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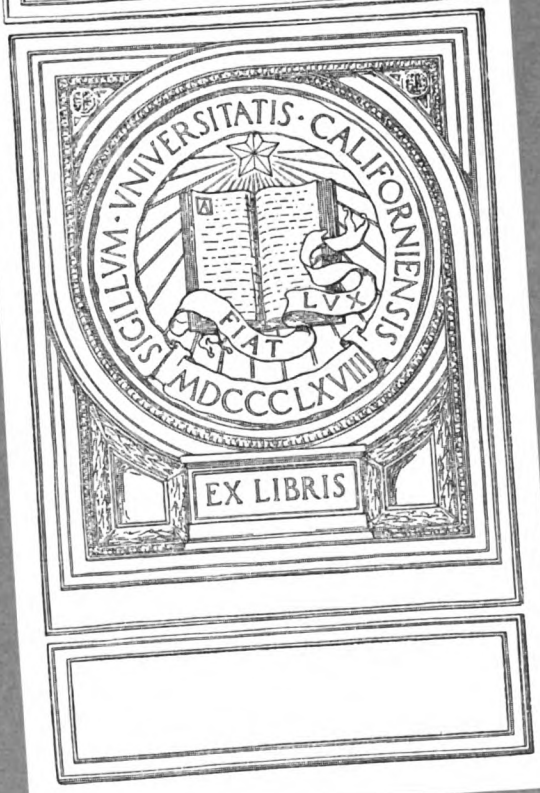

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A Somewhat elaborate review of the relations between China and the Powers since the Boxer movement is reproduced in this number of the Journal from the *American Journal of International Law.* The author, Mr. William R. Manning, has made an honest 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

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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.

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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.	Cotton Cloths. Yards.		Mineral Oils (illuminating). Gallons.		Wheat Flour. Barrels.	
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
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
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
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.

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	60,471
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
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
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.

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Imports of Tea and Silk into the United States for the ten months, ending October 31, 1908, 1909 and 1910.

TEA.	1908.		1909.		1910.	
Imported from	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
SILK.						
RAW, OR AS REELED FROM THE COCOON.						
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 international 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

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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 Tsaochou-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

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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 Sammum 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 pigtal 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'etat* 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 Pekin 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 Pekin 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 Pekin 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 Pekin 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-

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operate, as did also the Russian. The British was noncommittal. 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 Pekin. 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 legation guards provided by the instrument.

PEACE.

Preparations for negotiations had been begun before the foreign entrance into Pekin. 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 Pekin 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 Pekin.

On September 8 Prince Ching cabled to Minister Wu:

Foreign troops having entered Pekin, 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 suppression 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

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apologize for the assassination of Baron von Ketteler, the German Ambassador; (*b*) an expiatory commemorative monument was to be erected in Pekin 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 Pekin were provided for.

8. The Taku forts and all others which might impede communications between Pekin and the sea were to be razed.

9. Certain points between Pekin 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, betwen 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 Pekin on the 17th day of September, 1901.

The evacuation of Pekin 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 Kaifong, 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 Pekin. 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

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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 Pekin, 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 important 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

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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 67,500,00 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 Pekin 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-Dowager 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 Pekin 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 Pekin 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 Pekin 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

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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, Corea 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 Corea'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

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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 Pekin 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

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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 Corean-Manchurian border and jurisdiction over Coreans 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

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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 Pekin 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 subserviance 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

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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 completed 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-

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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 1⅓ 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 June 30.	Westbound. Panama.	Tehuantepec.	Total.
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 June 30.	**Eastbound. Panama.**	**Tehuantepec.**	**Total.**
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.

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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, Mahommedan, 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 veneer 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 education 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

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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 *literati* 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 students 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.

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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 "Fatshan 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

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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 Konghow 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 bridgework, 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

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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.

Articles—Imports.	10 mo. end. Oct., 1908.	10 mo. end. Oct., 1910.
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

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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

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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

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

No words of ours are needed to second the appeal made elsewhere for relief to the sufferers by famine in the northern part of the Province of Anhui. Observers on the spot, missionaries and others, describe the scenes of wretchedness and suffering as truly pitiable, the refugess from the famine stricken districts being provided only with a couple of mats, having insufficient clothing, and being horribly emaciated for lack of food. The state of things existing in Northern Anhui, and part of Kinagsu, is evidently quite as serious as it was in 1898 or 1907, and it need hardly be added that under such conditions he gives twice who gives quickly.

We devote a considerable portion of the space of this number of The Journal to the presentation of diverse views in regard to the unsatisfactory condition of American Asiatic trade. Broadly speaking, the returns for the last three calendar years show a steady drop in exports, accompanied by a decided increase in imports. The figures are, on the export side, for 1908, $86,642,151; 1909, $67,930,-556; 1910, $65,974,281. On the import side the figures are these: 1908, $171,872,915; 1909, $190,713,088; 1910, $202,-916,650. The decrease in exports is about equally shared between China and Japan, and between them they pretty nearly account for the increase in imports. As will be seen from the detailed figures of the calendar year, the export of cotton cloths to China in 1910 was $5,000,000 less than in 1909, while the exports of illuminating oil, though greatly increased in quantity, have shrunk about a million dollars in value. The returns for December indicate a revival in the demand for American cotton piece goods, and suggest the probability of a better showing for the next calendar year.

Reasoning from the figures available at the time he wrote his article, Mr. Frederick McCormick discourses in the *Outlook* on what he calls "American Defeat in the Pacific." Mr. McCormick speaks about the decline in American exports to China from a maximum of $58,600,000 in 1905 to an estimated total of $15,500,000 in 1910. As a matter of fact, the total reached $16,710,289 for 1910, and the decline from the maximum of 1905 is more apparent than real. That is to say, Mr. McCormick forgets, if he ever knew, that the year of the maximum export included $33,500,000 of cotton piece goods, the larger part of which did not enter into consumption for some years later. The 12,566,-093 pieces of American cotton cloth exported in 1905, and the 8,544,165 pieces which figure in the exports for 1906,

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represented a trade mainly speculative and entirely abnormal. That it took some years to absorb the excess of receipts at Shanghai over the normal demand is shown by the fact that 1907 figures for only 578,647 pieces and 1908 for only 1,586,989 pieces. That the trade of England was on a sounder basis is shown by the fact that while in 1905 and 1906 the total British exports to China were 24,000,000 pieces, the exports of 1907 and 1908 reached a combined total of 17,000,000 pieces. Mr. McCormick's story of defeat is therefore not quite so impressive as he intended it to be, for the simple reason that to get the figures of the legitimate trade in American cotton piece goods we should have to spread the average of the combined exports over the four years 1905-8 consumed in getting them into consumption, and we should even then find a tangible residuum, after some re-exports to the home market, carried in warehouse in Shanghai.

THE fact, of course, remains that the figures of 1910 are distinctly discouraging to those who expected an improvement in the Chinese demand for American cotton textiles. To account for the obvious failure of a revival in the trade a variety of reasons are elsewhere cited, including the somewhat overworked theory of Consul Cloud, that there has been a leak in the customs collections at Dairen inuring to the profit of Japanese goods crossing the boundary into Southern Manchuria. Neither the official heads of the Imperial Maritime Customs, against which the indictment properly lies, nor the State Department of the United States have been able to take this accusation seriously, and even in its broader significance it cannot be said to account for much. In this part of the inquiry Mr. McCormick shows that he has taken some pains to familiarize himself with the facts. He declares that the time has not come to warrant a fear by an awakened American commerce of Japanese destructive competition, and insists that it is not Japan that has slaughtered American trade in China. In the two items where the decline is most notable—namely, cotton and oil —India, Russia and the Dutch Settlements have profited by nearly the whole of our loss. Moreover, Mr. McCormick, as a deduction from his studies on the spot, insists that the cost of production in Japan has been steadily increasing, together with the cost of coal, labor and commodities, and that soon the trade of Japan with the countries of the Pacific will be governed by the same stable laws of commerce that prevail among the countries on the Atlantic.

ONE additional point of Mr. McCormick's paper, which we have republished in full, is perhaps worth noting, and that relates to his argument that it is mainly in the control of industrial development in China by European capital that America has been defeated in the Chinese market since the Russo-Japanese War. Thus he holds that the American Government has done well in basing its unprecedented action of 1909 and 1910 for the preservation of the Eastern market for American trade upon the menace existing in the monopolizing of trade through foreign loans to China. It is the orders for steel and railway equipment that have augmented the export trade figures of our rivals more than any other one thing. It is no new contention that the trade follows the loan, and the outlook for the future may be held to be discouraging or the reverse, according to the seriousness with which we regard the frequently announced intentions of the American group of bankers to lend money to China. These transactions have been for many months in the stage of negotiation, and it is perhaps a pity that they were so much talked about before they emerged from what may be called their embryonic state of development. A little too much haste has been displayed in the effort to make personal or national capital out of sums that have not yet changed hands, but it is difficult to believe that there will not be in the near future some substantial transfer of American money to China, and that the hopes built upon this consummation are destined to be entirely illusory.

OUR members will note with satisfaction the formation of a branch of the American Asiatic Association of Japan at Kobe. We have had frequent occasion to direct attention to the energy and efficiency with which the elder organization in Yokohama has been conducted, and we have not entirely omitted to acknowledge the generous support which our fellow workers in Japan have lent to THE JOURNAL of the Association. From the first the spirit of the American Asiatic Association of Japan has been one of common interest and common helpfulness, and the assurances sent us by the honorary secretary of the Kobe branch are warmly appreciated and cordially reciprocated.

WE publish elsewhere the text of a bill introduced by Mr. Lowden in the House of Representatives intended to make permanent certain measures of diplomatic and consular reform that have heretofore been dependent merely on executive order. Both President Roosevelt and President Taft have shown the utmost readiness in co-operating with the Secretary of State, whether Mr. Hay or Mr. Root or Mr. Knox, in giving stability to the methods of entrance and of promotion in the consular and diplomatic service. But it is obviously desirable that the orders which they have issued from time to time, in accordance with the recommendations of successive Secretaries of State, should be given the binding force of law. A President may arise who may deem it expedient to revive the spoils system in all its vigor, and may destroy in a month the structure which it has taken years to build up. The Lowden bill is intended to prevent such a misfortune and to give some assurance to men making a careful preparation for the service that it can be counted upon, like any other professional career, to have a certain stability both of tenure and of promotion. The bill is in the hands of the Committee of Foreign Affairs of the House of Representatives, and it is eminently desirable that it should receive all possible public support. We therefore appeal to our members throughout the country to indicate their approval of this measure by writing a letter to the Congressman representing their district, and in other ways to aid the prospects of its passage by every means in their power.

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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, 1909 and 1910.

EXPORTS TO CHINA.

Months.	Cotton Cloths. Yards.		Mineral Oils (illuminating). Gallons.		Wheat Flour. Barrels.	
1909.						
January	6,179,890	$ 312,182	4,511,030	$472,203	2,175	$8,545
February	18,070,050	1,020,825	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
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
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
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
November	1,018,400	90,740	5,048,550	298,529	3,691	14,533
December	3,294,806	227,245	7,996,752	583,235	5,308	20,650
Total	65,506,099	$4,151,340	84,019,462	$5,365,268	17,101	$69,967

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	60,474
September	46,364	6,458	.....	.....	73,799	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	$1,052,275	834,826	$3,431,779
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
September	6,550	707	.....	.....	20,289	84,794
October	18,047	4,639	.....	.....	92,673	371,287
November	5,391	819	1,585,000	114,460	61,840	236,943
December	18,821	2,616	191,230	13,099	203,005	798,776
Total	280,318	$37,135	8,418,338	$558,024	693,276	$2,801,775

DEPARTMENT OF COMMERCE AND LABOR.
Bureau of Statistics.

WASHINGTON, D. C., Jan. 31, 1911.

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Imports of Tea and Silk into the United States for the twelve months, ending December 31, 1908, 1909 and 1910.

TEA.

Imported from	1908. Pounds.	1908. Dollars.	1909. Pounds.	1909. Dollars.	1910. Pounds.	1910. Dollars.
United Kingdom	9,434,172	2,133,203	12,294,028	2,786,932	10,493,706	2,701,180
Canada	2,400,029	625,305	4,319,543	976,315	2,661,195	632,512
Chinese Empire	26,809,267	3,379,251	33,833,377	3,635,501	24,394,663	2,890,495
East Indies	7,132,313	1,119,793	8,879,983	1,367,434	9,403,857	1,536,676
Japan	44,315,767	7,451,850	44,072,162	7,595,564	50,124,382	8,670,682
Other countries	839,073	183,559	1,085,457	191,286	1,031,136	199,941
Total	90,930,621	14,892,961	104,484,550	16,553,032	98,108,939	16,631,486

SILK.

RAW, OR AS REELED FROM THE COCOON.

Imported from	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France	490,003	1,597,097	761,564	2,237,970	350,098	1,081,020
Italy	3,865,864	14,586,465	4,595,232	17,837,480	2,956,890	10,974,475
Chinese Empire	3,217,846	8,449,147	4,490,836	11,041,578	4,750,591	11,613,009
Japan	11,089,942	39,386,193	12,211,360	42,305,934	13,311,051	43,744,447
Other countries	59,464	220,132	168,193	638,075	195,152	689,781
Waste.....lbs...free..	1,197,897	778,032	2,481,075	1,451,796	3,692,387	1,924,262
Total unmanufactured	19,921,016	65,017,066	24,708,260	75,512,401	25,256,169	70,026,994

THE FAMINE IN ANHUI.

The following cablegrams and correspondence sufficiently explain themselves:

PEKIN, Dated Dec. 20, 1910.

Secretary of State, Washington,
December 20, 7 p. m.

111. Your telegram of December 15, 1 p. m. Reluctant to express any opinion, as Legation not well informed regarding situation except through Shanghai press, and efforts to get into touch with local representative in the Senate have not yet succeeded. It was, however, stated at recent meeting of the foreign relief fund held at Shanghai that two and a half million people were very seriously affected by the famine, which covered extent of seven thousand square miles. Four million Mexican dollars were required to provide adequate relief. In any event such assistance could only be beneficial. Would suggest if forthcoming that both our consular representative and provincial delegate be on committee distributing relief. The latter could probably be arranged here by the Legation. CALHOUN.

[COPY] December 21, 1910.

Charles L. Magee, Esquire, Secretary of American National Red Cross, Room 341, War Department:

SIR—The Department of State a few days since received a telegram from the Consul at Nanking reporting the existence in the northern part of the province of Anhui in China of a very serious famine. The Consul had made investigation and had found that no less than a million people were affected. He suggested an appeal to the Red Cross. Upon receipt of the telegram mentioned the Department requested the American Minister at Peking to report upon the situation and has just received his reply, therefore, reluctant to express any opinion, but that at a recent meeting of the foreign relief committee held in Shanghai it was stated that two and a half million people were very seriously affected by the famine, covering an area of 7,000 miles, and that 4,000,000 Mexican dollars were required to provide adequate relief. The Minister adds that assistance could only be beneficial in any event, and suggests that, if aid is forthcoming, the American Consul at Nanking and the provincial delegate to the National Assembly at Peking be placed upon the committee distributing relief.

Should your society be disposed to contribute toward the relief of the distress, this Department will be happy to facilitate communication with the relief committee at Shanghai, and to instruct the Legation at Peking and the consular representatives at Shanghai and Nanking to render such assistance to the society as may be desired.

I am, Sir,

Your obedient servant,
(Signed) P. C. KNOX.

PEKING.

Secretary of State, Washington,
December 23.

Testimony of Anhui Senate delegates confirms press and missionary reports that famine in Huai River Valley is serious. From two to three million people affected. Situation more serious after Chinese New Year. Anhui delegates grateful at suggestion of American help. Speedy action by Red Cross Society desirable. CALHOUN.

AMERICAN RED CROSS NATIONAL HEADQUARTERS,
ROOM 341, STATE, WAR AND NAVY BLDG.,
WASHINGTON, D. C., December 24, 1910.

Honorable Seth Low, 30 East Sixty-fourth Street, New York, N. Y.:

DEAR MR. LOW—As a member of the International Red Cross Relief Board I feel you will be interested in the

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present famine situation in a portion of China. The enclosed copies of a letter and despatch explain something of the condition. Being chairman of the above board, the letter of the Secretary of State was referred to me, and after consultation with the chairman of the Executive Committee, it was decided to make an appropriation of $5,000 from the contingent fund of the Red Cross. This amount has been cabled by the State Department to the American Minister at Pekin to be administered at his discretion and through such agency as he may select for the work of the famine relief.

Should the society of which you are president desire to take any action in regard to securing funds for this relief work or should you have any suggestion to make I would be glad to hear from you. Any funds can be forwarded by the Red Cross through the State Department, and designated if so desired as a contribution from any individual, firm or association. We strongly advocate all contributions being sent through the Red Cross as thereby not only is a permanent record kept of these funds, but an oversight of their administration can be maintained.

Yours sincerely,

(Signed) HUNTINGTON WILSON,

Chairman American Red Cross International Relief Board.

CHINA AND THE UNITED STATES.

From the Outlook.

"American Defeat in the Pacific" is perhaps rather a strong phrase to apply to the present commercial relations existing between China and the United States. Nevertheless, in employing that phrase as the title of his interesting article which appears on another page, Mr. Frederick McCormick is justified by the following reasoning: The United States now has, through its control of the Philippines, some vitally important interests at stake in the Orient; the welfare of those interests depends in a large degree on the right development of China and the relations of Japan to that development; and, finally, the social and political development of China is, and will be, influenced profoundly by its commercial and industrial development.

If the United States wishes to have in this development a share which shall be helpful both to China and to itself, it must cultivate with the Chinese people commercial relations of the best kind. Mr. McCormick is right, therefore, in contending that a diminution of our commerce with China means a diminution of influence in settling political and social problems of profound importance to the whole civilized world.

Before the United States can have a large and profitable trade with China four conditions must be firmly established at home:

First, there must be a real desire on the part of American manufacturers and merchants for that trade and a determination to get it by all honorable means. Ship subsidies, investments in Chinese railways, the Americanization of Chinese finance, the intervention of the American Government in behalf of the Open Door policy—all these will count for nothing until American merchants supply the goods the Chinese want, in the packages they desire, and on terms convenient to their commercial methods. In other words, a sympathetic understanding of the Chinese and their needs is the first essential.

Second, the promotion of the Open Door policy formulated by Secretary Hay. The "Open Door" means simply that all nations shall be permitted to trade in China on equal terms, with no discriminations or favoritism shown to any nation on the part of the Chinese Government. It does not mean that China shall not impose taxes and tariffs, but that the taxes and tariffs shall apply to all nations alike. Agricultural implements may be taxed, but not merely American agricultural implements; the importation of unsanitary meat products may be prohibited, but not merely American unsanitary meat products. The American people should support the American Government in every honorable attempt to aid China in maintaining the Open Door. For China wants to maintain it; it is to the interest of every European nation, except perhaps Russia, to maintain it. Russia and Japan are so strongly intrenched in Manchuria that they may jointly strive to nullify the Open Door policy for their own selfish advantage. If so, they should be persuaded that they are not merely doing an injustice to China, but are seriously offending the three strongest commercial and martial nations of the Occident—England, Germany and the United States. It is true that the Open Door policy is not regarded by the people of the United States as being in the same category with the Monroe Doctrine; the latter, on the ground that its integrity is essential to our National existence, we should cheerfully defend by force against the whole of Europe if necessary; the former appeals to our sense of justice, and to obtain justice we ought to exhaust every peaceful means known to frank diplomacy before taking a single step in the direction of force. Nevertheless, the Open Door is necessary to the development of civilization in China, and the United States should never, and in our judgment will never, relax a proper insistence upon its observance by Japan and Russia.

Third, a clear understanding that through our occupation of the Philippines and our building of the Panama Canal we have obligations to perform with regard to the development of China and the whole Orient in its relations to China. One of these obligations is to aid China in her struggle for Western education. Selected Chinese students should not only be welcomed but should be induced to come to American schools and universities. The admirable remission of the Boxer indemnity during President Roosevelt's Administration and the application of some of the money of this indemnity to the education of Chinese in the United States was a long step in the right direction.

Fourth, President Taft should be loyally supported in his efforts to aid China in the reforms she has undertaken to make in her financial ssytem. The best-informed economists agree that the greatest obstacle in the way of China's commercial development is the chaos prevailing in Chinese finance. The United States Government is taking the greatest interest in co-operating with the leading Powers to help China frame a sound scheme of National finance. It is believed that an important feature of China's financial plan is the appointment of a financial adviser, preferably an American. If America and China can persuade the Europe Powers that such an American adviser will be a man of distinguished ability and of disinterested determination to employ his office for the promotion of financial order, for the creation of a Chinese Department of the Treasury administered on modern lines by the Chinese themselves and for the placing of all foreign interests on an equality, more will have been done toward the preservation to China of peace, integrity, safety, and sound commercial development than has perhaps been done by any other one act of foreign political and commercial intercourse with China.

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AMERICAN DEFEAT IN THE PACIFIC.

BY FREDERICK MCCORMICK.

From the Outlook.

The Government at Washington announces that American exports to China have declined from a maximum of $58,600,000 in 1905 to $15,500,000, which is the estimated total value of exports during 1910.

The ledger thus shows that American trade in the Pacific has been routed. This is the striking comment of cold commercial history upon America's vaunted expansion in the Pacific, which, after the acquisition of the Philippines and with the prospect of the Panama Canal, it was prophesied would become, with its circle of nine hundred million people, "an American lake." During President Taft's candidacy for the Presidency, which was partly promoted on the basis of his statesmanship in the Orient, the decline in the importance of European affairs to America and the appreciation of the Pacific, as prophesied by William S. Seward in 1852, were confirmed. It was pointed out that Alaska was purchased from a desire that America should become the foremost of Pacific powers, and that Hawaii was acquired through the necessity of excluding foreign control from a commanding position in the mid-Pacific. In 1908, when this was said, it had been for ten years the active policy of America to maintain for the benefit of future generations all outlets in the Pacific for American manufactures that could be commanded. It was recognized that any obstruction to American expansion and development in the Pacific would limit the American Nation in its influence and destiny. In the light of these facts, the condition of American trade in the Pacific suggests a commercial and political defeat.

A complete change has come over trade conditions in China. Previous to 1903 foreign goods were laid down on the seaboard docks in China, and, it might be said, left for the Chinese to carry away if they chose. At any rate, they were transferred by the foreign resident agent to the direction of Chinese managers, and the foreigner retired to his shooting-grounds, his golf course, or his club. Now the foreign trader has been forced by competition to go into the highways and byways himself.

In 1909 the writer was on the Taiyuanfu road, in the province of Shansi, in the company of several foreign travelers, when a correspondent of a London newspaper, who had been fifteen years in eastern Asia, boasted that he had traveled over more of China than perhaps any other foreigner. A British "drummer" from Manchester, "traveling in pills," as the British say, took exception to this boast, and said that he would back the American inspector for British-American cigarettes, who had been only a few years in China, as the best traveled of the two. He had himself just come from the heart of Manchuria, and was en route to Szechuan. A glance at the map will enable the reader to appreciate, with reference to the movements of these commercial men, the great change that has come over foreign trade methods in China. Today over China's highways plod the consular official, compiling trade reports; the civilian trade inspector, as well as the foreign trader himself, and even the foreign itinerant vender hawking patent medicines, etc. In Manchuria foreign travelers are surprised to fine Japanese hucksters. Even unadvanced Russia has come into trade conflict with China in Mongolia. It is an active question with England and Russia as to how to deal with the Japanese match trade in Tibet, while under the shadow of the Long White Mountain, on the Korean frontier, Osaka knives are contending with Solingen blades for the favor of the Yalu lumbermen.

In this new state of competition American trade has not discovered its true position. America, which had the flower of the Russo-Japanese War trade in 1895—in fact, an abnormal year—was the only country that did not then prepare for the post bellum prosperity in the Far East foreseen by other nations, especially Japan, and prophesied by Count Okuma. American trade must admit that Japan and Germany have reaped the profit of this prosperity, Great Britain has held her own, and America has fallen behind.

The story of the decline of American exports to China from the year 1905 is graphically pictured in the successive dropping in figures; first, roughly, fifty-eight millions to thirty millions, to twenty-three millions, then to twenty-one millions, to nineteen millions, and now to fifteen millions, little more than a fourth of the maximum. Some idea of the fray is gained from the recent dispatches of the American consular officials in China. A specimen is as follows:

Shanghai: In two years American cottons have decreased over 60 per cent.; British increased 50 per cent.; Japanese from 30 per cent. in some lines, to fifty-seven and one-half times original sales. The American flour trade is negligible; Shanghai mills have captured the trade in all the regions between Shanghai and Hongkong.

Newchwang (Manchuria)—American cotton goods, previously found everywhere in Manchuria, have been replaced by Indian and Japanese.

Antung (Manchuria)—American flour imports in 1908 were $305,127, in 1909 $73. The trade has been taken by Shanghai, Japanese and Russian flour.

The consuls, on the other hand, report American flour making a good stand in the zone of Hongkong and southward. During the first six months of 1910 American kerosene conquered Sumatra oil in southern Manchuria. American oil is making a hard fight, showing an advance in quantity over last year of 29 per cent., but a decline in price of 12 per cent., a phenomenon due to the rate war now in progress between American oil interests and the oil producers of Russia, the Dutch Indies, and Japan. But in the best light of interpretation the Government's reports from China must be bitter reading for the captains

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of American industry and the friends of trade expansion in the Pacific.

THE DECLINE.

The reasons for the decline of American trade with China are, first, that in all the more important lines, such as cottons, flour and steel, sales and distributions are in the hands of foreigners and are left to shift for themselves, and second, American trade receives no assistance from the American nation.

The Government's agents constantly emphasize the decline in American goods handled by "middlemen." The bulk of American trade which is thus handled may be called promiscuous. Although in volume the most important, it was, and is, at the mercy of all assailants. While the American Government has not yet taken measures adequate to protect America's trade in the Pacific, economic and political measures of other nations have dealt it the severe blow now realized through the Government's reports. America's maritime competitors first wisely subsidized their ships and then the European capitalistic powers secured large loans in China by which large volumes of trade were controlled. This movement, led by Great Britain and France, and imitated by Germany, rapidly developed at the end of 1908. The fever for financing Chinese development at this time reached an absurd pitch. Its excesses, shown by the following incidents, illuminate the trade war in China. All the great warship builders and the constructors of military armament were expensively represented in Peking, ready to finance and build navies and armament for the Chinese Empire. The writer recently encountered one of these representatives, a veteran European naval constructor, in a street in New York city, dodging vehicles at a late hour at night. It was during the visit to America of Prince Tsai-Hsun, head of the Chinese Naval Department, whom he, along with others, was following. He said that competition for battleships and guns in Peking had become as acute as the problem of crossing a street in New York, and that in following the Prince he had escaped the meanest level which trade warfare had yet reached there. There was a regular traffic in stolen plans and estimates carried on by Chinese who had come into possession of them and were using them for blackmailing purposes. Torpedo boat designs and training ship drawings were being offered for sale by Chinese servants to their foreign masters, and a charge of blackmail had been filed in London courts against a member of the British Municipal Council at Shanghai for complicity in an alleged attempt to blackmail English shipbuilders to the extent of $2,000 demanded by Chinese for the restoration of a written proposal to finance and build a Chinese navy. A Jew had turned up in Peking with a Chinese official whose services in securing battleship orders he offered to sell for £1,500.

But successful financing of Chinese development is largely confined to railways. Germany, however, made a large investment in general commerce, in which her efforts were more strenuous, perhaps, than those of any other Power. She minutely and efficiently organized the entire commercial field of China by extending her official system, and her traders made what is now admitted to be a successful conquest of the market through extensive credits, although through trade congestion at Tientsin and other places the Germans are reported to have lost about $12,000,000. This has been such a serious burden to German enterprise in China that an effort was made to get the Chinese Government to take the responsibility for this debt, but without success. The struggle for the Far Eastern market shown by these exploits has doubtless been all that printed reports have represented it to be.

One of the recurring statements in the American official reports accompanying details of the decline in the American trade is as follows: "At the same time Japanese goods show large increases, British stationary, etc." Of all those countries whose commerce with China is outstripping our own, the commerce of Japan is the most interesting, since it is most elaborately supported by subsidies, loans and official encouragement. The exact place of Japan in the commercial and industrial life of eastern Asia is not yet to be accurately known, but it is well for American industry to remember that Japan's development has exceeded the expectations of the Japanese Government; specifically speaking, of the "War Cabinet," which contained such men as Marquis Ito, Count Inouye, Count Katsura and others. The opponents of this cabinet at the close of the Russo-Japanese War professed to believe in a great industrial and commercial expansion. The results of this expansion have astonished the prophets. The American Government reports that Japan, with Manchurian coal, is successfully competing with the Chinese mines, and that Japanese flour mills in Manchuria, financed by Government money loaned at 4 per cent., are meeting all competition. This touches the American flour trade, the losses in which are not compensated by the additional trade in American milling machinery extensively used in Manchuria. By the development of the Hokkaido and the Yalu River timber zones Japan also diminishes American timber export from the Pacific Coast. In 1907 the Japanese built certain kinds of rolling stock for the South Manchurian Railway of better finish and material at less cost than did American builders. Although Americans are great steel producers, Japan has even entered the warship competition. She built Prince Tsai-Hsun's naval yacht.

A great deal has been said in exaggeration of Japan's commercial importance, but her progress has some striking features. America has long had to accept terms laid down by Japan for shipping in the Pacific, as is shown by the long and painful record of losses on American Pacific liners. Japan built up a Bombay service that caused the British steamship lines to charge her with creating a monopoly of trade between India and the Far East. This was on account of the purchase of raw cotton and yarns in India by the Japanese cotton spinners because of high prices of cotton in America, and the shipping of all cotton for Japan in Japanese steamers. But while India in her case lost only the carrying of the cotton, America, already deprived of the carrying trade, was also deprived of her cotton trade.

It is chiefly in cotton and mineral oils that American trade with China has declined. The falling off in cotton is attributed by the American Government to the fact that

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cotton production has recently been stimulated in China and that large quantities of cotton yarn were secured from India owing to the advances in the prices of American raw cotton. The latter reason is important because it relates to the rise of the Japanese cotton industries and Japanese invasion of the commerce and trade of all nations in eastern Asia. Japan nationalized all important industries after the Russo-Japanese War by giving them official aid and direction. She extended ship subsidies, invested Imperial funds in industries, extended the state monopolies of salt, camphor, tobacco and the railways, and carried the German system of imperial aid to trade further than has Germany. October 14, 1908, the Emperor of Japan began stimulation of Japanese commerce and trade by an edict based on the wish "to share fully in the benefits of the general amelioration and improvement" in the world, and pointing out that the development of the national resources was necessary in order to keep pace with the constant progress of the world and to participate in the blessings of its civilization. The Japanese Throne in this manner met the problem of European and American competition and expansion in influence in eastern Asia—the most vital of Japan's problems, owing to her aspirations to a predominating influence in the Pacific. This rescript was characterized by Japanese critics as unsurpassed for simplicity, dignity and weighty import by any document of similar historic importance, and made a profound impression on the Japanese conscience. It embraced, as a matter of fact, the whole national aspiration for expansion and prosperity.

The working out of this imperial wish has been represented in its strongest colors by the former American consul at Yokohama, Henry R. Miller. In dissecting the commercial anatomy of Japan he stated that every important industry of Japan was aided and developed largely by the Government. By the control of national finances, by the railways, which are state monopolies, and steamship lines under subsidies, combined with the manipulation of tariffs and rebates, the whole population of 50,000,000 of people of Japan practically could be concentrated by the Government behind any one industry or activity. Some of the interesting details given at that time were that the Japanese imperial household owned the largest percentage of the capital stock of the greatest steamship companies, so that the Emperor and the imperial family were in a way directors of the financial and industrial affairs of the country. The Government, on its part, owns control of the Bank of Japan and the Yokohama Specie Bank, by which the whole financial system is controlled. By setting aside a certain amount of money and investing it in leading enterprises practical encouragement is given to every important project, the silk and tea industries being thus encouraged, and practical aid given to the marketing of the products of Japanese industry. To extend commerce and trade the Japanese Government loans money to manufacturers at 4 per cent. interest. Japan, therefore, with these formidable tools of commercial conquest, may be regarded as having made a formidable onslaught upon American trade in China in the lines of cottons, timber, flour and kerosene, and as having practically dominated the carrying trade.

The time has not yet come, however, to warrant a fear by an awakened American commerce of Japanese destructive competition. It is not Japanese competition that has routed American trade in China. The cost of production in Japan has been steadily increasing, together with the cost of coal, labor and commodities. Taxation advances and the taste for luxuries appears to be growing. Japan's economic level, now about that of southern Europe, is rising gradually to meet that of Great Britain and America, and soon the trade of Japan with the countries of the Pacific will be governed by the same stable laws of commerce that prevail in the Atlantic.

