, although European interests will be given an opportunity to subscribe for a part of the issue. Details in regard to the figures at which the bonds will be offered here and abroad were not obtainable last evening. It was also impossible to learn just when the new bonds are to be brought out. The report that the loan had been negotiated for the syndicate at ninety-five or thereabouts was denied.

It was made plain that this flotation is entirely distinct from the \$30,000,000 Hankow Railway loan which has been under negotiation for several months.

For months this negotiation has been on. It has been closely watched by bankers on both sides of the Atlantic, for the handling of such a proposition by American bankers exclusive of foreign participation is a matter of considerable interest. Some months ago there was a report that the negotiation had fallen through, but later there came the information that it had been taken up and was proceeding satisfactorily.

About all that remains for concluding the negotiations is the formal edict of the Chinese Government, which has not yet been issued. Through the flotation of this \$50,000,000 loan and the fourth of the \$30,000,000 loan for the Hankow Railway the United States will have provided \$57,500,000 for the use of the Chinese Empire. The Hankow Railway loan will be divided equally between the United States, Great Britain, France and Germany. It will be recalled that negotiations in this matter were concluded last summer.—*New York Times*.

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CONTENTS.

PAGE

CURRENT COMMENT	353
EXPORTS TO CHINA AND HONGKONG	355
IMPORTS OF TEA AND SILK INTO THE UNITED STATES	356
CHINA AND THE POWERS SINCE THE BOXER MOVEMENT	356
TRAFFIC VIA PANAMA AND TEHUANTEPEC, 1900 TO 1910	368
THE EDUCATIONAL CONQUEST OF CHINA	369
CANTON TRADE REPORT	371
TRADE BETWEEN THE UNITED STATES AND PHILIPPINE ISLANDS	373
EXTENDING AMERICAN TRADE IN THE FAR EAST	374
COMMERCIAL RELATIONS BETWEEN AMERICA AND JAPAN	374
SOUTH CHINA TRADE DEPRESSION	375
CASH STRINGENCY FELT IN SWATOW	376
ADVERTISEMENTS	376

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A SOMEWHAT elaborate review of the relations between China and the Powers since the Boxer movement is reproduced in this number of the JOURNAL from the *American Journal of International Law*. The author, Mr. William R. Manning, has made an honest attempt to give a colorless summary of recent history, and though there is nothing new either in his facts or comments, the article will be found convenient for reference and comparison. Mr. Manning says in his concluding reflections that at the close of the preceding decade there were hardly more than a hundred miles of railway in all China—meaning of course, the eighteen provinces; now about 5,000 miles are completed and in full operation, some 2,000 more are under construction, and many more lines are being projected. But all this, as he properly adds, is scarcely a beginning; there remain still vast areas to be opened up. Many whole provinces are yet untouched, and the great dependencies, Thibet, Mongolia and Turkestan, are hardly thought of as railway fields. According to Mr. Manning, fifteen men in the iron works at Hankow received a wage equal to one man in Pittsburg, and the efficiency of a Chinese workman is about 90 per cent. of that of an American. This is important, if true, as is the further statement that the United States Steel Corporation is seriously considering erecting mills in China. The problem of the competition of Chinese labor with that of the Western world is unquestionably becoming one which cannot be dealt with merely by immigration laws, as formerly, and what is beginning to be true of iron today may be true of other products in the near future.

It is worthy of note that the article on the educational conquest of China, reprinted from the *Contemporary Review*, pays a very warm tribute to the share which American missions have had in this work. The author says that in answering the question of who has been the conqueror, he would reply, "the Missionary Educator," and would even limit that statement to "the American Educator." For while British missions have done a measure of valuable service in this direction, their schools have been few and shamefully undermanned. British missions have held too much to the idea that their office is to evangelize and heal, not to enlighten the mind. But, according to our authority, the American has also applied himself directly to the root of China's pressing temporal need, and spent a hundred times as much money on education as British missions have done. The correctness of the further statement may, however, be questioned—that it is under

the American missionary influence that the portion of the indemnity whose payment has been waived is to be applied educationally in sending students to American colonies. If this statement is intended to convey the impression that it was under missionary prompting or persuasion that Secretary Hay advised the return of the indemnity, over and above the part actually expended, it requires modification. As far as the distribution of the students is concerned, and the general conduct of their studies, the main purpose will be to prepare for China the kind of men she will need in constantly increasing numbers to guide her safely along the path of modern progress.

THE *American Journal of International Law* publishes in full the recent Imperial rescript of the Chinese Government abolishing slavery within the Empire. The rescript is said to have been called out by a memorial of the late Chou Fu, Viceroy at Nanking, submitted to the Throne by him as long ago as March 25, 1906. The aged Viceroy began his argument in favor of the abolition of slavery by declaring that "in the prosperous times of the Three Ancient Dynasties (B. C. 2205 to B. C. 255) the buying and selling of human beings was unknown, though criminals were punished by being reduced to slavery. It was during the decline of the House of Chou that the first talk of selling men and women was heard, and during the succeeding dynasties of Ch'in and Han (B. C. 255 to A. D. 264) the practice became established." He referred to the many edicts already issued by the present Manchu dynasty in favor of the enslaved, and pointed to the abolition of slavery by European and American nations as an example to be imitated. Mr. E. T. Williams, who contributes an article on the subject to the *Journal of International Law* admits that the report and rescript, which were the outcome of the recommendations of Chou Fu and those of the Censor Wu Wei-ping, will no doubt receive severe criticism, because the banner-men will still be permitted to hold so many of their fellow creatures in lifelong servitude. While Mr. Williams admits that this is to be regretted, he points out that many great reforms have been accomplished only gradually. The children of these servants of the banner-men will doubtless enjoy complete freedom. Even in Great Britain the abolition of slavery required a long period of time, and the villeins were but slowly and by degrees transformed into free laborers. Hence, Mr. Williams concludes: "The rescript which has inaugurated this reform, if loyally enforced, and yet prove to be the most glorious achievement of the new reign so auspiciously begun. It will mark an era in the social life of the Chinese and will quicken hope in the breasts of thousands who have only known despair."

It will be observed that the virtual establishment of free interchange of products between the United States and the Philippines has been amply justified by results. For the ten months ending with October, 1908, the total value of shipments of domestic merchandise from this country to its great dependency was \$8,425,585; for the corresponding period of 1909 the value was \$10,767,826, while for the ten months of the present year there has been attained a value

of \$16,418,138. The gain is naturally most pronounced in the great staple products of our manufacture, and it is notably so in cotton cloths, which from a maximum value of \$686,718 in the ten months ending with October, 1909, have attained for the corresponding period of this year a value of \$2,839,270. In iron and steel and their manufactures there has been an advance from \$2,306,043 for the first ten months of last year to \$3,302,418 in the corresponding period of this year. Similarly, there has been a gain of over 50 per cent. in leather and its manufactures, while mineral oils have increased 50 per cent. in volume, but only 30 per cent. in value. The stimulus given to imports into the United States from the Philippines has been equally great, that is, in all the products of the islands which were previously taxed. There has been no recognizable increase, in fact, there has been a slight decrease, in the imports of hemp and other fibres, but the value of sugar imported from the Philippines has risen from \$380,591 in 1909 to \$5,378,730 in the present year. So, also, tobacco shows an import value this year of \$1,740,028, against \$107,288 for the ten months of 1909. Thus, the total value of imports from the Philippines has risen from \$8,672,604, all but \$1,000,000 of which was accounted for by hemp, to \$15,366,893, of which less than half consists of hemp imports.

THE encouragement to be derived from these figures is urgently needed to counteract the somewhat gloomy impression left by the statistics of Asiatic trade for the ten months ending with October. Our exports to China, which were over \$20,000,000 for the corresponding period of 1908, and over \$17,000,000 for 1909, are only \$13,772,409 for the present year. The exports to Hongkong show a similar tendency to sag, while those to Japan remain about stationary, having reached a value of \$19,527,417, against \$19,572,544 for 1909. Our exports to British India show a slight increase, and the French and German portions of the leased territory of China begin to show a tangible demand for American products. But the broad fact remains that our exports to all Asiatic countries, which were valued at \$73,606,699 for the ten months of 1908, and \$56,626,313 for 1909, are only \$51,917,912 for 1910. This is perhaps the more remarkable, inasmuch as our exports to Australia and New Zealand have risen from a little over \$25,000,000 last year to \$30,400,000 in the present one, while for British Africa their value has advanced from \$9,190,489 to \$11,924,707. On the side of imports, our trade with China continues to improve, so that including Hongkong and the various leased territories we have reached a total of \$31,200,000, against \$20,000,000 two years ago. From Japan also the value of imports continues to advance, having been a little over \$50,000,000 for the ten months of 1908, \$55,700,000 for 1909, and \$57,900,000 for 1910. Thus, it happens that while our exports to Asiatic countries seem to be steadily shrinking our imports from them are as steadily expanding, having reached this year for the ten months ending with October the respectable figure of \$166,356,614, or more than three times the value of our exports. In all of this there is much food for reflection, though hardly of the kind which is most in favor with the amateur critics of American manufacturers and exporters.

Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the ten months, ending Oct. 31, 1909 and 1910.

EXPORTS TO CHINA.

Months. 1909.	Cotton Cloths. Yards.		Mineral Oils (Illuminating). Gallons.		Wheat Flour. Barrels.	
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	547,946	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
October.....	4,042,308	253,476	4,476,930	374,685	1,125	4,162
Total.....	148,281,274	\$8,704,270	53,140,265	\$4,915,808	23,568	\$102,352

January.....	.....	\$.....	3,311,000	\$268,540	1,393	\$5,895
February.....	17,271	3,568	3,166,810	258,115	500	2,250
March.....	64,939	3,983	6,279,100	477,295	19	103
April.....	3,334,800	209,841	3,106,000	230,143	611	2,936
May.....	21,601,907	1,342,041	9,646,950	574,867	250	1,000
June.....	10,515,200	662,990	10,845,070	655,309	263	1,163
July.....	10,897,533	727,329	5,392,690	323,424	638	2,576
August.....	9,582,788	563,587	14,052,380	888,045	2,643	11,823
September.....	4,226,655	263,334	7,130,000	314,745	1,333	5,144
October.....	951,800	56,682	8,044,160	493,021	452	1,894
Total.....	61,192,893	\$3,383,355	70,974,160	\$4,483,504	8,102	\$34,784

EXPORTS TO HONGKONG.

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	60,477
September.....	46,364	6,458	.....	.....	73,799	304,967
October.....	17,025	2,259	1,785,799	75,896	89,572	375,141
Total.....	797,140	\$84,941	7,850,395	\$738,559	558,748	\$2,286,919

January.....	16,595	\$2,543	1,589,140	\$195,711	108,727	\$432,622
February.....	24,447	3,356	.....	.....	20,800	89,650
March.....	13,437	1,842	.....	.....	34,285	146,546
April.....	14,297	1,442	2,133,172	83,368	12,277	50,915
May.....	24,427	4,165	1,170,000	91,115	11,304	45,395
June.....	66,974	4,322	.....	.....	15,676	64,737
July.....	51,982	8,126	1,757	189	58,169	242,814
August.....	19,350	2,558	1,748,039	130,973	54,231	217,046
September.....	6,550	707	.....	.....	20,289	84,794
October.....	18,047	4,639	.....	.....	92,673	371,287
Total.....	256,066	\$33,700	6,642,108	\$430,465	428,431	\$1,766,056

DEPARTMENT OF COMMERCE AND LABOR,

Bureau of Statistics.

WASHINGTON, D. C., Dec. 1, 1910.

**Imports of Tea and Silk into the United States for the ten months, ending
October 31, 1908, 1909 and 1910.**

Imported from	1908.		TEA.	1909.		1910.	
	Pounds.	Dollars.		Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	7,218,770	1,658,864		10,328,172	2,348,439	8,751,805	2,309,210
Canada	2,017,832	524,759		3,957,867	883,327	2,180,651	505,110
Chinese Empire.....	21,000,029	2,704,917		24,372,671	2,561,934	17,537,189	2,052,787
East Indies.....	5,410,459	858,646		7,636,754	1,163,472	7,759,989	1,269,236
Japan.....	35,680,585	6,200,692		37,792,684	6,614,939	40,785,718	7,304,410
Other countries	694,977	162,261		953,669	165,587	881,786	173,707
Total.....	72,022,652	12,110,139		85,041,817	13,737,698	77,897,138	13,614,460
RAW, OR AS REELED FROM THE COCOON.							
SILK.							
Imported from	Pounds.	Dollars.		Pounds.	Dollars.	Pounds.	Dollars.
France.....	362,482	1,190,584		630,810	1,887,782	301,410	908,270
Italy.....	2,842,152	10,744,381		3,892,479	15,132,417	2,376,350	8,760,598
Chinese Empire.....	2,342,864	6,160,442		3,539,447	8,709,972	3,724,318	8,804,992
Japan.....	8,519,839	30,299,779		10,012,799	35,015,064	10,178,153	33,406,204
Other countries	42,881	158,095		128,922	496,993	162,380	570,844
Waste. ....lbs...free..	856,855	569,327		1,710,454	972,767	2,795,777	1,432,466
Total unmanufactured	14,967,073	49,122,608		19,914,911	62,214,995	19,538,388	53,683,374

CHINA AND THE POWERS SINCE THE BOXER MOVEMENT.

BY WILLIAM R. MANNING.

From the American Journal of International Law.

Ten years ago, on the 14th of August, the Dowager-Empress, with the entire Imperial Court, fled from Peking. The victorious army of the allied foreign powers was left in control. This was the culmination of a series of national humiliations that humbled China's proud spirit to the dust and finally broke down the resistance which had for centuries withstood the efforts of Western civilization to gain an entrance.

"Better fifty years of Europe than a cycle of Cathay," wrote Tennyson less than a century ago. With almost equal truthfulness he might have written a decade ago. But in the ten years that have followed, more numerous and more momentous changes have taken place than had occurred in twice as many preceding centuries. Could the sage, Confucius, have returned a decade ago he would have felt almost as much at home—so far as social, political and economic institutions are concerned—as when he departed twenty-five centuries before. Should he return a decade hence he would feel as much out of place as Rip Van Winkle, if the recent rate of progress continues and projected reforms are carried out. "A nation in a day" was the phrase used to describe the marvelous transformation of Japan in the last half of the nineteenth century. What will be used to describe the similar feat which China bids fair to accomplish in the first quarter of the twentieth?

It is only with the last ten years that this paper has properly to do; and it is chiefly concerned with the in-

ternational complications arising out of the Chinese situation. But since most of the events of the last decade had their beginning earlier, it is necessary to rehearse at some length, by way of introduction, matters of an international character that had occurred in the few preceding years.

FOREIGN AGGRESSION BEFORE THE BOXER MOVEMENT.

The war which Japan forced upon and so triumphantly prosecuted against China in 1894 and 1895 revealed the pitiable weakness of the latter and the dangerous strength and ambitious designs of the former. By the Treaty of Shimonoseki, besides a large indemnity and other humiliating concessions, China was compelled to cede to her land-hungry conqueror the large island of Formosa, with several smaller adjacent; and what was far worse and, for this study, far more important, she gave up also the Liaotung peninsula, including the important stronghold of Port Arthur commanding the entrance to the Chinese capital and affording a foothold for further aggression; she also recognized the "full and complete independence and autonomy of Korea," thus losing the sovereignty, shadowy and uncertain at times, but still important, over the hermit kingdom and abandoning the latter to the tender mercies of Japan, whose designs were patent, though, of course, not mentioned in the treaty.

But the victor was not permitted to enjoy all the fruits of his victory. A highwayman never knows how much of his booty is his own till he has shared with other

highwaymen and made his peace with the chief of the bandits. Russia was the power whose exploits had won for it that eminent position in this part of the forest. With the support of France and Germany, Russia remonstrated against the cession of territory on the mainland since the possession of Port Arthur by any foreign power would be a constant menace to Peking and prejudice the rights of other powers. "In the interests of permanent peace" the three advised Japan to relinquish the territory in question. England had refused to join the other three in compelling Japan to disgorge but declined to help her resist and even advised her to yield. In consideration of a large addition to the already heavy indemnity Japan retroceded the Liaotung peninsula after a tenure of only seven months.

With true bandit chivalry Russia posed as the friendly protector of the poor and the weak. To help pay the enormous debt to Japan she guaranteed a loan from French capitalists and pressed it upon China, who it is said would have preferred to borrow in the open market had the generosity of her benefactor and her benefactor's wealthy friends been less urgent. In view of this it would have been unkind for China to withhold such humble comfort as her warm hearthstone could afford. Late in 1897, as cold weather approached, Russian ships of war steamed into the harbor of Port Arthur under an agreement that they should be allowed to winter there in order to escape the rigor of the cold at Vladivostock, and to be better able, as China was persuaded, to come to the latter's help in case of need. Japan, alarmed, was assured that they would return to the north with the coming of spring. Two English ships followed and lay quietly in the harbor to watch. To Russia's indignant inquiry Lord Salisbury responded by withdrawing the British vessels. During the winter the Russian Chargé Pavloff and the Grand Secretary Li Hung Chang reached the following friendly agreement, signed March 27, 1898:

"For the protection of the Russian fleet, and (to enable it) to have a secure base on the north coast of China, His Majesty the Emperor of China agrees to lease to Russia Port Arthur, Talienwan, and the adjacent waters. But this lease is to be without prejudice to China's authority (sovereignty) in that territory. * * * The term of the lease is fixed at twenty-five years from the date of signature. On expiration an extension of the term may be arranged between the two countries."

Beside many subsidiary matters it was also arranged that Talienwan should be the terminus of a branch line through southern Manchuria from the main line of the Trans-Siberian Railway.

By April 1 the Chinese garrisons were withdrawn from Port Arthur and Talienwan, the Russian flag was flying at both, nine Russian ships were in the harbors and two thousand troops had been landed. But before this arrangement had been concluded, another of the bandit powers that had three years previously rescued China and compelled Japan to divide up had secured her "compensation" from the helpless victim. Ostensibly, at least, Germany had a separate grievance to justify her seizure. Two missionaries from that country had been killed in Shantung

in 1897. This fortunately afforded a religious cloak to cover the shame of her rapacity. She demanded an indemnity for the heirs and dependents of the victims, punishment of the murderers, and degradation of the governor of Shantung whose laxness had permitted the outrage. To enforce her demands, and with the connivance of Russia, a body of marines was landed at Kiao-Chou and the German flag was raised. The Chinese garrison retreated. Negotiations were opened for a peaceable settlement. Prince Henry, in the battleship *Deutschland*, left Kiel in December and reached Kiao-Chou in April with instructions from his brother, the Kaiser, to strike with the "Mailed Fist" if necessary. But it was not necessary. The German Minister and the Tsung-li Yamen had on March 6, 1898, agreed that:

"The incidents connected with the Mission in the Prefecture of Tsaouchou-foo, in Shantung, now being closed, the Imperial Chinese Government consider it advisable to give a special proof of their grateful appreciation of the friendship shown to them by Germany. * * * With the intention of meeting the legitimate desire of His Majesty the German Emperor, that Germany, like other powers, should hold a place on the Chinese coast for the repair and equipment of her ships, for the storage of materials and provisions for the same, and for other arrangements connected therewith, His Majesty the Emperor of China cedes to Germany on lease, provisionally for ninety-nine years, both sides of the entrance to the Bay of Kiao-Chou."

"To avoid the possibility of conflicts," the Chinese Emperor agreed, "while reserving to himself all the rights of sovereignty," to leave the exercise of the same to Germany within a radius of some thirty miles. Many profitable railway, mining and other concessions were also secured.

A few weeks later the third of the magnanimous bandits who had delivered China from the heartless Japanese robber concluded an agreement for reward, which, however, was not ratified by China till nearly two years later. The French lease was far away on the southern coast within easy reach of her earlier and much more extensive seizures of Chinese vassal states in Farther-India. This time she took only Kwang-Chou-wan Bay with a square of the surrounding land about thirty miles each way. It was leased for the same period as Germany's bay in Shantung and for the same purpose, that is, a naval base. It included also an agreement for a railway from Tonking into Yunnan, and other matters.

As in the case with Germany, so also did France have a religious pretext. A French priest had been murdered, and, further, a French engineer had been kidnapped. Indemnity, punishment of the culprits, and deposition of the responsible authorities were exacted.

Although Great Britain had not assisted in compelling Japan to disgorge, she had kindly advised that power to do so. English policy, ostensibly at least, was not to annex Chinese territory, but as rapidly as possible to open the ports of the country to British trade and to that of all the world as well. Fifty years earlier she had seized Hong-Kong, which she held in perpetual full sovereignty. But now when she saw other powers obtaining leases

she could not refrain from asking the same. On July 1, 1898, she concluded a convention for a lease of the Bay of Wei-hai-wei opposite Port Arthur with the agreement that she would retain the former as long as Russia should hold the latter. This was "to provide Great Britain with a suitable naval harbor in North China, and for the better protection of British commerce in the neighboring seas. On June 9, preceding, England had also obtained by lease for ninety-nine years a considerable extension of her territory of Hong-Kong in the shape of a neighboring peninsula and several islands.

Italy tried in 1899, with British support, to obtain a lease of Samsum Bay on the coast of Chekiang. Italian marines were landed, and the Italian ministry sent an ultimatum. But China plucked up courage to resist, and Italy concluded to disavow the acts of her agents. A little more than a decade before China had ceded to Portugal in perpetual sovereignty the island of Macao which had been possessed by that country for more than three centuries but for which she had paid a rental most of the time.

In the treaty ports, already numerous and constantly increasing in number, China had yielded foreign concessions; and was permitting foreigners to exercise legal jurisdiction even over Chinese subjects by allowing claims of extraterritoriality. Foreign missionaries were always pushing further and further into the forbidden territory; and their respective governments were successfully interfering to protect them or, if that failed, to exact costly penalties.

Foreign ideas were even invading the court and winning adherents in the palace; as early as 1895 a petition from South China prayed the Emperor to introduce constitutional reform, remove incapable officials, abolish the pigtail and foot-binding, and allow freedom of speech and the press. The startling news that the Emperor himself was a convert and was surrounding himself with foreign educated men desirous of adopting foreign customs was followed by a flood of reform edicts in 1898. The leader among the reform faction letting his zeal get the better of his discretion, proposed to memorialize the throne advising the abolition of the queue, the adoption of European dress, the promotion of Christianity, and the establishment of a national parliament. The reactionary high officials, still a large majority, tried to induce the Emperor to dismiss the few reforming secretaries. Instead, they themselves were dismissed and their rivals promoted.

As a last resource, the reactionaries implored the old Dowager Empress, for the sake of the dynasty and the country, to resume the reins of government which she had handed over to the emperor nine years earlier, after having been the regent and ruler almost continuously for twenty-eight years. The Emperor attempted a *contre-coup*, but the agent to whom he intrusted the task of arresting the Dowager-Empress betrayed his trust and played into the hands of the reactionaries. The old regent acted quickly, put the reforming Emperor back into leading strings, and resumed the power. This relation continued for a decade until the almost simultaneous death of the aged regent and the puppet sovereign.

The *coup-d'état* was complete. Six of the leading reformers were beheaded. Corrupt reactionary officials returned to their places rejoicing. Riots broke out and insults to foreigners were multiplied. Six foreign powers ordered military escorts to Peking to protect the legations. The year 1899 was one of suspense and uncertainty. The European press predicted the break up of China. In debates in foreign parliaments the impending partition was freely discussed. The leases of the preceding year had established spheres of influence that might serve as bases for occupation. In November the Empress-Dowager appealed to the viceroys and governors to resist all further aggressions of foreign powers. It was this that foiled Italy's attempt. The regent furthermore exhorted the people

to act *en masse* and "preserve their ancestral homes and graves from the ruthless hands of the invader."

ANTI-FOREIGN WAR—BOXER MOVEMENT.

The charge was ready. It needed but the spark to produce the explosion. The fiery old Empress supplied that. Many patriotic societies existed. The most formidable was the "Righteous Harmony of Fists," dubbed "Boxers" by foreigners. Its idea was that righteousness must be upheld by force if necessary. Its chief purpose was to drive out foreigners and their religion. It spread rapidly until it became uncontrollable, even if the government had wished to suppress it. Some viceroys on their own responsibility combated it. The Dowager-Empress pretended to resist but secretly encouraged it. The result was the terrible summer of 1900, with its tragic events which culminated in the entrance of the allied armies into Peking and the flight of the Imperial Court on August 14. Omitting the military details and harrowing experiences connected with the siege of the legations and the march of the allied armies to their relief; and only alluding to the more than two hundred foreign missionaries and the multitudes of native Christians who heroically suffered martyrdom rather than renounce their faith, thus proving their sincerity; the following quotation from an official document gives a sober unimpassioned account of the events of international importance:

During the months of May, June, July and August of the present year serious disturbances broke out in the northern provinces of China and crimes unprecedented in human history—crimes against the law of nations, against the laws of humanity, and against civilization—were committed under peculiarly odious circumstances. The principal of these crimes are the following:

1. On the 20th of June His Excellency Baron von Ketteler, German Minister, proceeding to the Tsungli Yamen, was murdered while in the exercise of his official duties by soldiers of the regular army, acting under orders from their chiefs.

2. The same day the foreign legations were attacked and besieged. These attacks continued without intermission until the 14th of August, on which date the arrival of foreign troops put an end to them. These attacks were made by regular troops who joined the Boxers, and who obeyed orders of the court, emanating from the Imperial palace. At the same time the Chinese Government officially declared by its representatives abroad that it guaranteed the security of the legations.

3. The 11th of June Mr. Sugiyama, Chancellor of the Legation of Japan, in the discharge of an official mission was killed by the regulars at the gates of the city. At Peking and in several provinces foreigners were murdered, tortured or attacked by Boxers and regular troops, and only owed their safety to their determined resistance. Their establishments were pillaged and destroyed.

4. Foreign cemeteries, at Peking, especially, were desecrated, the graves opened, the remains scattered abroad. These events led the foreign powers to send their troops to China in order to protect the lives of their representatives and their nationals, and to restore order. During their march to Peking the allied forces met with the resistance of the Chinese Armies and had to overcome it by force.

For thirteen months, while negotiations were in progress for a settlement, the Chinese capital was occupied by the allied troops under the German Commander-in-Chief, von Waldersee, and China was virtually ruled by the foreign powers. There were many small punitive expeditions to suppress Boxers in various outlying regions, in the course of which unfortunate outrages were charged to the account of German and French troops. Von Waldersee ordered an eighty days' joint campaign to the interior with the probable purpose of pressing the court to hasten negotiations. The American commander refused to co-

operate, as did also the Russian. The British was non-committal. The expedition was postponed. A separate German sortie, from which the French had withdrawn at the last minute, was criticised as uncalled for. The British press declared Waldersee's policy more likely to prevent than to hasten the restoration of order.

Although formal evacuation did not take place till the negotiations were completed, a beginning was made as early as January, 1901, in restoring Chinese authority in Peking. Judicial and police matters were gradually replaced in Chinese hands. Most of the troops left in May and June. On September 17, in keeping with the terms of the protocol signed a week earlier, occurred the formal evacuation by the remainder, except the legion guards provided by the instrument.

PEACE.

Preparations for negotiations had been begun before the foreign entrance into Peking. On August 11, 1900, Minister Wu in Washington handed to the State Department an Imperial edict issued three days earlier, declaring

We hereby appoint Li-Hung-Chang as our envoy plenipotentiary with instructions to propose at once, by telegraph, to the Governments of the several powers concerned for the immediate cessation of hostile demonstrations pending negotiations.

Earl Li acted immediately. August 19 and 21 the State Department received cablegrams from him. The latter read:

The Boxer rebels in Peking having been dispersed; there will be positively no more fighting. Further military operations on the part of the powers are greatly to be deplored. Etc.

On August 12 and 22 the State Department expressed its willingness and readiness to treat, but showed reluctance until convinced of the plenipotentiary powers of Li. On September 7 and 9 the latter communicated Imperial edicts of August 27 and 30 conferring such powers on himself and Prince Ching, a prince of the royal family, who had remained near Peking.

On September 8 Prince Ching cabled to Minister Wu:

Foreign troops having entered Peking, and their Majesties the Empress-Dowager and the Emperor having gone westward on a tour (*sic*), I have received an Imperial edict appointing me envoy plenipotentiary with full discretionary powers, in conjunction with the Grand Secretary, Li-Hung-Chang, to negotiate peace.

Similar communications passed to and from other powers, and others between the various powers. This storm of edicts and dispatches continued for more than four months before anything definite was accomplished. On December 22 the representatives of the eleven powers signed a joint note and presented it two days later to the Chinese plenipotentiaries giving the unimpassioned recital of the events of the preceding summer quoted above. It contained also a list of twelve demands as indispensable preliminaries. On January 16, 1901, the reply was presented, after the demands had been transmitted to the Emperor. The laconic Imperial edict issued December 27, 1900, was as follows:

We have taken cognizance of the whole telegram of Yi-K'uang and Li-Hung-Chang. It is proper that we accept in their entirety the twelve articles which they have transmitted to us.

The first joint session of the foreign envoys with the Chinese Commissioners took place February 5, 1901.

Before advancing further with the negotiations it is proper to notice the policy and influence of the United States. On July 3, 1900, while the siege of the legations was on, Secretary Hay addressed a circular note to all the powers concerned, declaring the purpose of his government with reference to rescuing the legations, protection of life, property and interests of Americans and the sup-

pression of the existing anarchy, and concluding with the significant statement:

But the policy of the Government of the United States is to seek a solution which may bring about permanent safety and peace to China, preserve Chinese territorial and administrative entity, protect all rights guaranteed to friendly powers by treaty and international law, and safeguard for the world the principle of equal and impartial trade with all parts of the Chinese Empire.

Favorable responses were received from all governments concerned.

The gratitude of China for this firm stand is expressed in a dispatch from the Emperor to the President of the United States dated July 19 declaring, among other things,

We have just received a telegraphic memorial from our envoy, Wu Ting Fang, and it highly gratifying to us to learn that the United States Government, having in view the friendly relations between the two countries, has taken a deep interest in the present situation. Now China, driven by the irresistible course of events, has unfortunately incurred well-nigh universal indignation. For settling the present difficulty, China places special reliance in the United States.

While the importance and influence of American diplomacy has been exaggerated, it remains true that many of the policies adopted and adhered to by the powers were "made in America." These were nearly all in the way of compromises and greater leniency. America opposed from the first all thought of partition or abandonment of the open door. The policy of exacting long-time leases and the establishment of spheres of influence by other powers, the free discussions in their parliaments and the noisy clamorings of the press indicated that they probably would not have insisted so very strenuously on the maintenance of the territorial integrity of China. It would have been easy and natural, in the absence of any firm stand to the contrary, to have agreed upon a plan of division or at least of enlargement of their spheres. There is, however, no certainty that they would have done so. The fact remains, however, that America did first take a firm stand, that she did consistently maintain it throughout, and that the integrity of China and the open door were preserved.