Japan will always be a formidable competitor of American trade in China, yet it will be seen by the facts in the American Government's reports that it is not Japan that has slaughtered American trade there. In the two items where the decline is noted by the American Government—namely, cotton and oil—India, Russia and the Dutch Settlements have profited by nearly the whole of America's loss. In steel and machinery Great Britain, Germany, France and Belgium have taken the trade. It is mainly in the control of industrial development in China by European capital that America has been defeated in the Chinese market since the Russo-Japanese War. Many reasons have been given for the decline of American exports to China by both American and foreign students; but the American Government has not been amiss in basing its unprecedented action of 1909 and 1910 for the preservation of the Eastern market for American trade upon the menace existing in the monopolizing of trade through foreign loans to China. It is the orders for steel and railway equipment that have augmented the export trade figures more than any other one thing. The equipping by American mills and shops of the Mukden-Antung military railway during the war was followed in 1907 by American equipment for the reorganized South Manchurian Railway. Here American steel exports to China practically stopped, although railway development in China has led all other development, and might have been promoted and exploited by America and the maximum trade record of 1905 surpassed. Russia stopped her steel and machinery orders, and both Russia and Japan are making their own locomotives and carriages or buying them in Europe. The railway market elsewhere in China has escaped American traders.

It may not be generally known that it is customary, in making loans to China, for the lenders to benefit by the expenditure of the money. In this way for three years China's orders for steel and railway machinery, mining machinery, arsenal equipments, woolen, cotton and silk spinning and weaving machinery, leather making and minting machinery, and also equipment for steel plants and iron works, have been placed in Europe. America has secured only a few orders for electrical supplies and for insignificant goods like fine printing materials, etc., given more in compliment and because the materials could not be obtained elsewhere than for any other reason. Those who have benefited by Chinese industrial development and by America's losses are the capitalistic nations of Europe. Recognizing this, the American Government, combining its influence with that of American financiers, for two years

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has been engaged in meeting those nations on the terms fixed by them, and an acute analysis of trade in the Pacific is being carried on in Washington.

In the world's greatest ocean, surrounded by the densest, most peaceable and industrial population, America, then, has, with the most industrious and largest homogeneous population and empire of the world, a trade of $15,500,000 per annum. These figures show that American trade with China has not kept pace with the increase of China's purchasing power and imports, and that in the general disaster to American trade America has principally suffered in those lines in which the American merchant is not on the ground to meet his opponents. From these facts it is evident that it is a fallacy to suppose that American goods will themselves find their way to the markets of China, as has been so often contended in Congress, and even among American financiers and traders.

CHINA'S ECONOMY.

It has often been remarked how acute is the economy of China. Perhaps this is best illustrated to an American by the romance of the American kerosene can, whose fragments, converted into lamps, pans, buckets, cups and innumerable other utensils, are found, one may say, all over Asia. There is no story of commerce in eastern Asia that eclipses this unless it be the drama of the cartridge boxes and other war missiles in Manchuria, not one of which, when found, has not served some commercial or utilitarian purpose. Even the bullets were mined from the hillsides by a people who convert every available substance to their peculiar uses. What a lesson to the American trader, against whom is lodged the complaint over and over, never by any one more than his own people, of wanting to sell to the Chinese not what the Chinese want, but what the American trader wants them to want—the incongruous utensils of his own provincial economy! And still American industry claims that if it is possible for Americans to trade in China, American products will find their own market, and American trade, which will take care of itself, does not need any assistance.

Here is one way in which it is left to take care of itself: Some years ago a progressive Chinese agriculturist on the head waters of the Amur River was so ill advised as to invest about $25,000 in American farm machinery, most of which same from Springfield, Ohio, and was forwarded through the Philippines to northern Manchuria. The American forwarding house in the Philippines sent an American mechanic to install the machinery. The mechanic abused his trust, victimized the Chinese agriculturist, and, on account of his immorality and infidelity, came into conflict with the American authorities. Needless to say, the Chinese agriculturist was abandoned with his machinery, which thus became practically lost to him. One of the many lessons in this is that Chinese morals, commercial and otherwise, are probably a good deal higher on the Amur than are American morals in Manila. What will such practice avail against competition? America cannot expect longer to monopolize the farm implement trade, which is being invaded by both Germany and Japan.

The prospect of actual American commercial defeat in the Pacific has been sufficiently real since the beginning of 1909 to inspire the American Government, for the first time, to exert its powers to arrest commercial rout there and turn it into advance. Perhaps the most important thing disclosed in the Government's reports, and evident to observers in China, is the fact that competition can be met and trade held and extended by the American trader on the field. The American oil trade has been extended in spite of Russian competition from the Black Sea, Dutch competition from the Indies and Japanese competition. Just before the Russo-Japanese War the American sewing machine trade began to be organized, and has grown. In 1907 the American tobacco trade was pushed into Korea and Manchuria, where it successfully met the opposition of the Japanese tobacco monopoly, a form of competition of the highest resistance. It was opposed in some cases with force, American tobacco advertisements being mutilated and destroyed in Dalny. American young men from North Carolina were, in 1908, to be found throughout Manchuria and the eighteen provinces, and might be met with in the remotest interior market towns and along China's ancient highways, posting advertisements, collecting trade information and establishing distributing agencies. The most extensively organized of all foreign commercial enterprises in China is the British-American Tobacco Company, under American direction. The Standard Oil Company since the Russo-Japanese War has increased its distributing stations under its own name and management, so that no treaty port or trade mart of consequence is without its oil tanks. American harvesting machinery has crept up the Amur to Blagovestchensk, China's northernmost frontier, while on the south American flour and kerosene travel through Indo-China to Yunnan. There is no point reached by water or rail where American goods are not distributed in the Chinese Empire. American trade was among the first to participate in making Hankow, on the Yangtse River, a mart of direct export and import, and America now receives iron ore direct from that point.

Along with the American Government's announcement of a decline of nearly 75 per cent. in the last five years in merchandise sold to China is proof that, in the lines of growth, success is due to the presence of the American trader on the ground to meet native conditions and the conditions of foreign competition. Fortunately, a few men have been found upholding American trade to the last in the Pacific where American enterprise has repeatedly failed through lack of support of united American industry and Government protection. The promoters of the Pacific Mail Steamship Company, and, later, men like James J. Hill and Edward H. Harriman, and others, have been left unsupported in great enterprises in the Pacific for the benefit of American industry. The American Government, however, under the present Administration, obviously does not intend that the markets of China shall be closed to American industry, and has promoted the investment of American money there as one of the surest means of securing the same profitable returns of trade that are secured by European nations by this process. Since 1909 America has signed with China loan agreements aggregating nearly

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$90,000,000. It may not be possible for nations like our own to stimulate industrial and trade expansion through patriotic channels as do the Japanese, but there is no doubt that our Government has learned a lesson from Japanese and European enterprise in the matter of trade in China. In fact, in demanding its commercial rights no Power has gone further than did America at the time President Taft, in 1909, telegraphed direct to the Prince Regent of China with regard to American participation in the Hankow loan. President Taft, in supporting claims for ship subsidies and in his statesmanship in the Orient, has been in advance of the Nation, which even now reluctantly supports the Government's Far Eastern activity representing an effort to overtake the expansion and development of eastern Asia, in the appreciation of which Japanese and Europeans have outwitted us. American policy in eastern Asia inaugurated during the past two years to recover and extend trade and influence deserves as patriotic support from American industry and enterprise as the support which the Japanese people gave their national affairs in response to the imperial rescript in October, 1908.

THE STORY OF DEFEAT.

The decline of American trade in China from the time foreign trade began to recover after the Boxer war is shown in the following table:

1901	$18,200,000
1902	22,700,000
1903	15,000,000
1904	27,900,000
1905	58,600,000
1906	29,900,000
1907	23,100,000
1908	21,700,000
1909	19,600,000
1910	15,500,000

LOSS OF TRADE WITH CHINA.

By Howard Ayres, of the China and Japan Trading Co.

From the New York Journal of Commerce.

When cotton cloth is bought from American mills to be shipped to a foreign country there is no escape from at least two elements of cost; namely, the price paid to the manufacturer and the expense of delivering it to its foreign market. It is equally certain that the manufacturer must, in fixing the price for his product, meet at least the cost of raw material and of labor. On the other hand, in selling American cloth in foreign markets certain conditions have to be met from which, in the nature of things, there is no escape, competition of other producing and selling nations and the purchasing power of the consumers in those markets. In each branch of what is in its ultimate reach a complex division of commercial relations there are many other factors to be considered, but for the purpose of this present inquiry these chief elements will suffice.

The market quotations in New York for cotton cloth over a series of years, taken in connection with current prices for raw cotton, present some curious contrasts, which seem at times to indicate that the cost of raw material does not determine the price of the manufactured product. For instance, through the last quarter of 1906 and first quarter of 1907 cotton was about 11 cents a pound, and three yards brown sheetings for export were about 7 cents a yard. Through the last quarter of 1909 and the first quarter of 1910 cotton was about 15 cents, and the same cloth 6¾ cents. But these may be taken as extreme cases of prolonged adjustment to new conditions rather than as a normal state of the industry.

Over a sufficiently long period to offset extremes and give perspective it will be found there is a very close actual relation between the cost of raw material and the price of cloth, that facts support the economic hypothesis. It may fairly be stated, then, that the high cost of raw cotton through last season, thus far in the new season, and likely to continue until there is a prospect of more than enough cotton for the world's needs, is resulting in high prices for cotton cloth to a commensurate degree. Other factors of cost are fairly stationary, and are in diminishing ratio as raw material advances.

FOREIGNERS' PURCHASING POWER.

It is one of the usual experiences of commercial business that consumption of a given article decreases as price advances. While this, as all other trade operations, is subject to many and often divergent influences, so that at no one time can it be said that volume is less only because price is high, it is sufficiently a fundamental to serve as a guide, and to illustrate the present state of a large part of the export trade of the United States in cotton goods.

Cotton cloth such as is sent out from our mills to other countries is used for clothing by natives of small individual purchasing power. It is the cheapest material, and is bought here because our mills can make and sell cloth of a given good quality cheaper than it can be found elsewhere. As soon as the purchasing power of a people increases bleached and finished cotton goods are taken, and other materials—wool and silk—used, and the consuming countries set up within their own boundaries industrial establishments for making goods. The export trade of the United States in cotton cloth is, for reasons of which this explanation does not touch the edge, to countries unable to take anything but material of the lowest cost, and, therefore, quickly affected by changes that increase the cost. This general statement is well supported by the statistical returns of the foreign commerce of the United States to June 30, 1910, an epitome of which, within the scope of this article, will be interesting just here:

EXPORT FROM THE UNITED STATES.

	Manufactures of Cotton.			
To—	Unbleached.	Bleached.	Colored.	Total.
Europe	$576,037	$6,797	$55,013	$637,847
No. America	939,788	726,435	4,351,956	6,018,179
So. America	769,101	413,087	1,540,739	2,722,927
Asia	6,730,302	58,922	393,857	7,183,081
Oceania	619,422	143,452	2,147,830	2,910,704
Africa	464,335	2,347	32,071	498,753
Total	$10,098,985	$1,351,040	$8,521,466	$19,971,491

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With the exception of Canada—whose wants are probably the same as those of our own home trade—and Europe—to which the shipments are probably either highly specialized or for transshipment, as to India—each about 3 per cent. of the whole export, all the destinations are of comparatively low purchasing power. It would be interesting to investigate the reasons for such a showing as the following, picked from the components of the above summary:

Exports to—	
Mexico	$186,179
Cuba	932,383
Philippines	2,165,277
Argentina	255,732
Brazil	201,631

if it could be done here. The explanation would not be any more pleasing than the actual condition is.

The export given to North America covers Cuba, Haiti, other West Indian Islands, Central America, Mexico and the Canadian provinces. South America takes little more than 10 per cent. of the entire export, chiefly prints and colored goods. There remains, then, what is sent to Asia, Oceania and Africa, a trade that is done in articles and under conditions so similar that it may be considered as a whole. Conditions within the countries reached change so slowly to the individual that the wage earning capacity remains sufficiently constant to be eliminated as a factor in varying quantities. A period of eleven years will be safe enough to cover other factors of change, and its average will serve as a basis of comparison, and the fluctuations of value may be avoided by using quantities.

EXPORTS, IN YARDS, COTTON MANUFACTURES FROM UNITED STATES.

	Asia. Africa. Oceania.	All Other.	Total.	Av. Am. Mid. N.Y.
1900	243,770,593	108,424,396	352,194,989	8.69c
1901	128,399,740	123,103,611	251,503,351	8.96c
1902	384,898,113	119,855,700	504,753,813	8.75c
1903	350,286,159	145,093,038	495,379,197	10.27c
1904	129,972,766	117,407,971	247,380,737	12.42c
1905	550,172,978	144,327,737	694,500,715	9.11c
1906	562,904,616	148,588,438	711,492,054	11.23c
1907	179,555,114	146,785,215	326,340,329	11.45c
1908	95,346,373	110,648,439	205,994,812	11.29c
1909	212,537,837	155,098,705	367,631,542	10.44c
1910	171,638,664	138,272,640	309,911,304	14.95c
Total	3,009,482,953	1,457,600,890	4,467,083,843	
Average	273,589,359	132,509,172	406,098,531	

If more figures were needed it could be shown that to Africa and Oceania the shipments are small and fairly constant. There remains the export to Asia, of which the goods sent to the north of China comprise almost the whole volume, and this inquiry may well be directed to that, as not only the most important part of the foreign trade in cotton goods, but as the only export of sufficient size and exhibiting variations to arrest attention.

Of this export movement to China the years 1901, 1904, 1908 and 1910, by comparison with adjoining years and the average, invite explanation. The price of raw cotton does not show any clear relation to the volume of trade in any part of the period covered by the table, as of cause to effect. Perhaps no part of the commercial world is so exposed to violent disturbances reflected in trade as China. Its political history of recent years is a record of storms, of origin without and within, and the variations in trade volume can only be comprehended by examination in connection with those disturbances. In doing this it must be borne in mind that the figures given in the table are the United States Government statistics for fiscal years ending June 30.

VIOLENT DISTURBANCES IN TRADE.

The year 1900 brought the Boxer outbreak in the month of June; 1899 had been a year of unprecedented prosperity in China, with an increasing demand for foreign goods, and there was every prospect that this would continue through the whole of 1900. The export to June 30, 1900, shows the effect of this. Because of the Boxer outbreak, and consequent paralysis of trade in and with China, no more goods were shipped in the latter part of 1900 than were on the way when the outbreak came, and shipments were not resumed until the second quarter of 1901. Hence, the small total for the fiscal year ending June 30, 1901.

Through 1903 it became increasingly apparent that war was coming between Russia and Japan, and trade commitments were restricted to the lowest point. It was not until well into 1904 that the effect of that war began to be felt, and the direction of victory encouraged Chinese buyers to new purchases, the shipments of which did not appear in statistical returns until the following fiscal year.

How far to the other extreme the trade was swung, to what was afterward recognized as unwarranted expectation by the Chinese in giving orders to foreign merchants, is well shown in the large figures for 1905 and 1906, June 30, each year, when compared with the average.

The reaction from this expansion is seen in the figures for 1907 and 1908, when for the twelve months ending June 30 of the latter year the exports had fallen to the smallest volume reached in many years. From that point there was a quick recovery, because the contraction had gone too far, and the next twelve months brought more nearly the normal movement of trade.

In all these changes there is nothing that can be attached, even remotely, to price as an influence upon volume; but when we come to the export of the fiscal year now in progress, for the first time cost of cotton is found acting upon this commerce without the complication of violent and overpowering influences. It would be found upon close study of the returns of trade that shipments to China over this period of cataclysms struck the normal average of a preceding period of five years at the end of 1908. The year 1909 fell somewhat below that normal; 1910 far below it; and unless the last half of this present fiscal year shows a sharp recovery 1911 will give a result near the lowest of all.

While there are still other factors contributing to the

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present situation, the dominating influence just now is cost to the last buyer. And even here the effect is not directly that of the high price of raw material, but is far more the result of decreased buying capacity within China itself. China is a silver using country. In the earlier years of this trade in cotton cloth prices have gone as high in the United States as at present, and occasionally for short periods in recent years; but there has never been so prolonged a concurrence of all the factors of high cost in China as now exists. After goods are bought here and shipped out they are sold to native dealers for silver or its equivalent. From 1880 to 1885, when the trade was getting its first substantial start, silver as bullion was worth about United States gold $1.12 an ounce. In 1889 it was worth 93 cents an ounce, 78 cents in 1893, 59 cents in 1898, and with fluctuations to 1909, when it was worth 52 cents.

It takes now more than twice as much silver to pay for goods that cost gold in material, labor and transportation as it did in the earlier years of the trade, when market quotations here were as high as they now are. In other words, assuming a first cost in New York of 8 cents gold a yard, the Chinaman in Shanghai has to pay now in silver as though the cloth were 16 cents a yard. This is not the place to explain, were it necessary, the operation of the laws of money and exchange which make a silver using people, without a national currency or any recognized banking system or substantial reserve, helpless in such a situation.

But the Chinaman's purchasing power, even at this low silver level, has been cut in two again by a depreciation of that token money of copper which serves him as a medium of exchange for his small individual needs, so that the 8 cents gold in New York, that becomes the 16 cents silver in Shanghai, is 32 cents copper in the interior. This same relation holds true of whatever the source of goods taken into China. There was an adjustment to lower silver value, as during 1904 to 1907, when it was about 63 cents average, and there will be in time to the present value. There is a prospect of establishment of some sort of currency system, treaties requiring it, Imperial edicts promising it, and foreign loans now being sought to further it.

INQUIRY AS TO SOURCE OF SUPPLY.

Meanwhile, our trade stagnates, and not ours only, but that of England, whose shipments to Shanghai have decreased one-third for the first nine months of 1910 compared with same period of 1909. It goes without saying that the Chinaman of the North and his family must have something to wear, for they are living in a cold climate, where clothing is a necessity next to food. An inquiry as to source of supply is full of interest; but, like all investigations from the outside into things Chinese, is rather fruitless. Purchases of yarn are large, but not sufficient to meet more than a fraction of the requirement. It may be that more of the native grown cotton is being made into yarn in the homes and woven on hand looms into cloth suitable for clothes; but the short staple of that cotton limits its utility for anything but the coarsest yarn and crudest cloth.

In sharp contrast with the experience of other countries in exporting cotton cloth into China is that of Japan, whose trade has been steadily increasing, year by year, and concerning which the Inspector General of Customs of China, in his report for 1909, said: "There is, however, a very large increase in the quantity of Japanese cloth of narrow width imported at Dairen (Dalney), the total figures under this heading being for 1908, 5,265,000 yards, and for 1909, 22,798,000 yards." Upon this striking difference of direction private investigation is obviously ineffective, and the official inquries have, with few exceptions, been without sufficient intelligence or force. It is idle to say that Japanese proximity to the Chinese markets gives an advantage to account for an increasing trade, for the nearer the market, in this case, the farther from sources of supply of raw material, a freight consideration that will offset much else. Japan grows no cotton, and in the markets of the world has no preference as a purchaser. The claim of cheap labor disappears when weighed in the efficiency scale.

GOVERNMENTAL AID IN TRADE.

The participation of the Japanese Government in industrial enterprises, to the extent of bounties and subsidies, is admitted generally, and specifically as to this industry of weaving cotton cloth for export. That is Japan's own affair, of course, about which others can have nothing to say. Unfortunately, the suspicion is strongly held that this is not all; that unfair advantages are extended or permitted by the Japanese Government, such as discriminating freights, or none at all, and practical evasion of the Chinese customs tariff and the internal likiu taxes along the line of the South Manchurian Railway. That this is not conjecture of those whose business is being interfered with is shown by the report of United States Consul General Cloud, at Mukden, to the Department of State (see New York *Herald,* November 26, 1909, and New York *Times,* November 27, 1909), the report of the English Consul at Mukden, published in London *Times,* of about same date, the favors given to certain Manchurian industries, disclosed by a Japanese commercial bureau in Tokio, and reprinted by the Kobe *Chronicle,* October 6, 1910, and statements and reports of business men and observers generally.

How the situation in Manchuria places a premium on discrimination can be seen from the circumstances, which are that the Chinese Custom House at Dalny is in territory over which the Chinese Government has no control, the Commissioner of Customs even being a Japanese, and on the railway, according to a correspondent of the Manchester *Guardian,* "military guards accompany every train, and at the stations, each of which forms a nucleus for a small Japanese settlement, the platform is patrolled by guards with fixed bayonets." The Department of State has not published the Cloud report, though that received publicity elsewhere, and has not given out the result of the investigation promised at that time to be made by the Legation at Peking. It is so difficult to under-

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stand this attitude that the feeling is strengthened on the part of American merchants that they have not the itnelligent co-operation and support of their own Government in the most difficult part of the country's foreign commerce.

It is fair to assume from this inquiry that the export of cotton goods from the United States, except to China, will continue in its small way, fluctuating slightly in volume, perhaps increasing gradually, without much showing whether raw material is up or down in cost. It is known, without any assumption, that the trade with China is complex beyond parallel, and so subject to violent fluctuations from other causes that the effect of the price of raw cotton can only occasionally be discerned.

WHAT MAY BE DONE BY US.

What, then, can be done in this period of depression in China's trade to recover lost ground and begin another forward movement? Those who have done the business, and would like to do it again, hesitate to offer any trade panacea. They recognize difficulties not apparent to those who always know how the business can be greatly increased. Yet they are not discouraged, but content to await the working of economic laws, against which the legislation of nations is futile, knowing that the balance will be restored. Still less are they tempted to apply the remedies suggested by those who have never been in the business—often not in any business at all.

It is hysterically charged by the consular offices of the United States that the trade is being neglected; that manufacturers must do it direct, going to the interior of China, carrying stocks there, and giving unlimited credit to the natives. It is urged by some that during such a time as this profits from the trade must not be sought. The humor of this last is extreme to those who know that manufacturers have not for two years recovered cost; that exporters have not had even the 1½ per cent. on which the business is done, and that both interests have been struggling to keep American goods on the Chinese markets without regard to returns.

One imperative need stands out clear and distinct—that the Government of the United States shall take an intelligent, determined and dignified stand to secure for its merchants equal trade opportunities in the great market of North China, to maintain the open door, and to lead the nations to preserve the territorial integrity of China, now threatened in more insidious and dangerous form than ever.

AMERICAN TRADE IN MANCHURIA.

A JAPANESE VIEW.

There is no doubt of the increased importation to China of Japanese cotton goods in 1909, which were more than in 1908. The extract made from the Chinese Report on Foreign Trade for 1909, in the article of Mr. Howard Ayres, may, however, be misleading to those who do not take the trouble of examining the import statistics of China and Dairen. The figures there quoted, i. e., 5,265,000 and 22,798,000 yards for 1908 and 1909, respectively, show the total imports of cotton cloth to China and not those of Japanese cotton cloth of narrow width to Dairen only, the figures in that port for the same years being 3,319,555 and 18,274,939 yards, respectively.

"The General Review of Japanese Foreign Trade for 1909," published by the Treasury Department of Japan, says among other things on this subject:

"The Chinese market recovered from the depression which prevailed in China for the preceding two or three years, and, thanks to the favorable conditions in general, the stocks of cotton goods in the hands of the Chinese merchants were gradually disposed of, thus tempting them to carry on anticipatory importations. The same year saw also a great rise in the price of cotton, which caused no small inconvenience to both English and American weaving industry. In Japan, where the economic conditions are different, and where labor is very cheap, this change in the price of material had only a very little influence upon the price of manufactured goods. Consequently there was a wide divergence in quotations between the products of the English and American weaving factories and those of the Japanese in the Chinese market, necessarily entailing a greater share in demand of the cheap Japanese cotton cloth. Indeed, if there were not a fall in the price of silver during July, August and September of the same year there would have been greater increase in exportation of cotton goods to China."

There is no participation of the Japanese Government in industrial enterprises. There is no law which authorizes the granting of bounties and subsidies to this industry; nor are unfair advantages permitted by the Government, such as discriminating freights, etc. In fact, no complaint has been made by the United States Government nor from other quarters on these matters. As to the charges made in the report of Mr. Cloud, the refutation was made at the time of its publication. But the following extract from the Report of the Commissioner of Customs at Dairen for 1909 will also show how unfounded are those charges.

DAIREN TRADE REPORT, 1909.

1. LOCAL.— * * * 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 application" 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.

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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 employees 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 the 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) 15,476,812 yen (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) 583,100 yen, 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) 6,401,000 yen. 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.

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3. FOREIGN GOODS.—(*a*) *Imports, Direct and Coastwise.*— * * * Cotton piece goods also generally decreased, with the exception of Japanese cotton goods of narrow width. English and Indian cotton yarn show an increase of 7,059 piculs, while Japanese yarn increased by 6,179 piculs. It may be noted that among the chief imports into Manchuria the quantities of sheetings and shirtings, cotton thread, cotton yarn, building materials, cigarettes, fish and fishery products, matches, railway materials and timbers of all kinds sent by rail into the interior exceeded the amount landed at Dairen in 1909, so that a large stock of imports must have been held over here from 1908.

TO PROMOTE THE SALE OF COTTON GOODS.

In the House of Representatives, January 10, 1911, Mr. Heflin introduced the following bill; which was referred to the Committee on Interstate and Foreign Commerce and ordered to be printed.

A bill providing that agents be sent into the South American Republics and into China and Japan for the purpose of inquiring into our trade relations with these countries and urging the use of American cotton goods.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That eight agents be sent into the South American Republics and into China and Japan for the purpose of inquiring into our trade relations with those countries, to display samples of our cotton goods, and to urge the use of the same by those people.

Sec. 2. That for the purpose of sending these agents on the mission above mentioned there is hereby authorized an expenditure of one hundred thousand dollars, or so much thereof as may be necessary, which shall be paid to the Secretary of Agriculture, to be used for the purposes indicated in Section 1 of this act.

Sec. 3. That all laws and parts of laws in conflict with the provisions of this act are hereby repealed.

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THE AMERICAN COTTON GOODS TRADE IN MANCHURIA.

From the Japanese-American Commercial Weekly.

The principal cottons imported to Manchuria are shirtings, sheetings, drills and jeans. Until fifteen years ago Great Britain contributed most to the cotton goods trade of Manchuria, but it was her ill fortune to be gradually superseded by America. The reason for this is obvious. The rigorous climate of Manchuria and north China favors the importation of the heavier makes of goods, which are exactly the kinds America has been sending to Manchuria. The American goods have another merit in that they withstand hard washing much better than do the English goods. The difference in price, though rather slight, has also assisted in turning the scale in the eyes of Chinese merchants and consumers in favor of the American goods. England still holds supremacy as regards shirtings, but in sheetings, drills and jeans she has been all but driven from the field by the United States. Then came the Russo-Japanese war, and a new factor was injected into the situation.

Soon after the war the leading Japanese cotton manufacturers, with the backing of the house of Mitsui, the greatest Japanese firm engaged in foreign trade, organized themselves into a sort of guild with a view to pushing their trade in Manchuria. Their organized efforts were soon crowned with success. Today Japanese cotton goods can be laid down in Manchuria at less than it costs to import American goods. For instance, American sheetings cannot be retailed in Manchuria at less than 14 yen 50 sen per piece, with a weight of thirteen to fourteen pounds, while Japanese sheetings of the same quality are sold at about 13 yen 80 sen per piece. It is estimated that the annual demand of Manchuria for sheetings alone is as large as 10,000,000 yen, and it is in this special field that the Japanese manufacturers have been most active. The following table shows the volume of Japanese cotton goods imported through Newchang in 1908:

Shirtings	1,800 pieces
Sheetings	151,400 "
Drills	52,200 "

It is a remarkable fact that a nation which as late as 1900 laid down in Newchang practically no manufactured cottons, should eight years later import shirtings to the extent of 151,400 pieces, as well as 52,000 pieces of drills and 1,800 pieces of shirtings. While the Japanese trade has made such a great stride, the American trade has been declining. As early as 1899 American shirtings imported to Manchuria through Newchwang amounted to 1,101,765 pieces, while American drills and jeans imported in the same year were as many as 584,877 and 29,630 pieces, respectively. Whereas in 1908 American sheetings imported to Manchuria through Newchwang were only 515,193 pieces, while American drills imported amounted to only 193,540 pieces.

Other things being equal, it is low price which controls the market. But in the case of American-Japanese rivalry in Manchuria other things are not equal. On the contrary, everything seems to favor the advancement of Japanese trade. The Japanese did not create these favorable circumstances by iniquitous, underhand means; they merely benefited themselves by what nature bestowed upon them. Japan's geographical position, the abundant supply of cheap labor at her disposal, her familiarity with the use of pulse, a certain similarity between the Chinese and her own languages—are not these all conditions prescribed by nature, in whose hands the Japanese are but an instrument?

JAPANESE COMPETITION IN COTTON GOODS.

From the Japanese Empire

BY JOSEPH D'AUTREMER

New York, Charles Scribner's Sons.

Of industries acquired from the foreigner, that of cotton has most quickly risen to success in Japan, and today the importation of cotton cloth into the country has decreased in formidable proportions. Thus in 1887 Europe imported into the Japanese islands 24,630,000 pounds of cotton; in 1906 only 5,652,000 were imported. Today Japan inundates China with cotton products of all kinds, and so cheaply that it is impossible to compete with them, even in Germany. In the ports of the Yangtse—Kiukiang, Hankow, Ichang—I have bought Japanese socks at twopence halfpenny a pair, Japanese towels at a penny apiece. It is true that when one knows the starvation wages of the Japanese factories one is less astonished. All this Japanese imitation is execrable, but for the Chinese who has not the means to pay dear it is precisely what he wants.

One of the great questions which agitates the European economists is that of knowing if Japan is going to become a dangerous competitor from the industrial point of view. There have been long dissertations in the most important European and American journals and reviews, and "Hippocrates says yes if Galen says no." Personally I do not believe that we need be afraid, at least for a very long time, of the industrial yellow peril. Trade is still in its infancy in Japan, and the machine has not yet supplanted hand labor everywhere; on the contrary, the latter is most largely used. Apart from cotton manufactures, which are, however, still far from equaling those of Europe, other industries have remained in many ways what they were before.

Although Japan has very quickly assimilated European industries, and makes great progress in this direction every day, I do not believe, for all that, as I have already remarked, that the West need fear serious competition for a long time. Moreover, one must consider that Japan does not at present know how to put itself on the same rank with the manufacturing countries of Europe with regard to the finish and durability of its productions; and the proof of it is that for constructions which it has not at heart, and for which strength is required—as, for example, for warships—it imports the steel and principal parts from Europe and America.

Where it will compete with Europe (and it has done so already), is in China with its cotton trade. It is evident that neither Manchester nor Bombay will supply the Chi-

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nese so cheaply with what he wants. It goes without saying that the moment has not yet come when Japan will have the monopoly of the cotton trade in China; but it has already begun by ousting English productions from Manchuria, and it is known that the market of Shanghai has suffered much from competition in Japanese stuffs and threads, and numbers of European houses have found themselves in a difficult position. For the time being it is in this direction that the Japanese industrial and commercial efforts are directed.

Cotton, from every point of view, is one of the great exports of Japan, and China buys up most of it, a portion going to Hong-Kong and Korea. Thread, blanketing, flannels crepe, Nankin, gray shirting, towels and serviettes, all going to the Chinese market; the latter takes, as a rule, from 30,000,000 yen to 35,000,000 yen in thread every year, and from 3,000,000 yen to 4,000,000 yen in gray shirting. Bath toweling is beginning to be much appreciated by the Chinese, especially as the price is very low; they pay for an ordinary towel about 500 or 600 piasters, about three halfpence.

The principal exporters of cotton are the following spinning mills:

Osaka Boseki,	with	1,110	workmen	and	4,500	women.
Setsu,	"	1,300	"	"	4,000	"
Osaka Godo,	"	1,000	"	"	4,000	"
Fukushima,	"	450	"	"	1,500	"
Nihon,	"	420	"	"	2,000	"
Temma,	"	40	"	"	205	"
Nagai,	"	300	"	"	1,500	"
Odzu Hoseito,	"	180	"	"	800	"
Kobayashi,	"	40	"	"	110	"
Sakai,	"	200	"	"	770	"
Kishiwada,	"	250	"	"	1,110	"
Wakayama,	"	280	"	"	1,500	"
Koriyama,	"	380	"	"	900	"
Amagasaki,	"	270	"	"	1,250	"

All the above-mentioned mills belong to the region of Osaka; of the 35,000,000 yen exportation they account for 28,000,000 yen to 29,000,000 yen; that is to say, that the cotton trade is concentrated in the two towns of Kobe and Osaka and the surrounding regions. It is evident that the Japanese will end by furnishing the whole of the Chinese market with the cotton which it requires. The proximity of the country, the very cheap hand labor, the few requirements of the Japanese, make it impossible for European cotton in all its forms to compete with it; evidently the Japanese product is very inferior, but that is not the point with the Chinese purchaser; cheapness is necessary for him, even if the quality is not of the best.

THE JAPANESE IN SOUTHERN MANCHURIA.

By Professor K. Asakawa, of Yale Univesity.