England, had, theoretically at least, for many years upheld the principle championed now by America; Russia continued the role of the friend of China which she had played since the Japanese war, but at the same time she was pressing for special privileges in Manchuria. On October 16 England and Germany agreed

1. It is a matter of joint and permanent international interest that the ports of the rivers and littoral of China should remain free and open to trade and to every other legitimate form of economic activity for the nationals of all countries without distinction; and the two governments agree on their part to uphold the same for all Chinese territory as far as they can exercise influence.

2. Her Britannic Majesty's Government and the Imperial German Government will not, on their part, make use of the present complication to obtain for themselves any territorial advantages in Chinese dominions, and will direct their policy toward maintaining undiminished the territorial condition of the Chinese Empire.

The two powers agreed to invite the six other chief nations to accept the principles recorded in the agreement. All did so before the end of the month. In the answer of the United States, John Hay called attention to the fact that both of these principles were laid down in his circular note to the powers of July 3 preceding.

Although the joint sessions of the entire peace commission began early in February, the final protocol restoring peace and order between China and the powers was not signed until September 7. It contains twelve articles, of which the following is a brief summary:

1. (a) An expiatory mission under Prince Chun, brother of the Emperor (Regent and real sovereign of China since the Dowager-Empress's death), was sent to Berlin to

apologize for the assassination of Baron von Ketteler, the German Ambassador; (b) an expiatory commemorative monument was to be erected in Peking on the site of his assassination.

2. (a) Punishments were inflicted on the Boxer leaders as demanded by the powers; two princes were sentenced to death with the privilege of commutation, if the Emperor wished, to exile and life imprisonment in Turkestan; three princes were ordered to commit suicide; three high officials were ordered to be executed; posthumous degradation was inflicted on three officials who had already died; five officials who had been executed for opposing the government's anti-foreign policies were posthumously restored to their rank and honor; one governor was deprived of office pending determination of his punishment; various punishments had been inflicted on provincial officials convicted of responsibility for crimes of the preceding summer; (b) official examinations were suspended for five years in all cities where foreigners had suffered.

3. An expiatory mission was sent to Japan to make reparation for the assassination of Sugiyama, Chancellor of the Japanese Legation.

4. Expiatory monuments were to be erected in each of the foreign cemeteries that had been desecrated.

5. Importation of arms and ammunition and material for their manufacture was prohibited for two years, which term was to be extended for two years longer if the powers should think fit.

6. Indemnity of 450,000,000 taels, about \$340,000,000, was to be paid by China in thirty-nine annual installments with interest at 4 per cent. (which, added to the principal, would be more than double the amount). Certain customs and revenues were to be pledged for payment.

7. Fortification and garrisoning of the legations in Peking were provided for.

8. The Taku forts and all others which might impede communications between Peking and the sea were to be razed.

9. Certain points between Peking and the sea were to be occupied and garrisoned by the powers.

10. China agreed to post and publish for two years throughout the empire the following edicts:

(a) Prohibiting membership in all anti-foreign societies; (b) publicly announcing the punishment inflicted on Boxer leaders; (c) suspending official examinations in cities where foreigners had suffered; (d) placing responsibility for disturbances on provincial governors and local officials in case of new anti-foreign troubles.

11. Commercial treaties were to be revised and amended; China was to assist in improving and maintaining the navigation of the Peiho and Whangpoo rivers.

12. The old cumbersome office of foreign affairs, the Tsungli-Yamen, was to be transformed into a new Ministry of Foreign Affairs, the Wai-wu Pu.

As negotiations proceeded, the powers insisted not only on promises, but that steps should be taken to carry out every agreement. This was accordingly done and edicts were published from time to time putting into effect the agreements successively reached. These decrees were attached to the final protocol, thus becoming virtually a part of it, in the form of nineteen annexes. They record in an interesting form the steps in the progress of the negotiations.

This insistence that a treaty be executed before it is signed or ratified is a most unusual proceeding in diplomacy and is an eloquent testimony to the worthlessness of Chinese promises and the international contempt into which the events of the preceding year had brought her.

Each agreement necessitated a long series of communications between the representatives of the various powers, between each representative and his home government, between the united foreign representatives and the Chinese plenipotentiaries, and between the last named and their Imperial Court, which continued its extended "westward

tour" throughout the whole period of negotiation and beyond.

The aims and interests of the various foreign powers were far from identical and the Chinese Government took advantage of every disagreement and thus secured many compromises. The first matter disposed of was that of punishments. Russia constantly opposed the efforts of the other powers to make these as severe as they deserved to be. A series of four edicts of February 13 and 21 carried out the agreements on this score.

The matter of indemnities occupied more attention than any other. The amount, the manner of payment, the best way for China to raise revenue for its payment and many subsidiary questions required separate treatment. The United States urged that the total indemnity be not more than \$200,000,000. The American contention was supported by England and Japan with only slightly higher estimates. These three wished to avoid crippling China so much as to necessitate further international interference. But Russia, Germany, and France held out for much greater sums. The estimates as originally made would have required between four and five hundred million dollars. Finally it was compromised at a little less than \$340,000,000, or 450,000,000 taels. The Chinese authorities were amazed and urged reduction, but finally accepted it unconditionally. It had taken nearly five months to reach the settlement. Regarding the manner of raising the revenue, the British suggestion was followed; that is, China pledged the total maritime customs augmented by an increase of 5 per cent. in the tariff on all imports, including articles hitherto on the free list, except food cereals and gold and silver bullion and coin; the native customs collected in the treaty ports; and the revenues of the salt tax, exclusive of the portion previously set aside for other foreign debts.

In the concluding paragraph the powers declare:

The Chinese Government having thus complied to the satisfaction of the powers with the conditions laid down in the above mentioned note of December 22, 1900, the powers have agreed to accede to the wish of China to terminate the situation created by the disorders of the summer of 1900. In consequence thereof the foreign plenipotentiaries are authorized to declare in the names of their governments that, with the exception of the legation guards mentioned in Article VII, the international troops will completely evacuate the City of Peking on the 17th day of September, 1901.

The evacuation of Peking was carried out but that of Tientsin, which should have taken place five days later, did not occur until nearly a year afterward. The foreign legations had been unable to induce the commanding officers of the foreign troops at the latter city, who were responsible for the safety of foreigners in North China, to live up to the agreement. Normal intercourse was resumed between China and the other powers as rapidly as the transition could be effected, in face of all the difficulties unavoidable under the circumstances.

RETURN OF THE COURT.

Early in October, 1901, about a month after the final protocol had been signed, the court left its retreat at Singan, the capital of Shensi, and began a leisurely return from its "westward tour," living at the expense of the towns en route. Two months later it was leaving Kai-fong, the capital of Honan. After another month the entire court entrusted themselves to the care of the Belgian railway at Cheng Ting and, with a stop of four days at Pao Ting, continued their journey by train to Peking. Alighting outside the walls they entered the city by chair.

Escorted by nobles and cavalry they passed through lines of kneeling troops until they reached the Chien Men. The railway stations outside the gate had been masked by screens of matting, and the ruined towers on the wall had been flimsily restored to conceal the injuries inflicted

by the allied forces. But groups of foreigners were on the wall, and to the surprise of all, after the Emperor and Empress-Dowager had burnt incense in the temples at the gate, the latter, before re-entering her chair, made a deep bow to the foreign onlookers, which was repeated when they acknowledged her salute. Her attitude and expression seemed to appeal for forgiveness of the past and to show an intention of ushering in an entirely new phase in the relations of foreigners with the court.

This promise was to be fulfilled. Not only is this the beginning of a new phase in the relations between foreign powers and China, but, as much as any one event can mark a great transition in history, this resumption of authority marks the beginning of a new era for China in both foreign and domestic affairs. She had been rescued from her fiery trials of the two preceding years not by her own power, nor because of her own merits, but by the magnanimous forbearance and peaceable agreement of the allied powers in whose hands she lay helpless. It is true that China had suffered severely at the hands of the powers. They had exacted harsh terms, driven a hard bargain—too hard, doubtless. But she fared far better than she would have fared if twentieth century diplomacy were governed by the cynical spirit of the Napoleonic era, or of the age of Choiseul and Pitt and Maria Theresa and Catharine II, and Frederick the Great. Whether the credit be due to John Hay or merely to the spirit of the times which he so happily voiced, coming as this settlement did on the very threshold of the new century, it augured well for the future. With only a few, and not very conspicuous, exceptions, the spirit here shown has prevailed throughout the first decade of the century and appears stronger to-day than ever.

As if out of gratitude for her deliverance, China abandoned her old anti-foreign exclusiveness and opened wide her arms to receive both the ideas and the representatives of western civilization. With a few unfortunate though inconspicuous exceptions, her official actions since have voiced the Macedonian call "come over and help us."

On January 22, 1902, about a fortnight after returning to his palace, the Emperor tendered a formal reception to the foreign representatives at which a new ceremonial previously arranged by protocol was conscientiously carried out. His few cautious remarks were confined to expressing his satisfaction that Germany was again represented at his court and his faith in the good intentions of the powers. Six days later, at a reception to the entire diplomatic body, the Dowager-Empress, who had not appeared on the 22d, sat on the throne, while the Emperor occupied a low dais in front of her. Their relative positions were expressive of their respective power. After a formal address to the Emperor on behalf of the ministers, and his brief reply, the regent made some indistinct remarks which were interpreted as expressing her sorrow for the troubles that had occurred. Four days later, at a reception by the Emperor and Dowager-Empress to the ladies alone of the foreign legations, the aged ruler bewailed with sobs and tears the attack on the foreign legations, and presented the United States minister's wife with bracelets and rings from her own person and, after a banquet, gave presents of jewelry to all of the ladies. Other greetings and receptions, contrary to custom, followed.

Private audiences were accorded to Sir Robert Hart, who had for forty years resided at Peking, most of the time in an official capacity, without enjoying the honor; to two Roman Catholic bishops; to the manager of the Russo-Chinese Bank; and an especially distinguished reception to the Grand Duke Cyril of Russia.

The delay in the evacuation of Tientsin, alluded to above, roused some suspicion of the good faith of the allies. China sent repeated appeals against this violation of her treaty rights. The commanders of the allied troops tried to impose a new set of twenty-four conditions before evacuation. The ministers of the powers approved. At China's request, Secretary Hay intervened and secured im-

portant modifications in July, and the evacuation was effected August 15, 1902. During the two years of foreign occupation, in spite of many difficulties, the international commission in control had made great improvements in such matters as roads, bridges, river facilities, etc.

It was four months later before Shanghai was evacuated. This delay was occasioned by a contest between Germany and England concerning special privileges which the latter had formerly enjoyed in the Yangtse basin. Finally it was arranged that the Chinese Government would not part with any sovereign rights, or grant any preferential right in this region which was opposed to the principle of the open door, with the understanding that this would not apply to rights already conceded.

The revision of commercial treaties and the arrangement of a new schedule of tariffs on imports as provided in articles six and eleven of the final protocol of September 7, 1901, constituted the most important matters for discussion between the powers and the restored Chinese Government during the first two years after the restoration. To rearrange the tariffs, an international commission met at Shanghai shortly after the restoration of peace and continued their discussions and negotiations for nearly a year, reaching an agreement August 29, 1902, to go into effect two months later and take the place of the temporary schedule that had been in effect during the preceding year to meet the requirement of Article VI of the protocol that it should "be put in force two months after the signing." The purpose was to enable China to raise revenue to meet the annual installments of indemnity by providing "that the existing tariff on goods imported into China should be increased to an effective 5 per cent." and "that all duties levied on imports *ad valorem* should be converted, as far as feasible and with the least possible delay, into specific duties." The list agreed upon of dutiable goods and the rates occupy twenty closely printed octavo pages. Furthermore it was provided in Rule I appended for the application of the tariff that "Imports unenumerated in this tariff will pay duty at the rate of 5 per cent. *ad valorem*." Rule II provides as exceptions that the following shall be duty-free: "Foreign rice, cereals, and flour; gold and silver, both bullion and coin; printed books, charts, maps, periodicals and newspapers." The agreement was signed originally by eight powers and subsequently by four others.

One week after signature of the international tariff agreement, a separate Anglo-Chinese commercial treaty (the Mackay Treaty) was signed, but not ratified till eleven months later. It revised and amended all agreements respecting commerce, navigation and kindred subjects between the two. It consists of sixteen articles, each regulating some important matter, and covers fourteen octavo pages. Among them worthy of special mention are:

Article II, in which "China agrees to take the necessary steps to provide for a uniform national coinage," a matter still unsettled but being prepared for; Articles V and X, regulating and improving internal navigation; section 12 of the eighth article opening five new treaty ports; section 4 of same continuing existing duty on foreign opium; Article XI, prohibiting importation of morphine except for medical purposes; Article XII, providing that England would surrender her extraterritorial rights as soon as the Chinese judicial system should be sufficiently reformed to warrant so doing; and Article XIII, providing in case other treaty powers should do the same, an international commission to investigate the missionary question in order to avoid, if possible, troubles such as had occurred in the past and secure permanent peace between converts and non-converts.

But the matter of greatest importance, not only for the two contracting powers but for all others interested in Chinese trade and industries, is contained in Article VIII, abolishing *li-kin*, or transit dues, and all "other dues on goods at the place of production, in transit, and at destination," which impede the free circulation of commodities

and injure the interests of trade. In compensation (besides admitting exceptions in case of opium and salt and concessions regarding native custom houses and a few other matters), England consents to the addition of 2½ per cent. on all imports over and above the effective 5 per cent. provided in the international tariff agreement signed a week earlier; and also allows an export tariff not to exceed 5 per cent. and a consumption tax on Chinese products not intended for export; and provides an excise tax on native machine-made products of foreign type, the amount of which was to be equal to twice the import duty on similar foreign-made articles.

Sections 13 and 14 agree that on January 1, 1904, all *li-kin* barriers having been in the meantime removed, the agreements contained in this article are to come into force, provided that all powers entitled to most-favored-nation treatment entered into the same engagements, without having exacted any political or exclusive commercial concession in return therefor.

A little more than a year later, on October 8, 1903, the United States and Japan on the same day signed commercial conventions with China, similar in most respects to this Anglo-Chinese treaty. Both specifically provide the agreements regarding the abolition of *li-kin*.

Among the many matters of minor importance occurring in the relations between China and the powers during the first two years of the "restoration" now being considered, a few may be mentioned. Questions arising in connection with the indemnity and its payment occasioned many difficulties. It was found that the total claims of the powers exceeded the total amount of the indemnity by about 2 per cent. In June, 1902, a proportionate reduction was agreed to in all of the claims. A fall in the value of silver in China virtually increased the amount of the indemnity by 100,000,000 taels over the original 450,000,000 in order to make it worth 67,500,000 pounds sterling. On China's resisting payment of the increase, the United States proposed that the question whether the payment should be in gold or silver be referred to the Hague Tribunal. Germany was willing. At the close of 1903 the question had not been decided. The United States alone accepted payment in silver; Great Britain agreed to accept payments in silver on account; Japan demanded gold. A later rise in the value of silver increased the sterling value of the income from the customs by some 3,000,000 pounds sterling and at the same time decreased the burden of the indemnity. There had also been a considerable increase in the customs revenue in 1902 in spite of the fact that the Newchwang duties were retained by the Russo-Chinese bank there.