It is announced to be the policy of the Japanes Government to keep the Japanese population at home as far as practicable, and, where emigration is necessary, to direct it to Hokkaido and Formosa and to Korea and southern Manchuria. From this it has become customary with many people to regard southern Manchuria as a Japanese colony. As a matter of fact, foreigners are conventionally excluded from any part of the Chinese Empire, including southern Manchuria, which is not leased to a foreign Power or which lies beyond the limits of the open ports. It is evidently in the leased territory of Kwantung and at the open ports and marts along the railways in southern Manchuria that the Japanese have right to settle. If any of them overstepped these limits they did so at the risk of expulsion by Chinese authorities. It is also noteworthy that, beginning as they did to immigrate here even before the end of the war six years ago, and being constantly allured by every inducement to settle here permanently, the Japanese population in southern Manchuria has been very slow to increase, and, according to the official statistics, has not yet reached 70,000. On February 28, 1910, there were registered 38,871 Japanese men and 28,104 women, total 66,975, living in this territory; the actual population may perhaps be a little larger. These 67,000 Japanese were distributed roughly as follows:

Port Arthur	7,979
Dairen	28,039
Kinchow	1,043
Niuchwang (Ying-kow)	5,350
Liaoyang	2,999
Antung	8,412
Mukden	10,336
Tieling	3,563
Changchun	4,153
	66,975

That a large part of the 23,000 Japanese at Dairen were petty traders, laborers and non-productive people is seen from the fact that, of this number, hardly 3,000 paid business taxes in 1909. The relative importance of the larger forms of business undertaken by these Japanese at Dairen may be judged from the following table of the number of men engaged in each occupation and the amount of the business tax they paid during 1909:

	Men.	Yen Paid.
Retail merchants	1,818	49,342
Lenders of merchandise	368	23,852
Contractors	214	16,688
Manufacturers	223	14,532
Commercial agents	72	5,258
Transportation business	46	4,437
Money lenders	96	3,462
Printers	7	956
Bankers	2	943
Employment agents	49	612
Wholesalers	8	367
Photographers	11	305
Money changers	10	178
Warehouse keepers	2	47
	2,926	12,984

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TRADE IN MANCHURIA.

From the China Tribune.

The development of foreign trade at Dairen has been marvelous, but it has not come to occupy the position of the first port in Manchuria, Newchwang still being ahead of it. During last year the amount of net imports and exports at Darien reached the total sum of Tls. 43,560,000, against Newchwang's Tls. 55,010,000, with Tls. 11,450,000, in the favor of the latter port. For the sake to have a general idea of trade in Manchuria, let us see the amount of imports and exports made at various ports both in south and north Manchuria during last year (1909):

	Net Imports.	Net Exports.	Total.
Newchwang ...	Tls. 28,985,722	Tls. 26,082,358	Tls. 55,018,080
Dairen	16,818,455	26,744,359	43,562,814
Antung	3,815,865	4,427,164	8,243,029
Tatungkow	43,071	439,750	482,821
Total of trade in So. Manchuria	Tls. 49,613,113	Tls. 57,693,931	Tls. 107,306,744
Suifenho	Tls. 6,983,474	15,372,116	22,355,590
Manjuri	5,732,031	1,717,731	7,449,762
Harbin	1,158,975	2,405,497	3,564,472
Sanhsing	328,143	734,121	1,062,264
Aigun	280,106	3,517	283,623
Total of trade in No. Manchuria	Tls. 14,482,729	Tls. 20,232,982	Tls. 34,715,711
Grand total.....	Tls. 64,095,842	Tls. 77,926,613	Tls. 142,022,455

Note: The amount of re-exports are not contained in imports, while foreign goods, imported from foreign as well as native ports, together with native goods imported from Chinese ports, are included in it.

The above table is by no means an accurate one. For it is common everywhere that the actual amount of trade done in a country does not correspond with the statistics given out by customs, whose main object is to collect duties. Especially, as there is in Manchuria a port like Darien, where a special state of affairs exists, this difference will be greater than in any other case. Again, explanation is not needed as to the considerable difference existing between the amount of actual trade in north Manchuria, specially in the district along the Amur River, and the figures shown under the heading of Aigun, because it is customary that the statistics of trade carried on land are far more imperfect than those given out by maritime customs.

However inaccurate the figures contained in the above table, it is sufficient for our present purpose to use it as an indicator of general trade conditions in Manchuria. What we should deduce from these figures is firstly about the remarkable increase of trade in Manchuria compared with the whole trade of China. During last year the amount of net imports and exports of China totaled a little over 750,000,000 taels, while those of Manchuria aggregated 142,000,000. This is equivalent to one-fifth of the entire amount of China's trade, or something like 18 per cent. of it. Take the population of Manchuria at 17,000,000, which is equal to one-twenty-fifth of the entire population of the empire, estimated at 430,000,000 souls. That is to say, the former is about 4 per cent. of the latter. Therefore, the trade in Manchuria is 4.7 times as much as that of the whole empire. In other words, should China have trade in the same ratio to the population, the amount should reach 3,500,000,000 taels instead of 750,000,000 taels she now actually possesses. What has brought about this marvelous development in Manchuria? Natural resources specially found in Manchuria, an economic system different from that in any other district, the development of organs of communication, the sudden increase of bean trade; all these with various other matters may have contributed to bring about this result.

The second point we should observe is about the fact that the trade in Manchuria is still developing with considerable rapidity. Observe the following table wherein the amount of trade at various main ports in Manchuria during the last year is compared with that of the previous year, and see for yourselves how far it is true:

	1909.	1908.
Newchwang	Tls. 55,018,080	Tls. 41,199,027
Dairen	43,562,814	32,258,461
Antung	8,243,029	6,188,799
Suifenho	22,355,590	11,985,705
Manjuri	7,449,762	3,829,785

Thirdly, it must be noticed that while the trade of north Manchuria is progressing with great strides as above shown, the greater bulk of commerce is still carried on through the ports in south Manchuria. This is chiefly caused by the practice carried on for generations. Thus, because Yingkow was once the only gateway of south and north Manchuria, it still draws the trade of the north toward it, not even the efforts of Vladivostok being able to turn this tendency in its favor. But we have history because things do not stay at one place all the time, and therefore we cannot depend upon a hereditary practice and some geographical advantages, thinking that things will remain in the same condition now and forever.

The fourth point we must consider is this, that despite the rapid progress of Dairen trade, the position of Yingkow (Newchwang) as a port is still very strong. The Japanese and Chinese residing at Yingkow had quite a pessimistic view concerning the port, believing that the development of Dairen would necessarily produce an undesirable effect on Yingkow. But the figures set forth above clearly show that it was groundless apprehension. The special feature of Yinkow is in its being a port of importation, and its relation to Dairen is something like Kobe to Yokohama. In order to facilitate observation, below is given side by side the amount of imports and exports of the two respective ports during the last two years:

	1909.	1908.
IMPORTS.		
Newchwang	Tls. 28,935,722	Tls. 21,589,796
Dairen	16,818,455	19,846,926
EXPORTS.		
Newchwang	26,082,358	19,609,231
Dairen	26,744,359	12,411,535

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It is evident from this that Dairen is far behind Yingkow in its import trade, and is unable to supplant the influence that the latter had established in the interior for many years before Dairen ever came to appear as an open port. What enabled the latter to keep up its appearance during last year against Yinkow was through the fact that a market for beans was found in Europe, and Yinkow was forced to fall behind Dairen as a port of foreign exportation on account of the lack of its harbor accommodations. It is doubtful whether Dairen, that is chiefly dependent upon export trade, is able to approach the position occupied by Yinkow in a few years to come. How strong the latter's position is in regard to import trade can be seen by the following facts:

1. Yinkow is making very healthy progress in the imports of foreign goods, as if there was no competition whatever made by Dairen. In fact, in 1907 the amount of importation made at the former port was Tls. 10,960,000, which were increased to Tls. 15,150,000 in 1908, again being increased to Tls. 19,050,000 in the following year.

2. Of the above, the amount of foreign goods brought from native ports showed greater increase.

3. The importation of native goods is also showing a considerable increase.

As a port of exportation, Yingkow has, therefore, no cause to be pessimistic, for the amount of imports increased to 19,000,000 taels in 1908 from 15,000,000 in the previous year, while it reached the sum of 26,000,000 taels in 1909. From these points, it can be said that the trade at Dairen cannot boast of the stability of its foundation when it is compared with Yinkow.

DIPLOMATIC AND CONSULAR REFORM.

In the House of Representatives January 11, 1911, Mr. Lowden introduced the following bill, which was referred to the Committee on Foreign Affairs and ordered to be printed:

A bill for the improvement of the foreign service.

Be is enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that the Secretary of State is directed to report from time to time to the President, along with his recommendations for promotion, or for transfer between the department and the foreign service, the names of those secretaries in the diplomatic service, and the names of those consular officers or departmental officers or employees, who, by reason of efficient service, an accurate record of which shall be kept in the Department of State, have demonstrated special efficiency, and also the names of persons found upon examination to have fitness for appointment to the lower grades of the service.

The secretaryships in the diplomatic service are hereby graded and classified as follows: Class one, $3,000, secretaries of embassy; class two, $2,625, secretaries of legation; class three, $2,000, secretaries of legation and second secretaries of embassy; class four, $1,800, second secretaries of legation; class five, $1,200, third secretaries of embassy or legation.

The board of examiners for the diplomatic service shall be composed of an Assistant Secretary of State, the chief examiner of the Civil Service Commission, or such other officer as that commission shall designate, a law officer of the Department of State, and one other officer to be designated by the Secretary of State. The board of examiners for the consular service shall be composed of the officer charged with the administration of the consular service, the chief of the Consular Bureau, the chief of the Bureau of Trade Relations, and the chief examiner of the Civil Service Commission, or such other officer as that commission shall designate.

The scope and method of the examinations shall be determined by the boards of examiners, but the examinations shall include business experience and ability, the resources and commerce of the United States, with special reference to the development of export trade, international, commercial and maritime law and history, American history, government and institutions, and one language other than English. These examinations shall be held at least once annually, and shall be conducted with strict impartiality, and without regard to the political or other affiliations of any candidate, and upon their conclusion the boards of examiners shall certify in writing to the Secretary of State the names of those persons whom they have found to be, in their judgment, thoroughly well qualified for the diplomatic or consular services, and the report of the board shall be made public, and the Secretary of State shall at the same time make a public statement of the proportional representation of the different States and Territories in the foreign service.

THE AMERICAN ASIATIC ASSOCIATION OF JAPAN.

KOBE, December 1, 1910.

John Foord, Esq., Secretary, the American Asiatic Association, P. O. Box No. 1500, New York:

DEAR SIR—I beg to advise you that at a meeting of American citizens resident in Kobe and in this part of Japan, held at the consulate on Tuesday, November 15, it was unanimously resolved to form here an "American Asiatic Association of Japan, Kobe Branch." At this meeting the following officers were elected:

President—P. H. Wootton.
Vice President—C. W. Atkinson.
Secretary—O. H. Hahn.
Treasurer—H. S. Wheeler.
Committee—D. B. Taylor, Dr. C. B. Mosley, Prof. Roy Smith, O. M. Poole, C. R. Bennett, F. N. Shea and L. E. Charnley.

The committee elected are now at work on a constitution and bylaws, as as soon as these have been passed and printed I shall have pleasure in furnishing you with copies.

We are transmitting this letter through the elder organization in Yokohama, from whom you will doubtless receive a direct communication on the subject.

I beg to assure you that we are desirous of rendering every assistance in our power, and trust we shall always have your hearty co-operation in all measures tending to foster and safeguard the commercial and other interests of citizens of the United States of America in Japan.

We believe that the formation of a Kobe branch of the American Asiatic Association fills a long felt want in this district of Japan, and by cordial co-operation with the Yokohama organization we hope that much may be accomplished. I am, dear sir,

Yours most respectfully,
O. H. HAHN,
Honorary Secretary.

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FIRST UNIVERSAL RACES CONGRESS.

A congress dealing with the general relations subsisting between West and East will be held in London from July 26 to July 29, 1911. So far as possible special treatment will be accorded to the problem of the contact of European with other developed types of civilization, such as the Chinese, Japanese, Indian, Turkish and Persian. The official congress languages are to be English, French, German and Italian; but Oriental and other languages will not be rigidly excluded. The papers (which will be taken as read) are to appear, collected i nvolume form, both in an all-English and an all-French edition, about a month before the congress opens, and among the contributors will be found eminent representatives of more than twenty civilizations. All schools of thought are hereby invited to take part in the proceedings. Resolutions of a political character will not be submitted.

The object of the congress is to discuss, in the light of modern knowledge and the modern conscience, the general relations subsisting between the peoples of the West and those of the East, between so-called white and so-called colored peoples, with a view to encouraging between them a fuller understanding, the most friendly feelings and a heartier co-operation. Among the supporters, who hail from no less than fifty countries, are over twenty-five presidents of parliaments, the majority of the members of the Permanent Court of Arbitration and of the delegates to the Second Hague Conference, twelve British governors and eight British premiers, over forty colonial bishops, some hundred and thirty professors of international law, the leading anthropologists and sociologists, the officers and the majority of the Council of the Inter-Parliamentary Union, and other distinguished personages. The list of the writers of papers includes eminent representatives of over twenty civilizations, and every paper referring to a particular people is prepared by some one of high standing belonging to it.

The object of the congress will be to discuss, in the light of modern knowledge and the modern conscience, the general relations subsisting between the peoples of the West and those of the East, between so-called white and so-called colored peoples, with a view to encouraging between them a fuller understanding, the most friendly feelings and a heartier co-operation. Political issues of the hour will be subordinated to this comprehensive end, in the firm belief that when once mutual respect is established difficulties of every type will be sympathetically approached and readily solved.

The origin of this congress is easily explained. The interchange of material and immaterial wealth between the different races of mankind has of late years assumed such dimensions that the old attitude of distrust and aloofness is giving way to a general desire for closer acquaintanceship. Out of this interesting situation has sprung the idea of holding a congress where the representatives of the different races might meet each other face to face, and might, in friendly rivalry, further the cause of mutual trust and respect between Occident and Orient, between the so-called white peoples and the so-called colored peoples.

Accordingly the congress will not represent a meeting of all the races for the purpose of discussing indiscriminately everybody's concerns. It will not discuss purely European questions, such as the relations existing between or within the different European countries; nor, of course, will it discuss the attitude of Europe toward the United States, or toward other American republics representing races of European descent. Again, while wholly sympathetic toward all far-sighted measures calculated to strengthen and promote good relations, the congress is pledged to no political party and to no particular scheme of reforms. The writers of papers will, however, have the full right to express whatever political views they may hold, though they will be expected to do justice to all political parties and to treat the issues of the day only passingly. Furthermore, the congress will not be purely scientific in the sense of only stating facts and not passing judgments. Nor will it be a peace congress in the sense of aiming specifically at the prevention of war. Finally, it should be noted that, since the congress is to serve the purpose of bringing about healthier relations between Occident and Orient, all bitterness toward parties, peoples or governments will be avoided, without, of course, excluding reasoned praise and blame. With the problem simplified in this manner, and with a limited number of papers written by leading authorities who will elucidate the object of the congress, there is every hope that the discussions will bear a rich harvest of good, and contribute materially toward encouraging friendly feelings and hearty co-operation between the peoples of the West and the East.

The following is the program for the eight half-day sessions: 1. Fundamental Considerations—Meaning of Race and Nation. 2-3. General Conditions of Progress. 3A. Peaceful Contact Between Civilizations. 4. Special Problems in Inter-racial Economics. 5-6. The Modern Conscience in Relation to Racial Questions. 7-8. Positive Suggestions for Promoting Inter-racial Friendliness. [To assist adequate discussion the papers are to be sent to members of the congress a month before the gathering, and will be taken as read; abstracts of the papers will also be provided.]

It is proposed also to hold in connection with the congress an exhibition of books, documents, portraits, skulls, diagrams, etc. This section is under the direction of Prof. Alfred C. Haddon, M. A., Sc. D., F. R. S.

Attendance at the meetings of the congress will not be restricted to any particular class of persons. Fee for active membership (including attendance, volume of papers of about 500 pages in English or French with valuable bibliographies, and other publications) will be 21s.; fee for passive membership (excluding attendance, but including volume of papers and other publications) will be 7s. 6d.

Further information may be obtained from the American co-secretaries, Dr. W. E. B. Du Bois, 20 Vesey street, New York, and Rev. Frederick Lynch, B. A., B. D., 13 East 124th street, New York.

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MANKIND IN COUNCIL.

(From the Ethical World.)

Great is the historic pride of London. Great also are its manifold tragedies of squalor and poverty. This varied story will be distinguished in the summer of 1911 (July 26-29) by an episode both brilliant and unexampled. In London will assemble mankind in council. Representatives of all human groups will come from the four quarters, and lands that know the Pole Star and regions that lie under the Southern Cross will meet each other in friendly intercourse in the first Universal Races Congress. Humanity will reveal her unity in variety, and the peoples whose dispersion is commemorated in the story of Babel will be combined again in twentieth century recognition. The official congress languages will be English, German, Italian and French, though an Oriental tongue may now and then announce the soul of Asia. The volume of papers will be issued in an all-French and an all-English edition. All the arrangement for this parliament of the nations are in the hands of a large and distinguished executive representative of various shades of opinion.

For every-day purposes we may conveniently divide mankind into the white, black and yellow families. All history tells the sad tale of their wars and jealousies, and later history also tells the tale of a dawning sense of oneness. The white conscience, awakening to its duty, calls to the black and yellow brethren to make closer acquaintance, and render mutual faith and mutual aid, once virtues of the parish, henceforward virtues of the planet. From all parts of the world responses have freely come—from fifty nations, from about thirty presidents of parliaments, from a dozen British governors and nearly as many British prime ministers, from 130 professors of international law (who would by themselves constitute a remarkable adhesion), from over forty colonial bishops, and from over a hundred and twenty members of the Permanent Court of Arbitration and of the Second Hague Conference. As these messengers from The Hague enter the congress one might imagine the wings of peace, gloriously raised as in the noble figure of the Greek Victory, overshadowing the heralds of fraternity.

Who originated the idea of the congress? It was Dr. Felix Adler, professor of social ethics in Columbia University. The proposal was first named at a conference at Eisenach in July, 1906. If ideas could scan their own prospects this idea might well congratulate itself on getting realized at a world centre in a period of five years from its birth. The meeting felt that the modern conscience, while advancing in general sensitiveness and strength, was yet internationally weak. It is fast becoming alive to what are known as social problems in the interior life of the community, but it has not learned to apply itself with adequate power to the problems presented by racial divisions.

The agenda has been gradually elaborated with the aid of many experts. And a very wide elaboration it is. It is an agenda of definite thought, having a climax in practical and positive propositions. By "practical" is not meant any hasty attempt to grapple with immediate issues, such as may agitate the House of Commons at question time, or lend a glow to last week's journals. The congress aims at fundamentals. The prime purpose is to cultivate mutual knowledge and respect between Occidental and Oriental peoples. It is essential, also, to promote action and thought in two cardinal directions by treating the Westerns in alliance and contact with China, Japan, Turkey, Persia, Egypt and India, as a specific development on the one side, and the amorphous groups of colored humanity subject to European or American control, on the other. The question naturally arises as to the attitude of the India Office, the Foreign Office and the Colonial Office. The India Office remains strictly neutral and uncommitted, but agrees to assist in minor ways. The Foreign Office has very courteously consented to transmit in its mail bags invitations to foreign powers to participate in the congress, and is also prepared to answer sympathetically any inquiries addressed by the powers. And the Colonial Office is prepared to do for the colonies what the Foreign Office has agreed to do for the independent nations.

The first note in the congress harmony ("harmony" enwreathing a globe is the motto of the assembly) will be sounded by an Indian, Brajendra Nath Seal, principal of the Cooch-Behar College, who will read a paper on the "Definition of Race, Tribe and Nation." Light comes from the East! But here, as in all other cases, one ought rather to say that the papers will be taken as read, and that the living voice of the congress will be devoted to discussion, not reading, each general subject, embracing the topic of a whole session, being introduced by a twenty minutes' speech. The appearance of the principal of Cooch-Behar College reminds us that arrangements have been completed insuring that in all cases a distinguished native will state the claims and ideals of each separate Eastern community. But the problem of race equality is one that covers all setcions. Appropriately, therefore, this topic will fall to the honorable organizer, who thus becomes, like Anacharsis Clootz, orator for the human species.

Over forty persons of distinction have already agreed to prepare papers, and these belong to over twenty countries, including China, Japan, India, Turkey, Persia, Egypt, South and West Africa, Hayti, United States, Great Britain, France, Germany, Italy, Russia, Austria-Hungary, Belgium, Holland, Denmark and Norway. Among the writers of papers are Sir Sydney Olivier (Governor of Jamaica), Sir Charles Bruce (late governor of Mauritius), Sir John Macdonell (master of the Supreme Court), Sir Harry Johnston (the famous traveler), Mr. Israel Zangwill (who is to speak on the Jewish race), Miss Margaret Noble (Sister Nivedita), besides eminent continentals such as M. Léon Bourgeois (the leading spirit at the Second Hague Conference), Baron d'Estournelles de Constant (one of the most highly respected internationalists), Prof. Giuseppe Sergi (the eminent anthropologist), and Dr. Zamenhof (the inventor of Esperanto). It cannot be too strongly emphasized that resolutions of a political character are not contemplated, and will not be submitted. All outlooks are broad, all treatments detached from the difficulties of the hour. In this conference, which deals with the general relations subsisting between West and East, it will be out of place for European representatives to argue vexed questions between this and that European community.

F. J. GOULD.

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AN INTERNATIONAL UNIVERSITY MISSION TO CHINA.

BY THE REV. LORD WILLIAM GASCOYNE-CECIL.

We are face to face with one of those changes in the condition of the world the effect of which is not very easy to exaggerate. Hitherto the rule of the white man and Western civilization have been conterminous, and although Western civilization has been inspired by a religion of Asiatic origin, it has been possible hitherto to the white man alone. The Asiatic has approached it, and, as in India, has been in close contact with it, but has, for various reasons, been unable to assimilate it. He has even been repelled by it. So the East has always remained the sleepy, stationary East, while the West, under the inspiring influence of Western civilization, has progressed and changed, and has advanced in wealth, in comfort, in power. Gradually a vital change in these conditions has been unfolded. The most recluse and exclusive nation in the East, Japan, has put aside her philosophy, her culture, her completely Eastern civilization, and has accepted Western civilization; not only has accepted it, but has so understood it, so mastered it, that in meeting in warfare one of the greatest of the Western races, Russia, she has defeated and humiliated her as much by Western military art as by her national courage and prowess. Japan's defeat of Russia was not the victory of the East over the West, but of the West over the East, for by that victory she has convinced every Eastern nation both of the possibility of an Eastern nation's accepting Western civilization and of the good results that will certainly follow. As the story of the defeat of Russia is told in the bazaars of India, or in the streets of Constantinople, or in the Chinese tea-shops, the truth bursts in on the Oriental mind that the acceptance of Western civilization is a possibility for these countries too. But if this victory has affected Turkey and India, it has in a greater degree affected China. China was the unwilling spectator of the titanic conflict, a province of China was actually the scene of that struggle, and China has realized the lessons of the victory. China, therefore, has turned her eyes to the West, and one of the most momentous changes in the history of the world is developing before our eyes, namely, the acceptance by the Chinese of the civilization of the West. Four hundred millions of population—more than a fourth of the total of humanity—will be added to the world which describes itself by the epithet Western.

America has had a large share in causing this movement, both directly and indirectly: directly by sending out to the mission field some of the finest of her sons, who have preached the cause of Christianity with eloquence and commended it by self-sacrifice; indirectly by being largely instrumental in making that change in the opinion of Japan which has so powerfully influenced China. Japan's success has had the effect that all success has: it has produced imitators of her methods. Japan was the land of mystery, and, ignorant of the progress of the West, was at the mercy of the weakest of Western nations. Japan is now, after the defeat of Russia, a world power before whose armed might the haughtiest of Western nations has had to yield. Can any one wonder that China, looking at Japan, has determined to follow in her steps and tread the same path that has led Japan to victory? For, after all, what is Japan compared to China?—a small country, a tiny country, one which has but an eight part or less of her population. Yet what is China compared to Japan in the eyes of the world? China is powerless and Japan is powerful; China cannot even secure her own territory from invasion, while Japan is able to invade the territory of others.

Can you wonder that China is daily saying, "I must follow in the footsteps of Japan," and therefore is trying hard to acquire the Western knowledge which has made Japan so great? This is the great fact which meets the world. The world may be ignorant, the world may be indifferent, but facts are facts, and facts prove stubborn things.

Of course, this is not yet an accomplished fact. Even now the great mass of toiling, hard-working, non-thinking China is absolutely Chinese. Even now the old conservative Chinese gentleman is Chinese. But the young men, the thinking men, the coming men, are no longer learned only in Chinese lore and Chinese culture. These have turned to the West and have tried to learn the great learning of the West, after the example of the Japanese. They have sent their sons to Tokyo, and they have done more. They have sent their sons to the Western universities. Already Chinese students in America may be numbered by the hundreds.

It is hard for an American to realize what a sacrifice this means. Living is cheap in China. A 10-cent piece brings as much to the Chinese as the dollar does to the American.

Multiply the cost tenfold, and then think what it would mean to send your child to China to receive an education. and you have some idea of what China, either through her provincial governments or through private individuals is paying for Western education. America has indeed been forward in welcoming the sons of China to her universities; nay, she has done more—she has sent some of the ablest of her sons to educate the Chinese. No one who has seen the splendid educational institutions raised by Americans in China will doubt that America has been China's greatest friend in this matter.

From Canton in the far south to Peking in the north you will find these splendid monuments of America's generosity and of her faithfulness to the highest ideals of education and of religion. I recall an evening walk in that hot and crowded city of Canton, and the sense of peace that came over us as we passed from the noise and smell to the supreme quiet of the Presbyterion College, and of the hospital where women learn to give their sisters the help and comfort of Western medicine.

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And, again, I recall that wonderful work which President Hawks Pott is doing near Shanghai, where he is training boys who will afterward prove to be the guides of their fatherland.

Or, again, President Anderson's work at Suchow, where he is molding the young men of that district to be wise and prudent leaders of the people.

Or, again, the great work that the Methodists and Christians are carrying on at Nanking. Boone College, Wuchang, again, under President Jackson, adorns China with knowledge and America with a reputation for being the nation that encourages enlightenment.

President Lowry, in Peking, is a fit representative in the capital of China of the zeal and energy of the Methodist educator. While the Nestor among educators, Professor Martin, is no longer able to stand in the forefront of the educational world, still by his wisdom he encourages those on whom the burden of the day now rests.

Professor Sheffield shows at Tungchow the best example of that which we should all desire—co-operation in educational work.

But why should I fill your pages with examples of American zeal for education in China, when the whole world knows how Yale, in the face of persecution, has most ably maintained its cause, at infinite risk, in Changsha? America has indeed done nobly, yet it would be idle to pretend that enough, or anything like enough, has been done.

After all, it is but the fringe of this subject that she has touched, and, if the work is to be of lasting benefit to China, much more remains to be done.

China is wandering and groping about her, but she has found at present neither educational nor spiritual light. I had the privilege of visiting many schools in China under the national authorities, and I never saw anything that showed that China had yet attained what she sought. The effect left on my mind by what I saw was that of a huge blind being seeking for and craving the light, yet unable to find what she sought.

After my first visit to China I put these matters before some friends at Oxford and Cambridge, only to find that they were but too thoroughly alive to the whole difficulties of the problem—for there are many difficulties—and yet were most desirous of doing what they could to help China in her need. They appointed committees who examined and discussed the whole situation, and asked information from every one whom they thought would be able to give it. The plan that seemed to commend itself was that they should take the lead in founding an establishment for higher education, or a university which should focus all the disjointed and isolated efforts that are being made toward education; that it should not supplant, so much as support, work that was already established.

Two facts emerged from the very first; namely, that the splendid work that the missionaries have done in the past and the great hold they have on the sympathies of the men who are forming "Young China" entitle them to receive, even if they do not compel the home universities to give, every consideration. The second view was somewhat similar; namely, that without co-operation between those interested in education no efficient work can be done. With these two views before them, the following scheme was evolved. First, that the university should be provided on a dual basis in which the position which the missionary bodies have attained should be frankly recognized. Second, that educational matters should be controlled by educators. The final plan evolved was that a university should be founded which should consist of a central institution which should teach but not lodge its pupils, and, second, of hostels or colleges which should lodge, feed and control the students and also give them religious teaching.

In some ways the constitution of the university would resemble that of the United States. The university would represent the Federal body, while the individual States would be represented by the hostels or colleges. The colleges would be self-governing, and would as a rule be controlled by some missionary or other body which had educational interest in China.

In every way it is hoped that the moral influence of sincere men would be brought to bear on boys during the most impressionable period of their lives, and that boyhood should not receive that which is most dangerous to all youth, a confused idea of right and wrong.

The same missionary body, for instance, which had hitherto trained and tended the boy would still lead him while he trod the paths of higher knowledge.

We know even in the West how often the sudden rush of great ideas and wide views on the sensitive intellect brought up in beautiful but narrow surroundings, has, instead of a beneficial, a pernicious effect. The narrow view is widened too roughly, the great ideas tend not to illuminate but to darken, with the result that the greatness of human knowledge produces a pessimist who can believe only in things material. But with the Chinaman the effect is far more extreme. His original ideas of right and wrong have been shaken by Western knowledge. Western knowledge and Western civilization are too often destructive and not constructive. They remove all the old moral landmarks, and, unless great trouble is taken, leave man in the desert of life without anything to guide him through its dangers. The great function of the hostels would be to build up character; they would therefore seek not only to preserve that which was good in the Chinese ethics, but, where destruction in the ethics is inevitable they would try to replace it by ethics founded upon Christianity. It would be the primary duty of the hostel to teach religion as the foundation of all character. And, in pursuance of this aim, the hostels would be encouraged to found the preceptorial system, a system which is also very beneficial in securing thoroughness in intellectual culture.

On the other hand, the university would abstain from giving any religious teaching, though all its teaching would be absolutely sympathetic with the missionary work. In fact, the whole faculty would be in full sympathy with missionary ideals. The university would teach knowledge from a Christian, but a non-sectarian, point of view, while it is hoped that the greater bulk of the hostels would be denominational. The university would be furnished with all that expensive apparatus which is at present time necessary to understand the most advanced science, with laboratories and libraries and so on.

I understand that the educators of America have received the idea favorably, and that they will appoint a committee, as representative of the leading educational opinion as that which represents the English universities, to negotiate with them as to the appointment of a board of governors and trustees to be the alternate controlling body. It is not, of course, suggested that the direction of the university should be in the home lands. The home board would appoint a committee of management to represent them on the spot. For no university for China can ever really serve China unless it is directed in China.

And here I may say that this university is not to be an alien but a national institution. From the first Chinese are to be associated with its management, and, when China

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develops professors of equal learning to the educators of the West, it is intended that the West shall yield to the East and the staff shall become Chinese.

Before any action was taken this scheme was submitted to the mission bodies in China. It was put before them in Peking and Hankow, in Nanking and in Shanghai, and was in all cases welcomed. Subsequently the home boards both in America and in England were asked, and again the answer was satisfactory. I think I may say that the three points that attracted the mission bodies were, first, that no missionary body is to be asked to sacrifice convictions in this matter. Much as the mission bodies long for union work and co-operation, many have been deterred from taking any active steps by a fear that co-operation must be dearly purchased at the price of sincerity. Many feel that they cannot conscientiously agree with the teaching of their brother missionaries, and yet to express that disagreement to their pupils would be to render all union work inefficient, for nothing is so fatal to the usefulness of a teacher as to have his authority shaken by the suggestion that the pupil must not always agree with him. If, on the other hand, the missionary keeps silence and refuses to disclose to his pupil his real views on some doctrinal subject, the result must be an atmosphere of insincerity. And, therefore, many a missionary has said, Much as I long to co-operate, I cannot, at the price of sincerity. But in the suggested university the missionaries will not be asked to make any such sacrifice. Each hostel will definitely belong to a mission body, which will have complete control over the teachings given in that hostel.

The second point that attracted the mission body was that their funds would be relieved from the heavy burden that has been put upon them by an educational policy. Every mission body now finds itself cramped and confined for money. Nothing has so burdened them as the task of providing not only the building but the apparatus that is necessary for modern educational work. It has seemed to all incongruous that the subscriptions that are given, very likely by those who can ill afford them, for the furtherance of the Gospel of Christ are, in the end, devoted to the purchase of a machine to demonstrate some new law of electricity. But this is avoided by dividing the scope of action of the university from that of the hostel. The university would pay for all that was primarily educational, and would appeal for support, not to the missionary, but to the educational world, and thus the mission bodies would be relieved of this burden. They must, of course, in return expect that the educational matters will be controlled by educationalists.

The third point that attracted the mission bodies was, no doubt, the old one—the one which attracts all Christians, and yet seems so far off—the opportunity of co-operating with their brother Christians. I suppose there is no one who has not had a feeling of shame that Christians should be unable to co-operate with one another. When we see that labor can co-operate to form vast trade unions, and that capital can co-operate in the shape of huge trusts; when we learn that the civil history of the world has been the history of the increasing power of co-operation, from the family to the sept, from the sept to the tribe, from the tribe to the nation, from the nation to the empire, we turn—yes, I repeat it—with a feeling of shame to the Christian world, and long that Christians might develop some similar power of co-operation which has made mankind efficient in other spheres of activity. This is possible if the two main lines of this scheme are kept firmly in view—namely, that the university shall be essentially an educational body, controlled by educators in sympathy with Christianity, and whose desire it is to assist, not to hinder, the wonderful work the missionaries are doing; and that the hostels, on the other hand, shall be controlled by missionaries or by other bodies whose object it shall be to transmit to the Chinese the great traditions of the West which are undoubtedly founded upon Christianity, and which, therefore, in most cases must be taught by those who have a sincere faith in Christianity. Though most hostels should be controlled by missionary bodies, it would be unwise, for a variety of reasons, to make this rule one without exception. Bodies similar to the Yale Mission would be heartily welcomed, and other bodies might wish to have a hostel whose influence would be doubtless beneficial, and yet who would not be in any sense a missionary body.