When China in 1901 had proposed to send a mission to collect contributions from Chinese subjects residing abroad to assist in paying the indemnity, the powers concerned refused the passports asked.

The fortification of the legations as provided in the final protocol was completed in 1902, as was also the monument erected in Peking by the Chinese on the site of Baron von Ketteler's assassination. In the following January it was dedicated with imposing ceremonies in the presence of the foreign ministers by Prince Chun, the Emperor's brother, who had gone on the penitential mission to Berlin. The growing friendliness toward foreigners was shown by the employment of foreigners as advisors by many provincial governments. A Protestant chapel was erected in 1902 at the capital of Hunan from which for so many years all foreigners had been excluded. In March, 1903, a gold watch was presented by King Edward to the Chinese General Mei, in recognition of his services in protecting British missionaries in Chili in 1900. In May of 1903, a British battleship visited Hankow, the first to ascend the Yangtse so far.

A few internal events during these first two years after the restoration of friendly intercourse should be mentioned, since they are of international importance. In October of 1901, while the court was still in exile, the heir apparent, Pu Chun (who had been appointed by the Empress-Dow-

ager in 1900 when the Emperor announced that it was impossible that he should have a son), was set aside because his father, Prince Tuan, had taken part in the anti-foreign movement and had been banished therefor. The Emperor was yet childless.

Another important event occurring before the return to Peking was the death on November 7th, two months after he had signed the protocol restoring peace between his country and the powers, of the aged statesman, Li Hung Chang. His reputation had suffered during the last few years. He had been suspected of being a tool of Russia. The agreements which he seemed ready and anxious to make would have virtually ceded Manchuria to Russia. His influence with the court was so great that this would probably have happened had he lived longer. His death increased the prospect for preserving the integrity of China. A temple was to be erected to his memory.

Yuan Shikai succeeded to Li Hung Chang's Viceroyalty of Chili at the age of forty-three, being probably the youngest official to attain such rank. He had first come into notice as Chinese resident in Korea while China still held the sovereignty of that unhappy state. In 1898 he was commander of the chief army corps in the metropolitan provinces. At the deposition of the Emperor, the fate of the throne lay in his hands. It was he to whom the Emperor entrusted the task of arresting the Empress-Dowager and who betrayed that trust and sided with the latter and the reactionaries. He was rewarded with the governorship of Shantung, where in the following year he opposed the will of the Empress, whom he had thus virtually put into power, repressed the Boxers, and protected the foreign missionaries in their work, of which he openly approved. Since the death of the aged Li, Yuan Shikai has been the most conspicuous leader of the progressive element.

In December, 1901, took place an imposing funeral ceremony near Peking of some seventy native converts to Christianity who had been murdered during the Boxer outbreak. The Protestant missionaries, chiefly American, had agreed not to press for punishment of the guilty, provided Chinese officials should make public atonement and impress the people with the necessity of respecting and protecting missionaries and their converts. All of the principal officials in the vicinity were present.

The year 1902 threatened a renewal of the Boxer movement in seven provinces, with its anti-foreign fanaticism and attacks on native Christians. Two missionaries were murdered in Kansu and two in Hunan. After much pressure, the local military authorities, who had refused protection to the last two, were ordered executed, and all local officials concerned were punished. In Kansu the leader of the rebellion made severe demands on the Peking Government. A similar leader in Mongolia was acting in harmony with him. In Sze-chuen several chapels were burned, and, it was estimated, probably with exaggeration, that from 300 to 1,000 converts were killed. In Kiang-Si a revolt, which was essentially anti-dynastic, was led by Dr. Sun, who had been educated at Harvard and London. He had formerly organized the Chinese Progressive Society to accomplish his purpose. At the end of the year there was much anxiety, but the danger was exaggerated. During the next year the movements everywhere collapsed or were suppressed by the viceroys who were not only more favorably disposed toward foreigners, but better able to cope with internal disturbances than formerly.

Drought and famine in some parts and floods and famine in others in 1901 had greatly aggravated the difficulties. Millions had died and many other millions were made homeless. Missionaries did all they could to give relief. Piracy in the neighborhood of Canton prevailed both in 1901 and 1902. Foreign pressure was brought to bear on the viceroy to suppress it. Cholera was prevalent in all parts of the empire in the latter year. The price of grain rose to famine figures in the south.

In spite of the general suffering and in spite of the

impoverishment of the empire, lamented in imperial decrees, there was needlessly lavish expenditure on objects of no benefit to the country. When the court visited the tombs in April of 1903, fifty trains were required for the paraphernalia; and on the return 200,000 taels were said to have been spent on decorating the train and the Pekin station. The celebration of the Empress-Dowager's seventieth birthday was estimated to have cost 10,000,000 taels.

A valuable precedent in the establishment of justice in Chinese trials was furnished in 1903 by the case of a journalist of Shanghai, who had made a gross attack on the dynasty. In spite of his culpability, the municipal council insisted on a fair trial, although the authorities would have summarily executed him, as in the case of a man who had just been flogged to death for a similar offense at Pekin by order of the Empress-Dowager. Even some of the ministers were inclined to allow the authorities to do as they pleased with the Shanghai culprit. He finally obtained a fair trial and was regularly condemned.

MANCHURIA.

The most important matters in China during the decade, considered from an international standpoint, are those growing out of the situation in Manchuria. With the Russo-Japanese war, as such, this paper has nothing to do, and with the influence of Korea in bringing about that struggle it is not concerned, since, as stated above, Korea passed from under the suzerainty of China with the signature of the Treaty of Shimonoseki. Four years later a treaty of amity and commerce between China and her former vassal state definitely established the equality of the latter with the former so far as sovereignty is concerned. The gradual encroachments of Japan, the extinction of Korea's ephemeral independence and the final annexation to Japan which has just been accomplished, form an intensely interesting study, but they are without the scope of this paper. The part that Manchuria played, however, in bringing about the titanic struggle between Japan and Russia, and the influence, in turn, of that struggle on the situation in Manchuria are of vital concern to this study.

To understand the international complications that have arisen during the last decade regarding Manchuria, it is necessary to return again to the middle of the preceding decade. The cession of the southern point, the Liaotung peninsula, to Japan by the Treaty of Shimonoseki in 1895, and its retrocession to China before the close of the same year on the urgent advice of Russia, seconded by Germany and France, have already been studied. The reason why Russia was so anxious to prevent Japan from violating the integrity of China's continental territory was soon evident. On December 10th of the same year the charter of the Russo-Chinese Bank was granted by the Czar to the manager of the affairs of the committee of the Siberian Railway. Among a multitude of other purposes for which the corporation was created is named the following:

The acquisition of concessions for the construction of railways within the boundaries of China and the establishment of telegraphic lines.

The next step was the signature of an agreement, September 8, 1896, between the Chinese Government and the Russo-Chinese Bank for the construction and management of the Chinese Eastern Railway. Nothing is said regarding the route or length of the line, except "for the purpose of surveying the course of the railway, the Chinese director will depute an officer to act in conjunction with the company's engineer and the local officials along the route, who will arrange matters satisfactorily."

Among the numerous provisions, apparently for the mutual benefit of the company, of China, and of Russia, one provides that "the Chinese Government will take measures for the protection of the line and of the men employed thereon." Another provides that eighty years from the opening of the completed railway, "the line and all its property are to revert to the Chinese Government without

payment." After thirty-six years China was to have the privilege of purchasing it. The statutes of the railway, confirmed by the Ruling Senate at St. Petersburg, December 4 of the same year, define the route as, "within the confines of China from one of the points on the western borders of the Province of Hai-Lun-Tsian (Hilung-Chiang), to one of the points on the eastern borders of the Province of Ghirin (Kirin)."

There is no authority in the above agreement for the introduction of Russian soldiers and guards. The statutes mention "police agents appointed by the company" to preserve law and order on the lands assigned to the railway. It is strongly suspected that a secret treaty signed in April, 1896, gave Russia authority to introduce soldiers and establish other regulations for the railway.

In the treaty of March 27, 1898, leasing to Russia Port Arthur and Talienwan, the Chinese Government agreed that the Manchurian Railway Company (which name seems to have displaced that of Chinese Eastern) should have the privilege of constructing "a branch line from a certain station on the aforesaid main line to Talienwan. * * * The provision of the agreement of the 8th of September, 1896, between the Chinese Government and the Russo-Chinese Bank, shall be strictly observed with regard to the branch line above mentioned. The direction of the line and the places it is to pass shall be arranged by Hsu Ta-jen and the Manchurian Company. But this railway 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.

In the additional agreement of May 7th following,

It is further agreed in common that railway privileges in districts traversed by this branch line shall not be given to the subjects of other powers. As regards the railway which China shall (may) herself build hereafter from Shan-hai-kuan in extension to a point as near as (lit. nearest to) possible to this branch line, Russia agrees that she has nothing to do with it.

An Anglo-Russian agreement of April 28, 1899, concluded a long-discussed arrangement regarding the respective railway interests of these powers in China. It provided that Great Britain would not seek railway concessions north of the Great Wall nor obstruct Russian applications for such in that region. Russia would not seek such nor obstruct English applications in the valley of the Yangtse. The two contracting powers declare they have "nowise in view to infringe in any way the sovereign rights of China or existing treaties." Both agree that the Shan-kai-kuan to Newchwang railway must remain a strictly Chinese line.

After Russia had leased Port Arthur and obtained the Manchurian railway concessions of 1896 and 1898, Russian colonists began to pour into northern China. Large numbers of troops were collected at Port Arthur—far more than its use merely as a naval base warranted. During the Boxer outbreak, Russia took advantage of the general absorption and the suspension of Chinese authority to rush troops into Manchuria and seize the most important places. Frightful atrocities are charged to the Russians in some of these attacks. By the time order was restored, the greater part of Manchuria was occupied by Russian troops. A circular note issued by Russia, August 28, 1900, declared the occupation temporary and promised that as soon as pacification should be attained and necessary measures should be taken for preservation of the railway, Russia would withdraw her troops from Chinese soil. Repeated assurances were given that Russia had no desire to seize Chinese territory.

The Anglo-German Agreement of October 16, 1900, discussed above, declared for the maintenance of the territorial integrity of China and the "open door" for trade. This was opposed to Russia's suspected recent efforts with regard to Manchuria, though in perfect accord with her public utterances. Some question arose later as to its interpretation, Germany holding that it did not include Manchuria, but England insisting that it did include every

part of the Chinese Empire, which seems to be the plain reading of the agreement.

Through 1901, while the negotiations were in progress for the general treaty of peace, Russia was separately treating for privileges in Manchuria, which Li Hung Chang seemed anxious to grant and which would have left to China only nominal control. At the instance of other powers, China refused to sign the Russian conditions. Japan was greatly wrought up. Russia replied to Japanese representations that it was an affair between Russia and China only, but that the terms would not be found to be injurious to Japan. Early in 1902 Great Britain, Japan, and the United States renewed their protest against continuing the Russian military occupations for three years, as China seemed about to concede. Russia renewed to the United States the assurance that the commercial rights of all nations would be respected within the Russian zone of influence.

An unexpected arrangement entered at this juncture to affect Russia's policy. A treaty of alliance signed January 30, 1902, declared:

The Governments of Great Britain and Japan, actuated solely by a desire to maintain the *status quo* and general peace in the extreme East, being, moreover, specially interested in maintaining the independence and territorial integrity of the Empire of China and the Empire of Corea, and in securing equal opportunities in these countries for the commerce and industry of all nations, hereby agree as follows:

In case either power in defense of these interests should be involved in war the other would first use its efforts to prevent more than one nation from attacking its ally; in case that could not be done, it would come to its ally's assistance and conduct the war in common. This was, of course, directed first against Russia, and then against France in case that power should come to Russia's assistance, as was possible in view of the close alliance that had existed between them for about a decade to protect their European interests. This agreement having been communicated to those powers, they came to an understanding about a month later and made it public, declaring themselves satisfied with the declaration of the principles of England and Japan which had constituted and should remain the base of their own policy. An additional article definitely extended their alliance to the Far East, to the great detriment, it is considered by some, of French prestige.

On April 8, 1902, the long negotiations between Russia and China came to a conclusion by Russia's abandoning her extreme contentions and accepting the counter-proposals of Prince Ching. The first article declares in part, that Russia "overlooking the fact that attacks were first made from frontier posts in Manchuria on peaceable Russian settlements, agrees to the re-establishment of the authority of the Chinese Government in that region which remains an integral part of the Chinese Empire and restores to the Chinese Government the right to exercise therein governmental and administrative authority, as it existed previous to the occupation by Russian troops of that region."

In article two the Chinese Government "takes upon itself the obligation to use all means to protect the railway and the persons in its employ, and binds itself also to secure within the boundaries of Manchuria the safety of all Russian subjects in general and the undertakings established by them."

Russia in turn agrees, "provided that no disturbances arise and that the action of other powers should not prevent it, to withdraw gradually all its forces from within the limits of Manchuria in the following manner:

(a) Within six months from the signature of the agreement to clear the southwestern portion of the Province of Mukden up to the River Liao-che of Russian troops, and to hand the railways over to China.

(b) Within further six months to clear the remainder of the Province of Mukden and the Province of Kirin of Imperial troops.

(c) Within the six months following to remove the

remaining Imperial Russian troops from the Province of Hai-lung-chang.

The third article provides for the number of Chinese forces needed to police the country, and the fourth provides for the return to China of the Chinese railway in Southwestern Manchuria, connecting Peking with the Russian Harbin-to-Dalny line.

At the end of the first six months the troops were withdrawn as agreed. But there were evidences that Russia was strengthening her hold on the remainder. At the expiration of the second six months only an exceedingly small beginning of evacuation was made. But in a few days new troops arrived. New conditions were demanded as the price of carrying out the second part of the evacuation, provisions which, if agreed to, would have closed Manchuria to all foreigners but Russians, and would have provided for the non-alienation of Manchurian territory to any power other than Russia. On discovery of this attempt there was great irritation, especially in the United States and Japan. These two and England protested to Russia, which power denied that such attempt had been made though the fact to the contrary was clear. The United States and Japan pressed for the conclusion of their commercial treaties, both of which required the opening of the Manchurian ports. China insisted that she could not open them since she did not possess them. The agreements were, however, both signed, October 8, 1903, as discussed above, though not ratified until the January following.

The date of the signature of these treaties was that on which the third evacuation was to have been completed and Manchuria entirely freed from Russian troops. No movement had been made to carry out even the second. The final evacuation date passed without any movement. Next day the Russian garrison at Newchwang paraded the streets; and two days later foreigners were invited to witness a display of Russian military and naval strength at Port Arthur. The fortifications there and at Dalny were being strengthened and the inner harbor was being deepened. Already eight ironclads and a fleet of torpedo boats could be anchored where before only small native boats could venture. In Mongolia Russia was said to be pursuing the same course as in Manchuria. Railways were being projected, commercial resources were being explored, and Russian traders were displacing Chinese. Russia's intention had been foreshadowed by an edict of three months earlier erecting the new Russian Viceroyalty of the East under Admiral Alexieff.

Great resentment was displayed abroad, especially in Japan. China, indignant, talked of war for a few days then turned its attention to the elaborate celebration of the Empress-Dowager's seventieth birthday. Yuan Shikai, the progressive Viceroy of Chili, and recently appointed Commander-in-Chief of the Chinese army, urged the necessity of fighting Russia, and, in case Japan should declare war, of supporting her.