We Christians who are convinced of the power of our religion are inclined to be fearless in this matter. We do not tremble at the suggestion that those who are not Christians may come to the university; we welcome them, for we are convinced that, if only those who do not believe are brought into contact with the beautiful lives and true faith of sincere and earnest Christians, the tendency will be, not that Christians will desert their faith, but that those who disbelieve will accept Christianity. The bold Christian speaks without fear; we have conquered in the past, and we will win in the future. We need no fortifications to protect ourselves in the battle of life; it is the warrior who fears and who knows he is the weakest that skulks behind the defending wall. The conqueror asks for a fair field and no favor.

Numbers would come to this university as unbelievers, probably as hostile to Christianity; many a Saul would be among their number; but as they realized the beauty and power of Christianity, as it was shown forth by the saintly life of a missionary in the pure atmosphere of a Christian hostel, the vision of the Damascus road would come to many, and from the Church's greatest persecutors would arise her most mightly defenders.—*The Outlook.*

SILK IMPORTS IN 1910.

Silk importations in 1910 exceeded in quantity those of any earlier year, amounting in round terms to 25 million pounds, valued at 70 million dollars, and from this the mills of the United States will turn out more than $150,000,000 worth of finished products.

These figures of the year's importations are based upon 11 months' reports of actual importations as received by the Bureau of Statistics of the Department of Commerce and Labor. The estimate as to the value of the year's manufactures is based upon an actual total of 133 million dollars' output, shown by the census of 1905, in which year the imports of raw silk amounted to but about 20 million pounds, against the 25 million pounds imported in 1910.

Silk importations and the activity of the industry utilizing that raw material have shown a steady and rapid growth since the beginning of this industry a half century ago. The total quantity of silk imported in 1860 was approximately a quarter of a million pounds, though the exact figure cannot now be determined, since only values were stated at that time, when the total value of imports of that year was approximately 1⅓ million dollars. In 1870 the quantity of raw silk imported was, speaking in round terms, a half million pounds, valued at 3 million dollars; in 1880, 2½ million pounds, valued at 12 million dollars; in 1890, 6 million pounds, valued at 19½ million dollars; in 1900, 10 million pounds, valued at 32½ million dollars, and in 1910, about 25 million pounds, valued at 70 million dollars. The foregoing figures of quantity include both "raw silk in skeins reeled from the cocoon or rereeled" and "silk waste," the imports of waste being less than 4 million pounds in 1910, against about 22 million pounds of silk as reeled from the cocoon.

Meantime the production of silk manufactures in the United States has grown from 12 million dollars' value, as recorded by the census of 1870, to 41 million in 1880, 87¼ million in 1890, 107¼ million in 1900, and 133¼ million in 1905, a rate of growth which, taken in conjunction with the known increase in importations of raw

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silk, seems to fully justify the expectation that the value of the products of the silk manufacturing establishments of the country will, in the census of 1910, show an aggregate of considerably more than 150 million dollars. The number of persons employed in the silk manufacturing industry has, according to census figures, grown from 1,743 in 1850 to 5,435 in 1860, 6,649 in 1870, 31,337 in 1880, 49,382 in 1890, 65,416 in 1900 and 79,601 in 1905. The wages paid in the industry, speaking in round terms, amounted to 1 million dollars in 1860, 2 million in 1870, 9 million in 1880, 18 million in 1890, 21 million in 1900 and 27 million in 1905; while the capital invested has increased from a half million dollars in 1850 to 3 million in 1860, 6 million in 1870, 19 million in 1880, 51 million in 1890, 81 million in 1900 and 110 million in 1905; the number of establishments having grown from 67 in 1850 to 624 in 1905.

The importations of silk manufactures show a much less change than either imports of raw material or domestic production. The value of silk manufactures imported in 1850 was 18 million dollars; in 1860, 33 million; in 1870, 24 million; in 1880, 32 million; in 1890, 39 million; in 1900, 31 million, and in 1910, 33 million, these figures of importations of silk manufactures being in all cases those of the fiscal year, while those of raw silk imported are, in the more recent periods, those of calendar years, with the purpose of presenting the latest available data.

On the export side the figures are small, the largest exportation of silk manufactures of domestic production ever recorded being in the fiscal year 1910, $1,097,593, and in the same year, $186,515 worth of silk goods manufactured in foreign countries, thus indicating that practically all of the 200 million dollars worth of silk goods produced and imported annually are consumed in the United States.

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Journal of The American Asiatic Association

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The prompt ratification of the Japanese treaty by the United States Senate has been very properly accepted in Japan as an evidence of the mutual respect and confidence on which the relations of the two countries rest. In proceeding to the signature of the Treaty the Japanese Ambassador in Washington announced that he was duly authorized to declare "that the Imperial Japanese Government are fully prepared to maintain with equal effectiveness the limitation and control which they have for the past three years exercised in regulation of the emigration of laborers to the United States." Such a declaration is, of course, final, and even on the Pacific Coast it will be accepted as leaving no further excuse for agitation.

In this connection, it may be interesting to note that during the past three years there has been a decrease of 11,152 Japanese laborers in the population of the United States. In the last annual report of the Commissioner-General of Immigration, frank testimony is borne to the successful operation of the experiment in immigration control initiated by the "Japanese proviso" to section 1 of the Act of February 20, 1907. With the co-operation of the Japanese government the experiment has quite satisfactorily accomplished the exclusion of "Japanese laborers" as defined in the regulations putting the arrangement into effect. The Commissioner-General, albeit a thorough partisan of the Californian idea in regard to Asiatic immigration, recommends that the question of Japanese and Korean immigration should be permitted to stand without further legislation so long as the present method of restriction proves to be effective.

It will be observed that the annual report of the American Association of China, which is elsewhere reproduced, is largely occupied with matters of purely local interest. Since it does not even refer to any impairment of trade or treaty rights through the agency of Japan or Russia in Manchuria, it may be assumed that Americans on the spot have not been able to discover any grievances sufficiently tangible to form the subject of representation to this Association or the Department of State. Our friends in Shanghai are still sanguine about the possibility of overcoming the opposition of Russia and Japan to the construction of the Chinchou-Aigun railway. They note with regret the harsh treatment accorded many of the exempt

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classes of Chinese immigrants to America, and they make the just remark that the very cordial relations which otherwise naturally exist between the two governments are often severely strained because of the humiliating treatment accorded those Chinese who have every right to enter our country without question. It is added that this is a matter which should engage the attention of every American in China, and we trust that our friends in Shanghai and elsewhere will persist in their resolution to press the question until the exempt classes of Chinese shall have as little difficulty in entering the country as immigrants of any other nation. Due credit is given to the Imperial authorities for the practical steps which have been taken toward currency reform. The placing of the mints of China under the control of the Board of Revenue has had at least the visible result of the establishment of the Imperial mint at Tientsin where a large number of the new dollars have already been coined. While the plan outlined in the Imperial edict is an entirely commendable one, the criticism is not misplaced that it will need careful supervision, and that the problem of displacing the coins already in use has not yet been satisfactorily solved.

ATTENTION has been frequently called in these columns to the gross defect in our extradition laws whereby China is made a kind of noman's land for fugitives from justice from the United States, and the United States becomes an Alsatia for fugitives from justice in China. Under the law as it stands the United States exercises extraterritorial jurisdiction over American citizens in China; but the criminal jurisdiction so exercised extends merely to the punishment of American citizens for crimes committed in China, no provision being made for extradition either to the United States or to any other country. A notable instance is referred to in the report from the House Committee elsewhere printed, where had it not been that the United States authorities were able to arrest a fugitive in Manila and send him by regular extradition process to Hongkong, he would have gone free and unpunished for the murder of an American citizen. The Committee has duly considered the question as to the right of the United States to assume by municipal legislation the right to secure the return of fugitive offenders from China, and it has come to the conclusion that it is proper for the United States to enact legislation conferring upon our officers in China the right to apprehend and return American citizens who have committed crimes in the United States and taken refuge in China. Other countries possessing extraterritorial authority under treaties giving no greater right than that between the United States and China, have enacted similar legislation, which has been acquiesced in by China, and it is believed that such legislation on the part of the United States will meet with no objection on the part of the Chinese government.

HENCE the favorable report made by the committee on Mr. Denby's bill to extend the extradition laws of the United States to China which will be found elsewhere reproduced. As shown in the report of the Committee, there are six classes of offenders to be reached by the extradition process which the bill provides, namely: (1) Americans who commit crimes in the United States and take refuge in China. (2) Americans who commit crimes in China and take refuge in the United States. (3) Americans who commit crimes in China and take refuge in other countries. (4) Americans who commit crimes in some foreign country and flee to China. (5) Others than Americans who commit crimes in China and take refuge in the United States. (6) Others than Americans who commit crimes in the United States and take refuge in China. The first and second classes are covered by sections 2 and 3 of the proposed bill, the third and fourth classes by the provisions of section 1, and the fifth and sixth classes by the provisions of section 4. The act, while covering all classes of cases and dealing not only with American citizens but foreigners, is careful to preserve all the rights of foreign nations, while allowing them to participate in the advantages secured by the act. It is provided that the provisions of the act shall not be effective as regards any foreign government until the President of the United States shall have been duly informed that the foreign government to which it is proposed to extradite its own citizens or subjects has made adequate provision for the reciprocal extradition of its citizens or subjects seeking asylum within the jurisdicton of the Unted States in China.

THE statement of the foreign trade of the United States for the first seven months of the fiscal year gives some indication of an expansion of Asiatic commerce. The imports for the seven months ending with January aggregate $126,688,935 against $115,233,235 for the corresponding period of the fiscal year 1910. The exports, which were $35,612,134 for the corresponding period of last year, have reached $44,298,875 for the seven months of the present year. In imports from China there has been a gain of $4,000,000, and from Japan of about $9,000,000; while on the export side there is a fractional gain in the value of merchandise to China and a decided increase from $12,018,883 to $19,386,847 in that sent to Japan. The exports to Oceania, that is, mainly to Australia and the Philippine Islands, continue to show a gratifying increase, having amounted to $29,647,334 in the first seven months of 1910, against $38,704,665 for the corresponding period of the current fiscal year. When it is remembered that for the whole calendar year 1908 our total exports to Oceania were only $43,210,135, it is satisfactory to note the probability of a total export of at least $66,000,000 in the current fiscal year. Nor is it less satisfactory to discover that the gain in this branch of our trade is about equally divided between British Oceania and our own possessions in the Philippines. Our trade with British India remains about stationary, the imports showing a slight decrease and the exports for the seven months standing at about the same figure as they did in the corresponding period of the last fiscal year.

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Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the seven months, ending Jan. 31, 1910 and 1911.

EXPORTS TO CHINA.

Months.	Cotton Cloths.		Mineral Oils (illuminating).		Wheat Flour.	
1909.	Yards.		Gallons.		Barrels.	
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
Total	59,507,038	$3,539,895	32,774,050	$2,819,668	19,600	$85,712
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	403,021	452	1,894
November	1,018,400	90,740	5,048,550	298,529	3,691	14,533
December	3,294,806	227,245	7,996,752	583,235	5,308	20,650
1911.						
January	5,667,644	390,359	3,915,380	180,847	58,188	210,766
Total	35,639,626	$2,319,276	51,579,912	$3,081,846	72,253	$267,386

EXPORTS TO HONGKONG.

1909						
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	.....	.....	73,799	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
Total	985,431	$92,005	9,388,805	$758,375	574,350	$2,393,406
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
November	5,391	819	1,585,000	114,460	61,840	236,943
December	18,821	2,616	191,230	13,099	203,005	798,776
1911						
January	42,917	7,104	1,742,440	142,425	108,727	452,872
Total	163,058	$26,569	5,208,466	$401,146	641,997	$2,536,622

DEPARTMENT OF COMMERCE AND LABOR,

WASHINGTON, D. C., Feb. 28. 1911.

Bureau of Statistics.

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Imports of Tea and Silk into the United States for the seven months, ending January 31, 1909, 1910 and 1911.

TEA.

Imported from	1909. Pounds.	1909. Dollars.	1910. Pounds.	1910. Dollars.	1911. Pounds.	1911. Dollars.
United Kingdom	7,206,415	1,547,204	4,138,129	984,177	6,435,302	1,618,129
Canada	1,559,393	398,722	1,222,214	285,232	1,593,872	410,544
Chinese Empire	24,614,091	2,810,452	24,584,994	2,837,481	19,974,620	2,387,105
East Indies	5,096,787	759,269	4,446,082	701,347	5,763,607	939,887
Japan	40,843,352	6,797,509	33,745,410	5,526,324	45,705,015	7,874,871
Other countries	564,217	102,451	356,368	79,110	697,600	115,767
Total	79,884,255	12,415,607	68,493,197	10,377,671	80,170,016	13,346,303

SILK.

RAW, OR AS REELED FROM THE COCOON.

Imported from	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France	382,492	1,227,986	425,036	1,141,122	165,185	600,648
Italy	2,735,081	10,296,025	2,211,398	8,551,226	1,749,285	6,578,755
Chinese Empire	2,843,858	7,459,321	2,424,547	5,769,969	3,461,456	8,633,660
Japan	7,753,266	27 518,913	7,513,954	25,608,122	9,170,804	30,616,022
Other countries	73,916	288,898	139,312	525,099	98,492	356,677
Waste.....lbs...free..	922,553	543,355	1,719,364	1,012,544	2,395,406	1,281,825
Total unmanufactured	14,711,166	47,334,498	14,443,611	42,608,082	17,040,628	48,067,587

THE AMERICAN ASSOCIATION OF CHINA.

ANNUAL MEETING.

(From the *North China Daily News.*)

The annual meeting of the above association was held in the Chamber of Commerce rooms.

There were present: Messrs. J. R. Patterson, vice-president, in the chair; W. A. Reed, secretary; J. N. Jameson, Dr. C. S. F. Lincoln, N. T. Saunders, Mr. J. B. Fearn, F. J. Raven, R. C. Morton and A. C. Hunter, committee, and about thirty-five members.

The chairman said:

"Gentlemen: This is the annual meeting of our association, and the business we have before us is consideration of your executive committee's report for the past year, which I assure you has had their very careful attention; report of the treasurer ,and the election of an executive committee, from which the officers, viz.: president, vice-president, secretary and treasurer, must be chosen to serve during 1911. Later on I shall propose a resolution that the Reports and Accounts as presented be approved and passed. Before proceeding I wish to avail myself of this opportunity to express to you my appreciation of the honor conferred, during my absence in America by electing me as Vice-President of this Association. I will now ask the Secretary to kindly read the report of the Executive Committee. The Treasurer's Report you have before you."

The Hon. Secreary then read the report of the Executive Committee.

The adoption of the reports of the Executive Committee and of the Hon. Treasurer were then proposed by the Chairman, seconded by Mr. J. N. Jameson, and carried unanimously.

Dr. Fearn brought forward a resolution in regard to the harsh treatment of the exempt classes of Chinese in the States. He mentioned that a petition had been circulated recently regarding this matter. The treatment which had been accorded to exempted classes recently called for a very strong protest. Formerly Dr. Ransome had authority to issue certificates, but a case had come to the speaker's notice where the San Francisco authorities had not accepted his certificate. It was a very great hardship that Chinese, qualified in every other way for admission to the States should be debarred from entry after the trouble and expense of the voyage, on medical grounds.

Dr. Lincoln, who seconded Dr. Fearn's resolution, stated that it must not be regarded as a criticism of the present medical officer.

Dr. Ransome stated that five years ago the U. S. Government added to the duties of Quarantine officers in the Orient, those of examining aliens for emigration diseases. About a year ago the Secretary of the Department of Commerce and Labor gave instructions that the officers were to discontinue such examinations. Therefore he had ceased issuing certificates for this purpose.

A slight amendment to the original resolution was proposed by Mr. G. B. Rea and seconded by Mr. W. S. Fleming. This, after some discussion, was accepted by Dr. Fearn and the resolution as eventually adopted unanimously, read as follows:—

Resolved,—That the Secretary of the Association be instructed to enter into correspondence with the proper

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authorities in Washington, through our Minister in Peking and our Consul-General in Shanghai, to enlist their active interest in procuring relief in the matter of the harsh treatment accorded the exempt classes of Chinese seeking to enter or to leave the United States, and also the U. S. Marine Hospital Surgeons in China and Hongkong shall have authority to issue final health certificates to intending emigrants from China to the United States.

The election of the Executive Committee was then proceeded with and resulted as follows:—

Messrs. J. N. Jameson, president; J. R. Patterson, vice-president; F. J. Raven, hon. secretary; R. C. Morton, hon. treasurer; W. S. Emens, Dr. J. B. Fearn, S. Fessenden, A. C. Hunter, Dr. C. S. F. Lincoln, H. F. Merrill and N. T. Saunders.

Mr. J. N. Jameson briefly acknowledged his election to the post of President, of which he had had experience before. He did not look forward to it as a very soft thing.

The meeting then terminated.

ANNUAL REPORT.

The report of the Executive Committee read as follows:—

Your committee has the honor to present the following report covering the period dating from the last annual meeting of December 16, 1909, to the present time.

Following the report of the previous year in the classification of subjects we have:—

(1) Matters of Routine.
(2) Matters especially concerning American interests.
(3) Matters of General interest.

MATTERS OF ROUTINE.

Executive Committee.—The Committee elected for the year 1910 has continued to serve without change in its personnel throughout the year. It is to be regretted, however, that we have been deprived for the greater part of the year of the services of our President, Dr. W. H. Jefferys, who was compelled to leave for home in January owing to a serious illness. The latest report, however, as to his present condition is most favorable and we hope to see Dr. Jefferys return early in the coming year. Our Vice-President, Mr. J. R. Patterson, returned from America in May, since when he has very ably filled the office of Acting President. Dr. J. R. Hykes left Shanghai in May for a holiday at home and is expected to return in March next.

Membership.—It is encouraging to note that although we have lost three resident members we have added eleven new members, thus showing a net increase in our resident membership of eight. In addition, we have added four new non-resident members. We have to note the sad occurrence of the death of Mr. Charles Sturmann in February last. Mr. Sturmann stood high in the esteem of his fellow countrymen, and had rendered valuable services to the Association for several years as a member of the Executive Committee and as Treasurer.

We further regret having to record the death of two other of our resident members, viz: Mr. C. E. Roach, who died at his home, and Mrs. C. F. Greenwood, whose unexpected and sudden death in Shanghai removed from the American community an active and esteemed member.

Our membership now stands at:—

Honorary 3, Resident 105, Non-Resident 70.

MATTERS ESPECIALLY CONCERNING AMERICAN INTERESTS.

U. S. Official Changes.—On April 9, Hon. W. J. Calhoun accompanied by Mrs. Calhoun, arrived in Shanghai, en raute to Peking, there to assume the duties of his recent appointment, that of U. S. Minister to China. While in Shanghai Mr. Calhoun was suitably entertained, among other functions in his honor being that of a reception at the Palace Hotel given under the auspices of the Association on the afternoon of his arrival. In the evening Mr. Calhoun was the guest of honor at the annual dinner of the University Club. On the following day. April 10, Mr. and Mrs. Calhoun left for Peking via Hankow.

U. S. Court for China.—At the beginning of the year a vacancy accurred in the post of Marshal caused by the resignation of Mr. M. H. O'Brien, in October, 1909. This vacancy was filled by the appointment of Mr. D. A. Wilson, Jr., of Detroit, who arrived February 15, 1910, to take up his duties. In the interim the duties of Marshal were capably performed by Mr. E. H. Murray, Court stenographer.

On April 19, 1910, the District Attorney, Mr. A. Bassett, left for home on leave and resigned his office on September 1, 1910. On September 30, Dr. F. E. Hinckley, then Clerk of the Court, was appainted to succeed Mr. Bassett as District Attorney. During Mr. Bassett's leave and until Dr. Hinckley's appointment the duties of the District Attorney were fulfilled by Mr. W. S. Fleming.

On October 26, Mr. James B. Davies of Detroit was appointed Clerk of the Court and is expected to arrive in Shanghai shortly.

Visit to China of Secretary of War, J. M. Dickinson.—The Honorable J. M. Dickinson, Secretary of War, returning from a tour of the Philippines to the United States by way of Siberia, accompanied by Mrs. Dickinson and by Colonel Clarence Edwards, Chief of the Insular Bureau of the Department of War, and Mrs. Edwards and Mr. and Mrs. Lars Andersen, formerly of the Diplomatic Service, spent September and early October in China, stopping a few days at Hongkong, Shanghai and Mukden and remaining about two weeks in Peking, where they were entertained by our Minister to China, Hon. W. J. Calhoun, who has for many years been an intimate friend of Mr. Dickinson.

While in Shanghai Mr. Dickinson and party were entertained at a garden reception at the home of Consul General A. P. Wilder.

The visit of Mr. Dickinson to China has had a very good influence generally, and we are deeply gratified that one so high in the counsels of President Taft should have shown so genuine an interest in the welfare of Americans and American enterprises in China.

Visit of American Business Men.—The visit of the American Trade Commissioners (with their ladies making

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a party of some forty-five, representing the Chambers of Commerce of eight Pacific Coast cities and Honolulu) was an event of far-reaching significance. They arrived on September 14, on the steamer Korea, in Shanghai, and dissolved as a party at Canton on October 24. The first week of this six weeks' itinerary was devoted to Shanghai, including a trip by house boat to Hangchow. A reception was given in the Palace Hotel by the American community on the evening of the day of arrival. The party came on the invitation of the Chinese Chambers of Commerce of Shanghai, Hankow, Tientsin, Canton and other cities, and a programe for each day had been carefully arranged in advance by Chinese business men and officials, who availed themselves of suggestions made by our consuls and others. Dr. J. C. Ferguson proved of great assistance in advising the Chinese hosts as to the most effective means of showing China to the visitors, and he accompanied the party to Peking. No fewer than five viceroys entertained the vistors. The Imperial Government instructed the officials all along the line of travel to afford every facility.

Receptions, banquets and gifts characterized the journey, which included formal stops at Soochow, Nanking (where the exposition was inspected), Chinkiang, Hankow, Tientsin, Tongshan, Chefoo, Foochow, Amoy and Canton and other places. At Peking banquets were tendered by the Waiwupu, the Board of Posts and Communication and other official and unofficial bodies, and by arrangement made by Mr. Calhoun, the American minister, an audience was had with His Highness the Prince Regent. The main purpose of the visit, however, was commercial; the Chinese Chambers of Commerce at all the points where stops were made did all in their power to exhibit their local industries. Iron and coal mines were visited; and the tea, silk, cotton, flour, shipbuilding and other industries carefully investigated by inspection of plants. A feature of each day, so far as possible, was an intimate business conference between members of the party and the leading Chinese merchants of the place where stop was made looking to increased trade relations with America. The trip from Tientsin to Hongkong, with stops at Chefoo, Foochow and Amoy, was made in a special steamer provided by the Government. The visiting party was composed of business men of high standing in their respective communities. The direct results in a commercial way of such an embassy may not now be calculated, but there is no question that the generic effect of such a friendly invasion of some twenty-five communities by this large party of representative Americans will promote knowledge of the United States among the Chinese, and reassure them of our friendly feelings. Cordiality was evinced by the Chinese of all classes and at times real enthusiasm.

Branch Association at Tientsin.—With reference to the proposed establishment of a branch at Tientsin which was referred to in the report of the Committee of 1909, we have to state that nothing further has been done, our letter of November 16, 1909, remaining, at the present moment, unanswered.

American-Asiatic Association of Japan, Kobe Branch.—We have been advised under date of December 1, that at a meeting of American citizens, resident in Kobe and in that part of Japan, held at the American Consulate on Tuesday, November 15, it was unanimously resolved to form there an "American Asiatic Association of Japan, Kobe Branch." Officers were duly chosen and a committee elected to draw up a constitntion and by-laws.

We quote from their letter as follows:—"The elder organization in Yokohama has extended to us their assurance of cordial co-operation and my committee wish me to advise you that it is the earnest wish of this body to be of such assistance to your organization as at any time may be within our power, feeling assured of your reciprocal good will."

To this letter a reply in suitable terms has been sent.

National Holidays.—The usual attention has been given to the occasions of our natioal holidays and suitable and appropriate celebrations have taken place on Washington's Birthday, the Fourth of July and Thanksgiving Day.

Federal Building.—The need for a suitable building to accommodate the several important offices of the United States maintained in Shanghai has been widely recognized. We are fortunate in having the personal testimony on this subject of President Taft. This testimony was given by him here in Shanghai and after he had enjoyed full opportunity of observing the then existing conditions. It is worth quoting. President Taft said:

"And now what else is needed? It goes without saying. What you need is a great government building here, to be built by the expenditure of a very large sum of money, so that our court and consulate shall be housed in a dignified manner. Our government should give this substantial evidence of its appreciation of the importance of its business and political relation to the great Chinese Empire. In the Orient, more than anywhere else in the world, the effect upon the eye is important and it must be very difficult for Chinese to suppose that the Government of the United States attributes proper importance to its trade with China when it houses it consulate and its judges in such miserably poor and insufficient quarters as they now occupy. All over the United States, Congress has provided most magnificent court rooms for the administration of Federal justice. Will it, now that it has created a court whose jurisdiction is co-extensive with the Chinese Empire be less generous in the erection of a building which shall typify its estimate of the importance of its relation to Chinese trade and the Chinese people?"

Since those words were spoken, those conditions have in no way imporved except in one respect, viz.: some additional space has been found for the court by leasing the building adjoining the consulate, but the space occupied is still much too small for the convenient dispatch of business and the buildings are old, unsanitary, unsafe and afford no protection from fire and no security for valuable property stored therein. The invaluable records of the consulate and court may go up in smoke at any minute and this would involve not only records that could not be restored, but also what is probably the best law library in China.

If the moderate convenience of officers is not entitled to be consulted and the dignity of our government is to be ignored, these material interests are alone worth the fullest

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protection that can only be furnished by a properly designed and well constructed building.

This matter was exhaustively considered in a memorial of our Association addressed to the President and the Congress, under date of November 12, 1907. The necessity for a federal building in Shanghai was completely demonstrated. Renewed and active efforts should be made in that behalf.

Understaffing of the Shanghai Consul-General.—Consul-General Wilder returned from leave and took over the control of the Consulate-General from Vice-Consul-General Dorsey on December 3, 1909. During the spring and summer Mr. Dorsey was absent for some four months on a trip to America to take the consul examinations. Vice-Consul Hadley was absent for a month during the hot season as was Deputy Consul White of the Land Office; and Consul-General Wilder accompanied the American Trade Commissioners to Peking on a month's leave. Vice Consul-General Jameson left on October 7 on a trip to America. When Deputy Consul John K. Davis is named, who joined the force on January 25, 1910, the full consular staff has been enumerated. It cannot be too emphatically stated that with so small a staff, subject to the frequent changes and depleted from time to time to provide needed vacations, the work of the Consulate General cannot be done except in a perfunctory and inadequate way. The workers of the office are fully occupied in attending to routine matters, while any careful consideration of the large commercial and political concerns that center in Shanghai is out of the question. Notwithstanding the magnitude of the issues that arise in the mixed court there is but one official now assigned regularly to that task, and even his time is encroached upon for immigration and other matters, while the post of assistant assessor is filled by the junior member of the staff who snatches odd moments for this important work from the detail of the shipping office. The land officer, who should be free to press and complete with Chinese officials important business of his department, is subject to constant interruptions having to do with debt collections and the care of prisoners, in his double capacity of marshal and gaoler. The detaching from the Consul-General of the judicial function was a relief, but until juniors in sufficient number are assigned to the Shanghai office, to take on the mass of routine, this high official must be too much swamped by correspondence and the incidental demands on his time and strength of 1,200 nationals in the district to permit him to investigate the large questions that merit the attention of the representative of American trade and public interest in the key-port of the Chinese Empire and properly to urge them on his associates of the Consular Body, on the Municipal government and on the Chinese authorities.

Such conditions make plain the urgent need for an increased staff in the Consulate-General at Shanghai to aid in maintaining the efficient dispatch of the work of that important office.

Chinese Loans.—Arrangements for the participation of the American Group of Bankers in the Imperial Loan for the construction of the Canton-Hankow railway and the Hankow-Szechuen railway have proceeded throughout the year, with the result which has been lately annouced of final terms having been agreed upon between the American representatives and those of Great Britain, France and Germany. The final contract with the Chinese government for this loan has not yet been signed, but it is expected that this formality will soon be complied with. The proposed loan for the construction of the Chinchou-Aigun railway is still in abeyance, on account of the opposition of Russia and Japan,—Russia objecting to the line crossing the Chinese Eastern railway at Tsitsihar, and Japan objecting to it on account of the competition which it would make for the South Manchurian railway. This road would open up a large treritory for settlement and development, especially in the district surrounding Taonanfu. The town of Chinchou is believed to be well suited for the terminus of a railway, and it is to be hoped that negotiations which are still being carried on by the representative of the American Group, will result in a practical scheme for the construction of this much needed railway.

Chinese Indemnity Students.—The second group of students, chosen by the Chinese government after examination, left for America in August. This group was selected with greater care than was possible in the case of those who were sent a year earlier, and, as an average, had attained a higher grade of scholarship. It was impossible to find the full number of one hundred which the government was desirous of sending, although steps had been taken to secure candidates from all the Provinces. Several hundred young men presented themselves for examination but lss than sixty were chosen. It is probable that greater care shown in the selection of these students will result favorably in their progress after reaching America.

Chinese Exclusion.—We note with regret that the harsh treatment accorded many of the exempt classes of Chinese immigrants to America is of so serious a nature as to call for a resolution of protest signed by many American residents in China. The very cordial relations which otherwise naturally exist between the two governments are often severely strained because of the humiliating treatment accorded these Chinese who have every right to enter our country being made to suffer as they do. This matter should engage the attention of every American in China, and we should continue to press the question until those entitled to enter should have as little difficulty in so doing as the immigrants from any other country. It behooves all classes of Americans to make a united stand in the effort to secure for the exempt classes of Chinese the treatment which is theirs by treaty right.

MATTERS OF GENERAL INTEREST.

Huangpu River Conservancy.—The year 1910 has witnessed the completion of the three most important works in Mr. de Rijke's scheme for improvement of the river, namely (1) the blocking of the old Ship Channel; (2) the dredging of the new "Astræa" Channel; and (3) the concrete training jetty at Woosung—all of which works were already far advanced or well under way at the beginning of the year. The object of the first was to turn the whole current of the river into the new channel so that it might exert a vastly increased scouring force and maintain, and

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even improve upon, the depth secured by dredging. The object of the jetty is to concentrate, or confine within narrower limits, the stream where it enters the Yangtze and thus produce a constant and powerful scouring force which shall maintain an adequate channel where used to be the Woosung outer bar. As the net result of these works there now exists an unobstructed channel from the anchorage outside Woosung up to the city of Shanghai, straighter, shorter, deeper and broader than the old route; the outer bar has disappeared of itself; and the bugbear inner bar has suddenly found itself left aside, neglected and forgotten—it is no longer in the route. In this channel there is a low-water depth of 21 feet over a minimum breadth of 700 feet (that only in one short section) and with ample room for two vessels to pass at any part. Further works were contemplated in the plans of the engineer-in-chief—especially additional training works at several points where the stream requires to be confined within narrower limits to increase its scouring power. A portion of these training works was already well under way when a recent change in the policy of the Chince government put an end to all work at the end of November. The engagement of Mr. de Rijke was terminated and he left for home; and the discharge of the whole technical staff soon followed. The Conservancy Board still exists, and it is said that an engineer has been engaged; but there are no signs that steps are being taken to ensure going on with the work, or even the adequate maintenance of what has been accomplished. The Mercantile and Shipping interests are seriously concerned over the situation. A magnificent work has been done—or nearly done. To leave the new channel to take care of itself, and to take no adequate provision for the perpetual maintenance of the grand results obtained; to neglect constant and careful observations and a continuance of subsidiary works contributory to the main result—to keep no trained staff of experts with adequate tools and equipment to repair or forestall injuries—would be to incur grave risk of serious calamity. For the fate of Shanghai as a commercial metropolis is bound up with the preservation of the navigability of her river. The committee therefre invites special attention to a proposed scheme for conservancy administrations appended to this report—which scheme, emanating from the Shanghai General Chamber of Commerce, has received the approval and support of this Association, by the unanimous vote of your Committee, and of kindred Associations in China; and the hope is that it, or some scheme embodying its most important features, may be agreed upon between the Chinese government and the the Foreign Powers, and go into operation with as little delay as possible.

Shanghai Settlement Extension.—On December 28, 1900 this Association enclosed a copy of resolutions, adopted at the annual meeting, approving extension of the International Settlement, and under date of March 2, 1910, Mr. Knox, Secretary of State, acknowledging the same, said:

"In reply I am happy to inform you that the Department has instructed the Legation at Peking and the Consulate-General at Shanghai, to support the request of the Shanghai Municipal Council for such extension as will seem to meet the requirements of the present situation." The events of the year have only accentuated the need of effective administration over the district to the north whose population and interests are an organic part of the Settlement. The recent plague cases occurred on the border line between foreign and Chinese areas; and if as physicians forecast, Shanghai must grapple in earnest, later, with this dreadful contagion, the urgency of a unified control is obvious. The present boundary in this threatened district is a fractitious and arbitrary one; Chinese and foreign officials daily confront each other by the breadth of a road or where the boundary may even be imaginary, and the teeming native population is at one moment under foreign, and the next under Chinese jurisdiction with all of misunderstanding, friction and possibilities of evasion that these conditions suggest. Some clear and sufficient line of demarcation should be provided and this the railway line and a tidal creek afford. The juxtaposition of foreign and native governments in that section can be robbed of some of its embarrassments by the adoption of these natural boundaries. The reports of the Settlement police and the health officers, in response to inquiry by the Consular Body (dated July 13, 1910,) as to what progress had been made by the Chapei native administration towards the improvement of police and sanitary conditions in that district, indicate low efficiency in both departments. As regards the Settlement these interests are so pressing that some way must be found to protect them. Such extension of Settlement borders as has been proposed, would throw police and sanitary protection over foreigners and Chinese alike, who are in other ways already a part of the Settlement population. The desirability of a unified area and a uniform government must be conceded. And this end must be attained not by mere insistence on superior foreign administration or by attempts at compulsion, but by patient endeavor and appeal to reason to show Chinese officials and citizens that the advantages of unity and co-operation outweigh any satisfaction there may be in separation. It is gratifying to report in this direction the recent appointment of Chinese gentlemen to co-operate in an advisory capacity with the Municipal Council in such matters as public education. Moreover, in the recent handling of the plague the lesson came home with renewed force that by co-operation with their leaders the huge native population can be effectively influenced. This Association renews its opinion that the outlying districts to the North, where many foreigners live and on the efficiency of whose governmental control of the Chinese depend the safety and welfare of the Settlement, should be amalgamated with the Settlement area. This Association will approve any reasonable plan designed to secure the co-operation of the Chinese whose interests in a well governed municipality are no less than our own.

Chinese Affairs.—The state of Chinese politics at the end of the present year is so complex as almost to defy description and as unstable as the figure in a kaleidoscope which the slightest turn of the wheel causes to dissolve and a new combination to form as transitory as that which went before.

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The National Assembly, as it exists, is devoid of actual legislative power, and represents, so far, only the desire for that which is at present apparently unattainable—a popular constitutional government. To the clamour of the provincial assemblies it has added its voice, and the edict has been issued for the establishment in three years of a representative parliament: whether this will actually take place at the promised time the future will determine.

Among the disquieting signs that cannot be overlooked at this time is the spirit of insubordination so common among the student class, especially in government institutions. If this spirit is allowed to go unchecked among the educated what the result will be upon the masses is not difficult to forsee.

The visit of Duke Tsai Hsün and Admiral Sah to the United States undoubtedly was of assistance in strengthening the more cordial relations now existing between the two countries.

Signs of real progress are not wanting; the steady extension of railroads is noted with satisfaction and this year the Chinese have projected and carried through a very creditable exposition which, though it may not have been a financial success, was certainly better than could have been expected as a first attempt, and as an educational and unifying force has had a far-reaching influence.

This winter the grim form of famine has again appeared in the section of Central China north of the Yangtsze river, involving parts of the provinces of Kiangsu and Anhui. Thanks to the energetic warnings of some of our fellow contrymen, who are almost the only foreigners in the regions affected, relief measures have already been undertaken; and with the assitance of the completed southen section of the Tientsin-Pukou railway in the transportation of food, much time ought to be saved in cutting short the extent and severity of this terrible scourge.

Chinese Currency Reform.—After the issuance of several imperial decrees dealing with the question of currency reform, practical steps for unifying the coinage were taken by the government, in the adoption of the scheme originally recommended by Sheng-Kung-pao more than a year earlier. This plan contemplates the placing of the mints of China under the control of the Board of Revenue and relieves the provinical authorities of all arthority in the matter. The coins are no longer to bear the name of the province in which they are issued, but are to be uniform in bearing the name of the Imeprial Chinese government. Slight changes have been made in the denominations to be used. The Imperial Mint at Tientsin has already coined a large number of the new dollars, but they have not yet been put into circulation. It is stated that the new coins will first be used in the Province of Chihli, later in the Province of Kiangsu, and then extended throughout the Empire. The plan outlined in the imperial edict, ordering the present arrangement is commendable, from every point of view; but it will need careful supervision, to avoid the danger of being unable to displace the coins already in use.

Opium.—The question of opium suppression continues to be a live one. The Central Government seems determined at any cost to carry out this reform. There have been many conflicting reports as to the success or failure of this movement, but the weight of evidence seems to warrant the belief that before many years opium smoking will be a thing of the past. We must take into consideration what this effort on the part of the government means in its endeavor to suppress a habit so widespread and deeply rooted, and we should assume a patient and friendly attitude toward any effort which may tend to assist its successful issue.

HOW TO DEVELOP TRADE IN CHINA.

[*From the Vice Consul General W. Roderick Dorsey, Shanghai.*]

There are only a few lines of American goods, such as kerosene, cotton fabrics, etc., that are a factor in the import trade of China, and in these America maintains a high place among the nations exporting to this country. Other countries cover a more general field of operations, and with proper application the United States could secure a good share of business in lines other than it now enjoys, picking up chance orders here and there.

The trade cannot be developed in a permanent or extensive way unless intelligent and energetic American representatives are on the ground with sincere and interested producers behind them. What is required in an intimate knowledge of the demands of the native trade, a better understanding of export methods, and adequate banking facilities.

The trade in general lines is controlled by British and German firms, although the Japanese are rapidly coming to the front in articles they are able to produce. American manufacturers frequently place their wares with established firms of competing nations, thinking that because they handle similar articles they should be the best medium for introducing the American product. Sincere effort to sell for foreigners can only be expected when the price, quality, and terms are such as to make demand largely automatic.

The few American manufacturers who have entered this market properly, first studying it, then creating a demand by educating the people, then catering to that demand and through it all backing their representatives until the business was on a paying basis, have succeeded in establishing a permanent trade, an example that should be followed by other Americans who are sincere in their desire to foster business in China.

It would be well for firms seeking to get a footing to investigate the advisability of buying from the Chinese as well as selling to them. During 1909 exports to the value of $20,441,130 went to the United States, and at least 60 per cent was shipped by firms other than Americans. These other firms find the dual rôle advantageous, profits made out of China's products often aiding them in putting home wares forward, and the selling of silver as well as buying, it minimizes losses that might accrue in exchange when only a one-sided business is conducted.

A point to be borne in mind by prospective traders is that China is making progress as a manufacturing country, and the supplying of her requirements as such should present an attractive opening in the future. There are possibilities for flour, beet sugar, oil, and paper mills; cotton, mining, and agricultural machinery; along lines of progressive internal development, electric light and water plants are to be supplied, and railways, both steam and electric, to be laid down, while in a smaller way fire-fighting apparatus and other municipal safeguards are catching the notice of local authorities. The field is expanding and American commerce should increase with it.

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THE QUESTION OF EXTRADITION IN CHINA.

UNION CALENDAR, No. 372, 61ST. CONGRESS, 3D SESSION, H. R. 24746.

In the House of Representatives, April 20, 1910, Mr. Denby introduced the following bill; which was referred to the Committee on Foreign Affairs and ordered to be printed, February 2, 1911, reported with amendments, committed to the Committee of the Whole House on the state of the Union, and ordered to be printed.

A Bill to extend the extradition laws of the United States to China.

Be it enacted bv the Senate and House of Representatives of the United States of America in Congress assembled, That the provisions of sections fifty-two hundred and seventy to fifty-two hundred and seventy-seven, inclusive, of the Revised Statutes of the United States, with amendments thereto, shall apply to the jurisdiction of the United States in China for the arrest and removal therefrom of any citizen of the United States who is a fugitive from justice charged with or convicted of the commission, within the jurisdiction of any foreign government or power of any of the crimes provided for by the treaties between the United States and such foreign government or power, and for the delivery by a foreign government of any citizen of the United States charged with or convicted of crime within the jurisdiction of the United States in China: *Provided,* That the provisions of this section shall not be effective as regards any foreign government until the President of the United States shall have been duly informed that the foreign government to which it is proposed to extradite a citizen of the United States has made adequate provision for reciprocal extradition of citizens of the United States seeking asylum therein to the jurisdiction of the United States in China: *And provided further,* That the President shall have made proclamation that the provision has been made for such reciprocal right of extradiction by the foreign government in question, and that the provisions of this section are therefore in force as regards such foreign government.

Such fugitive from the justice af a foreign government aforesaid may, upon a warrant duly issued by an official of the United States in China, vested with judicial authority, and agreeably to the usual mode of process against offenders therein, be arrested and brought before such official, who shall proceed in the matter in accordance with the provisions of the Revised Statutes hereby made applicable to the jurisdiction of the United States in China.

For the purposes of this section, the order or warrant for delivery of a person committed for extradition prescribed by section fifty-two hundred and seventy-two of the Revised Statutes of the United States shall be issued by the minister of the United States to China, or in his absence the chargé d'affaires, under his hand and seal of office, and not by the Secretary of State.

Such fugitive must be delivered within two calendar months to the authority making the request for a surrender, unless causes have arisen which are sufficient, in the opinion of the authority competent to make the surrender, to justify the extension of the period of commitment for surrender; but such extension shall in no case exceed an additional period of four months.

Section 2. That the provisions of section one thousand and fourteen of the Revised Statutes of the United States, so far as applicable, shall apply throughout the United States or to any territory or country governed occupied, or controlled by the United States for the arrest and removal therefrom to the jurisdiction of the United States court in China of any citizen of the United States who is a fugitive from justice charged with the commission of any crime or offense against the United States within the jurisdiction of the United States in China, and shall apply within the jurisdiction of the United States in China, and shall apply within the jurisdiction of the United States in China for the arrest and removal therefrom to the United States, or to any territory or country governed, occupied or controlled by the United States, of any citizen of the United States who is a fugitive from justice charged with the commission of any crime or offense against the United States. Such fugitive may, by any official of the United States in China, vested with judicial authority and agreeably to the usual mode of process against offenders therein, be arrested and imprisoned or admitted to bail, as the case may be, pending the issuance of a warrant for his removal to the United States, which warrant it shall be the duty of a judge of the United States court for China seasonably to issue, and of the officers or agent of the United States designated for the purpose to execute.

Section 3. That the provisions of sections fifty-two hundred and seventy-eight and fifty-two hundred and seventy nine, of the Revised Statutes of the United States, so far as applicable, shall apply to the jurisdiction of the United States in China, which, for the purposes of said sections, shall be deemed a territory within the meaning thereof: Provided, That for the purpose of this section the executive authority of the jurisdiction of the United States in China shall be the minister of the United States to China, or in his absence the chargé d'affaires: And provided further, That the provisions of this paragraph shall apply only to citizens of the United States.

Section 4. That the provisions of sections fifty-two hundred and seventy to fifty-two hundred and seventy-seven, inclusive, of the Revised Statutes of the United States, with amendments thereto, shall be extended so as to include within the terms and meaning thereof the extraterritorial jurisdiction in China of any foreign government with the United States has concluded, or may conclude, an extradition treaty for the arrest and removal thereto of persons who, being citizens or subjects of such

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government and having been convicted of or charged with any of the crimes specified in the extradition treaty existing between such foreign government and the United States committeed within the extraterritorial jurisdiction of such foreign government in China, shall seek an asylum or be found within the jurisdiction of the United States or within any territory or country governed, occupied, or controlled by the United States, and for the delivery by such foreign government of its citizens or subjects who have been convicted of or charged with any of the crimes specified in the extradition treaty existing between such foreign government and the United States, committed within the jurisdiction of the United States or within any territory or country governed, occupied, or controlled by the United States, who shall seek asylum or be found within the extraterritorial jurisdiction of such foreign government in China: Provided, That the provisions of this section shall not be effective as regards any foreign government until the President of the United States shall have been duly informed that the foreign government to which it is proposed to extradite the citizens or subjects of such foreign government has made adequate provision for reciprocal extradition of citizens or subjects of such foreign government seeking asylum therein to the jurisdiction of the United States in China: And provided further, That the President shall have made proclamation that provision has been made for such reciprocal right of extradition by the foreign government in question and that the provisions of this section are threfore in force as regards such foreign government.

Section 5. That when, under sections two and three of this law, it is desired to obtain the provisional arrest and detention of a fugitive in advance of the presentation of formal proofs, such detention may be obtained by telegraph upon the request of the authority competent to request the surrender of such fugitive, addressed to the authority competent to grant such surrender: Provided, that such request for porvisional arrest and detention be accompanied by an express statement that a warrant for the fugitive's arrest has been issued within the jurisdiction of the authority preferring such request charging the fugitive with the commission of the crime for which his extradition is sought to be obtained: And provided further, That the expenses of detaining a fugitive upon telegraphic request shall be borne as provided for in sections fifty-two hundred and seventy-eight and one thousand and fourteen of the Revised Statutes: And provided further, That no person shall be held in custody under telegraphic request by virtue of the provisions of this section for more than ninety days.

Section 6. That the provisions of sections fifty-four hundred and nine and fifty-four hundred and ten of the Revised Statutes of the United States, are hereby made applicable to procedings in extradition instituted in accordance with the provisions of this Act.

Section 7. That the terms "citizens of the United States" and "citizens of the United States" used in this act shall for the the purposes of this act include any person or persons whose permanent allegiance is due to the United States.

EXTENSION OF EXTRADITION LAWS.

Union Calendar No. 372—61st. Congress, 3d. Session—House of Representatives, Report No. 2045.

February 2, 1911—Committed to the Committee of the Whole House on the State of the Union and Ordered Printed.

Mr. Denby, from the Committee on Foreign Affairs, Submitted the following

REPORT.

[To accompany H. R. 24746.]

The Committee on Foreign Affairs, to whom was referred the bill (H. R. 24746) to extend the extradition laws of the United States to China, having considered the same, report thereon with a recommendation that it do pass with the following amendments:

On page 6, line 11, insert after the word "under" the words "sections two and three of."

On page 6, line 18, strike out the word "assurance" and insert in lieu thereof the words "express statement."

On page 6, line 22, after the word "obtain," insert:

And provided further, That the expenses of detaining a fugitive upon telegraphic request shall be borne as provided for in sections fifty-two hundred and seventy-eight and ten hundred and fourteen of the Revised Statutes: And provided further, That no person shall be held in custody under telegraphic request by virtue of the provisions of this section for more than ninety days.

On page 7, line 4, after the word "shall" insert the words "for the purposes of this act."

The bill when thus amended is intended to extend to the extraterritorial jurisdiction exercised by the United States over American citizens in China, the provisions of the extradition laws in force in the United States contained in sections 5270 to 5279, inclusive of the Revised Statutes.

There are six classes of offenders to be reached by the extradition process therein provided as follows:

First. Americans who commit crimes in the United States and take refuge in China.

Second. Americans who commit crimes in China and take refuge in the United States.

Third. Americans who commit crimes in China and take refuge in other countries.

Fourth. Americans who commit crimes in some foreign country and flee to China.

Fifth. Others than Americans who commit crimes in China and take refuge in the United States.

Sixth. Others than Americans who commit crimes in the United States and take refuge in China.

The first and second classes are covered by sections 2 and 3 of the proposed bill, the third and fourth classes by the provisions of section 1, and the fifth and sixth classes by the provisions of section 4.

The necessity for some legislation whereby American citizens fugitive from the justice of the United States and

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foreign countries who take refuge in China may be legally extradited is obvious and has several times within the last few years been forcibly brought to our attention. Under the law as it stands at present the United States exercises extraterritorial jurisdiction over American citizens in China; but the criminal jurisdiction so exercised extends merely to the punishment of American citizens for crimes committed in China, no porvision being made for extradition either to the United States or to any other country. In one notable instance, suggesting the enactment of the proposed legislation, an American was guilty of a most atrocious murder in Hongkong, and after the commission of the crime fled to China, where he was arrested at the request of the British authorities by the American consular officer. The Department of State held that there was no authority of law whereby the fugitive could be turned over to the British authorities at Hongkong for trial; but subsequently he was arrested at Manila, and inasmuch as adequate provisions have been made by law for extradition between the Philippine Islands and Hongkong, he was regularly extradited at Hongkong, tried for murder, convicted and executed. Had it not been that the United States authorities were able to arrest the fugitive in Manila and send him by regular extradition process to Hongkong, he would have gone free and unpunished for the commission of the murder, his victom, by the way being an American citizen. Numerous other instances may be cited to show the necessity for the enactment of the proposed bill.

The question as to the right of the United States to assume by municipal legislation the right to secure the return of fugitive offenders from China has been considered, and in the opinion of the committee it is proper, in view of the practice of other countries, for the United States to enact legislation conferring upon our officers in China the right to apprehend and return American citizens who have committed crimes in the United States and taken refuge in China. Other countries possessing extraterritorial authority under treaties giving no greater right than that between the United States and China, have enacted similar legislation, which has been acquiesced in by China, and it is believed that such legislation on the part of the United States will meet with no objection on the part of the Chinese Government.

It will be noted that the act as drawn, while covering all classes of cases and dealing not only with the American citizens but foreigners, is careful to preserve all the rights of foreign nations, while allowing them to participate in the advantages secured by the act. So far as foreign nations other than China are concerned it is not perceived that any objection will arise. It is also provided in section 1 that the provisions of the bill shall not be effective as regards any foreign government until the President shall have been informed that the foreign government to which it is proposed to extradite a citizen of the United States has made adequate provisions for a reciprocal extradition of the citizens of the United States seeking asylum therein to the jurisdiction of the United States in China, and that the President after having been so informed shall make proclamation to that effect.

The following letter from the Secretary of State gives the opinion of the Department of State in regard to the proposed bill:

Department of State,
Washington, April 27, 1910.

Dear Mr. Denby: I acknowledge by your reference the receipt of H. R. 24746, a bill to extend the extradition laws of the United States to China.

I am very glad that this matter is receiving the attention of the Foreign Affairs Committee, as the department has long appreicated the difficulty of securing the extradition of Americans from China and vice versa, and dealing with the foreigners who commit crimes in China and flee to the United States. While I do not, without a more extended study of this bill, venture to state that it is accurate in all its particulars, I do not hesitate now to commend the purposes of the bill, and to say that if the committee finds it adequately drawn and properly constructed to meet the requirements of the situation, the department will be very glad to see it passed and recommends it to the favorable consideration of the Foreign Affairs Committee.

Very sincerely yours,

P. C. KNOX.

HON. EDWIN DENBY,
House of Representatives.

RELEASE ON BOND OF CHINESE OF EXEMPT CLASSES PENDING FINAL DETERMINATION OF THEIR RIGHT TO ENTER THE UNITED STATES.

DEPARTMENT OF COMMERCE AND LABOR—OFFICE OF THE SECRETARY.

BUREAU OF IMMIGRATION AND NATURALIZATION.
DEPARTMENT CIRCULAR NO. 220.

Washington, January 14, 1911.

To Immigration Officers and Others Concerned:

For the purpose of facilitating the entry of Chinese persons of the exempt classes with as little delay and inconvenience as is consistent with due protection to the United States, against the coming of persons not entitled to admission, the following procedure is authorized:

Whenever any Chinese person or person of Chinese descent, other than a laborer, shall seek admission at any port of entry specified in Rule 4 of the regulations governing the admission of Chinese, as being entitled by law or treaty to come within the United States, and shall produce the certificate required by section 6 of the act of May 6, 1882, as amended by the act of July 5, 1884, or the permit issued in accordance with Rule 15, to domiciled Chinese intending to return to the United States after a temporary absence abroad, or the testimony of two credible witnesses other than Chinese of the facts required by section 2 of the act of November 3, 1893, and in the judgment of the officers at such port, charged with the administration of the laws or treaties of the United States regulating the admission or exclusion of Chinese; such person cannot be ad-

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mitted forthwith, and without further investigation or verification of his right to enter, pending such further investigation and a final decision in the premises, such person may, unless excluded under the laws regulating the immigration of aliens generally, be allowed to proceed to destination, without hindrance from such officer, upon the execution and delivery of a suitable bond (Form No. 564) in the penalty of not less than two thousand dollars, conditioned that such person shall appear when required for any hearing or hearings touching his right to admission and shall deliver himself or be produced for return to the country whence he came, if found not entitled to enter and remain in the United States. No such bond shall be taken without good and sufficient sureties, approved by the above mentioned officer in charge, and unless executed in accordance with the form provided by the Bureau of Immigration and Naturalization and approved as to form and execution by a United States District Attorney or Assistant District Attorney. Any such person so allowed to proceed shall not be considered as having entered the United States unless and until it is finally decided by one of the officers specified in rule 26, or by the Secretary of Commerce and Labor, that he is lawfully entitled to admission, and such decision is duly entered of record; and if it shall finally be decided that any such person is not entitled to admission he shall be deemed to be subject to exclusion by Executive action, as if he had been stopped at the boundary of the country pending the determination of his right to enter (198 U. S., 263; 161 F. R., 627), except that the transportation agency by which he was brought to this country shall be responsible only for the return of such person to the country whence he came, and not also for his maintenance and safe custody for the period during which he is permitted to go at large in accordance with the provisions hereof.

Where any such person so allowed to proceed is accompanied by his wife or minor children, and, in the judgment of the above-mentioned officer in charge, the relationship of husband and wife or parent and child will probably be established upon further investigation, any such accompanying wife or minor child may likewise be allowed to proceed, upon the execution, delivery, and approval of a similar bond conditioned as aforesaid.

CHARLES NAGEL, *Secretary.*

RELIEF FOR THE FAMINE SUFFERERS.

61ST. CONGRESS, THIRD SESSION, H. R. 32473.

In the House of Representatives, February 4, 1911, Mr. Humphrey of Washington introduced the following bill; which was referred to the Committee on Military Affairs and ordered to be printed.

A Bill for the relief of the sufferers from famine in China.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of War is hereby authorized and directed to transport all supplies donated by the people of the United States for the relief of the sufferers from famine in China, and for this purpose shall send one of the Government transports from Puget Sound to China.

THE SZECHUEN-HUPEH RAILWAY.

[*From Consul Albert W. Pontius, Chungking, China.*]

For nearly 10 years the Chinese have been bent on building the Szechuen railway themselves. Considerable energy was shown in inducing investors to buy shares, and for years money was collected until a total sum of, roughly, 16,000,000 taels (about $10,000,000 United States currency) was realized. The subscribed shares are about 25 per cent. of the whole, the remaining 75 per cent. being derived from various taxes. According to a statement made a few months ago by the president of the railway, the company had then about 10,000,000 taels (about $600,000) on hand, and there was an annual income from shares and other sources of over 2,000,000 taels (about $1,200,000). The chief engineer, Jeme Tien-yow, and the acting chief engineer, Yen Te-ching, were instrumental in building the Peking-Kalgan railway, the successful completion of which shows much ability.

During 1910 considerable activity was shown in the initial construction of the railway. Early in spring nearly 10,000 coolies were employed and in November no less than 15,000 were at work on the road. In the construction of this line the best engineering knowledge is necessary, the work being far more difficult than that of any other railway in China. In 15 miles from Ichang through to Wanhsien numerous tunnels through solid rock will have to be constructed. The longest of these tunnels is 6,200 feet long, and is 50 miles distant from Ichang. The contract for this tunnel was let and construction commenced some months ago. Twenty-five miles from Ichang two tunnels of about 1,000 feet each have also been contracted for and the work begun. The first tunnel of 700 feet on the second division, 15 miles from Ichang, has just been completed. All of the tunneling is done by hand blasting.

The two large Baldwin locomotives purchased have been set up, and a certain number of ballast cars put together. The first spike was driven at Ichang on July 21, 1910, and in a very short time a ballast strain will be run to Hsiao Chi-tao, 7 miles from Ichang, where a small station will be erected. The bridges and drains ,etc., have been completed for the first 15 miles. Construction has been started on the Ichang station building, machine shops, engine sheds, executive building, and storerooms. More than 100-000 sacks of cement have been delivered, and 200,000 drums of 140 pounds contracted for delivery in February. This cement was purchased at a low figure, the drum variety being purchased, delivery at Ichang, for as low as $2.21½, $2.12½ and $2.08½ Mexican, per drum (Mexican dollar in China worth, on January 1, 1911, $0.438, United States currency). The total length of the railway to Wanhsien is about 150 miles, and will consist of 11 sections ,each ranging from 8 to 14 miles in length. The engineers hope to have the work well under way clear to Kwei-chow in a few months' time.

The 50 bridges under course of construction are built of concrete and steel, practically all of the steel material being of British manufacture. None of the bridges are of any special length, one of the main bridges consisting of two 40-foot spans. The machinery, dynamos, boilers, etc., for the workshops have recently arrived. All the rails are being supplied by the Hanyang Iron and Steel Works at Hankow, and sufficient material is now on hand to complete the first section to Hsiao Chi-tao.

The gradient met with on the line varies from 1 in 200 at the Ichang end to 1 in 40 at the Wanhsien terminus. The construction shops of the Imperial Railways of North China have already constructed one first, one second and one third-class passenger cars, one brake van and one private car, for the new line. The same shops have also under construction 50 ballast cars.

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CHINA IN 1910.

From the North China Daily News.

FINANCE.

If it were possible to subject Chinese affairs of the past year to the process of sifting through a sieve, it would be found that, however large the mesh, the residue that survived the operation would represent financial considerations and the constitutional movement. In other words, these matters have been paramount without interruption throughout the year, and can never have been altogether lost sight of in the counsels of Peking. New Year's Day in this respect was prophetic of the fate in store for the country, for on that day appeared an edict ordaining that all financial transactions, whether national or provincial, should be placed in the hands of the Ministry of Finance and in view of their bearing on China's foreign relations should be notified also to the Waiwupu. The order was a definite step in the direction of bringing the provinces under the control of Peking, and although the movement has made some headway during the past twelve months, the measure of centralization achieved so far, by the Chinese Government has not been conspicuous. Passive resistance rather than open revolt has been the *mot d'ordre* of the provinces, and a tribute to the success of their efforts has been paid in the frequent attempts of Duke Tsai Tse, President of the Ministry of Finance, to resign his difficult, and well-nigh hopeless task. Thus, when the provincial governments were ordered to forward to the ministry their estimates of revenue and expenditure for the current year, they showed a proper spirit of ready acquiescence. But every budget indicated such a substantial deficit that the coincidence could not but rouse the suspicions of the distracted minister. The estimates were referred back for further consideration, and in some instances were improved to the extent of some tens of thousands of taels; but the net result remained the same. At a later date the Imperial Budget was presented to the National Assembly, the estimated revenue being placed at Tls. 296,962,722, and the expenditure at Tls. 333,058,364. These figures, however, are being modified in the course of their progress through the provisional parliament.

Meanwhile the constitutional and reform movement was assuming serious proportions on paper. Each new step advocated and approved, entailed further expenditure, and it became evident that costliness was coming to be regarded as the hallmark of soundness in the matter of national progress. The necessity for currency reform and financial reorganization had finally impressed itself on all who were responsible for the government of the country, with the result that the past year has witnessed pathetic endeavors to avoid recourse to the one and only method of achieving success. Modern state finance is a science that China's statesmen have not yet mastered; and if they were proficient in it, it is doubtful whether they would be able to apply it adequately in their own country. On May 24 appeared an edict on currency reform, fixing the dollar ("*yuan*") as the standard unit on a silver basis. Steps were at once set on foot to give effect to the recommendations of the Ministry of Finance thus approved by the Throne, but it was found that the silver available for the purpose was wholly inadequate to launch the new coinage on the country. Minting had, therefore,, to be discontinued pending the negotiation of the American loan of ten million sterling, which received Imperial sanction on October 30. This loan has subsequently assumed an international character, and is to be shared, according to a formal agreement, between the United States, Great Britain, Germany and France. The edict could authorize the loan, but was obliged to leave the details to subsequent arrangement. When, therefore, it was found that the United States Government stipulated for the appointment of an American, financial adviser to superintend the expenditure of the money, the loan lost much of its attractiveness in Chinese eyes, and the negotiations on the subject are pursuing a normally protracted course.

China's indebtedness, however, is being gradually increased, for the year has seen a somewhat striking extension of the policy of minor loans, in several cases with the distinction between state and personal responsibility curiously vague. Thus the province of Anhui negotiated a loan of Tls. 2,000,000 in connection with the surrender to the province of the Anhui Concession for the sum of £52,000. The balance of the Tientsin-Pukou Railway loan (£4,800,000 was floated on September 28, while a domestic loan of $5,000,000 is being applied to the construction of a railway from Honanfu to Tungkuan. Under the title of Seven per cent. Peking-Hankow Railway Redemption Loan, Government bonds to the extent of £450,000 were purchased by the London City and Midland Bank. A provincial loan negotiated by the Governor of Hunan without reference to the Provincial Assembly has been the subject of debate in the National Assembly, while that same body has also had to listen to appeals from the Nanking Assembly against the action of Viceroy Chang Jen-chun in negotiating on his own account or through the Shanghai Taotai successive loans, amounting in all to Tls. 8,000,000, intended to relieve the Shanghai money market or for other purposes undefined. The Canton-Hankow or Central China Railway loan is still the subject of fruitless discussion in Peking between the representatives of the four syndicates (British, German, French and American) concerned. Delegates from Hunan and Hupeh, who had established themselves in Peking at the end of 1909 to protest against this loan, held their ground, and have successfully prevented a successful issue to the loan negotiations.

THE CONSTITUTIONAL MOVEMENT.

The year under review was the second year of the period of nine years' constitutional evolution prescribed by the Throne for the country's preparation for full constitutional government, and in accordance with the original programme drawn up by the Empress Dowager Tzu Hsi the *Tzechengyuan,* or National Assembly, was brought into existence. Its members, two hundred in number, were appointed during the year, according to the elaborate rules

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governing their selection, and on October 3 the Assembly was formally opened by the Prince Regent. The composition of the *Tsechengyuan* is as follows: Sixteen members from among the Imperial Princes and Dukes; twelve from Manchu and Chinese hereditary nobles; fourteen from the Princes and Dukes of the Dependencies; six from the Imeprial Clansmen and Gioro; thirty-two from officials of the Peking Ministries and Boards; ten eminent scholars; ten payers of large taxes and one hundred members of the Provincial Assemblies. The hundred members comprised in the special classes are appointed by the Throne, while the "popular representatives" are chosen by the Provincial Assemblies from among their own members; twice the number of delegates required for the representation of the province are elected and from these the Viceroy or Governor chooses the actual members of the National Assembly. From the earliest days of its first session the National Assembly has focussed in itself the constitutional movement. What the Provincial Assemblies achieved in their own restricted sphere in the previous year the National Assembly has accomplished, acting in the name of the Empire and at close quarters with the Government and the Throne. The close of 1909 had seen an informal gathering in Shanghai of delegates from a large number of Provincial Assemblies, who met to formulate a demand for the opening of Parliament at an earlier date than that stipulated in the nine years' program. Representatives of this conference were sent to Peking and on January 20 presented their first petition for the early grant of representative institutions. The request was refused; but the delegates were only temporarily silenced and on June 16, a second peition was presented, only to be refused by the Edict again eleven days later. Support for the demand for an earlier opening of Parliament was still forthcoming from all parts of the country and from all classes. On October 22 the National Assembly entered the lists with a memorial to the Throne to the same effect. Meanwhile the Prince Regent had had opportunity to take the opinion of Viceroys and Governors, as well as to realize that the trend of events was becoming too strong for him. Accordingly, on November 4, an edict was issued to announce that Parliament would be opened in the fifth year of Hsuan Tung, in 1913. Further "popular" efforts to shorten even this period of preparation have elicited a severe reprimand from the Throne, and delegates from Manchuria specially sent to urge the necessity of such a step have been escorted back to their province under guard.

The National Assembly apparently acquiesces in the three years' delay in the opening of Parliament, but is agitating for a responsible Cabinet. Usurping, as it has done with astoninshing success, powers that were never intended to be given it, the Tzechengyuan has found itself constantly at loggerheads with the Grand Council. Its several denunciations of this body caused the Grand Councillors to hand in their joint resignation to the Prince Regent; but Prince Chun declined to accept it and took the Assembly to task for its presumption. The close of the year finds the struggle between the National Assembly and the Government still in progress. The former experiences little difficulty in placing its finger on weak spots in China's administration; but up to the present it has displayed no marked genius for constructive statesmanship, and at times it is clearly inclined to allow its exuberance to run away with its judgment.