Japan's fruitless attempt to induce Russia to respect the territorial integrity of China and fulfill the agreement to evacuate Manchuria; Russia's delays and evasions and finally virtual refusal; the revelation of Russia's intention not to stop with Manchuria but to encroach on Korea; Japan's demands that Russia reconsider and reply more favorably; Russia's long delay; and, finally, the severance of diplomatic relations by Japan, February 5, 1904, followed by the immediate mobilization of her forces and the commencement of hostilities without a formal declaration of war, are matters too familiar to need more than this brief allusion. The military details have no place in this paper, although Manchuria was the theatre of action and the Chinese of Manchuria suffered extensive losses from, and were compelled to serve, both hostile armies in turn. They were helpless to join either as combatants.

China early announced her complete neutrality, but reserved the liberty to act in case either combatant should desecrate the Imperial tombs in Manchuria. The United States led the foreign powers in calling upon both Russia

and Japan to respect the neutrality and territorial integrity of China, both during and after the war. China's pitiable helplessness made it impossible for her to enforce respect for her neutrality in the cases where the exigencies of war made it practically impossible for the belligerent powers to avoid violating it. Russian vessels of war interned in Chinese ports gave considerable anxiety, especially the difficulty she had in enforcing the disarmament of them. The transport ships seeking refuge in Chinese ports after the battle of the Sea of Japan gave trouble, as did Japan's seizure of a Russian refugee ship in a Chinese port, and the maintenance of a Russian wireless telegraph station on Chinese soil.

When the war was brought to an end by the belligerents' acceptance of the friendly intervention of President Roosevelt, Port Arthur and Dalny were in Japanese hands and also southern Manchuria to a point a little beyond Mukden. The destruction of the whole of Russia's available navy made Japan's position at Port Arthur unassailable.

The Treaty of Portsmouth, signed September 5, 1905, provided, regarding Manchuria, that the evacuation of the armies should commence simultaneously and immediately after the treaty of peace should come into operation, and be completed within eighteen months, excepting the territory affected by the lease of the Liaotung peninsula and with the reservation that the two powers should have the right to maintain guards to protect their respective railway lines in Manchuria; all portions of Manchuria occupied by the armies of either power should be restored to the exclusive administration of China, except the leased portion; Russia declared she did not have in Manchuria any territorial advantages or preferential or exclusive concessions impairing Chinese sovereignty or inconsistent with the principles of equal opportunity; the two powers engaged reciprocally not to put any obstacle in the way of general measures applying equally to all nations which China might take for the development of commerce and industry in Manchuria; Russia transferred to Japan, with the consent of China, the lease of Port Arthur with all territory, rights, privileges, and property thereto belonging, without, however, impairing the property rights of Russian subjects; Russia also transferred to Japan, with China's consent, without compensation, the Manchurian railway from Dairen (Dalny, Talienwan) northward to Kwang-ching-tsu (437 miles) with its branches, and all rights, privileges, and properties; neither power was to use its respective railway for strategic purposes, save that portion within the leased territory around Port Arthur; a separate convention between the two powers to be concluded as soon as possible would regulate their connecting railway service in Manchuria. These provisions established a Japanese sphere in the south and a Russian in the north, which was the much larger portion.

A new and much stronger Anglo-Japanese alliance replacing that of three years earlier had been signed August 12, preceding the conclusion of the Treaty of Portsmouth. It declared for its object:

(a) The consolidation and maintenance of the general peace in the regions of eastern Asia and India; (b) the preservation of the common interests of all powers in China by insuring the independence and integrity of the Chinese Empire and the principle of equal opportunities for the commerce and industry of all nations in China; (c) the maintenance of the territorial rights of the high contracting parties in the regions of Eastern Asia and of India, and the defense of their special interests in the said regions.

Each power bound itself to come immediately to the assistance of the other in case the other should be attacked in defense of the rights or interests mentioned. This greatly strengthened the hands of Japan in the negotiations with Russia, and made impossible any violation of the principles of territorial integrity of China and equal opportunity in Manchuria.

China and Japan signed a separate treaty on December 22 of the same year, which confirmed all the transfers and

assignments made by Russia to Japan in the Portsmouth treaty with reference to railways and leased territory. An additional agreement opened sixteen additional places in Manchuria to international trade; provided that if, and as soon as, Russia would do the same, Japan would withdraw her railway guards from Manchuria when China should be capable of affording full protection to the lives and property of foreigners; gave Japan the right to maintain and work the railway between Antung and Mukden for fifteen years, after which it should be sold to China; and established several minor rules and regulations.

As the Japanese troops evacuated Manchuria steady streams of Japanese immigrants flowed in and colonies suddenly sprang up eager for trade and investment. The Japanese succeeded where Russians had failed. This movement has continued ever since. Development was so rapid that labor was scarce in spite of constant immigration from China to supplement the Japanese. Railway traffic was heavy. China showed reluctance to agree to anything that might imply permanence of Japanese tenure. Japan was piqued at Chinese suspicion and ingratitude. Discord grew up on many matters. On April 15, 1907, they signed an agreement providing for the sale by Japan to China of the railway constructed by the former from Mukden to Sin-min-tun; and for special favors to the Japanese South Manchurian Railway Company to the exclusion of all other capital except Chinese in a loan for the construction of a branch to Kirin. On numerous minor matters discord continued between China and Japan, especially with reference to telegraphs, mails, and the importation of morphine. The Japanese evacuation of Manchuria was not yet complete at the end of 1907 as it should have been before the middle of the year.

Complaint grew serious that Japanese policy was not consistent with preservation of equal opportunity. The United States objected to Japan's exclusion of foreign capital from railway building. Japan admitted that she had followed Russia's policy, and by preferential rates diverted to Dairen some trade that would have gone to Newchwang. These were later equalized.

One of the most serious recent misunderstandings between China and Japan in Manchuria was regarding the line which China proposed to construct from Sin-min-tun to Fakumen, and for which she had borrowed English capital. Japan objected that this would compete with her South Manchurian line, especially if it should be continued further north. To offset this, China was objecting to Japan's reconstructing the narrow gauge line from Mukden to Antung as a standard gauge. Japan was anxious to do this since at the latter place the line would become continuous with her line through Corea, thus giving direct railway communication with Europe. China proposed reference of the dispute to the Hague Tribunal, but Japan refused on the ground that diplomatic means had not been exhausted. Finally, China yielded both railway disputes to Japan. In August, 1909, she withdrew her objection to Japan's reconstruction of the Antung to Mukden line; and in September agreed not to build a railway near or parallel to Japan's South Manchuria line, and specifically not to build the Sin-min-tun to Fakumen line, without consulting Japan. China thus virtually withdrew from Manchuria so far as railways are concerned and left the field to Japan. All that China got in exchange for this was a decision in her favor in a boundary dispute on the Korean-Manchurian border and jurisdiction over Koreans who had entered certain Chinese territory and over whom Japan claimed extraterritorial control.

Mining interests were also regulated by the September agreement. There was great apprehension in the United States that a monopoly had been created in favor of China and Japan. An investigation and diplomatic inquiries satisfied the State Department that no such monopoly was involved, and in November the United States Government accepted the settlement.

Japan's aggressive policies in Manchuria are very severely

criticised. The Japanese press is urging that suzerainty over Manchuria be asserted. The Japanese in the province are domineering and treat it as a conquered country. The Japanese guards of the railway are found at great distances from it interfering in matters not of their concern. Chinese officials are obliged to wink at violations of law by Japanese.

Since the Treaty of Portsmouth Russia in her sphere of northern Manchuria has been doing, or attempting to do, about what Japan has in southern. China has plucked up courage to offer some resistance and with some apparent success. She objected to Russians continuing to work a timber concession at Kirin after its expiration. She sent a considerable detachment of her new foreign drilled army to prevent encroachments on the Mongolian frontier. In 1908 a dispute arose over Russia's assertion of exclusive jurisdiction over both Chinese and foreigners at Harbin and elsewhere within the railway zone. China refused to recognize the regulation, protested to Russia, and was supported by the United States consul. In May, 1909, a convention between the two settled the dispute by recognizing Chinese sovereignty and dividing the jurisdiction. Protests from the United States and Austria-Hungary and consequent international disagreements delayed ratification.

In July of the present year Russia and Japan concluded a new treaty to govern their relations in Manchuria. The first article provides that they will lend friendly co-operation in developing their respective railway lines in Manchuria. The second provides for the maintenance of the *status quo* resulting from the treaties, conventions, and other arrangements already made between the two and between either and China. The third article agrees that in case there should arise any menace to the *status quo* Russia and Japan will consult each other as to the proper action.

Secretary Knox last year, seeing that Russia and Japan were using, or were suspected of using, their railway rights in Manchuria to gain special privileges there which were hardly consistent with the Treaty of Portsmouth, and wishing to remove, if possible, this danger to the "open door" policy, proposed a novel scheme. He suggested that "capital should be secured in the six great nations—Japan, Russia, Great Britain, France, Germany, and the United States—and loaned to China to enable her to anticipate 1938 and purchase the Manchurian railways now. The capitalists were willing; the European powers were willing; but Russia and Japan were not. As the purchase could be made only with their consent, their unwillingness ended that phase of the negotiations."

The editor of the London *Spectator* says that no other answers could have been expected, that the construction of Russian and Japanese railways in Manchuria does not violate the Treaty of Portsmouth; and that neutralization would mean a large international financial enterprise, and probably—what would be most undesirable—a partial occupation of Manchuria by the powers.

In a later number the same periodical condemns Mr. Knox's so-called interference as unreasonable, unjustifiable, and impracticable, since, it says, America has not the strength to back up her policies by force. It is implied that the State Department has belittled itself to serve the interests of American capital abroad. The fact seems to have been overlooked, or ignored, that Secretary Knox is asking for American capital nothing but what would be enjoyed in common with the other great countries. If he were, he would not be doing more than European foreign offices have long been doing.

The plan for the purchase by China of the railways in Manchuria being thus defeated, Secretary Knox proposed that capital from the same international sources be loaned to China for the construction of the proposed new railway from the neighborhood of Peking almost directly northward through Mongolia tapping the Trans-Siberian at Tsitsihar in north Manchuria and passing on to the Amur at Aigun. There is a hope, but still no certainty, that the nations concerned may consent. The fact that it would compete to a

certain extent with the present Manchurian lines will cause Russia and Japan to be slow in agreeing to it.

MINOR FOREIGN MATTERS SINCE 1904.

The difficulties arising in connection with the payment of the indemnity in the first two years after the return of the court have been noted. The customs, the chief source of revenue for its payment, continued to increase through 1904, 1905, and 1906. The value of silver continued to appreciate during the same year, so the burden of payment in gold was lightened. In 1904 China consented that payments should be in gold, and the following year agreed to pay 1,200,000 pounds sterling in satisfaction of arrears due to previous payments in silver. In 1906 China took steps to take over the management of her maritime customs which had for so many years been in British hands. England protested that it was in violation of agreements to the effect that no change would be made so long as British trade exceeded that of other powers. Young Chinese were being trained for and introduced into the subordinate positions in the customs service. During 1907 and 1908 there was a decrease in the customs owing to the general money stringency of the first of the two years. It was accompanied by a new depreciation in silver.

The announcement of the United States in 1908 that she would forego the payment of 2,500,000 pounds sterling of the indemnity was welcome news to China. A special ambassador was sent to the President with a letter of thanks, and arrangements were made to spend most of the money thus saved by sending young Chinamen to be educated in American schools.

This did much to remove the unfriendly feeling toward the United States which had prevailed for several years owing to the galling restrictions imposed on Chinese who visited or attempted to visit the United States. The boycott of American goods, started in 1905, had resulted from this. It spread rapidly to all open ports, then to Hong-Kong, Singapore, and Bangkok. Upon the United States Government making representations to China, Wu Ting Fang was sent as special commissioner to negotiate a new immigration treaty. When Mr. Taft visited Chinese ports in 1907, he found that the anti-American feeling of two years earlier had almost disappeared. His speeches made a favorable impression and hastened the returning friendliness. When the American fleet on its world tour touched at Amoy in 1908, it was accorded a notably enthusiastic reception and honored by special commissioners.

There has been a growing sentiment in China that the time has come for her to rid herself of the humiliating inconvenience occasioned by the rights of extraterritoriality which she has granted to all Western powers. In the English commercial treaty of 1902 and those with the United States and Japan in the following year definite agreements are included to surrender these rights as soon as Chinese law and court procedure is sufficiently reformed. Such will doubtless come, but it is a good while in the future.

As China recovered her strength, she abandoned her spirit of subservience to foreign powers, and its place was taken by one of sullen reserve. The language of the press was unfriendly to foreigners. Suspicion of England was engendered by electioneering allusions in England to the so-called Chinese slavery in South Africa. Especially was the feeling of coldness and suspicion directed toward Japan because of the conflict of interests in Manchuria studied above, and the imperious manner of Japan there. This feeling was intensified in 1907 by Japan's reviving an ordinance of eight years earlier forbidding Chinese to work in agriculture, fishing, mining, manufacturing, and other industries without special permission from the local authorities. Any who violated this were liable to expulsion. It practically excluded Chinese labor except in cases where Japanese was insufficient to meet the demands. China retaliated by weeding Japanese officers out

of the Chinese army, many of whom had in 1905, fresh from their experience in the war against Russia, found employment there.

The Tatsu-Maru incident occurring in 1908 increased still further the irritation toward Japan. The Japanese vessel of this name was seized by the Chinese near Macao on a charge of landing arms for Chinese revolutionists. Japan demanded an apology and indemnity and threatened forcible action. The Portuguese Minister supported the Japanese contention that the ship had been seized in Portuguese waters. China finally apologized, and promised to punish the responsible officials, release the vessel, pay an indemnity and purchase the arms; but Japan in turn promised to enforce new regulations against the shipment of arms to Macao. The release of the vessel provoked an indignation meeting in Canton. A boycott of Japanese goods was threatened.

Cases in which attacks on foreigners in China made necessary the conclusion of special agreements for indemnity and punishment have been much less frequent in recent years than formerly. One such occurred in 1908 on the frontier between Yunnan and Tonking. During a revolt in the former, Chinese bands crossed the frontier and a French officer and six soldiers were killed in French territory. France demanded severe punishment of the offenders and an additional railway concession. The latter was not granted but the punishment was inflicted.

An agreement between Japan and France signed June 10, 1907, recognized the integrity of China; accepted the principle of equality of treatment in that country; and pledged mutual support in maintaining the territorial *status quo* in the Far East. China resented as derogatory to her sovereignty a clause in the treaty which mentioned regions "adjacent to the territories" where France and Japan had "rights of sovereignty, protection and occupation," but the matter was explained away. A similar treaty with a like purpose in view was signed between Russia and Japan July 30 following. These two agreements virtually brought England's Oriental ally into the western triangular entente, just then being completed, of England, France, and Russia.

Notes exchanged between the United States and Japan on November 30, 1908 (a notable and not universally approved departure in American diplomacy), provided for the maintenance of equal opportunity for the commerce and industry of all nations in China and agreed to support the independence and integrity of China by all peaceable means. The understanding was welcomed in both countries and approved by China, to which power the text of the notes had been previously submitted.