At the request of the Throne the Bureau for the Preparation of Constitutional Government submitted a report on the progress of the movement in the country. Although this body was able to draft a long memorandum on the subject, it is to be feared that of the fourteen items for which provision was to be made during the year under review, one only, the establishment of the National Assembly, has achieved practical accomplishment. Other schemes concerned administration, civil affairs, finance, education, law and the judiciary. In January the Bureau presented a scheme of administrative reorganization and in December the same scheme reached the Throne again in a revised form. On December 14, an edict bearing on the Bureau's report was issued, and its burden was to the effect that "officials in control who perform their duties in earnest are to be found, but those who treat them as matters of form are seldom non-existent." Throughout the year edicts have indicated that the Prince Regent has a clear idea regarding what ought to be done, but finds himself quite powerless to give effect to his wishes. Thus on July 30 an edict appeared calling for greater care and discretion in the appointment of departmental and district magistrates and for closer supervision over these officials by their superiors. On the next day the Throne inveighed against the bribery and corruption prevalent among the official class. Another edict enjoined the abolition of slavery or its restriction within very narrow limits. Even in the matter of opium suppression the Regent intimated on September 27 that he realized that the favorable reports with which he had been supplied were not correct, and ordered some of the rewards previously given in this connection to be cancelled. The prohibition of opium smoking and of the growth of the poppy has made progress, but not to the extent alleged in China and abroad. As the agreement between the Indian Government and China for the gradual restriction of the imported drug expired at the end of 1910, negotiations for its renewal were opened in Peking in the autum. By that time the Chinese government realized that the progress made would not bear the test of cold and accurate statistics and applied to be liberated from this part of its previous undertaking. Sir Alexander Hosie had already started upon his tour of the country on behalf of the Indian government to discover the real position. His investigations in the northern provinces, it is understood, proved that the anxiety of the Chinese government not to be bound by detailed figures that could be tested was amply justified. Owing to a fresh agitation against opium on the part of Tientsin students, egged on by a foreigner, the negotiations between the British Legation and the Chinese authorities were interrupted and up to the present have led to no results. In Canton the action of the Viceroy in imposing a tax on opium that fell exclusively on the imported drug led to strong protests from Indian merchants and representations from the British authorities. The Viceroy modified

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the incidence of the tax, but did not recede from his position that China was at liberty to deal with opium as she liked, when once it had been introduced into the country.

The question of cutting off the queue has also exercised all classes of Chinese society from the Prince Regent to tailors and hotel servants. Permission has now been given to Chinese in the army, navy and police to cut off the queue, and it as to be inferred that general permission to follow the same example would shortly afterwards be given to the whole nation. But agitation found expression in a memorial and on December 21 an edict was issued in the vaguest terms, pointing out that authority to cut off the queue had only been granted to the three classes, already mentioned, and urging the people "not to give credit lightly to idle sayings, thereby causing misunderstanding."

REORGANIZATION.

Changes in the higher official posts of the Empire during the period under review have been rendered necessary by vacancies caused by death and for other reasons. The years' obituary list includes the names of Tai Hung-tze, Grand Councillor and a member of the Grand Secretariat (February 22), and Lu Chuan-lin, also a member of the same bodies (August 23). The former was succeeded in each capacity by Hsu Shih-chang. Tuan Fang, who had been relieved of his post as Metropolitan Viceroy after the funeral of the Emperor and Empress Dowager, has remained *en retraite* throughout the year; Chun Kuei-lung, his successor at Tientsin, is now anxious to resign his position. The Canton Viceroy, Yuan Shu-hsun, obtained leave to resign after a somewhat stormy tenure of office and was succeded by Chang Ming-chi, promoted from the Governorship of Kuangsi. Tieh Liang, Minister of War, was also removed from the active list and made way for General Yin Chang, who had been Chinese Minister in Berlin.

With General Yin Chang and Prince Tsai Hsun in charge respectively of the military and naval affairs, these departments of state have shown special activity, at least on paper, throughout the year. Prince Tsai Hsun had undertaken an extensive tour abroad, from which he returned during the year, and then paid a flying visit to America. In spite of many rumors, no great scheme of naval construction has been embarked upon as yet by China. The reorganization of the two services, however, was advanced by an edict issued on December 4, creating separate ministries for the two departments, which had hitherto been grouped in one. Yin Chang became Minister of War, with Shou Hsün Vice-Minister; while Prince Tsai Hsun was appointed Minister of Marine, with T'an Hsueh-hêng Vice Minister, Admiral Sah Chên-ping being kept on the active list as Commander of the Yangtze Squadron. It is felt that in General Yin Chang the Peking Government has a strong and able member, but it has yet to be seen whether the Chinese system of administration, involved as it is in Palace and Ministrial intrigue, will allow anyone to take a prominent and consistent rôle in Peking affairs.

RAILWAYS.

Railway construction during the year cannot be said to have made very satisfactory progress. Where it is in foreign hands a normal rate of advance is being chronicled; but the year's record from the point of view of the Empire as a whole must be considered disappointing. On October 1, the British section of the Kowloon-Canton railway was opened, and on December 5 between twenty and thirty miles of the Chinese section at the other end of the line were finished. A fortnight later the Tientsin-Pukou railway was extended south of Tsinanfu to Taianfu. Little has been heard of the Pukou section of this line, which is under British supervision. At one period it was understood that a grave defect in the construction had manifested itself by a considerable portion of the earthworks being under water. Death has dealt hardly with the employes on this section, and it is a matter of regret that the medical arrangements for the foreign staff, though denounced as inadequate by Shanghai and Chinkiang physicians, do not appear to have received sufficient attention from those responsible for the construction of the railway.

In other parts of the country railway construction is either entirely held up for want of funds or is proceeding according to Chinese lights. Work on the Hupeh-Szechuan railway has progressed, one hundred miles from Ichang westwards being nominally under construction. Some anxiety has existed regarding the fate of the funds collected for this line, and denunciations and denials have been the order of the day. At the close of the year a remarkable decision was taken at Chengtu to discontinue work on the Ichang section and in its stead to build a line from Chungking to Chengtu, but it is not yet known whether those responsible for the line will act upon this proposal.

Reports from the Peking-Hankow railway point to a steady deterioration of the line since it was handed over to Chinese management, although the receipts from the working have been phenomenally large. The art of railway management has yet to be acquired by the Chinese, who seem unable to abandon the foolish policy of sacrificing the proper maintenance of a line to immediate revenue. The Shanghai-Nanking railway pays its way, but the incidence of likin deprives it of the returns on good traffic which it is entitled to expect and renders it dependent on the Chinese Government for meeting the five per cent. interest due to bondholders.

RIOTS AND ROUTINE.

For a country where superstition plays a prominent part in the daily life of the nation, China has passed through a comparatively uneventful existence during the year that saw the return of Halley's Comet. The direct effects of this notable visitor were minimized by the timely action of the Christian Literature Society in disseminating broadcast throughout the Empire, the news of its approach. The masses were possessed by fear and wonder, but the appearance of the comet was not attended by disturbances *propter hoc*. The year had opened under adverse economic conditions; food was none too plentiful and the need of money for administrative reforms prompted the imposition of fresh taxes. Where these incentives were lacking in intensity, officials or the gentry would seek to improve

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the occasion by trying to effect a corner in rice. Thus for one reason or another riots or disturbances have been in progress virtually every month of the year. Tunghsiang (Chêkiang), Canton, Soochow, Hangchow, Yünnan, Changsha, Tzushi (Chêkiang), Shangyu (Chêkiang), Yiyang, Shantung, Yünnan—the list can be extended almost indefinitely, if minor outbreaks are to be included. In Yünnan the disturbances assumed the proportions of a revolt, in Canton the optbreak among the soldiery on February 10 was not quelled without considerable bloodshed. For five days from April 14 to 18 the town of Changsha was given over to organized bands of rioters; foreign property was destroyed and the foreigners in the city had to take refuge on vessels in the river. A month later there were further disturbances in a neighboring town in Hunan, and the spirit of unrest throughout the province showed that evil influences had been at work to spread an anti-foreign spirit among the people. In other centers similar unrest manifested itself, but was kept in check by vigorous action on the part of the authorities.

Progress in other directions than those already dealt with under the Constitutional movement has not been conspicuous. The new spirit is gradually permeating the country, but its tendencies at present are iconoclastic rather than constructive. In regard to the all important subject of education it may be doubted whether the Empire has not retrogressed rather than broken fresh ground. Many of the schools hastily started in the early days of the reform fever are either closed or are languishing; sorry patterns of what an educational institution should be. In some centers good work has been done, but in education as in other matters, China lacks the motive power necessary to galvanize into action her loose-knit Empire, paralyzed as it is by administrative inefficiency and absence of rapid communications.

National ignorance was strikingly exemplified by the flourish of trumpets that heralded the inauguration of the National Debt Redemption Fund. Official patronage was given to the scheme, and public servants were even enjoined to devote a portion of their salaries to it. Within a few months the utter unfeasibility of the project was realized and the fund passed out of existence to other purposes. Knowledge and a more practical turn of mind would once more have saved China from the periodic return of famine. The district now visited, northern Anhui and northern Kiangsu, suffered three years ago, but no steps have been taken to remove the obvious causes of the disaster. Rivers and canals are allowed to deteriorate, until they fail to be of use for the purpose either of man as means of communication or of nature as water channels.

The year under review saw the opening of the Nanyang-Exhibition at Nanking, following upon series of local exhibitions held in various parts of the Empire as feeders to the national undertaking. As a first effort in this direction the exhibition reflected considerable credit on the promoters; that it was not a financial success may be attributed to the unreadiness of the nation at large to appreciate such an enterprise as well as to financial stringeency in the district served by the exhibition.

FOREIGN AFFAIRS—TIBET.

China's foreign affairs have a tendency to ignore convenient divisions of time and to develop a protracted existence which may leave little to be recorded in such a brief interval as that of a year. In many instances the subjects that exercised the mind of the Government in 1909 will be found still unsettled in 1910, for Chinese diplomacy knows well when procrastination can be advantageously employed. Thus, the year under review witnessed a crisis in Tibetan affairs; but although a certain stage has been reached in the resultant negotiations between Great Britain and China, the veil of silence has remained drawn over the incident for several months, and that before any definite stage in the proceedings was reached.

On Christmas day, 1909, the Dalai Lama, after an absence from his capital extending over five years, returned to Lhasa. He had already satisfied himself, however, that the situation in his country was critical and that the Chinese attitude towards him and the Tibetans in general was not such as to inspire confidence. Accordingly on November 7, he had sent a messenger by Calcutta to Peking with a letter to the British Minister. In this document, which reached Peking on February 7, and was delivered a fortnight later, the Dalai Lama pointed out that Chinese troops were operating in Tibet and expressed the hope that anything the Minister could do would be done. Similar letters were addressed to the Japanese, French and Russian Ministers. In the meantime, on January 31, the British trade agent at Gyantse had been informed by the Dalai Lama and his Council that the operations of Chinese troops in eastern Tibet were of a provocative nature. Negotioations were opened in Lhasa between the Dalai Lama and the Chinese Resident, and in the course of these it would appear probable that the Assistant-Resident gave a promise that not more than a thousand Chinese troops would be allowed to advance and that they would be stationed only at Gyantse, Phari, Chumbi and Khamba Jung for the protection of trade. The accounts regarding the understanding arrived at in Lhasa are conflicting; but a Chinese force, 2,000 strong, under Chao Erh-fêng had advaced to Chiamdo, where, on January 20, an encounter took pace with Tibetans. The Tibetan troops subsequently withdrew and on February 12 forty Chinese mounted infantry and 200 infantry reached Lhasa, with the main body of troops, a thousand strong, two marches behind. Without any further attempt at negotiation the Dalai Lama and his ministers fled the same night, with a guard of 200 soldiers. Chinese troops started in pursuit, but after a check at the Brahmaputra river did not press closely upon the fugitives. The Dalai Lama travelled rapidly in the direction of India by way of Karola, Phari and Gnatong, reaching Darjiling on February 27. At a later date he went on to Calcutta and on March 14 saw the Viceroy. He returned to Darjiling, where he still remains, and recent reports state that the Buddhist Pontiff is contemplating a visit to England.

The flight of the Dalai Lama to Indian territory led to representations from the British government to the Chinese authorities in Peking. On February 25 and edict was issued deposing the Dalai Lama, but the Chinese gov-

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ernment disclaimed any intention of further aggressive action in Tibet. The troops already there were said to have been sent "to tranquilize the country and protect the trade-marts," and various assurances were given to the British government on the points raised by it in connection with the developments in Tibet. There the matter would seem to rest for the present. Any subsequent action taken by China in Tibet has failed to attract attention, but it may be doubted whether the British demand that a real Tibetan government should be maintained has received very liberal compliance. The Dalai Lama remains nominally deposed, but no successor to the high office has been appointed.

MACAO.

The Macao boundary question has added another fruitless year to a long life that already extends over three centuries. After China's refusal to submit the point at issue to The Hague on the ground that "foreigners always favor foreigners," negotiations were again interrupted.

On July 11 an attack was made on the Portuguese guard on the neighboring island of Kolowan by a large band of pirates with the assistance or connivance of the islanders. A Portuguese force acted promptly and a bombardment of the island ensued, followed by regular operations by landing parties from men-of-war. In the course of a fortnight the pirates were tracked to their lair, a number were killed or surrendered and Kolowan and the neighboring waters were held to have been cleared of these undesirable inhabitants.

MANCHURIA.

Throughout the year Manchuria has loomed large on the political horizon, though more as a subject of international discussion than by reason of definite achievements. On January 4, Mr. P. C. Knox, Secretary of State for the United States, propounded to the world his scheme for the neutralization of the Manchurian railways by their sale to China, who was to be financed by the Powers. The scheme, while thereotically simple, ignored the stern realities of the situation in Manchuria. Russia and Japan would have stultified all their efforts of the past decade by accepting it, and consequently Mr. Knox's proposal fell on barren ground. It was followed, however, almost immediately by the announcement that the American Banking Syndicate had been granted, by the Chinese Government, a concession for a railway from Chinchou on the Gulf of Liaotungto Aigun on the Amur river. A British firm was interested in the undertaking, but the British Government could not lend its support, as it was bound by an agreement with Russia not to press China for any concession north of the Great Wall. Japan did not oppose the scheme, but contented herself by pointing out that she would expect to participate in any enterprise so closely connected with her existing interests in Manchuria. Russia, on the other hand, interposed a direct veto on the construction by others of a railway crossing or meeting the Chinese Eastern Railway, and the concession has not yet materialized. The incident brought American financial interests prominently into Chinese politics, and the subsequent agreement between the British, American, German and French financial groups provides for participation for the future in all large Chinese enterprises that may be secured by one or other of the syndicates.

Trouble arose between the Chinese Government and the Russian authorities regarding navigation on the Sungari river. In spite of previous arrangements the Chinese without reference to Russia issued regulations for Russian vessels plying on this river and started to levy taxes on Russian shipping. On April 30, an ultimatum was presented to the Peking Government to the effect that if the question at issue were not settled by the first day of July, the Russian authorities would adopt their own line of action. An agreement finally was reached on August 1 and duly ratified on August 9.

Relations between China and Japan remained friendly during the past year. After twelve months' intermittent negotiations the Manchurian Postal Convention was signed on February 10, while an agreement was also reached on the Chientao question, mainly in favor of China. With the annexation of Korea, however, which followed in August (the agreement was concluded on August 22 and promulgated on August 29,) the Japanese claim that the situation in Chientao has been modified by the transformation of the Korean inhabitants into Japanese subjects.

Although it may not be possible to point to any definite indication of the weakening of China's hold on Manchuria, it is clear that a year which has witnessed the Russo-Japanese agreement, (concluded on July 4), for the regulation of the two powers' respective interests in that territory, and the annexation of Korea by Japan, can hardly be said to leave the province in the exact status in which it found it. The outward insignia of Chinese rule, a Provincial Assembly, police, troops and administration, are all to be seen there; but the real power over the destinies of Manchuria, as Mr. Knox realized, rests for the present with those who control the railways.

In other respects the conduct of foreign affairs has pursued a normal course. If the Waiwupu cannot claim to have passed an idle year, it has been free from acute crises. Fears of Russian aggression in Mongolia have found an echo in the native press, but it may be held that at the present juncture the Chinese Government expects to find its more serious foes within rather than abroad.

CHINA'S BUDGET.

THE NATIONAL ASSEMBLY'S RECOMMENDATIONS.

A long speech was delivered in the National Assembly by Mr. Lu, the Chairman of the Finance Committee, in submitting the Committee's report on the estimates. He explained that the estimates had been very difficult to comprehend, and while investigating them, full evidence had been found of the obsolete system of Government in China and the dangerous methods of financial administration in vogue. The Government had submitted the estimates in the form of forty-two pamphlets on principal items, eighty-one pamphlets on subordinate items and twenty-

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four pamphlets on additional and extra items. Later, the Government gradually delivered to the House over 3,280 pamphlets from which it had made out the estimates. The Committee had spent forty days of its valuable time and exhausted the brains and strength of forty-eight men, plunging daily into this mass without intermission, before it had been able to obtain something like a clear insight into it. But as the time limit had been reached, a report had to be submitted according to the rules. Mr. Liu's speech dealt with the items of the budget in detail, the manner in which they had been investigated and he finally gave conclusions in regards to improvements that might be made in the system.

The report gives as the items that require no examination:—

(a) Remittances and Contributions.

(b) Public loan charges.

(c) Self-government expenditure.

The second section refers to items which have not been reduced:—

(a) Benevolent expenditure.

(b) Miscellaneous charges.

The third section relates to revenue and states:—

(a) Surpluses.—We find that the surplus of the Waiwupu for last year is kept in its own yamên, the amount being Tls. 1,340,000. The reserve funds for the expenditure of Ministers and other diplomatic officials abroad, amount to Tls. 1,420,000. The four provinces of Kiangsi, Szechuan, Chihli and Kiangning (i.e. Kiangnan) possess a total surplus for last year of Tls. 17,807,805.95. Therefore, the actual surplus at the end of last year was Tls. 20,567,-805.95. But, since this year's expenditure has greatly increased, this surplus cannot be safely calculated upon. We suggest that after the close of this year's accounts, if there be any surplus, the total sum should be kept as a resurve fund.

(b) Provincial Revenue.—The land tax, salt and tea levies, receipts derived from Government properties, Likin and miscellaneous income, together with incidental miscellaneous income, should be increased by the sum of Tls. 4,947,574.85, which figure is reached after having carefully gone into the details submitted to us by the Ministry of Finance, and is therefore, in our opinion, practicable and reasonable. Both the reports of the financial deputies resident in the provinces and the records of former times have been taken into consideration and compared. We do not seek to force the Government to achieve impossibilities.

The fourth section states: The following are the items of expenditure that have been reduced:—

(a) Peking Yamêns.—The expenditure in regard to the Peking Banner Corps has been very slightly reduced. In the estimates for the Privy Council, the Government Council and other yamêns we have made deductions or left them untouched as investigation showed to be desirable. From the total original estimate of Tls. 7,678,785.55 we have deducted Tls. 1,099,995.81. From the proposed expenditure on and Peking Gendarmerie yamên we have deducted Tls. 300,000.

(b) The Ministry of Finance.—Ordinary and extraordinary expenditure is given as Tls. 3,777,633.15, including Tls. 282,000, a special subsidy to the Army Reorganization Bureau, which we deem necessary and endorse. We also approve and endorse the expenditure for the Printing Office. A reduction of Tls. 215,276.50 has been made in the total estimate for this Ministry.

(c) Ordinary Financial Expenditure of the Provinces.—The provincial outlay for financial administration on account of frontier affairs in the provinces of Singkiang, Kiangpeh, Kiangsu, Kiangning Szechuan, Yünnan, Kueihua, Chakharl, and Ultai is so small that no reduction need be made. In regard to Kueichow, Kansuh and Shensi very little has been deducted. Honan, Kiangsi, Kuangsi, Shansi, Hunan, Yünnan, Shantung, Anhui and Fukien spend from Tls. 200,000 to Tls. 400,000 each; we have deducted about 20 per cent. Kiangning, Szechuan, Chihli, Kuangtung, Chêkiang, Hupeh and Kiangsu, range between 700,000 or 800,000 and a million and two millions. Our reductions have been heavy, because these are too extravagant; we could not help making deductions. The three eastern provinces have also estimated too large amounts, especially Fêngtien, in the estimate for which we have made a great reduction. Though Kirin and Heilungkiang also demand too much, in consideration of the many innovations and development there, we cannot but allow these two freer facilities in finance; anyhow we are not purposely treating them more liberally.

(d) Extraordinary Financial Expenditures of the Provinces.—The total sum estimated is Tls. 1,244,680.48 and the total amount deducted is Tls. 242,293.41.

(e) Administration Expenditure of the Provinces.—This expenditure has been divided into three items. (1) the Viceroy or Governor's yamên's expenditure; (2) the Constabulary Taotai yamên's expenditure; (3) the expenditure of the yamêns of the Prefectures, Sub-Prefectures, Districts, and so forth.

The total sum estimated to be necessary is Tls. 17,267,-933.80. We find, by referring to the table of allowances, and the Ministry of Finance's remarks, that it is not quite the right amount nor quite free from over-estimating. A sum of Tls. 3,366,915.39 should be struck off.

(f) Charges in connection with Government properties. —The conditions of the provinces are different. We can only judge by reasoning. If the receipt is only little and the expense great, the expense should be lowered. Some reductions have been suggested by the Ministry of Finance. Altogether we have to deduct Tls. 130,480.21.

(g) Reserve Funds of the Provinces.—We find that the table furnished us is incomplete, for some provinces have entered this fund while others have not, therefore we do not include this in the estimates of expenditure. The Ministry of Finance has deducted Tls. 6,701,407.48. In the Committee's opinion, the whole amount is not allowable, and the balance, left by the Ministry of Finance of Tls. 6,879,227.48 is hereby also disallowed. This item should be abolished.

The final result shows a total increase of Tls. 4,947,-574.76 to revenue next year; and a total reduction of Tls. 7,762,475.47 from the expenditure of next year.

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CHINESE FOREIGN LOANS.

THE NATIONAL ASSEMBLY'S MEMORIAL.

The following is a translation of the memorial in reference to foreign provincial loans, which was submitted to the Throne by the National Assembly and was handed over to the Ministry of Foreign Affairs and the Ministry of Finance for consideration and report:

Since the opening of the session we have received much correcpondence from provinical assemblies appealing to us for decision, mostly on matters relating to public loans and taxes which have not been referred to them for discussion and decision by the Viceroys and Governors.

Among these complaints was one from the Kiangsu Assembly, which is of the greatest consequence; more important than all the rest. It accuses Chang Jen-chin, the Viceroy of the two Kiang of encroachment on its rights and infringement of the law, by contracting foreign loans several times without referring them to it for discussion.

The first occasion was in July this year, when three banks, Chên Yuan and two others, failed, owing enormous sums of money to Chinese and foreign merchants. The Viceroy specially memorialized the Throne, and obtained Imperial sanction for a foreign loan of three and a half million Taels (Tls. 3,500,000) for repayment to foreign firms of the debts for and on behalf of the bankrupt merchants. Soon after, the Viceroy was questioned by the Provincial Assembly, but he only shifted his fault to subordinate officials. And, moreover, he neglected to devise methods of precaution and safeguards necessary.

We find that the existing treaties between China and the Powers all containing words stipulating that if Chinese fail, owing money to foreigners, the officials can only press them for, but cannot guarantee, its repayment. As the Viceroy is the Commissioner of Southern Trade, he should not be so ignorant of the treaties as to address a special memorial to the Throne, thus bringing lasting prejudice to our foreign intercourse and augmenting the apprehension caused by the financial difficulties. His desregard of the law in this instance is really far graver in consequence than would be ordinarily the case when mere internal administration is affected.

The second occasion was in October, when the Viceroy went to Shanghai in person. He again conferred with the foreign bankers for the purpose of obtaining a loan. When the Provincial Assembly got wind of it, an inquiry was sent to him by telegraph to which he made no reply for a long time. When, later, the Assembly supplemented it by a formal dispatch, asking him to reply, then, and not until then, he answered that a loan of three million taels (Tls. 3,000,000) had been obtained, for a term of six years, the gradual repayment of which, both principal and interest, by installments would be arranged by the Kiangsu Province. We observe that since, this loan, both principal and interest, has been declared to be repayable from the means and resources of Kiangsu; it a public debt of the province, whose burden is thus augmented by the additional liability of the amount borrowed. Further, it comes within the scope of the Provincial Assembly for discussion as provided in the 4th and 5th sub-sections of Article 21, of the said Assembly. The affair happened in October, when the Provincial Assembly was holding its full session. Nevertheless the Viceroy never handed it over for consideration and discussion, but at once concluded an agreement for the loan with the foreign merchants. The evidence is clear that he has in truth committed an infringement of the law as well as an encroachment on its rights, corresponding with the provisions of Article 27. Thereupon it appealed to us for our consideration and decision.

This question has been considered by a special committee and we have arrived at the unanimous conclusion that the first loan for the repayment of foreign debts on behalf of Chinese merchants is prejudicial and dangerous in the extreme, for we construe it as a breach of the Treaties. The intercourse between China and foreign countries has now existed for several decades. As regards the debts and failures of merchants, hundreds of methods of fraud, defalcation and forgeries have occurred and may occur again. There may frequently be debts owing to foreigners. If the officials are allowed to repay them at will on behalf of the the debtors, thereby to enrich themselves, our people will not need then to work and labor for a living. Every person will borrow foreign money, and foreigners will require neither security nor mortgage for loans, but lend money everywhere. If such a practice were once firmly established, when the time for the refunding of the money came, we do not know how the authorities, the different ministeries at Peking and those of the provinces, could withstand or satisfy all such demands made upon them. We fear that our whole Empire would instantaneously be bankrupt.

The treaties made in several reigns with foreign Powers have therefore included clear and express stipulations on this point. Nevertheless, the said Viceroy has damaged, injured and battered them to pieces to such a great extent that it is impossible to see how far the ill-consequences caused by his actions may reach in the end. Only the future can tell. The proverb has it that "water, drop by drop, if unchecked, will soon be a river." There is indeed no exaggeration in what the Provincial Assembly has said; that his disregard of the law in this instance is really far graver in consequence than will be ordinarily the case when mere internal administration is affected.

With regard to the second loan, the Viceroy had not even vouchsafed an explanation as to the purpose for which it was raised, yet he would fain burden the province with its repayment. This is a more glaring surprise. Moreover, he did not submit this loan to the Provincial Assembly for discussion while the session of the latter was going on. The encroachment upon its rights and his breach of the law must have been intentional. Such conduct should be viewed in quite a different light from ordinary faults or mistakes. If we consider his actions from an extreme point of view, the Provincial Assemblies of all the provinces may be dispensed with, all financial policies may be left in the hands of the Viceroys and Governors as of yore, they may pay or receive money without limit, and arrange it in whatever way they like, and without anyone exercising the least supervision. What then would become of Constitutional Government? Therefore we beg to memorialize Your Majesty for your sage decision on the subject in accordance with the provisions of Article 24 of the Rules and Regulations of our Assembly, and we pray that Your Majesty will instruct Chang Jen-chin, the Viceroy of the two Kiang, that, with reference to his first foreign loan for the repayment of foreign debts on behalf of merchants, he shall be held liable to make the refund of said amount, and that neither the government nor the people can admit its responsibility, so as to correspond with the terms of the Treaties and to check the source of danger. As for his second loan, whether or not it ought to be borrowed as a public loan for the province in question, he shall, as provided in the rules, hand it to the Provincial Assembly for discussion and decision and then act accordingly.

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THE FIRST SESSION OF THE NATIONAL ASSEMBLY.

Six years ago their late Majesties the Emperor and the Empress Grand Dowager sent to Europe and the United States a Mission of Five High Commissioners to study the political and constitutional institutions of those Western nations whose forces have on each occasion when they have come into conflict with those of this Empire been victorious. The defeat of this country by Japan ten years before had aroused the nation to a sense of its own weakness, the mad attempt of 1900 to measure strength with the foreigner had completely dis-illusioned even the proudest and most conservative of China's rulers, and the victory of Japan over a Western Power had clearly indicated that it was only by adopting Western forms of government and administration, of education and enlightment, that China could hope to come into line with the great Powers of the West and take that place in the family of nations which was hers by right of her vast size, her teeming population, her incalculable but undeveloped resources, her native intelligence and her capacity for self-preservation as displayed through several millenniums. The Mission of Five was the answer of the Imperial House to the ever-increasing demands of the enlightened sons of the Empire, and though it cannot be said to have accomplished much in itself it had this supreme value, that in the eyes of the world it committed China irrevocably to a policy of progress. It would be idle to speculate how far it was in the mind of the virtual ruler of the Empire that with the appointment of the Mission the hunger for reform would be satisfied, and the agitation blow over; for if such a hope did exist it has been amply disappointed. The evidence seems to show that any such hope was speedily abandoned, for the abolition of the old system of examinations came very quickly, and the promulgation of a programme of pacific revolution put the last nail in the coffin of the static past and set free dynamic forces that will not have spent themselves in many generations.

The first fruits of the seeds sown in 1898 are now being reaped. In October of 1009 met for the first time the Provincial Assemblies, and at the close of their session began the agitation for a National Parliament which has not yet quite ceased. A year later, in October, 1910, came the opening of the National Assembly, the training ground for those who will in all probability constitute the Imperial Parliament when it meets three years hence. The National Assembly has just closed its first session, and it is well that we should take stock of the situation. The advent of the Assembly marks a definite change in the relations of all parties in the State. For the first time the people became an articulate body. It is not pretended that the basis of representation is wide, but such basis as has been laid is capable of foundation upon the solid rock of popular franchise; and thus the Government of this great Empire has ceased to be patriarchal and benevolently despotic and is frankly become representative, and essentially this is so in spite of the fact that the powers of the Assembly have been deliberative and consultative without any legislative character. The line between consultative veto and legislative enactment is very difficult to draw, and thus, consciously perhaps more than unconsciously, the Assembly has exercised an almost legislative function. A typical instance of this has been in the Assembly's treatment of the Penal Code, and in the veto placed upon certain sections and expenditures in the national budget, a point at which the Provincial Councils also showed themselves strong. The action of the Council has clearly indicated the possession by its members of those qualities which make parliamentary government a success, and though we hold that the nation is not yet ready for such government it is impossible to deny that the capacity shown in this brief session augurs well for the parliamentary régime when once it is inaugurated.

A second vital principle has been successfully established by the Council, and that is the responsibility of the High Ministers of State to the people. On several occasions the Assembly has criticised the members of the Grand Council, not so much for what they did, or for the omission to consult the Assembly before taking action or offering advice. The threats of resignation by the Councillors failed to move the Assembly from the position it had taken up, and on one occasion the adroit management of the Prince Regent himself only saved the situation by accepting in principle the demands of the Assembly and at the same time covering the flank of the Grand Council by referring the issues to the Assemblies of the provinces concerned. This was undoubtedly a point in favor of the Assembly, and the final settlement of the issue by the virtual promise of a responsible Cabinet shortly after the opening of the New Year puts the principle for which the Assembly strove beyond all question. The same new relation of the authorities to the people, as represented in the Assembly, was established by the Assembly's action with regard to the budget. It is the people's money that is being spent; therefore the people must have a voice in the spending of it. That is the position that was taken a year ago by the Provincial Assemblies, and it has been confirmed by the attitude of the National Assembly during the last two months.

With the power of the purse and the responsibility of ministers to the elected representatives of the people definitely determined, the constitution of the Empire is fundamentally changed. Responsibility lies no longer solely with the authorities, though they are still of course a mighty power in the land, but is derived from the people themselves. The question is, Are the people fit for their responsibilities? Not altogether; there has been considerable evidence of that; but, setting aside the sidetracking of the energies of the Assembly by the agitation for full parliamentary institutions, it has been made quite clear that the representatives of the people have a capacity for fixing on vital things—finance, official maladministration, economic development, frontier defence—and insisting that these things should be made the first care of the Government; and if the representatives of the people have realized these things now, it will not be long before the people at large are capable of some measure of responsibility. The unsatisfactory condition of the nation's educational system had the attention of the Assembly, which has fully

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realized that a popular franchise would be a mistake until a generation had arisen which has been trained in civic duties; and the limited franchise adopted for the election of both provincial and national assemblies would indicate that the same thing is understood by the rulers of the nation. Herein lies the hope of security of peaceful revolution.

It would be quite easy to exaggerate the importance of the first session of the Assembly, but it would be fatal to a proper understanding of the present situation to underestimate its significance. Time alone will show how far the immense promise and potency of this historic session are to be fulfilled or falsified, but that the promise and potency are immense there can be no manner of doubt.—*The National Review (Shanghai).*

THE NATIONAL ASSEMBLY.

The National Assembly has concluded its first session, and in the absence of urgent business calling for a special meeting will not me convened again until next November. Opinion regarding the value of its labors may be divided, but on one point unanimity will prevail, that it has belied altogether the expectations formed of it. As has already been remarked in these columns, its organization was tinged with officialism rather than with liberalism. The constituent classes—the nominees of the Throne and those who might be said to represent more directly the people—were equally divided; but it was clearly not anticipated that the popular element in the Assembly would play such a prominent part. However sincere in its wishes to meet public opinion in regard to the introduction of a constitutional régime the Chinese Government could hardly have intended to forge, unless under greater pressure, a weapon of such deadly effect as the *Tsuchengyuan* has shown that it may well prove to be. For the moment the weapon may be regarded as being in inexperienced hands. It has frequently been discharged; but the aim has been erratic, and through being carelessly loaded, there has been some danger that would inflict more injury on the men who fired than on those at whom it was pointed. The National Assembly has been a novelty both to its own members and to the Government. For this reason criticism of its first session should be lenient. The members had to discover what limitations, if any, there were to their powers; the Government was wholly inexperienced in the art of coping with such determined critics at close quarters. Both sides, therefore, made mistakes. The Assembly became flushed with a sense of power, and ran the risk of having an end put to its usefulness by dissolution, while the inability of the Grand Council to humor or to lead the House caused a large amount of public time to be wasted in purposeless friction.

Thus, if the work of the Assembly is to be gauged by the one concrete achievement, its success in expediting the opening of Parliament, the session may well appear barren. But the deliberations extending over two months have effected more than this. The functions of the National Assembly according to its constitution were twofold:—legislative, with a view to providing the Government with information that would enable it to carry on the administration of the country more in keeping with popular wishes; and educational, with a view to preparing the members and the people at large for the exersice of their privileges under a parliamentary régime. It is certain that the Government will have learned much regarding the temper and attitude of the country from the first session, while the conduct of the Assembly itself suggests that the experience gained by three years' probation in the provisional Parliament ought to tend to the smoother working of the bi-cameral system. In its conflict with the Grand Council, as far as can be judged from reports and from the memorial of impeachment, the National Assembly has ignored the present limitations of the constitutional movement and has sought to indict the Grand Councillors for not arrogating to themselves duties and responsibilities which do not at present belong to them. Clearly in this respect the Grand Council is not at fault, and until it is replaced by a Cabinet more or less responsible to Parliament, it has acted within its rights in opposing the Assembly's encroachments upon its functions. At the same time there is probably some justification for the Assembly's contention that the Grand Council is at heart more reactionary than progressive. The complete discomfiture of Prince Ching, whether it leads to his final retirement from public life or is only a temporary phase, has probably shaken the forces of ultra-conservatism, and the result may be that the balance will be held more evenly between the extremists of both parties.

The most important function of any parliament is the control of the public purse, and it has been a matter for surprise that in the published reports of the Assembly's deliberations the subject of finance seemed to be subordinated to such matters as the shortcomings of the Grand Council, or the abolition of the queue. An adequate reason is supplied towards the close of the session, when the Budget Committee presented its report. It would be unfair to the Government to attribute to it any designs upon the lives om the Committe; but Chinese High Ministers of State will be altogether lacking in humor, if they have not contemplated with some measure of self-complacency the prospect of the supervisors of the national accounts, forty-eight in number, buried for forty days in 3,280 "pamphlets." The Committee, however, appears not to have been deterred by the magnitude of its task, but only regrets that the time at its disposal has been too short. It will be well if the period of preparation for a Parliament be devoted to reducing Chinese national accounts to a more comprehensible system that would seem to be in vogue at present. The result of the Committee's labors is that it has discovered additional revenue to the amount of Tls. 4,947,574 and has curtailed the expenditure, over and above the economies previously effected by the Ministry of Finance, by a sum of Tls. 7,726,475. Accordingly the budget for the coming year, instead of the original deficit shown of Tls. 36,000,000, promises a surplus of Tls. 3,500,000, if the Assembly's emendations are put into effect. Here is the touchstone of the Assembly position. In its constitution it is not definitely accorded "preceding and subsequent control" over financial matters. The budget may be submitted to it; it remains to be seen whether the final accounts of of the national expenditure are to receive its endorsement. Unless it insists upon this point, it may find that the elaborate and lengthy scrutiny of its Committee has been shorn of its practical effect. Minor questions relating to the national costume or to individual impeachment may well detain an inexperienced parliament; but when the National Assembly has "found itself," we may expect to see its serious conflicts with the "powers that be," turning on the effective control of the national purse and the constitution of the future Parliament.—*North China Daily News.*

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TRADE IN MANCHURIA.

[*From Consul General Fred D. Fisher, Mukden.*]

The total foreign trade of Manchuria for 1909 amounted to $86,434,139, of which the foreign imports were valued at $30,690,811, native imports $8,544,745, and the exports $47,-198,583. In 1908 the trade was valued at $59,881,165, of which the foreign imports represented $26,323,093, native imports $5,344,185, and the exports $28,213,887.

The imports of cotton piece goods from the United States increased 29 per cent. over 1908, while those from the United Kingdom increased 45 per cent. It is difficult to arrive at the progress made by Japan, as the customs returns from Dalny, through which port Japanese goods chiefly enter, fail to classify large quantites, simply stating "cotton cloth" and "cotton goods unclassed." The imports of cotton piece goods from the United States, United Kingdom, and Japan are shown in the following comparative statement:

Class	United States		United Kingdom		Japan	
	1908	1909	1908	1909	1908	1909
	Pieces	*Pieces*	*Pieces*	*Pieces*	*Pieces*	*Pieces*
Sheetings	598,228	706,737	19,228	69,953	164,423	261,743
Shirtings:						
Gray.....	101,541	166,042	86,248	135,338	186,299	110,008
White.....	48,023	70,456	104,772	152,622	.....	.....
Cloth	.....	.....	.....	.....	*a*4,024,508	*a*19,126,381

a Yards.

In addition to the above, there were imported 1,839,088 yards of unclassed cotton goods in 1909 from countries whose origin was not stated, against 860,053 yards in 1908. The imports of native cloth in 1909 amounted to 193,890 piculs (picul = 133⅓ pounds), an increase of 61,105 piculs over the previous year.

The imports of coton yarn in 1909 amounted to 20,-764,799 pounds, an increase of 6,037,200 pounds over 1908. Of the yarn received in 1909, British India supplied 13,654,-400 pounds and Japan 5,557,733 pounds. The receipts of cotton (native) in 1909 were 11,246,933 pounds, against 3,187,600 pounds in 1908.

The importation of foreign flour into Manchuria during 1909 showed an enormous decrease compared with 1908. This commodity, in which the American millers have in the past been the most interested, is rapidly giving away in this market to native flour manufactured in other parts of China and to that produced by local mills. During 1909 the imports of foreign flour amounted to 42,097 barrels, against 299,703 barrels in 1908, while the receipts of the native product rose from 54,504 barrels in 1908 to 224,289 barrels in 1909. About one-third of the foreign flour came from Russia. American flour is not now seen in the native markets around Mukden, the demand being supplied by the mills at Tiechling and in North Manchuria, the product of which is sold for $3.61 gold per barrel.

The importaion of American kerosene oil fell from 7,236,256 gallons in 1908 to 5,776,385 gallons in 1909, which was accounted for by the large stocks carried over from the former year. The imports of Russian oil increased from 2,838,156 gallons in 1908 to 2,863,139 gallons in 1909, while that from Sumatra rose from 401,853 gallons to 485,925 gallons.

The increase shown in exports, amounting to $18,984,-696 over 1908, is not wholly due to the increase in production. Considerable quantities of beans and bean cake were held in the interior at the end of 1908, which the high prices prevailing during 1909 brought out, and the close of 1909 found comparatively small stocks in the country. The total production of soya beans during 1909 was estimated at 2,010,000 short tons.

The practical suppresion of poppy culture in Manchuria has diverted large areas to the cultivation of soya beans. The Chinese farmers are also attracted to the growing of these beans in preference to kaoliang, millet, maize, etc., as the former gives them cash returns and greater profits, while the latter are grown chiefly for local consumption. The estimated production of the other chief crops of Manchuria during 1909 is as follows: Kaoliang, 2,400,000 tons; millet, 1,850,000 tons; and wheat, 1,090,000 tons.

The shipments of raw silk, cocoons, and waste silk from Manchuria during 1909 showed an increase of 35 per cent over the previous year, notwithstanding that climatic conditions were not entirely favorable to the growing of cocoons. Owing to the renewed demand in America for pongees, and the increased interest taken in aviation, the producers obtained high prices, and the close of the season found the country well cleared of stocks of cocoons which are usually held for reeling locally. The exports of silks, etc., during 1909, were as follows, the figures denoting pounds: Raw silk, 2,491,200; cocoons, 20,823,600; and waste silk, 1,485,100; while in 1908 the figures for the three articles were 3,158,400, 14,670,500 and 1,587,200 pounds, respectively.

During the last two years the agricultural experimental station at Mukden has been conducting experiments in the production of the Bombyxi-mori species of the silkworm and the growing of mulberry. While gratifying results have been obtained as regards cocoons it has not yet been demonstrated that climatic conditions in Manchuria are suited to the growing of the mulberry for sericulture.

The Fushun colliery, in accordance with the terms of the Chinese-Japanese agreement of 1909, is now in the possession of the South Manchurian Railway Co. Its production during 1909 amounted to 700,000 tons. Of this amount, 110,000 tons were exported through the port of Dalny and 67,000 tons through the port of Newchwang, a little more than half of the total having gone to Chinese ports. The balance of the year's production went to supply the South Manchurian Railway and the markets along the line. Extensive plans are now being carried out to increase the output, and it is expected that by 1912 the annual production will be nearly 2,000,000 tons.

With regard to the advantage obtained through the exchange of manufactures for Manchurian products, Japan stands first. While Japan sells large quantities of cotton piece goods and yarns, matches, soaps, cigarettes, lamps, etc., the principal distributors of her manufactures also purchase immense quantities of Manchurian beans and bean cake, not only for the Japanese market, but also for the European market. Furthermore, the distribution of Japanese goods is laregly in the hands of Japanese, who have evolved energetic and effective methods of trade extension. Representatives of Japan's largest houses, as well as small traders, are established in all the open marts in Manchuria, in the station areas along the South Manchurian Railway, and in a number of the towns not open to international trade and residence. To facilitate trade, Japanese banks are established in the principal towns and Japanese post offices in the railway towns and in the open marts.

During the last two years Manchurian beans have found a large market in Europe, chiefly in Great Britain, where no import duty is imposed, and as a consequence a number of British houses have established agencies in Manchuria for the purchase of beans, some of whom are distributors of British manufactures. It is reported that the Hongkong and Shanghai Banking Corportaion will soon open a a branch at Changchun. Thus we find the British manufacturer in the field in a fair way to succeed. This probably goes far to explain the substantial increase shown in British cotton piece goods.

For the extension of American trade in Manchuria it is highly desirable that a few first-class American houses establish themselves in the principal tade centers of the district. In order to have equal advantage with others, they should be in a position to buy Manchurian products as

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well as sell American goods. So long as a heavy import duty is imposed on soya beans entering the United States, this commodity would probably be precluded from their transactions. Representatives of several American concerns have recently visited Manchuria and made investigations into the possibility of an export trade in soya beans to the United States. Some of them were prepared, in case the conditions would warrant, to open agencies in Manchuria for the purchase of beans, and at the same time undertake the distribution of certain lines of American manufactures. Their investigations lead them to rather discouraging conclusions, as they find it difficult to meet the prices of the British bean crushers, who have not the same handicaps. I am informed that Germany has recently removed the import duty on Manchurian beans. The only other products of Manchuria that might be taken in exchange of American manufactures are wild raw silk, wool, hides, skins and wax.

There remains no good reason why American cotton piece goods supplied to this market should be distributed from Shanghai, as continues to be the practice, instead of from a point in Manchuria.

AUSTRALIAN TRADE AND THE PANAMA CANAL.

[*From Vice-Consul General Henry D. Baker, Sydney.*]

At a recent banquet of the Chamber of Commerce at Sydney, the Governor of New South Wales asked the question, "Does anybody know what effect the opening of the Panama Canal is likely to have on Australian trade and commerce?"

This question has aroused much interest in local business circles, and a Sydney morning newspaper, which has interviewed prominent commercial men in regard thereto, states that the opinion is that Australia is likely to be affected chiefly by greater American and Canadian competition for supplying foodstuffs to Europe. With reference to its investigation of the subject the newspaper says:

At the present time the food products exported from San Francisco, on the west coast of America, have to travel over 13,000 miles of water to reach the European markets. With the completion of the Panama Canal the distance will be shortened to 7,660 miles, as against over 12,000 miles from Australia. The shortening of the sea route through Panama from England to the East also threatens the Australian coal trade, and opens up a further field for competition. New Zealand likewise stands to benefit, as the short cut through Panama will enable her to get food exports quicker than Australia to Europe. In other respects so far as the Australian trade is concerned, the gentlemen this paper have interviewed think that position will be in statu quo.

The Panama Canal will in no way shorten the trip from London to Australia. The distance via Suez is 11,200 miles, and via the Cape of Good Hope, 12,340 miles, By way of the Panama Canal it will be 12,520 miles. The journey from New York to Sydney, however, will be considerable lessened, a 10-knot steamer saving from 8 to 12 days. The American manufacturer and the Australian importer are pointed to as chiefly likely to benefit in this respect.

In regard to Australia's Eastern trade, the collective opinion is that the cut through Panama will not affect it at all. Foodstuffs are what we chiefly send, and already there is strong competition from the west coast of America. Such rivalry as Australia will have to encounter in the future will still come from there, as it is manufactures that are chiefly exported from the eastern side. We are a little nearer to the eastern markets than the United States and Canada, as the following figures show in miles: Sydney to Yokohamo, 4,420; Sydney to Honkong, 4,400; San Francisco to Yokohama, 4,480; San Francisco to Hongkong, 6,440; Vancouver to Yokohama, 4,600; Vancouver to Hongkong, 6,160.

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New York City.

THE thirteenth annual dinner of the Association will be given at Delmonico's, Forty-fourth street and Fifth avenue, New York, on the evening of Tuesday, April 25. The guest of the occasion will be His Excellency Baron Yasuya Uchida, the Ambassador of Japan to the United States. The main purpose of the dinner is to celebrate the conclusion of the new treaty between Japan and the United States, and, incidentally, to supply a platform for an authoritative repudiation of the pernicious rumors which imperil the friendly relations between the two countries. The Association can render no more necessary service to the principles which it was organized to promote, nor to the greater cause of the peace of the world, than in bringing together representative men of both nations in the endeavor to check one of the most dangerous and criminal forms of the international agitation of our time. While the appearance of Japan as a commercial rival which must be reckoned with in the Far East may not be entirely pleasing to all of our members, they must be a unit in repelling the persistent efforts to sow dissension between Japan and the United States for the purpose of creating a situation which would inevitably lead to the dismemberment of China. There can be no more dangerous enemy of the integrity of the Chinese Empire, which the Association was formed to maintain and defend, than the man who takes his cue from the irresponsible journalism and the addlepated jingoism which tries to embitter the relations between the powers on whose concert of action autonomy of China must depend. In point of speakers, the annual dinner promises to be a notable celebration, and there should be no question of the representation on the floor being as impressive and significant as the representation on the platform.

THE text of the Japanese treaty is elsewhere reproduced. The only essential difference between it and the treaty which expired by limitation is the elimination of the last paragraph of article two, which read as follows: "It is, however, understood that the stipulations contained in this and the preceding article do not in any way affect the laws, ordinances and regulations with regard to trade, the immigration of laborers, police and public security which are in force, or which may hereafter be enacted in either of the two countries." It will be observed that the Japanese Ambassador made a formal stipulation in regard to the regulation of immigration which is virtually part of the new agreement. The treaty, whose ratifications are about to be exchanged, is an improvement on the old

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one in its clearer, more compact, and more exact phraseology. In letter and in spirit it is eminently well expressed to stand as the final and authoritative declaration of the relations which subsist, and ought to subsist until latest time, between the United States and Japan.

THE organization of a Peace Society, largely through the instrumentality of the American Asiatic Association of Japan, which wlil be found recorded in this number of the JOURNAL, is at least an evidence of how keenly Americans in Japan resent the imputations cast on the good faith and the suspicions thrown on the policy of the Government at Tokio. That they have the full sympathy and approval of the President of the United States was made plain when Baron Uchida was invited to call at the White House for the purpose of receiving a formal disclaimer of any sympathy on the part of this Government with the talk of Japanese participation in the Mexican troubles for the purpose of obtaining a landing on the Pacific Coast. The President spoke strongly of the sensationalism that had kept these rumors before the public, without a single item of corroboration, and in the face of repeated denials. The President added that such talk was very much regretted by the thinking men of this country, and he expressed the hope that its value would not be overestimated. His request to Baron Uchida to convey directly to the Emperor of Japan the sentiments he had expressed, and to assure him of the continued and substantial friendship of the United States, was duly acknowledged in suitable terms by the Emperor, as we have elsewhere recorded. The significance of this interchange of friendly sentiment will not be overlooked by the rest of the world, however little effect it may have in checking the outbursts of the yellow journalists and the inventions of the venal crowd of international mischief makers. Unfortunately, some of the most persistent alarmists about our relations with Japan, present and future, are to be found among the officers of the Army and Navy of the United States.

THE returns of our trade with Asia for the eight months show a substantial improvement. The total value of exports is $53,456,607, against $40,419,571 in the corresponding period of the last fiscal year. The declared value of imports is $142,571,429, as compared with $129,807,563 in the previous year. The improvement is most notable in the case of Japan, to which our exports were $24,634,829 for the eight months, against $14,024,409 for the same period of last year. Our exports to China show a gain of less than $700,000, and have attained a total of only $10,448,482. On the other hand, our imports from China show a considerable increase, being $23,400,139, against $18,989,689 for the corresponding period of the fiscal year 1910. Our exports to British India have remained about stationary, being a little short of $7,000,000, while the imports are over $43,000,000. It will be observed from the detailed tables elsewhere given that while our exports of mineral oil to China show no great increase in value, there has been a substantial increase in quantity. That is to say, while the number of gallons has increased more than 50 per cent., the increase in value has been less than 10 per cent. Japan retains her lead as a tea exporter to the United States, accounting for more than half of the 86 million pounds imported for the eight months. So, also, out of a total importation of silk amounting to 19,271,887 pounds, the Japanese contribution is 10,146,427 pounds. The decline in the import of Chinese tea continues, but China makes rather a better showing in silk, having a total of 4,014,234 pounds, against 2,869,275 pounds for the corresponding period of 1910.

OUR trade with the Philippine Islands continues to show gratifying evidence of increase. For the eight months ending February, 1909, the value of our exports to the Philippines was $6,874,826; for 1910 it was $10,165,547, and for 1911 $14,481,757. The rate of increase of the imports is less rapid, but their value has risen from $7,070,132 for the first eight months of the fiscal year 1909 to $12,165,085 for the same period of 1911. There can be no question about the stimulus which virtual free trade with the Philippines has given to the exchange of industrial products, but it is not less satisfactory to note that our trade with Australia has received a very considerable impetus without any aid from legislation whatever. We exported to Australia, Tasmania and New Zealand $28,776,505 during the eight months ending February, against $21,635,588 for the corresponding period of last year. Our imports from British Oceania, on the other hand show a decrease, being only $7,464,893 against $11,709,550 of the preceding year.

THE Bureau of Insular Affairs has issued a very interesting monograph on Coconut Growing in the Philippine Islands, which is the work of the Honorable Dean C. Worcester. It is perhaps the most exhaustive study which has ever been made of the cost of production and profits in the making of copra. It is the result of fifteen years of observation in the Philippines, and the writer has reached the conclusion that no branch of agriculture there offers such certainty of steady and assured return from comparatively small investment as does the growing of coconuts. While soil and climatic conditions in many parts of the Philippines are ideal for coconut production, the agricultural methods of the natives have violated every known rule. The Filipino cannot rid himself of the idea that the more seed he sows the greater will be his harvest, and this theory, when applied to coconuts, results in the production of tall, spindling trees, producing half the number of leaves they ought to have, and bearing nuts sparingly, if at all. Mr. Worcester regards a reasonably conservative estimate of the profits from a coconut oil plant with a capacity of 1,000 piculs a day, running at its full capacity 300 days in the year, to be approximately $120,000. It would take the copra from eleven 2,500 acre plantations to keep such a mill running, but the estimate is based on the purchase of copra in the open market. Thus a mill might at any time be established at Manila or some other port of entry, and be operated at a profit prior to the time when the plantations become productive. The advantage of this is obvious when it is remembered that there is a material loss of the oil in copra during its shipment from the Philippine Islands to the United States, or to European ports, this loss being due in large measure to the fact that the mold which grows on copra thus shipped decomposes the oil.

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Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the eight months, ending Feb. 28, 1910 and 1911.

EXPORTS TO CHINA.

Months.	Cotton Cloths.		Mineral Oils (illuminating).		Wheat Flour.	
	Yards.		Gallons.		Barrels.	
1909.						
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
Total	59,524,309	$3,543,463	35,940,860	$3,077,783	20,100	$87,962
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
November	1,018,400	90,740	5,048,550	298,529	3,691	14,533
December	3,294,806	227,245	7,996,752	583,235	5,308	20,650
1911.						
January	5,667,644	390,359	3,915,380	180,847	58,188	210,766
February	3,854,800	222,309	4,423,824	210,643	124,428	456,053
Total	39,494,426	$2,541,585	56,003,736	$3,292,489	196,681	$723,439

EXPORTS TO HONGKONG.

1909						
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	.....	.....	73,799	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
Total	1,009,815	$95,361	9,388,865	$758,375	595,150	$2,483,056
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
November	5,391	819	1,585,000	114,460	61,840	236,943
December	18,821	2,616	191,230	13,099	203,005	798,776
1911						
January	42,917	7,104	1,742,440	142,425	108,727	452,872
February	32,540	2,563	1,714,910	124,331	117,230	453,343
Total	195,598	$29,132	6,983,376	$525,477	759,227	$2,989,965

DEPARTMENT OF COMMERCE AND LABOR,

WASHINGTON, D. C., Mar. 31, 1911.

Bureau of Statistics.

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Imports of Tea and Silk into the United States for the eight months, ending February 28, 1909, 1910 and 1911.

TEA.

Imported from	1909. Pounds.	1909. Dollars.	1910. Pounds.	1910. Dollars.	1911. Pounds.	1911. Dollars.
United Kingdom	8,374,808	1,801,838	5,028,855	1,165,675	7,172,006	1,824,924
Canada	1,874,197	469,530	1,436,721	341,891	1,953,991	475,230
Chinese Empire	27,765,421	3,096,759	26,478,836	3,061,599	22,604,257	2,695,393
East Indies	5,341,657	803,177	5,425,397	853,181	6,360,071	1,041,440
Japan	41,691,920	6,917,443	34,840,035	5,679,411	46,972,479	8,058,364
Other countries	649,280	116,652	405,736	89,431	832,139	141,565
Total	85,697,283	13,205,399	73,615,580	11,191,188	85,894,943	14,236,916

SILK.

RAW, OR AS REELED FROM THE COCOON. Imported from	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France	446,751	1,405,347	471,520	1,258,189	205,006	745,652
Italy	3,171,701	11,938,719	2,405,672	9,234,538	1,958,149	7,394,846
Chinese Empire	3,343,350	8,914,563	2,869,275	6,803,285	4,014,234	10,095,680
Japan	8,965,524	31,712,501	8,445,214	28,771,380	10,146,427	34,289,940
Other countries	84,650	332,814	144,610	545,145	127,722	474,771
Waste.....lbs...free..	1,158,836	698,428	2,086,737	1,177,710	2,820,349	1,533,691
Total unmanufactured	17,170,812	55,002,372	16,423,028	47,790,247	19,271,887	54,534,580

THE AMERICAN PEACE SOCIETY OF JAPAN.

A large and influential meeting of American citizens resident in Japan was held at the offices of the Yokohama Foreign Board of Trade on January 30 for the purpose of forming a society with the object of combating, as far as possible, the rumors prevalent from time to time of ill feeling between the United States and Japan, of promoting friendly relations between the two powers and thus furthering the cause of international peace. This general meeting of American citizens was called, after several months of careful investigation and correspondence, by a promoting committee of twenty Americans residing in the important centres of Japan, and representing the professional, missionary and business groups. The meeting was thoroughly representative, including, in adddition to His Excellency Thomas O'Brien, America's Ambassador to Tokyo, representatives of the diplomatic and consular bodies, representatives of the church, of missionary and educational institutions, and the leaders of American business houses, as well as many ladies.

The meeting was called to order by Mr. D. H. Blake, one of the leading business men of Yokohama. The chairman explained that in the absence from Japan of Mr. E. W. Frazar, chairman of the promoting committee, he had been requested to call the meeting to order, and asked that some one be appointed to preside that evening.

On motion of the Rev. Dr. Greene, seconded by Professor Clay McCauley, Mr. Blake was unanimously requested to preside, and Mr. Gilbert Bowles was asked to act as secretary of the meeting.

The chairman, addressing the meeting, said: Your Excellency, Ladies and Gentlemen—The purpose for which this meeting is called requires no special inrtoduction. The promoting committee, which has been at work for several months, has endeavored to communicate with every American citizen resident in Japan and Korea, and the number and character of responses have been so encouraging that they have felt warranted in convening this meeting.

Peace societies have existed in the United States for many years, and they number among their members some of the most prominent men and women in the country. Statesmen, lawyers, clergymen and educators have recognized that peace was a most essential element in the development and prosperity of the nation, and it was a patriotic duty of every citizen to work for this end. Our President, notwithstanding that he at one time held the apparently anomalous position of Secretary of War, and even now is urging the fortification of the Panama Canal, is still one of the strongest advocates for peace of which the world can boast. Ever since he assumed the reins of government he has recommended, indorsed and approved every movement that has for its object the settlement of international disputes through courts of arbitration. Only recently the Newfoundland fishery question, which for several decades has been a subject of dispute between Great Britain and the United States, has been settled by arbitration to the satisfaction of both, and without loss of national honor to either country. The settlement of this particular case will undoubtedly have a most important bearing on arbi-

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tration in the future, since, if these two great nations could settle such an important and long standing dispute in a friendly manner, it is difficult to conceive of any question arising between any two countries which cannot be similarly treated, if the parties interested honestly desire a peaceful solution.

Our President is now endeavoring to negotiate a treaty with Great Britain, having for its object the settlement of all disputes by arbitration, even those involving national honor, and if he succeeds, as we all hope will be the case, his name will be a household word in America for generations yet to come. (Applause.) Fortunately the President is strongly supported by public opinion on this important subject, since there are thousands upon thousands of prominent men in America who have had personal experience of the horrors of war, and who now appreciate the blessings of peace. Among such men is his Excellency Mr. O'Brien, our Ambassador to Japan (applause), who honors us with his presence this afternoon. Since his appointment to his present high post his public utterances on this subject, whether in the United States or in Japan, have been directed toward the removal of difficulties and the clearing up of misunderstandings, and his position has been so frank and so unequivocal as to have earned for him the respect of the Japanese and the admiration of his own countrymen.

As regards the position of Americans in Japan on the subject of peace, it has been difficult up to this time to form an opinion; while our numbers are not great, our places of residence are scattered and our avocations so varied that it has been impossible to obtain any general consensus of opinion. As far as the missionary bodies are concerned, it would be natural to presume that they are peacefully inclined, but as to the business element, a different opinion seems to have existed. If newspaper reports are to be credited, the opinion has been held by one high in authority that we entertain feelings of animosity toward Japan, and that we have stirred up strife between his country and our own. If this belief does exist, it is certainly most incorrect, and a meeting such as this offers an appropriate opportunity for denying it, which I do with the greatest possible emphasis (applause), and I am sure my remarks will carry the indorsement of all other business men who are present this afternoon. (Loud applause.)

I would say in conclusion, that it is the hope of the committee that a strong organization may be formed, which, acting independently, or in co-operation with the Japanese Society, may lend its influence toward a better understanding between Japan and America, and the preservation of peace, which is so manifestly in the interests of both countries. (Loud applause.)

The chairman, again rising, said the next business before the meeting was the adoption of the constitution of the proposed society, which reads as follows:

Art. I. Name and Location.—The name of this society shall be The Peace Society of Americans Resident in Japan, and the central office shall be located in Tokyo.

Art. II. Object.—The object of this society shall be the promotion of international peace and good will.

Art. III. Membership.—Sec. 1—Any American citizen resident in Japan, including all outlying possessions, may become a member of this society by making written request and paying the membership fee.

Sec. 2. Any American who has resided in Japan may become a corresponding member upon expressing a willingness to co-operate with the society.

Art. IV. Scope of Work.—This society may engage in the following lines of work:

a. Circulating literature, utilizing the press and opening public lecture meetings for the purpose of giving facts and creating sentiment supporting the worldwide peace movement.

b. Carrying on correspondence and exchanging reports with peace societies in America and other lands, and with the International Peace Bureau at Berne, Switzerland.

c. Co-operating with the Japan Peace Society, the Oriental Peace Society and kindred organizations in influencing public opinion and carrying on educational peace work.

d. Investigating and reporting upon special questions.

Art. V. Officers.—The officers of this society shall be a president, four or more vice presidents, a treasurer and secretary, who shall be elected annually.

The president, treasurer and secretary, together with three persons chosen by these officers, shall constitute an executive committee.

Art. VI. Finances.—This society shall be supported by membership fees, which shall be one yen per year per regular member, 25 yen for life membership and by special contributions.

Art. VII. Meetings.—A general meeting shall be held once a year at such time and place as may be arranged by the executive committee. Special meetings may be arranged for by the executive committee.

Art. VIII. Amendments.—This constitution may be amended by a two-thirds vote at any annual meeting.

Copies of this proposed constitution (continued the chairman) had already been sent to every American citizen in Japan and Korea, as far as the committee were able to trace them. The only alteration the promoting committee suggested was that the name of the society be changed from "The Peace Society of Americans Resident in Japan" to "The American Peace Society of Japan." The title was a little shorter and a little more euphonious.

The Rev. G. F. Draper moved, and Professor Terry seconded, that the constitution as submitted, with the change in the name of the society, be adopted.

The Rev. T. Roseberry Good suggested, with reference to the second paragraph of Article V that the executive committee be composed of five persons in addition to the president, secretary and treasurer, instead of three as proposed. The executive committe would have control of the work and would practically voice the opinions of American citizens in Japan, and for this reason it should be as thoroughly representative as possible.

Mr. Good's suggestion having been accepted by the mover and seconder, the constitution as amended was put to the meeting and unanimously adopted.

The next business was the election of officers, and for the purpose of expediting matters a committee was appointed to bring forward nominations. This committee comprised the following: Messrs. J. R. Kennedy (chair-

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man), B. C. Howard, H. E. Cole, Dr. Greene and Mr. S. Isaacs. On the return of the committee, after a very brief absence, the following officers were suggested for the ensuing year: President, Mr. D. H. Blake; vice presidents, Mr. E. W. Frazar, Professor H. T. Terry, Mr. B. C. Howard, Rev. T. Roseberry Good and Dr. D. C. Greene; honorary secretary, Mr. Gilbert Bowles; honorary treasurer, Mr. J. R. Geary. (Applause.)

In proposing these officers Mr. Kennedy, at the request of the promoting committee, explained to the meeting the views of the committee on the work they had undertaken. He said: "We have to-day enlisted ourselves in an army pledged to the cause of the promotion of peace, of international conciliation and the prevention of useless war. We cannot hope that tomorrow the voice of the mischief-maker and the arduous labor of the propagandist will be silenced or will cease, but we may hope that the voice of Americans resident in Japan will tomorrow make itself heard in the homes, and felt in the hearts of their fellow countrymen across the Pacific. (Applause.) We may believe that this reinforcement will be welcomed by the already mustered forces throughout the civilized world.

"Within the last few years this great movement has grown until its effectiveness has been marked. Within this time I believe war itself, with all its hideous injustices and its necessary inhumanities, has, in fact, been averted because of the indirect influence of the forces opposed to unnecessary war. True, powerful and more powerful armies and navies have played, as they always must play, their part in the prevention of war, but we must not underrate this other great and human influence.

America has taken, and is taking, the foremost place in this movement. The cynic and the thoughtless may sneer at or babble at the "peace movement," but, Sir, this committee of yours asks the membership of this organization to mark well recent development. Within a few weeks, almost just as the old year was going out and a new and better year waited on the threshold, an American, practical and business-like, an American who has risen from poverty almost to untold wealth, has financed this war for peace to the amount of ten million of gold dollars. (Applause.) It is possibly the greatest gift and the greatest endowment that Andrew Carnegie has ever made. Not only that, Sir, but we find upon the roll of trustees, who have accepted the responsibility for the proper expenditure of this huge sum, the names of William H. Taft, the President of the United States of America (applause); Elihu Root, ex-Secretary of State, practical man and one of the greatest statesmen America has ever known (renewed applause). We find others of that class. Are we ashamed to enroll our names alongside of these, or shall we apologize for so doing to these who laugh at scars but never felt a wound? (Laughter.)

A great banker of New York, Frank A. Vanderlip, a great thinker, too, said the other day: "There is no excuse for war and the immense expenditure it entails, for ironclads and armies; but how to obviate it I do not know; the problem is, I think, the most important Mr. Carnegie has ever undertaken to solve. The only thing I can suggest is that we keep hammering away on the public opinion of the world. Set the best writers and thinkers at work upon it. Money will always buy brains, and public opinion is the greatest force."

The great French economist, Edmund Thery, figures that the maintenance of Europe's armed peace footing in the last twenty-five years has cost twenty-nine billions of dollars gold. Mark you, that is the peace footing of Europe. The public debt of European nations in the last twenty-five years has increased by twenty-four billions of dollars gold. And the people of those countries are paying the toll. Not only this, but the maintenance of this peace footing has withdrawn and excluded from productive labor nearly four millions of men. Why go further? The duty of men and women today is plain. Peace we must have. Not peace at the price of honor, not peace by reason of duty shirked, but peace consequent upon the highest reason and the broadest thought. It is a common duty to assist in the emancipation of all nations from the slavery that the menace of war imposes, and from the everhanging pall of such a catastrophe as befell upon the plains of Manchuria but a few years ago. That, I believe, ladies and gentlemen, is the view of the committee on which I have the honor to serve; and I can only hope that under the officers whose names we have placed before you, and with such a membership as has enrolled itself tonight, the work we may do in the cause of this peace movement may be favored and strengthened. (Applause.)

There being no other nominations, the officers as proposed were declared duly elected, amidst appaluse.

The chairman, on behalf of his colleagues, returned thanks for the honor shown them by the meeting, and assured those present that the officers of the society would do their best to promote the movement which had been so happily started that afternoon.