Several miscellaneous agreements between China and other powers and between other powers relating to China not previously mentioned have been concluded during the decade, some of which are worthy of mention. In September, 1905, China and all of the powers that had signed the final protocol of September, 1901, concluded the so-called Whangpoo Conservancy Agreement providing for the improvement and maintenance of the navigation of that river. During the decade Great Britain entered into a series of agreements with almost all powers for the protection of trade marts in China. In 1904 England and China concluded a convention respecting the employment of Chinese labor in British colonies and protectorates; and in 1905 another respecting the junction of Chinese and Burmese telegraph lines.

The only other matter of large interest in the foreign relations of China is the granting of concessions to foreigners for the construction of railways, working of mines, etc. During the decade and in a few preceding years great numbers were granted, partly because of their value to China but more frequently because they were demanded and China was unable to resist. To merely enumerate these would be of little interest or value, and to write at sufficient length to make it interesting and valuable would require too much space for this paper. Suffice it to say that each year of the last decade has seen many new railways com-

pleted and many more projected. Progress has been steady. Capital has been drawn from nearly every Western country, and much Chinese capital is being invested. About the middle of the decade opposition began to grow to the further granting of concessions to foreigners; and local obstruction of progress on lines thus conceded has been common. Each year since the development and rapid growth of a spirit of patriotism and national pride which followed Japan's defeat of Russia greatly strengthened their feeling of hostility toward the development, not to say exploitation, of China by foreigners. Careless wording of the concessions and sometimes conflicting grants caused difficulties, delay and discontent. The Government determined not to grant any more concessions to foreigners and to regain control of those previously given whenever possible.

The concession for a line from Canton to Hankow held by an American company was repurchased in 1905. Unfortunately it has progressed very slowly since passing wholly to native hands. Other redemptions have followed. The Government has upheld concessions granted, in case the owner did not willingly sell, but in several cases the companies, tiring of attempting to work in the face of local opposition, have given up and sold voluntarily. Foreign capital continues in demand even where the management is Chinese, whether private or governmental.

At the close of the preceding decade there were hardly more than a hundred miles of railway in all China. Now about 5,000 miles are completed and in full operation. Some 2,000 more are under construction and many more lines are being projected. In the northeastern part construction has, naturally, been less rapid. The Russian and Japanese lines in Manchuria have already been discussed. They together constitute about one-third of the total mileage in operation. The next most extensive is the Pekin to Hankow line connecting the capital with the middle Yangtse basin. The projected line from Canton to Hankow, when completed, will continue this to the great southern metropolis. These together will constitute the great artery of the Chinese railway system almost 1,400 miles in length. A line from Tientsin through the coast provinces to Nanking on the lower Yangtse is being constructed, which will doubtless later be continued around the coast to Canton. A line is projected and partly constructed from Canton westward to Yunnan almost to the Burmah border. Numerous short lines, some in operation, others under construction, center about the great cities of Canton, Shanghai, Hankow, Pekin, and others. But all this is scarcely a beginning. There remain still vast areas to be opened up. Many whole provinces are yet untouched. And the great dependencies, Thibet, Mongolia, and Turkestan are hardly thought of as railway fields.

Telegraph lines have far outgrown the railways and are more widely diffused. There are more than 25,000 miles under operation. Next to railways, the most attractive investments for foreign capital, hitherto, are in the mines which are exceedingly rich, varied and widely diffused. Many mining concessions have been granted to foreigners and are being worked. But here, too, the field is only touched. The development of mines must await the construction of railways.

Manufacturing, too, is an industry in which much foreign capital is finding investment and many foreign experts and corporations, employment. The cheapness of Chinese labor, compared with that of western countries, makes profits for capital large. Fifteen men in the iron works at Hankow are said to receive a wage equal to one man in Pittsburg, and the efficiency of a Chinese workman is about ninety per cent. of that of an American. The recent decline in the value of Chinese silver has greatly cheapened the cost of Hankow pig iron in competition with western. Wages continue to be paid in silver and at the same rate as formerly, so the cost of iron reckoned in taels is the same as it was; but a gold coin of a western country will purchase twice as many taels' worth of Chinese iron as for-

merly. It is being shipped in large quantities to the Pacific coast of America. The United States Steel Corporation is seriously considering erecting mills in China. The problem of the competition of Chinese labor with that of the western world is becoming a serious one and cannot be dealt with by immigration laws alone as formerly. What is true of iron will be true of other products when China is fully opened up.

TRAFFIC VIA PANAMA AND TEHUANTEPEC, 1900 TO 1910.

Eighty-two million dollars' worth of merchandise originating in the United States crossed the isthmuses of Panama and Tehuantepec last year. Most of this merchandise was moved across the isthmuses for the mere purpose of transferring it from one great section of the United States to another section—from the Eastern to the Western coast, or from the Western coast and Pacific islands to the Eastern coast. Fifty million dollars' worth of this grand total originated on the Eastern coast and moved westwardly across the isthmuses, four-fifths of it passing thence northward to the Pacific Coast of the United States, the other one-fifth being distributed along the Pacific coasts of Mexico, Central and South America. The other 32 million dollars' worth of this grand total moved eastwardly across the isthmuses, two-thirds of it originating in Hawaii and the remainder along the Western coast of the United States. The Hawaiian sugar destined for the Eastern coast of the United States, which formerly made the trip by sailing vessel around Cape Horn, now passes by steamer to the Isthmus of Tehuantepec, is there transferred to the railway, carried across the isthmus and again placed on steamers, passing thence to the refineries at Philadelphia and New York. The steamers carrying this sugar return from New York loaded with general merchandise, which is transferred to the Tehuantepec Railway, crossing the isthmus, and retransferred to steamers which pass up the Western coast of the United States to San Diego, San Francisco and Puget Sound, and then, returning to Hawaii, reload with sugar for the Eastward trip.

This transisthmian traffic between the Eastern and Western coasts of the United States and between the Eastern coast of the United States and the Western coast of Central and South America has greatly increased in recent years. In the fiscal year 1905 it aggregated but 8 million dollars; in 1910 it was over 80 million dollars, or ten times as much. This increase is the result in part of the opening on January 1, 1907, of the railway across the Isthmus of Tehuantepec, Mexico, 190 miles in length, operated in conjunction with lines of ocean steamers at either end and supplied with facilities for transferring freight from steamer to railway and from railway to steamer. The value of its traffic in merchandise originating in and destined for ports of the United States has grown from about 25 million dollars in the calendar year 1907, the first year of its operation, to 70 million dollars in the fiscal year 1910. In the meantime the value of American merchandise crossing by way of the Panama Railway, largely occupied at the present time with the service incident to the construction of the Panama Canal, has grown from 9½ million

dollars in the fiscal year 1907 to 12¾ million in the fiscal year 1910.

Practically all the American traffic carried across the Isthmus of Tehuantepec passes between the Eastern and Western coast ports of the United States, including the Hawaiian Islands, while about three-fifths of that carried over the Panama line passes between ports of the United States and about two-fifths between domestic ports and ports of foreign countries. Of the 41 million dollars' worth of American merchandise passing westward over the Tehuantepec line last year, 23 million dollars' worth went to San Francisco; 9 million dollars' worth to San Diego; 4½ million dollars' worth to Puget Sound; 3½ million dollars' worth to Hawaii, and three-quarters of a million dollars' worth to foreign countries, Central America, Mexico and British Columbia. Of the 28 million dollars' worth passing eastward over the Tehuantepec line, 20 million dollars' worth, chiefly sugar, was from Hawaii; 6 million dollars' worth from San Francisco, and 1½ million dollars' worth from Puget Sound. Of the 9¼ million dollars' worth passing westward over the Panama line, 5 million dollars' worth was destined for foreign countries on the west coast of America, and 4¼ million dollars' worth to the Pacific Coast of the United States, chiefly San Francisco; while of the 3½ million dollars' worth passing eastward over that line, the entire amount was from the port of San Francisco.

This large and rapidly growing traffic between the Eastern coast of the United States and Western ports of America consists, as relates to the westward movement, of miscellaneous merchandise, while about one-third of the eastern movement is miscellaneous merchandise, and about two-thirds sugar from Hawaii. All of the westbound merchandise for Western ports of the United States, or ports of foreign countries fronting upon the Pacific, was shipped from the port of New York, while of that passing eastward across the transisthmian lines, 20 million dollars' worth was from Hawaii, 9½ million from San Francisco, and 1.3 million dollars' worth from Puget Sound.

The following table shows the value in millions of dollars of merchandise shipped from ports of the United States to other domestic ports or to foreign countries by way of the isthmuses of Panama and Tehuantepec:

TRAFFIC VIA PANAMA AND TEHUANTEPEC, 1900 TO 1910.

Year ending		Westbound.		Total.
June 30.	Panama.	Tehuantepec.		
1906.....	3.8	....	3.8
1907.....	7.3	*5.5	12.8	
1908.....	9.4	13.2	22.6	
1909.....	9.0	27.0	36.0	
1910.....	9.2	41.6	50.8	
Year ending		Eastbound.		Total.
June 30.	Panama.	Tehuantepec.		
1906.....	2.0	....	2.0
1907.....	2.3	*5.9	8.2	
1908.....	1.5	18.3	19.8	
1909.....	1.8	24.3	26.1	
1910.....	3.6	28.0	31.6	

* Traffic via Tehuantepec began January 1, 1907.

THE EDUCATIONAL CONQUEST OF CHINA.

From The Contemporary Review.

A decade ago the scholars of China still resented any suggestion that their educational system stood in need of reform. Theirs was the ideal of what education should be. That 95 per cent. of the people could not read, and 99 per cent. could not write, was as it had been, as it should be, and as it always would be. Learning was for the few, not for the many.

As to the multitude, it must grind its unceasing round, toiling for to-morrow's rice so as to renew its strength to toil for that of the day after, breeding succeeding generations that they, too, might toil like their fathers, with seldom a noble thought to inspire, a beautiful idea to cheer, or a book to enrich the mind; a mass of human beings, not "a little lower than the angels," but a little higher than the beasts of the field. This, with an occasional famine or pestilence or internecine war to thin them off so as to make room for a fresh crop, was the ordinance of Heaven and satisfactory to all parties.

Enlightenment was for the few, and even that enlightenment, to most of these, was little more than a thin veneer of platitudes and stock expressions. Such, with no disrespect to the great Sages who had lifted her out of barbarism, was the zenith of China's educational advancement as the result of a pulseless philosophy and a creed of inertia.

Not only would the Chinese scholar of a decade ago have scorned the need of reform, but many European residents deemed the possibility of change a fit subject for mirth—except, of course, that handful of ever hopeful men and women whose foolish faith aims at, and singularly enough succeeds in, moving mountains. The late Emperor's proposals for educational reform in 1898 came as an astonishment to all, both Chinese and Europeans. A high European official of world-wide repute was the first who showed me the Imperial edict embodying these reforms, and it was with deep feeling that he remarked, "It is amazing. I never expected to see such proposals as these." The poor Emperor lost his throne, and indirectly his life, for his boldness, but not four years passed from the issue of his edict before his plans were in large measure adopted by the Empress-Dowager, whose tragic death, the day after his, remains one of the enigmas of fate.

Into the education of the past there is no need to enter further here. Suffice it, that it resembled the classical education of a period not very remote in our older universities, without the saving salt of their logic, philosophy and mathematics. The classics of Confucius, and little but the classics, were taught in all the schools throughout the empire. Even the highest schools in the land occupied themselves with nothing but the Confucian classics and the works that had been written upon them. Taoist, Buddhist, Mahomedan, or Christian writings had no part or lot in the national curriculum. Mathematics and science were ignored, geography unknown, the arts neglected, and, needless to say, engineering could in no sense be deemed worthy of a place beside the refinements of composition and caligraphy. But, after all, our own emancipation is too recent for us to criticise with anything but sympathy this

mental slavery. For the Chinese education of the past was no simple and easy matter. The amount of literature to be committed to memory, the quantities more that had to be read, the precision of style in composition that had to be cultivated, the exquisite finish that was demanded in penmanship, all called for talent and industry. But classics will neither feed nor clothe a nation, and to live solely in admiration of the past, with eyes always looking out through the back of the national head, does not make for progress. To change the metaphor, the venter was thin and the wood beneath it worm-eaten; the national life was honeycombed with decay and the polish failed to hide it.

Now, however, the old system has been swept away with a stroke of the vermilion pencil, and a new one has been elaborated. The old examinations, China's greatest pride, were abolished five years ago and an entirely new national curriculum has been adopted. It is of a very complete character, commencing with the elementary school and ascending in stages through the secondary, the middle and the high schools to the universities. Schools and colleges in each grade, and of very varying degrees of efficiency, have been established in most of the provinces. Most of them are official, the rest private establishments, but in all alike the same curriculum prevails. Each parish, each county, each province has its board of education, all under the authority of the central board in the Capital. Only three or four colleges in the country have yet reached university standard, and the number of students who have attained to that standard is exceedingly few, but as educational advances each province is to have its university.

The system and its curricula have been adopted from Japan. Indeed, had the Japanese system been more closely followed it would have been more efficiently worked, but national pride had to assert itself, and the late Chang Chih Tung saw fit to clog the wheels of progress with the mortmain of his classical prejudice. Classics have their invaluable place, a place nothing else can fill; but in China they have hitherto crowded everything else out, and in the present stage of affairs no harm could come from putting them temporarily into a subsidiary position.

Needless to say, the schools already established are doing work of little more than an elementary description; indeed, in most places there is more name than reality, especially in those remote from the great centers. It is amusing, for instance, to come across zoological and botanical gardens, with an old mule cropping grass as the sole representative of zoology, as the grass is of the botany. But, when a new system, clothed and armed as it were out of the head of Jove, is sprung upon an unprepared people, it naturally takes time for both system and people to adjust themselves to each other. Good work is undoubtedly being done in the more enlightened provinces, and this will gradually diffuse itself over the more backward regions, much as has been the case in England and in America.

Now a new scheme is already formulated, and will some day be promulgated, a scheme of universal compulsory education. The proposal is a huge one, and at first sight seems ridiculously premature; but the Chinese usually see further into their national possibilities than do European residents, whose tendency is to sit in the seat of the scornful. Take for instance the opium question. Not even the most hopeful missionary, however much he may have prayed for and longed to see it, had faith to believe that the Chinese would rise as they have done against the drug which was besotting them as a nation. Yet in this province of Shansi, in one year, opium cultivation has miraculously ceased. One man, H. E. Ting, himself an ex-opium smoker, has so planned and worked that when His Britannic Majesty's Minister, Sir John Jordan, recently sent a special envoy to make a month's journey through this

erstwhile opium-ridden region in search of opium, he could not find a plant anywhere.

So in regard to compulsory education, the scornful may laugh, as they are ever ready to do at the day of small things, as they did loudly at Japan not twenty years ago; but the Chinese know that education has hitherto been debarred from the poor chiefly through the impossibility of raising the very meagre sum required for the half-starved teacher's fee, to say nothing of the cost of the books required, absurdly cheap though these were. By making education compulsory, the local boards of education will be compelled to look around for means of providing it free. How can this be done? Very much in the same way that Henry the Eighth did it, by spoiling the monks. There are temple lands and temple funds which, for ages past, have been wasted on an idle set of parasite-breeding parasites, and on a round of useless superstitions. That the Chinese are already daring to lay bold hands on these things, and even to lay ruthless hands on the clay gods and pull them from their thrones, as has been done in numbers of places in the interest of education, is a marvelous sign of the times. And it is the Christian missionary who has been quietly preparing the way for this by loosening the popular hold upon them, and it is also he who has that which can more than fill the vacant places of the gods, a thing which mere secular education can never do.

The great hindrance to the establishment of effective schools has been the lack of efficient teachers. Had it not been for the men trained in Protestant mission schools, China's educational advancement must of necessity have been delayed till teachers could be made. With these and a number of half-baked students from Japan, men who rushed there after Russia's defeat, a creditable commencement has been made.

It was the awakening war with Japan in 1893-4, coupled with the influence of the mission school and of the Christian Literature Society, that stirred the late Emperor in 1898 to issue his famous revolutionary edicts, so soon to be temporarily adopted. It was the Boxer awakening, and the continued influence of mission schools and literatures, which caused the Empress-Dowager to issue her famous edicts adopting modern education and its institutions. And the Russian defeat by Japan clinched the nail so far as the *litterati* were concerned. Thousands of Chinese young men flocked to victorious Japan, the mass to get a mere smattering of knowledge, but to come back filled with new ideas of progress, of reform, even of revolution.

Multitudes, then, of modern schools and colleges have been opened during the past seven or eight years, filled with teachers more or less competent, and teaching all the subjects usually taught in European schools, from the three R's up to science, advanced mathematics, and languages, chiefly English. This is a mighty step forward in the evolution of a nation consisting of nearly one-fourth of the world's population.

The educational conquest of Japan is a fact she has amply demonstrated. The educational conquest of China is not so well known, but none the less a fact in process of realization, and a fact of first-rate importance in the evolution of the human race. And who has been the conqueror? To this every man who is closely acquainted with the subject must reply, "the Missionary Educator." I would limit even this statement, and say the American Educator. While British missions have done a measure of valuable service in this direction, their schools have been few and shamefully undermanned. British missions, with British conservatism, have held too much to the idea that their office is to evangelize and heal, not to enlighten the mind. But the American has also applied himself directly to the root of China's pressing temporal need, and spent a hundred times as much money—nay more—on education as British missions have done. It is under the American missionary's influence, also, that the excess (recently returned to China) of America's indemnity from China, over her actual expenditure, is to be applied educationally in sending stu-

dents to American colleges. And America will reap substantially the reward she deserves. Look at the number of Chinese students who are now finding their way to those colleges. Look at the interest that is shown in them, and the welcome they receive. How many Chinese students are there in England? I know of twenty-three, all of whom went from this university. Are there twenty-three more in the whole country? There are more in Germany than in England.

The British merchant is a very wise and calculating man. He has made heaps of money out of his trade with China, but how much has he given in return? What interest has he taken in this great race? Has he ever given a thought to their intellectual and material welfare? But does he so easily forget his political economy, which tells him that the more highly educated a people is the greater its needs and the greater its powers of purchasing? One disdains to appeal to the mercenary side; nevertheless, nations reap in proportion to their sowing, and America deserves a plentiful harvest. Even in regard to Japan, it can never be forgotten that the man who laid the foundation of her great educational system was an American missionary, Dr. Verbeck.

The last person one would expect, judging from past experience, to take an interest in the Chinese, would be a member of the British aristocracy, yet Lord William Cecil has recently put himself to much trouble and expense in order to bring England more nearly into line in this important question,—important for England as well as for China. What the response will be the near future will show. Already there are cavillers and objectors, whose shortsightedness is about equal to their generosity. Lancashire alone could easily satisfy Lord William Cecil's appeal, and ought to do so, for she has fed and is feeding multitudes of her people on her trade with China. Wealthy men who do not feel it their duty to support denominational mission colleges can surely support an institution so broadly planned as that of Lord William Cecil.

In conclusion, if the doctrine of evolution means anything, it means something more than an evolution that is past, an evolution of plants and animals, it must be a continuous process covering the higher evolution of man, and that includes the Chinese. The evolutionist has much to write and to say about his important subject, and his activities, perhaps, largely end there. Great numbers of missionaries who, in the past more than in the present, opposed this magnificent theory, have nevertheless spent their lives in putting it into practice, carrying into effect the very principle they condemned, and, behold, a race evolving itself from its tight-fitting chrysalis case into—what? That largely depends on the influences that are brought to bear upon it. It can be shaped. It can be made a thing of beauty. It can become a notable factor in the sum of the world's happiness.

Criticism of missions has been crude, myopic, silly. There may have been men of narrow creed among them—such are not lacking even in medicine and science—but at least their lives are pure metal, and wherever they go they ring true. The following story may be apocryphal, but it is not without its grain of truth. A certain Chinese gentleman, graduate of a British university, who, during the Boxer outbreak, had written severe strictures, *inter alia*, on missionaries, is said to have been traveling on one of the fine river steamers, when its captain in bluff, hearty, seadog British fashion remarked, "I see you have been going for those adjectived missionaries. Quite right. You go for 'em," and other vigorous words to that effect. "Yes," was the quiet reply, "but after all we should not know there were any good people in your country if it were not for them."

The educational conquest of China, as of Japan, is a fact; and—the palm to her who merits it—in both cases it is America that has the right to hold it. Will Britain let her opportunity pass by? Germany, in this as in other things, is already wide awake.

W. E. SOOTHILL.

CANTON TRADE REPORT.

(From the Returns of the Imperial Maritime Customs.)

A review of the year 1909 is, on the whole, satisfactory, especially as compared with its predecessor. The elements, possibly exhausted with their efforts of 1908, have been, if not kind, at least apathetic, and the tale of disaster from flood and typhoon unfolded in the report for 1908 has, fortunately, not to be repeated in this. Floods there were, it is true, but the damage done was comparatively insignificant, and, in fact, less than the average for these periodic chastenings. In spite of many warnings received from Hongkong—warnings, which in view of the experience of July, 1908, are no longer disregarded by the floating population—the wind never approached typhoon force here, although a stiff blow on the 20th October put a stop to business for a couple of days. The only serious disaster was a fire in the harbor on the night of the 30th January, which destroyed a large number of Canton's famous flower boats. These boats are lashed side by side in long lines, and as the fire originated at the windward and shore end of a line, the unfortunate occupants, the majority of whom were singing girls, found their escape cut off. No one having the presence of mind to try and cut the boats adrift, the fire quickly traveled down the line and made a complete holocaust. Most of the panic stricken people eventually jumped overboard, but as a strong tide was running very few were picked up, and the total number of lives lost was estimated at 700. Very few serious cases of piracy have occurred during the year, the rice crops are reported excellent, and the untoward incidents which ruffled the calm of the port and strained business relations generally during 1908 have been either amicably arranged or forgotten. The discussion over the "Fat-shan incident," after having dragged its weary and unprofitable course for months, was at length settled by a handsome indemnity from the shipping firm concerned, and the episode, it is hoped, is now decently and finally interred. The Macao delimitation dispute does not seem to have affected business with that colony, but the trade with Macao is in any case small and uninteresting. As Japanese imports have now regained their normal figures—figures which, even during the height of the agitation, showed a small decline, quite disproportionate to the vehemence of expressed local sentiment—it may now safely be assumed that the boycott movement has practically fizzled out. The net value of the year's trade is Hk. Tls. 107,067,267, being an increase of Hk. Tls. 3,370,737 on the previous year's total.

FOREIGN GOODS.—The net value of foreign imports is Hk. Tls. 28,096,056, being Hk. Tls. 1,657,021 less than the 1908 figures, which is more than accounted for by the temporary stoppage of the opium traffic referred to elsewhere. Of the items calling for special remark, cotton piece goods nearly all show an increase, great or small, principally in gray and white shirtings, cotton lastings and plain dyed shirtings. It is reported that business generally in piece goods has been quite satisfactory, both for importers and dealers, the latter especially, with large stocks laid in at the end of 1908 and beginning of 1909, reaping the benefit of

the strong rise in cotton values during the latter part of the year. The present position and prospects for 1910 are, however, not so bright, as the exceptionally high prices for American and Egyptian raw cotton have put a stop to any considerable indent business. In woolen goods, blankets and Spanish stripes show a good increase. Tinned plates have declined, probably in sympathy with kerosene oil, which has dropped from 21,599,456 gallons in 1908 to 16,324,766 gallons. Flour has fallen from 351,054 to 189,371 piculs, possibly due in part to the special transit facilities now accorded to the native made article, of which 189,963 piculs have been imported coastwise, against a nil figure in 1908. Aniline dyes show a marked falling off. There is a certain antagonism among the dyeing guilds against foreign made colors, which seems to have its root in the successful competition of artificial indigo against the native product, which has deprived middlemen of their former regular profits. The import of machinery does not show any appreciable increase. There is a good deal of interest displayed locally, but lack of capital in most instances prevents inquiries leading to actual business; also machines of simple construction are being taken as models for local manufacture. The trade in sundries, chiefly consisting of socks, singlets, purses, threads of all kinds, tin boxes, enameled basins, etc., is reported to be getting less satisfactory every year. Increased competition among foreign firms cutting margins to a fine point, combined with the unlimited credit required by dealers of no standing, is the alleged reason.

MISCELLANEOUS.—The progress made during the year of the Yüeh-Han Railway is at first glance disappointing. To the 44 miles open to traffic at end of 1908 only a further 10 miles, to Shekpihang, has been added. The reasons which have contributed to this unsatisfactory result are many, but matters have not been improved by the unfortunate dissensions between shareholders and directorate. It would be out of place to enter into a dissertation here on the rights and wrongs of the case, but it will suffice to remark that a good deal of the friction seems to have originated from ignorance on the part of many of the shareholders of the topography of the country and the natural obstacles to be surmounted. The good progress made as far as Yüntam has led some people to expect this rate of progression to be maintained, quite regardless of the fact that the route to Yüntam presented comparatively trifling difficulties, while from the North River to Yingtak and beyond the route fairly bristles with a long succession of every kind of engineering problem awaiting solution. In addition to this all the sleepers, rails, cement, etc., have now to be transported up the North River, which at low water is frequently impassable for weeks. There have, of course, also been the usual difficulties in overcoming the reluctance of the peasantry to parting with their land, for superstitious and other reasons. The natural reticence of those connected with the line, in view of the disputes alluded to above, has not facilitated the task of getting reliable information, but as far as can be ascertained from

various sources the year's results are, besides the 10 miles actually opened, roughly, 40 miles of embankment and cutting completed, while several tunnels are in course of excavation. The large permanent bridge over the Kong-how River is expected to be ready about the end of April, but in the meantime operations are being carried on over a temporary structure. All along the projected route up to the 120th mile workmen are engaged, and it is hoped that the completed line will be pushed as far as Yingtak (90 miles) by the end of the year. The survey has been finished up to within 10 miles of the provincial frontier. Across the east branch of the North River, near Yingtak, a bridge some 800 feet long will have to be constructed. The projected route practically follows rivers for 200 miles, giving almost a direct route to the borders of the province. The working portion of the line now pays operating expenses and something toward the cost of further construction. The mechanical department at the Canton terminus is exceedingly well equipped, the latest machines having been imported from Europe and America, and is capable of turning out all kinds of work. A cheering feature is the mechanical aptitude displayed by the Cantonese employees in the shops. The engineer in charge of this department reports them as exceptionally quick in grasping a new idea, and they are developing into efficient mechanics, locomotive engineers and boiler makers. The company now runs its own electric plants. During the Chinese year the Canton-Catshan-Samshui branch of the Yüeh-Han Railway carried 3,293,731 passengers, and the gross earnings amounted to \$644,714, being an increase of \$62,709 over the previous year's results. Operating expenses amounted to \$206,935, showing a gross profit on working account of \$437,779. Construction expenses, included in which are repairs, totaled \$139,694, a decrease of \$113,773 on the amount expended in the preceding year, due entirely to the absence of flood damage. Deducting construction expenditure the net profit is \$298,085.

In spite of difficulties—the chief, of course, being the usual interminable negotiations incidental to the purchase of land—the progress made during the year of the Canton-Kowloon Railway can only be regarded as highly satisfactory. The accessibility by water from Canton of so many points of the selected route has, of course, considerably facilitated the transport of heavy construction materials, and on all three sections of the line work has gone forward apace. For the following statement of the position and prospects at the end of 1909 I am indebted to Mr. F. Grove, engineer-in-chief of the Chinese section. "Purchase of land may be taken as practically completed by December 31, 1909. Earthwork in hand and completed at this date 82 miles. No. 1 district, mile 0 to mile 31: Terminal station building and general office will be completed by April, 1910. Earthwork and bridgework will also be completed; rail laying is proceeding, and this section should be ready for traffic in a few months. The opening will probably take place on September 1, 1910. No. 2 district, mile 31 to mile 50: Earthwork three parts completed. This is the large bridge section, with a total girder opening of 3,200 feet. The East River and other large bridges are proceeding satisfactorily, foundations being nearly completed;

delivery and erection of steelwork for large spans—seven of 224 feet—has commenced. No. 3 district, mile 50 to mile 89¼: Earthwork three parts completed. Bridgework three parts completed. Rail laying will begin on districts Nos. 2 and 3 in the autumn of 1910. It is expected that a through connection with rails should be made early in 1911, and there is reason to suppose that the estimate of opening to through traffic in June or July, 1911, can be accomplished. There has been delay in land acquisition and works, especially quarrying operations and certain bridge-work, notably at Sinchuen and Shektan, through continued opposition of village people and inability of district authorities to satisfactorily settle the difficulties. Robberies and disturbances have been unfortunately frequent, but at the present time, owing to the efforts of His Excellency Wei Han, managing director, assisted by the troops of Admiral Li Chun, where specially required between mile 30 and mile 60, works are proceeding more satisfactorily. There has been no special anti-foreign feeling on the line, and no concerted attacks have been made except against contractors and native workers, although on one or two occasions on No. 3 district the staff has temporarily retired for safety."

The various local industrial and municipal enterprises have been so exhaustively treated in former reports that they call for no comment, with the exception of the following: The output of red bricks from the Imperial Cement and Brick Works at present is about 15,000 daily, and a further plant has been ordered, which will be capable of turning out another 50,000. Government buildings have absorbed most of the output so far, but although the bricks are reported to be of excellent quality, the price, \$125 per 10,000, as again \$100 or less for the ordinary local product, may have to be reduced to enable them to compete in much larger quantities in the open market. The cement factory, which commenced operations in March, is built for a production of over 500 barrels per day, but owing to some rather disastrous experiments with the kilns, and the inexperience of the workmen, the daily outturn has only ranged from 120 to 180 casks. The cement, as comparative tests have proved, is of good quality, but is handicapped by a formidable and well established competitor, with a base in too close proximity, in the shape of the Green Island product. But little has been used locally, even for Government works, such as the new bund, and railways, etc., but about 5,000 piculs have been shipped coastwise. Machinery for the manufacture of red brick flooring tiles and colored cement tiles has also been installed, but has not yet started operations. The Canton Water Works are making satisfactory progress as a going concern. Mains are now laid in all the principal streets, and the total length of piping in use is about 250,000 feet. The Tsengpu reservoir has a maximum output of 7,500,000 gallons per day, but about half this amount suffices to meet the requirements of the 9,000 odd houses using the supply. A 5 per cent. dividend has been paid for 1909. The Canton electric light plant was taken over early in the year from the Chinese Light and Power Company by the Ta Ching Kwangtung Electric Supply Company, Limited, but the foreign engineering staff has been retained. The area supplied now comprises the city of

Canton, Honam, and the Foreign Settlement of Shameen. The new bund has now been completed from West Creek to Taishatow, a distance of, roughly, 2 miles. It is a broad, well constructed thoroughfare, and greatly improves the river frontage. It is a disadvantage, though, that the steel bridges over the small intersecting creeks have had to be raised to a height sufficient to allow the passage of small craft underneath, and the approaches are of such Alpine steepness that they would be nearly impassable for any heavy wheeled traffic. The humble jinricsha is the only wheeled vehicle at present making use of the bund, and if the projected electric tramway connecting the Canton-Kowloon Railway terminus with the western portion of the city and Shameen is to materialize the gradients of the slopes will have to be lowered. A handsome new Government wharf of steel and concrete has been built on the bund.

TRADE BETWEEN THE UNITED STATES AND PHILIPPINE ISLANDS.

Trade between the United States and Philippine Islands has practically doubled since the enactment of the present tariff law which permits an interchange free of duty of practically all articles passing between the United States and those islands. The total value of imports into the United States from the Philippine Islands in the first fifteen months' operation of the new tariff law amounted to 24 1-3 million dollars, against 11½ million in the fifteen months immediately preceding the enactment of that law; while the exports to the islands in the fifteen months since its enactment are 23 1-3 million dollars, against 12½ million in the fifteen months immediately prior to its enactment. Thus the imports from the islands in the fifteen months since the enactment of the law for which a record of the commerce is now available, are slightly more than double, and exports thereto slightly less than double those in the fifteen months prior to its enactment.

The exact figures for the fifteen months' period, August 1, 1909, to October 31, 1910, all of which was under the new tariff except the first five days of August, are, imports from the Philippines \$24,317,758, exports to those islands, \$23,392,186, making the total value for that period \$47,709,944. For the fifteen months immediately prior to the enactment of that law, from May 1, 1908, to July 31, 1909, inclusive, the total imports from the islands were \$11,583,642, the exports thereto \$12,641,623, making a total of \$24,225,265, against \$47,709,944 in the fifteen months' period since the enactment of the law, though, as above indicated, the later period includes five days under the old law, since the reports of imports and exports as made to the Bureau of Statistics cover only full months and do not render possible the separation of the five days in August, 1909, in which the old law was in operation, from the remainder of the month, in which the new law was in operation. The figures are sufficiently comparable, however, to justify the statement that trade with the Philippines since the enactment of the new law has nearly

doubled compared with that of the fifteen months prior to its enactment.

Comparing the ten months of the calendar year 1910, for which figures are now available, January 1 to October 31, all of which was under the new tariff law, with the corresponding months of the calendar year, 1908, all of which was under the preceding law, the figures are, imports from the Philippine Islands in the first ten months of the calendar year 1908 \$8,146,238, in the corresponding months of the calendar year 1910 \$15,366,893; exports to the Philippine Islands in the first ten months of 1908, \$8,432,104, in the corresponding period of 1910, \$16,497,057, the 1910 figures being thus practically double those of 1908 in both imports and exports. Philippine official figures for the first quarter of the current calendar year show that merchandise from the United States formed 32 per cent. of the total imports, against 14.8 per cent. in the corresponding quarter of last year, the figures in each case being exclusive of imports by supply officers of the army, navy, and insular government and railway free entries.

The following table shows the value of the principal imports from and principal exports to the Philippine Islands during the first ten months of the calendar year 1910, compared with that of the corresponding months of 1908; all of the 1910 period being under the new tariff, and all of the 1908 period under the old tariff law.

IMPORTS FROM AND EXPORTS TO THE PHILIPPINE ISLANDS, BY ARTICLES.

	10 mo. end. Oct., 1908.	10 mo. end. Oct., 1910.
Articles—Imports.		
Manila	\$5,709,265	\$7,401,283
Sugar	1,950,604	5,378,730
Cigars, cigarettes and cheroots.	1,821	1,740,174
Copra	160,493	450,338
Fibers, other than manila.....	9,721	69,789
All other articles.....	314,334	326,579
Total	\$8,146,238	\$15,366,893
Articles—Exports.		
Iron and steel, manufactures of	\$2,213,592	\$3,302,418
Cotton cloths	405,546	2,839,270
Wheat flour	215,437	616,873
Explosives	826,387	1,151,907
Cotton manuf's, except cloth...	188,281	631,848
Meat and dairy products.....	300,204	522,831
Boots and shoes of leather.....	285,663	473,679
Paper and manufactures of....	245,595	545,412
Salmon, canned	32,404	309,520
Coal, bituminous	64,184	318,142
Wood and manufactures of....	236,508	479,425
Chemicals, drugs, etc.....	134,242	348,962
Electrical appliances	86,182	155,501
Leather, unmanufactured	80,839	202,659
Automobiles	17,827	226,648
Paints, pigments, and colors...	37,710	173,561
Harness and saddles.....	57,821	61,620
All other articles.....	2,997,163	4,057,862
Total	\$8,425,585	\$16,418,138

EXTENDING AMERICAN TRADE IN THE FAR EAST.

By Consul-General James T. DuBois, Singapore.

I have been carefully investigating the conditions of this far-away but valuable market to ascertain some plan by which American imports into the Straits Settlements and Federated Malay States might be increased.

The total imports from the United States last year amounted to \$1,887,092, while those countries sent directly in return \$19,231,786 worth of their products and indirectly \$5,000,000 more. The decrease in imports from the United States was a little over \$100,000 worth, while the increase of goods sent to the United States amounted to over \$6,000,000. Analyzing a few American imports which seemed to have suffered most, the largest proportionate decrease is found to be in the hardware line, just where the results should have been opposite, for American hardware is admittedly the best and most attractive in the Far Eastern market.

The following American articles should have greatly increased during the past three years, but their importation has decreased from \$273,316 in 1907 to only \$95,000 worth in 1909: Arms, boots and shoes, carriages and carriage materials, clocks and watches, cycles, motor cars and accessories, fowling pieces, muskets and rifles, hardware and cutlery, implements, instruments and tools, iron bar and nail rod, lamps and lamp ware, leather ware, machinery, musical instruments, canned provisions, and saddlery. Some of the articles, such as arms, leather ware and boots and shoes, show slight increases, but carriages, motor cars, musical instruments, machinery, lamps, iron nails, general hardware and clocks and watches show a heavy falling off.

Where the European exporters score best is that they have houses established here and in their import department employ men whose special functions are to study market requirements. With the help of the home manufacturer, this knowledge enables them to offer up-to-date, competitive lines. It is apparent that personal representation is the secret of their progress, not only in Malaya but all through Malaysia. If those dealing in oil, tobacco, sewing machines, and flour be excluded, the American exporter is practically unrepresented in this progressive port, which handles a gross import and export trade of nearly \$350,000,000 every year. Certainly this must place American manufacturers desiring foreign markets at a disadvantage.

CO-OPERATION IS THE BEST PLAN.

It is true the business that the American exporter would be likely to get in any of the articles mentioned would hardly justify the expense of establishing a branch house in Singapore until at least the trade is in a more developed state. But there is a way to do this work under present conditions at a minimum expense and risk. If a few makers of mining machinery, gas and oil engines, drilling plants, motor boats and cars, and general hardware would join in sending a capable and well-posted representative

here to work under the supervision of some well-known and reliable wholesale merchant house, which house would be the manufacturers' agent, responsible for rendering accounts for expenditures and for supervision of the salesman who would make Singapore his headquarters, the results should be satisfactory to every member of the syndicate.

This American representative could make periodical trips through Java, Sumatra, Siam, Burma, and especially the Malay States and Straits Settlements, studying trade conditions and requirements, taking orders and making American products known to thousands of consumers who have now little or incorrect knowledge of such goods. If at first the returns were not large, the first-hand knowledge gained of the different markets and their requirements would prove of real value to manufacturers and lead ultimately to a profitable trade.

COMMERCIAL RELATIONS BETWEEN AMERICA AND JAPAN.

From the Oriental Economic Review.

Japan's commercial vitality lies in silk and cotton. Of her total exports in 1909, amounting to \$206,556,255, those of silk amounted to \$82,684,401, or 40 per cent. of the whole. Of her total imports, valued at \$197,099,421, cotton alone figured \$61,741,989, or 31 per cent. of the whole. Silk, of course, heads the list of export goods, as cotton that of import goods. Stop her silk and cotton trade and Japan would be commercially stifled.

This fact is particularly significant when viewed in relation to American-Japanese commerce, because Japan sells silk mostly to America and buys American cotton to a large extent.

Of the total of raw silk and other silk goods exported from Japan, amounting in value to \$86,000,000, some \$46,000,000 worth, or nearly 55 per cent., came to the United States in 1909. In raw silk alone, the United States bought \$43,000,000 worth, or nearly 70 per cent., out of a total export to all countries amounting to \$62,000,000. No other country bought so much raw silk from Japan. The next largest buyer was France, her purchase amounting to \$12,000,000, or a little more than one-fourth of the amount taken by the United States. It is not known, of course, how much of this silk bought by France was shipped to America after it had been made into costly silk fabric by French looms.

These figures are an index to the importance that Japan attaches to her trade with America.

Japan's production of cotton is quite insignificant. Since the abolition of import duties on cotton in 1896, the area under cotton cultivation has dwindled to one-fifth and now hardly reaches 50,000 acres. Japanese cotton moreover is extremely poor in quality and is not fit for use in cotton mills. Japan, however, has eighty-six cotton mills, with a vested capital of \$26,000,000 and working 1,403,000 spindles a day. To feed all these spindles, Japan imported \$54,000,000 worth of raw cotton in 1909. Of this total \$30,000,000

were contributed by British India, \$11,500,000 by the United States, \$8,000,000 by China and \$2,500,000 by Egypt.

Indian and Chinese cottons are far inferior to American in quality, so that in order to make fine sorts of cotton yarn, the Japanese spinners find it necessary to use American cotton to some extent. Cotton yarn from Japan is exported almost exclusively to China, the total export in 1909 amounting in value to \$16,000,000, of which \$14,500,000 worth went there.

The main current of American-Japanese commerce consists therefore in the purchase of Japanese silk by America and the purchase of American cotton by Japan. Japan's total export trade in 1909 amounted to \$206,556,255, of which \$65,773,569 came to America. In other words, America takes 31 per cent. of Japan's exports. No other country comes near this mark. China, the next greatest buyer from Japan, took only \$36,543,945 worth, France took \$20,760,237, and Great Britain \$13,546,338. The United States in fact bought from Japan more than the whole of Europe. Of Japanese merchandise to the value of \$65,000,000, sold to America, \$46,000,000 worth, or 70 per cent., consisted of raw silk and silk goods.

In this same year, Japan's total imports amounted to \$197,099,421. Of this \$27,021,586 worth, or 13 per cent., came from America. Japan bought to the extent of \$41,000,000 from Great Britain, \$32,000,000 from British India, \$23,000,000 from China, and \$20,000,000 from Germany. The United States as an importer ranked in Japan next to British India. The imports from British India consisted almost entirely of Bombay cotton, which Japan bought to the amount of \$30,500,000. American raw cotton purchased by Japan amounted in value to \$16,500,000, or 61 per cent. of the entire American exports to Japan.

Japan produces mineral products to the value of more than \$50,000,000 a year, chiefly coal, copper and petroleum. She sold copper (ingots and slabs) to the United States to the amount of \$3,000,000 in 1909. Iron, steel and all kinds of machinery she must still buy abroad, and these form very important lines in Japan's foreign trade. Her production of iron is insignificant, amounting only to about \$1,000,000 worth a year.

Of iron or steel (bar or rod) Japan imported \$2,260,716 worth in 1909. Belgium and Germany were the principal suppliers, and the United States contributed only \$13,764 worth. Of plates and sheets of iron or steel, Japan bought \$1,060,429 worth. This was mostly supplied by Great Britain (\$621,301), and the United States contributed only \$56,832 worth.

Japan imported \$809,431 worth of steam boilers and engines. In this again the chief supplier was Great Britain (\$710,664), and the United States contributed only \$69,509 worth. Formerly Great Britain and the United States were the chief suppliers of railway rolling stock to Japan, but now they are led by Germany. In the importation of rails and steel or iron pipes, the United States takes the lead of all other nations, having sold about \$1,000,000 in 1909. In iron rails America is contesting the lead with Germany. It is thus evident that in the metal trade in

Japan the American merchants are bound to find strong rivals in European manufacturers.

Japan pays from \$3,000,000 to \$5,000,000 for American oil each year. In 1909 Japan bought \$3,520,539 worth from America, and \$2,308,076 worth from the Dutch Indies. Japan herself produces \$3,000,000 worth a year. So to-day the chief American exports to Japan are cotton and metal. American cotton is almost unrivaled in quality, if we except the limited supply from Egypt, but in the metal trade the Americans will find it necessary to exert themselves constantly and to the utmost to hold this market against their European competitors.

SOUTH CHINA TRADE DEPRESSION.

From Consul General George E. Anderson, Hongkong.

The trade depression along the Chinese coast, especially in South China, has been realized for some time. Just how serious this has become and how much it is to affect the year's trade in China is now (October) becoming realized in view of the rather acute conditions entailed by the failure of a large number of Chinese banks, some of them being the most influential institutions in or connected with China.

General depression is shown by the trade returns of the Chinese Imperial Maritime Customs, which indicate a marked decrease in imports for the April-June quarter, which was before the present depression set in. The collection of revenue in the several Chinese ports showed steady losses as compared with 1909. The decreased imports for the quarter amounted to about 4 per cent. at Shanghai, 15 per cent. at Canton, 4 per cent. at Kowloon, 7 per cent. at Lappa, 23 per cent. at Foochow, and other ports in varying proportions.

This condition exists despite the fact that in most producing parts of China crop returns, especially of foodstuffs, have been ample or promise an average. The withdrawal of foreign goods from existing stocks for consumption also indicated that there is no trouble in the consumption, the retail merchants apparently doing about as well as usual. In wholesale and jobbing lines, however, there has been much dullness part of the time, and the prospect is even more gloomy. The whole trouble seems to be in financing transactions. Native banks which will make advances upon goods in jobbing operations have either suspended or are in such narrow straits that they can only secure money to meet their own obligations. Their inability to advance means of carrying on customary business is partly due to the great wave of speculation in rubber and other shares which swept over eastern Asia about six months ago. Instead of improvement, things have become worse, and the failure is now reported of the Yun Kung Yun, a native bank at Shanghai, with branches in Peking, Tientsin, Hongkong, Canton and Singapore. Its liabilities are placed at 10,000,000 taels, or about \$6,500,000 American gold. This failure carried with it the failure of many other native banks, and there appears to be a sort of panic in all the east Asiatic coast among banking, shipping and jobbing concerns. The failures are

increasing daily, and the approach of Chinese New Year (February 13), with its time-honored custom of settlements, makes the crisis the more acute.

While it does not appear that foreign trading houses are seriously affected by the native financial troubles, the serious effect on general import and export trade is evident. Imports of cotton yarn and cotton goods, opium, sugar, and general foreign sundries have been most affected. Perhaps the most promising feature is that the over-speculation has run out and has probably relieved the immediate future from any repetition of such troubles. When once restored to normal the financial situation in native circles will unquestionably be greatly improved.

CASH STRINGENCY FELT IN SWATOW.

From Consul C. L. L. Williams.

During September two of the principal native bankers of this Chinese port failed. The failures are attributed to the issuance of notes without retaining sufficient cash against their presentation. These failures, and the minor failures incident to them, have disastrously affected credit, and it is feared will hamper trade for the next few months. All the remaining banks are endeavoring to secure cash against their outstanding notes, with the result that the money market is becoming very stringent.

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