The chairman mentioned that a large number of Americans resident in Japan and Korea had already been enrolled as members of the society, and suggested that those present who had not become members should join that afternoon.

In reply to a question, the chairman stated that ladies were eligible for membership.

A large number of ladies and gentlemen were forthwith enrolled as members.

H. E. Thos. J. O'Brien, U. S. Ambassador, who was invited by the chairman to address the gathering, was greeted with loud applause. In opening, the Ambassador said a good deal of what he had to say would savor somewhat of repetition of what the chairman had already said, but as that speech contained so much that was good, he thought the audience would be willing to bear with a little repetition. Proceeding, Mr. O'Brien said: "It seemed to me, when I first learned of the intention of American citizens in Japan to organize such a society as this, that a most excellent work had been undertaken. There is no other source so good, no other source so effective, as witnesses on the scene; and what you, as citizens of the United States resident in Japan for many years have observed and learned should be accepted at its face value in the United States, regardless of what might be said by other people who obtain their views on the continent of Europe. It is quite possible there are many causes prompted by people

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who are selfish and greedy, causes of which we know little, which go to make up a false public opinion as regards the relations between Japan and the United States. It is easy to startle people by extraordinary statements; it is certainly easy to startle them in the United States. We are a sentimental people, easily excited, with emotions very close to the surface; and between public opinion of a few years ago and the public opinion of today there is a considerable, but I hope not serious, difference. It is a little difficult to understand from what source this agitation proceeds. But it must run its course, as most things do, and out of it will come the truth and the result we all hope for. It is in connection with disseminating these truths that your organization can be useful, because, after all, while the people of the United States are anxious for news, anxious for something startling, at bottom they love the truth, and in the end they will come right side up in respect to this. Let me assure you, Mr. President, ladies and gentlemen—and I ought to know something about it—that there is no cause under the sun why there should be distrust between the people of these two countries. (Applause.) There are no questions of importance pending, and no business being conducted diplomatically which should excite the suspicions or make the slightest trouble as between the two peoples. In the absence of something more startling, and judging, perhaps, civilization by recent past history, it was easy to make our people think that Japan was a blood-thirsty nation, that it wanted territory, and wanted war with the United States. I think this idea is being gradually worn out, and that with the advent of peaceful sentiments, and with those sentiments being stimulated, as pointed out by Mr. Kennedy, confidence will be restored and the idea of suspecting our neighbors will be a thing of the past. There is no ground for fear that this cause will not win. Since the end of the Napoleonic wars in 1815 nearly 250 international controversies have been submitted to arbitration—(applause)—and there have been forty during the past ten years. We are at the close of the first decade of a new century, and we would be doing badly indeed if, with our boasted civilization, the century should proceed very much further without having accomplished this great purpose. In the beginning of things you know the strongest man was the winner; but by degrees civilization cured that. To-day the civil courts, and the officers of the courts, are able to give to those who have controversies with their neighbors such remedies and such satisfaction as they are entitled to receive. The nations can do the same, and nations will do the same in the near future. As has been pointed out, one of the most difficult and long-standing of controversies between Great Britain and the United States has during the past year been settled successfully. This dispute in the past has involved much feeling, much recrimination, and declaration as to the respective rights of the parties concerned, but happily the question was submitted to men of brains and of thought—men who had no direct interest in the controversy, and the decision seems to have been satisfactory. Both sides to arbitration will not be pleased with the decision reached;—one side is very likely to be disappointed;—but in the case of nations, as in the case of individuals, one of the controversialists will have to submit, and public opinion of all the world, having no immediate interest in the particular controversy, will see they do submit. (Loud applause.) The step from the local to the national, and from the national to the international, is a very short and a very easy one. It is a significant anomaly in the history of nations that they are willing, with the best of their youths, and the flower of their country, to get to battle, suffering death and loss of money, and to think that they have accomplished glorious things. The chances might be about even that the dispute will in the end be settled wrong. It has been so in the past, and I doubt whether the world with all its wars has advanced one iota in its march towards civilization. It is strange with what alacrity, with what activity, and at what expense we try to stop the rage of pestilence and diseases in our midst, and yet, except in an indirect way, as it affects individuals, the hundreds of thousands lost in battle are hardly thought of; the combatants die in a glorious cause. Ladies and gentlemen, I deny that a cause which takes human life in that way is a glorious one. ("Hear, hear.") The controversies submitted to arbitration will at least have brought to their elucidation the intellects of trained lawyers and men of prominence drawn from all the nations who constitute the Court and who have no earthly interest in the outcome. It will be a sad thing indeed if this generation shall fail to take advantage of the sentiments now fast accruing and shall fail to accomplish this work of peace. (Loud applause.)

The Rev. T. Roseberry Good, who was next invited by the chairman to address the meeting, was greeted with loud applause. He said: Mr. Chairman, Mr. Ambassador, Ladies and Gentlemen—It seems to me that this meeting might congratulate itself if for no other reason that because it has been instrumental in calling forth such a straightforward and emphatic speech as that just delivered by our Ambassador. (Applause.) We are accustomed to think that those who are engaged in the Diplomatic Service hardly dare to speak definitely on subjects of great public importance; but in the speech just delivered by our national representative we have listened to statements as strong, as definite, and as hopeful as any that we could hear from any other source. (Applause.) In a book published this winter by Mr. Choate, giving a series of addresses delivered in England, the author says in the preface that when he received his credentials to the Court of St. James the only instruction he received from President McKinley was to do all that he could to advance the interests of both countries by cultivating the most friendly relations between them. It seems to me, my friends, that that is not only a splendid principle for the Diplomatic Service, but it also suggests a working principle that ought to be in the mind of every American citizen living in a foreign country. We pride ourselves on our citizenship, but let us not forget that the privileges of citizenship also carry responsibility; and if that is true in the homeland, it is infinitely more true when, in a strange land, whether we will or not, we are everyone of us acting as representative citizens. At the present time we are witnessing encouraging signs in the advancement of the cause of peace. Ref-

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erence has already been made to that splendid benefaction of Mr. Andrew Carnegie. The members of the committee appointed to take charge of the fund have indicated that they have very clear and definite ideas as to how to crystallize public opinion and how to make the sentiments a working force for promoting the objects they have in view. They have already suggested that they will endeavor to secure the codification of international law, which, in itself, would be a great thing toward advancing the peace of the world. At the present time there is no international law. There are international precedents which any country may disregard at its caprice or whenever it seems to its advantage so to do. But the codification of international law will go far toward establishing international justice. The committee are also going to work upon the project of instituting a Court of Arbitration at The Hague from which there will be no appeal—a Court of Arbitration which will be recognized as sovereign in international affairs just as literally as the Supreme Court of the United States is recognised in our civil affairs. The committee are going further than this. They are going to endeavor to promote a scientific study of the circumstances from which wars originate, and especially to study those uneasy places in international relations that furnish a continual possibility and a continual danger of war. These things are all hopeful, and promise for the future even greater things in the cause of peace than have been heard of for decades past. It needs little argument today to show to the man who really thinks that war has utterly failed in its purpose. We have been told by a previous speaker of the immense cost of the wars fought even during the past few years. We have heard of the millions of men withdrawn from productive industry in order that they might be fed by the sweat of other men's brows; we have heard something of the financial burdens that are piled upon nations, until some of them are almost on the verge of bankruptcy—taxation spread over years and mortgaging the industrial capacities of the people; we have heard of all these things, and yet, after all, the wars that have taken place have demonstrated but one thing, as our Ambassador has pointed out, namely, which side possessed the strongest army, and have failed to establish any principle of justice or of righteousness among men. (Loud applause.) We are living in an age of rapidly changing conditions. Our modern means of intercommunication make us all near neighbors. What happens in Tokyo today is known in all the capitals of Europe possibly before midnight; what takes place in one country soon becomes the common property of people in the next country; and today, more than ever before, countries are not ruled by kings upon their thrones, they are not ruled by congresses and parliaments; in the last analysis, in the greater part of the civilized world they are ruled by Public Opinion. (Loud applause.) After all, our worthy President and the rulers and governments of the world are simply endeavoring to understand in what direction Public Opinion is moving, and then to crystallize that opinion and to make it effective in the form of laws. To-day we are called upon to do our part in the most important function of helping to create the right kind of Public Opinion. It will be the business of this Peace Society to carry on an educational work—to educate the public mind in the ideas of a peaceful solution of national questions, and to give expression to the peaceful aspirations of the majority of our citizens. It seems to me that in this country especially, with the many possibilities of misunderstanding that may occur, our function is a tremendously important one, and ought to impose upon everyone of us, individually as well as collectively, a deep sense of responsibility for our words, for our actions, and for our living in promoting the interests of our nation and upholding the honor of our flag. (Applause.) The United States has already entered into the great struggle of international commerce. With the opening of the Panama Canal that commerce will undoubtedly show greater expansion, and with that expansion the causes of possible misunderstanding will inevitably be increased. It is therefore increasingly important that we in this country should be the interpreters to our Japanese friends to the kindly and friendly sentiments entertained by the majority of our people at home, and that we should also be the medium of interpreting to our fellow citizens in the United States a true knowledge of affairs as they actually exist in this country, in order that inflammatory and mischievous statements that are circulated for private and political advantage, perhaps, may be shorn of their dangerous power, and that the cause of peace, of righteousness and of justice may be advanced. My friends, I congratulate this meeting and the American citizens resident in Japan upon the interest that has been shown in this great question. I believe this meeting gives promise of more useful work than any other that has been organized by us as American citizens within the last few years. (Loud applause.)

Mr. H. E. Cole rose to submit to the meeting two important resolutions. He said: Mr. Chairman, Mr Ambassador, Ladies and Gentlemen—A large number of Americans residing in Japan desire to unite in the great movement devoted to the advancement of peace and good understanding among the nations, now active through the civilized world, and, to give effect to this desire, have assembled on this occasion in the interest of their common purpose. It has come to our knowledge that in sections of the United States rumors have been circulated to the effect that public sentiment in Japan is hostile to the United States and that the Japanese Government entertains sinister purposes of a dangerous character. Many of the persons here assembled have resided in Japan for years, and, having extended acquaintance with people of different classes, are highly qualified to speak of their minds and purposes. Since the rumors in question are based upon misinformation, or, even worse, the hope of selfish advantage, in order to contribute, so for as our influence will extend, to the tranquillity so necessary among neighboring nations, we desire to unite in the following:

"Resolved, That, in our opinion, the people of Japan have at all times entertained the most friendly and cordial sentiments toward the Government and people of the United States, and that there never has been, and is not now, any feeling other than one of confidence and gratitude. We believe, upon evidence which cannot be doubted, there is not to be found in the Japanese Empire any wish or thought other than to maintain the most friendly and cordial relations with the Republic of the United States, and that any representations to the contrary, wherever emanating and from whatever cause proceeding, are baseless calumnies, which, if uncontradicted, can only result in vast material losses to the people of both governments and in creating an unhappy prejudice between them.

"Resolved, That, through the secretary of this society and through the endeavors of its individual members, the greatest possible publicity be given to the foregoing sentiments." (Applause.)

Mr. B. C. Howard seconded the motion, which was put to the meeting and carried unanimously.

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SOUTH CHINA TRANSPORTATION.

(From Consul General George E. Anderson, Hongkong.)

While the railway situation in Yunnan and Kwangsi provinces and some other southern portions of China is waiting political and financial events, some notable efforts toward improvement in transportation are being made in several sections, notably along the West River and in the Shan States near the Burma frontier.

These efforts are somewhat in the direction of supplementing the service of established railways or railways about to be established and in some cases, as in the Shan States, are largely pioneer work anticipating railway construction along pack-train routes or other means of transportation. They are not only important as to the future but also have immediate trade possibilities.

The most notable efforts in this line have been the several new motor boat services along West River in Kwangsi and where more are likely to be established. For some time others have been running from Wuchow to Nanning and from Nanning to Pai-seh. A tentative service of the same sort is about to be operated from Nanning to the frontier open port of Lungchow. In his late report K. H. von Lindholm, Commissioner of Imperial Maritime Customs at Lungchow, thus reviews the history:

"The efforts of Commissioner Morse, as far back as 1896, when plans and estimates of light draft steamers for a projected line between Lungchow and Nanning were obtained and considered, did not meet with the success deserved, and if the endeavors made during the last year to interest the merchants of the native community here in the project of a motor boat line between those ports appear likely to be more successful, then it is mainly due to the precedent already existing of motor boats running between Nanning-Wuchow and Nanning-Poseh, which cannot have failed to have impressed itself on the minds of the community here. These efforts to rouse interest of some practical usefulness would yet have been as futile as those of yore had it not been for the initiative and energy shown in this cause by some of the younger native merchants here.

"It is to be hoped that when the motor boats have proved a success some enterprising native business people here may turn their attention to and seriously consider the question of motor carriage communication between Lungchow (or Yashuitan) and Namkwan, i. e., the railhead of the Tonkin system on the frontier. The distance is less than 45 miles, and though the already existing, fairly good road no doubt would have to be improved and kept in repair, this could probably be done at a reasonable cost. While heavy, bulky cargo should come by boat via Nasham, as advocated in the report for 1908, this projected motor carriage line should handle light freight, parcels, and particularly passengers and their luggage.

"If a motor boat traffic between Lungchow-Nanning and the railways of Tonkin were linked together with a line of suitable type motor carriages, as suggested, then a greatly increased passenger traffic for and from Yunnan would likely result. The benefit which the Tonkin railways would reap directly is clear and obvious, but the gain, though less patent and more indirect, to this part of Kwangsi would be much greater.

"Without better means of communication this section of Kwangsi will remain in seclusion and stagnation. With improved means of communication and transport, even on such comparatively modest and cheap lines as mentioned, one may confidently look for progress. Much which is now waste land would be taken under cultivation. Stretches covered with rank grass would give way to plantations of rubber and camphor trees. Such a combined motor carriage and boat traffic, while serving the need of the present, would probably pave the way and make possible a railway in the more prosperous future."

The motor boats on these rivers are of Chinese make, the cost of constructing them in Hongkong being much less than in the United States or Europe. Most of the boats have been built in Hongkong by a Chinese shipbuilding firm under plans drawn by English shipbuilders. There are seven of them in service—six between Wuchow and Nanning and one between Nanning and Pai-seh. Other new boats are about to go into service between Nanning and Lungchow.

Those now in service are 75 feet long with 14 foot beam, built wholly of native pine for cheapness and lightness. They draw fully laden only 18 inches of water, and can be handled in water 2 feet deep. They are fitted with 75 horse power Garner engines using kerosene for fuel. Two were built in Wuchow and fitted with engines in Hongkong. The others were constructed in Hongkong at a cost of a little over $15,000 local currency ($6,300 gold) each, of which about $9,000 local currency ($3,780 gold) was for the engines and fittings. They will carry general cargo up to 250 piculs (about 15 tons) and 150 passengers. During the wet season when there is plenty of water in the rivers these launches have competition in junk traffic and steam launches towing junks or barges. In the dry season, covering about five months of the year, the motor boats or launches have the trade practically to themselves, but most of the time in dry season they do not go beyond Ping-Ma.

There are similar projects in other portions of south China. For example, several wealthy Chinese merchants in Chia-Ying-Chow, up-river from Swatow and Chow-chow-fu, have applied for permission to dredge the Han River in several places so that they can establish a line of motor launches between Chia-Ying-Chow and Swatow similar to the line now operating on the West River. The river is said to be navigable for the boats at present as far as Mei-chi.

This motor boat traffic is important in international trade lines because of the facility it affords for introducing foreign merchandise which otherwise would be shut out because of excessive cost of freight. American flour, for example, has been given a much wider market in that portion of China by reason of such service, than it otherwise would have had. Perhaps the most important thing it has accomplished, however, has been to give practical expres-

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sion to the desire of the Chinese business men in that portion of China to secure improved means of transportation. The Chinese managers have been successful in their work in this enterprise, and it has given them a confidence in themselves which augurs well for greater accomplishments.

The growth of sentiment favorable to railways and improved transportation in all this portion of China cannot be emphasized too strongly. It is the dominant feature of business outlook and undoubtedly it will have tangible and immediate results. The success of small railways like the Sunning Railway in Kwangtung, the Swatow-Chowchow-fu Railway, the Amoy-Changchow-fu Railway, and of the West River and other launch and motor boat lines is stimulating other enterprises in these lines and even in automobile car and truck lines. For some time and until most Chinese roads are altogether revolutionized there is little chance for the success of motor vehicles. The use of motor carriages and trucks between the head of the French railway and the river service at Yung-chow, as mentioned by the customs commissioner quoted, is still more difficult. Chinese roads when new are of small value for automobiles, the vast mass of roads in the country at large being mere footpaths or narrow tracks for pack mules. In some portions of the country, particularly in the north, but also in some districts of the south, including some portions of Kwangsi and Yunnan, two wheeled carts are used for transporting goods, and roads for them have been constructed and these roads may possibly be adapted to motor carriage and truck traffic, although in winter under present conditions they become mere bog holes.

Railway projects of considerable magnitude under the best of Chinese auspices are being multiplied. For some time efforts have been put forth for constructing a railway between Swatow and Canton, and eventually from Swatow to Amoy and on to Foochow in line with general railway plans which have been entertained for some time. For the Swatow-Canton project a company is being formed with a capital of $20,000,000 local currency ($8,400,000 gold), divided into 2,000,000 shares of $10 each, to construct the line from Shen Chun, on the Kowloon-Canton line, running over 200 miles, via Tan-Shui, Hailfeng, Lufung, Hui-lai, P'u-ning, and Kityang to Chowchow-fu and thence connecting with Swatow. The promoters are said to be men of capital in Kai-Ying-Chow and Chowchow-fu, and a large proportion of the required capital is already subscribed.

It is also proposed to construct a light 10 mile railway to connect Swatow with Ch'eng-hai; estimated cost, $150,000 gold.

Whether these particular enterprises are successful or not, however, sight of the movement for transportation improvement must not be lost. Throughout nearly all south China there is an awakening to the need of improved transportation facilities, and the advent of a railway in almost every case is stimulating the construction of improved roads to supplement the rail service. New towns, founded to meet the demands of railway and transfer service, are springing up in a manner like the early days of the western United States. For example, the Imperial Maritime Customs Commissioner at Mengtze, a port which was until the beginning of 1910 the head of the French railway from Indo-China into Yunnan, speaking of the arrival of the French railway line in his district and its effects, says:

"Considerably less than a year ago the ground now occupied by the village known as Pishishchai was open country, absolutely bare of human habitation. From the time the line reached Pishishchai a new village sprang up with mushroom-like rapidity. A good road is being built connecting Pishishchai with Mengtze, entirely by Chinese enterprise. It will, however, take considerable time to settle, and will, during the rainy season, suffer greatly from the solid wooden and by no means circular wheels of the bullock carts."

The transportation stimulus has reached the Shan States over in that almost unknown country between China and Burma. The customs commissioner at Szemao notes that a courier service has been established during the dry season between Szemao and Kengtung in the British Shan States, the courier making the distance in twelve days. The Tengyueh commissioner complains that the great need of his district is improved means of communication, and reports of efforts being made to improve the mule track between Bahmo and Tengyueh into a roadway, and of the proposed construction of a narrow gauge railway between the two places. These two places and this particular route will be important in future railway development when the French railways from the southeast and the British railways from Burma are connected with the Chinese railway system.

Aside from the large trade in standard goods like cotton yarn and kerosene there is a growing demand for foreign goods in that portion of China, which is waking up and will soon be abreast of the most advanced portions of the empire. Concerning the demand for foreign goods and neglect of the trade field by foreigners the customs commissioner, Fred W. Carey, says:

"This is the more to be regretted as the Chinese here are beginning to manifest a liking for all kinds of foreign wares, such as fancy cotton and woolen goods, lamps, glass and glassware, pony saddles and bridles, talking machines with Chinese tunes, leather goods, cutlery, watches and clocks, and cheap wines and liqueurs. Many of these articles are at present obtained from Tonkin through Yunnan-fu, whereas they could certainly be landed here from Rangoon at less cost. The Chinese, too, have almost as great fondness for drugs as the British and Americans, and it is strange that no attempt to exploit this wide field has as yet been made. To mention these examples: The Chinese pharmacopœia does not possess, curiously enough, anything so simple and effective in their way as sulphate of magnesia (Epsom salts) and boracic eye lotion; and it does not require a long acquaintance with the people of this country to recognize that these remedies would supply a pressing need. The former should be put up in, say, 1 ounce packets and the latter in common 8 ounce bottles, wrapped in a little lint, and both should be accompanied by directions in Chinese. A fortune also awaits the individual who, duly bearing in mind the different taste of East and West in regard to colors, shall design a pleasing

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substitute for the tiny embroidered shoes now being generally discarded by Chinese ladies."

The observations as to trade opportunities in these districts of China now being opened to foreign trade by the introduction of improved means of transportation, even though the latter be crude and primitive as yet, apply with equal force to the interior of all China. There is immediate trade in large volume available if means of getting goods to the consumers at a reasonable cost are provided.

(From Consul Charles L. L. Williams, Swatow.)

Swatow is situated at the mouth of a large bay, into which empty some three or four small rivers and numerous canals and small streams. It is, therefore, the natural market for the produce of the hinterland, and is an important centre for the coolie passenger to and from Siam, Java, the Straits Settlements, and other southern ports.

The shallowness of the small streams and canals precludes the possibility of the carriage of freight on any large scale by steam launches or motor boats. The native light-draft junks are best suited to this business, and as time is to the Chinese merchant but a small factor in the movement of his wares, it is unlikely that any competition with the junks could be successful.

For some years, however, the local Chinese merchants have realized the possibility of a steam passenger service, and there are now some fourteen steam launches, varying from 15 to 128 net tons register, plying between Swatow and the cities of Kityang, Chao-yang, Tathoupou, Whangkung and Shan-beu.

While the outlook for any market of importance for small pleasure craft among the Chinese at this port is not to be considered, there are great possibilities for the use of larger motor craft in the inland passenger traffic in this region and for a considerable extension and development of existing launch lines. The normal draft of the launches now in use seems to be from 6 to 7 feet. This naturally limits their operations.

Motors for use in this section should burn oil fuel, not gasoline. The latter is expensive and difficult to secure, whereas, thanks to the extensive systems of sales depots organized by the Standard Oil Company, kerosene oil can be procured practically everywhere, either in tins or in bulk. Coal costs about $3.50 gold per ton, and kerosene $1.30 per 10 gallons. Fuel costs the 15 to 20 ton steam launches 11 cents per mile on their inland runs. These launches carry crews of about eight men.

A speed of 7 or 8 knots should be sufficient for all practical purposes. I doubt if many of the steam launches in commission at present are capable of anything beyond that. There is but little river current to be overcome, but at times the tide in the bay runs very strongly.

Because of the financial difficulties under which some of the Chinese, who are interested in running launches, at present labor, it is hardly an auspicious time to attempt any trade campaign, this report being written in response to many inquiries for informatian from motor boat manufacturers rather than with a view to immediate business. It would be well, however, to show the owners of the steam launches now in use the superiority of motor boats, so that they might ask for the latter when next ordering. [The names of the firms to address, and a list of the steam launches now in use, with full particulars of their capacity, draft, size, power and passenger capacity, are on file in the Bureau of Manufactures.]

(From Consul James Oliver Laing, Malta.)

An American merchant dealing in silk, who has just returned from Hongkong, states that the introduction of motor boats in China is progressing. He believes that more American boats would be sold if they were made simpler, as most of the men hired to run the boats are natives, who do not understand complicated machinery. He also suggests a four cycle engine instead of the two cycle type. The four cycle type, although slower, is better adapted to Chinese waters. The regular stock American boat is a little too fast and a little too lightly built for the usage a boat receives in China. Power should be supplied by kerosene, as gasoline is very expensive in China.

(From Consul General Leo Bergholz, Canton.)

A company has been organized and capital subscribed for the institution of a motor boat service on the Lee River, between Lungchow and Nanning and Kwanghsi. A similar service has been maintained for some time between Nanning and Wuchow, on the West River, and between Nanning and Poseh, on the Yu River.

COTTON GROWING IN CHINA.

(From Consul Julean H. Arnold, Amoy.)

Traveling across Honan Province through southern Chihli, southern Shansi, and central Shensi during the summer months, one marvels at the vast quantities of cotton grown in these districts.

I suppose there is no province in China which produces more and better cotton than is raised on the plains of Honan. In Honan wheat is the principal winter crop, and cotton the main summer crop. There is in Honan, at a place called Chang-tek-ho, a cotton spinning mill owned and operated by Chinese. It is one of the few purely Chinese industrial concerns north of the Yangtze. A private Chinese company started this spinning mill with an outlay of 1,000,000 taels (about $650,000 United States currency) for buildings and machinery. It operates only with Honan and Chihli grown cotton, and makes yarn only. its capacity is 50 bales a day, but during the summer of 1910 is produced an average of but 30 bales a day. We were informed that the company makes 13 taels profit on each bale or a total of 390 taels (about $250 United States currency) on its average daily output, and pays 1 per cent. per month upon its capital stock. We were informed that the mill, if more ably managed, could pay still better dividends.

In the Wei Basin, central Shansi, is to be found some of the most fertile land in all of China. Here large quantities of cotton are grown. As in Honan, it is here also the principal summer crop. Hsing-ping is the main cotton producing district in the Wei Basin. The cotton grown from the native seeds produces a shorter but stronger

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fibre than that produced from the American seed, considerable of which has been planted in this district. The American seed gives larger pods and longer fibre than the native seed.

The native cotton gin is an ingenious affair. It consists of a corrugated iron roll about one-half inch in diameter, and about 20 inches long, set in close contact to a wooden roll about three-quarters of an inch in diameter. The wooden roll is operated by a crank turned by hand. The iron roll is operated by a treadle wheel. The wheel is about 2 feet in diameter, with a crank pin about 4 inches from the axle. A rod connects the crank pin with the treadle stick, the latter being a rough tree branch ending in three prongs.

The operator stands with right foot on treadle stick, by means of which he turns the iron roll, and with his left hand turns the crank, which revolves the wooden roll, while with his right hand he feeds the cotton pods into the rolls. The rolls pull all the fibres off the seeds and carry them through, while the seeds drop without having been carried through. The cotton seed is used for oil. Probably the entire cost of a cotton gin such as this is no more than $5 United States currency.

The ordinary laborer in this section of the empire receives wages equivalent to about 5 cents United States currency a day. Cleaned cotton at Hsing-ping sells for 8 to 11 cents gold a pound, according to quality. Native woven cotton cloth sells for 1 to 1½ cents United States currrency a foot, the bolts running about 14 inches in width.

Enormous quantities of raw cotton are transported from the Wei Basin to northern Shansi by carts and mules, and to southern Shensi and northern Szechuan by carrying coolies. In order to go from the Wei Basin to the Han Valley in southern Shensi and to Szechuan, a number of high mountain passes must be crossed; in fact, the road carries one over a veritable mass of mountain ranges. This mountain road is adaptable for carrying coolies and pack animals only. Practically all of the vast quantity of raw cotton transported over this road is carried on the backs of coolies, each of whom carries an average of 150 pounds 16 miles a day, and for this he is paid the equivalent of about 7 cents United States currency; thus to transport this cotton a distance of about 250 miles over these mountains down into the Han Valley costs nearly 1 cent United States currency a pound.

Szechuan cannot be spoken of as a cotton producing province, although a considerable quantity of cotton of inferior quality is grown in this province. Considerable Shensi cotton finds its way into Szechuan. At Chengtu, the capital of the province, raw cotton of good quality sells for 15 to 17 cents gold a pound.

The tendency in west China is to increase the cultivation of cotton, as it is found to be a profitable crop. The fertile loess lands of Honan, southern Shansi and Shensi are particularly well adapted to cotton growing, and the climate of these sections appears to be most favorable to the production of a strong fibre.

(From Consul General S. S. Knabenshue, Tientsin.)

The exports of raw cotton from Tientsin for 1910 show a remarkable increase over the exports of previous years. In 1909 the shipments amounted to 25,128 piculs, or 3,350,400 pounds (the picul being 133⅓ pounds); in 1910 the total was 145,154 piculs, or 19,353,867 pounds. Japan, the United States, and the United Kingdom took the bulk of this cotton.

The great increase in the cultivation of cotton in this consular district is because of the rigid prohibition of the cultivation of poppy by the governments of the provinces of Chihli and Shansi. A large portion of the area formerly devoted to opium raising was last year planted to cotton. This increased production has coincided with a brisk demand for Chinese cotton (which is short stapled, but for which cotton manufacturers find many uses) at a fair price, and thus the Chinese farmers are enabled to recoup some of the loss from the prohibition of growing the profitable poppy crop.

It is this large increase in the growing of cotton in this consular district which led to inquiries at this consulate for hand machinery for ginning and spinning—which requests were recently announced through Foreign Trade Opportunities.

WHEAT GROWING AND MILLING IN CHINA.

(From Consul Julean H. Arnold, Amoy.)

A large part of the American public seems to be under the impression that the entire Chinese people depend upon rice as the main article of diet, and that wheat products are only gradually finding favor with them.

It is true that the entire region south of the Yangtze, and portions of the region immediately north of this river, do depend upon rice as their principal article of diet, although, even in this section, when rice is dear and flour is cheap, large quantities of the latter are consumed. Moreover, those of the people in South China who can afford it vary their diet by addition of wheat products. To the millions north of the area above mentioned rice is more of a luxury than is wheat. There are millions of people in Central and North China who have never even tasted rice. There is probably a greater population in this section who eat wheat products than the aggregate population of the United States. Owing to the loess character of soil in Central and West China, and to the severity of the winters in North China, it is impossible to raise large quantities of rice in these sections. Wheat was grown here centuries before Columbus discovered America.

As there are no agricultural or industrial statistics compiled by the Chinese Government, it is extremely difficult to secure estimates of the amounts of wheat or flour produced in China. From observations made on a tour through Central and West China last summer, when these sections harvested the enormous wheat crops, I believe that a conservative estimate to be 200,000,000 bushels of winter sown wheat.

Shansi and Shensi produced probably an aggregate of

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50,000,000 bushels last season. At harvest, wheat in these provinces sold for 25 and 30 cents, United States gold, a bushel. As railroads do not yet tap the wheat producing centres of this section of China, the cost of transportation is so high as to make it impossible to find profitable markets for this wheat. In Shanghai last summer the native mills were paying 75 cents, United States gold, a bushel for native wheat, which is 10 cents in excess of the usual price.

Mr. Edward S. Parker, chief of the Bureau of Agriculture, Mukden, estimated that Manchuria in 1909 produced 10,000,000 bushels of wheat, which at harvest time commanded 66 cents, United States gold, a bushel. He states that during the past three years the highest and lowest prices paid by the Harbin mills for wheat were 56 and 84 cents United States gold, the latter being paid in January, 1910.

Mr. Parker estimates that if all of the available unoccupied lands in northern Manchuria and eastern Mongolia are brought under cultivation that section of Asia should be capable of producing 300,000,000 to 400,000,000 bushels of wheat, even with native methods of cultivation.

Generally speaking, the quality of the winter sown wheat produced in China is poor. Scientific seed selection, or in fact any sort of seed selection, seems to be unknown to the Chinese. Wheat is wheat, and there it ends.

The wheat sown in Central and West China is drilled, and the fields are carefully cultivated. Last summer I found in southern Shensi, and in the Wei Basin in Shensi, many fields of wheat which would undoubtedly average 40 bushels to the acre. But the yield last season was an exceptionally good one. The acreage planted in wheat in China last year was much greater than that of former years, owing to the large areas of land diverted from poppy cultivation to wheat production.

Up to within ten or twelve years ago all of the native flour in China was produced in native mills and family grinding stones. Modern roller mills are new to China, but rapid progress has been made during the past ten years in their installation. There are now twenty in northern Manchuria, fourteen in the Shanghai district, and six in Hankow and vicinity. I believe a conservative estimate would place the total amount of flour produced by these mills during 1909 at 2,500,000 barrels.

The Shanghai mills, fourteen in number, including those in the Shanghai vicinity, make up one of the leading native industries of that section of the empire. The combined daily capacity of these mills is 7,000 barrels. Their average monthly output is about 100,000 barrels, or 1,200,000 barrels a year. The rapid growth of the modern milling industry at Shanghai encouraged the raising of wheat in the adjacent country. The Shanghai mills also receive much of their wheat from Shantung and Honan provinces, the former of which has during the past few years greatly increased its wheat growing area, owing to cheap transportation facilities accorded by the recently completed Shantung Railway.

The Shanghai mills experience the same difficulties encountered by the Hankow and Harbin mills in the purchase of their stocks of wheat. The Chinese grower and middleman handling the wheat have not yet learned the best way of preparing their products for sale to the mills. The wheat coming from considerable distances to market, and not properly examined until it reaches the mills, is often found mixed with quantities of dirt, stones and other foreign matter. The wheat is often soaked, which increases its weight. The mills in Shanghai report that the wheat averages about 10 per cent. dirt.

In Hankow and vicinity there are six modern mills. In the absence of accurate statistics as to their actual output, I am able to make estimates only. The entire capital stock of these mills is 1,060,000 taels (about $750,000 United States currency). Reckoning on the basis of the output of the Shanghai mills, we should have for the Hankow mills an average annual output of 420,000 barrels, an estimate undoubtedly too high, as the Hankow mills are smaller than those at Shanghai. Thus a liberal estimate of the aggregate annual output of the Hankow mills would be 300,000 barrels.

Of the Hankow mills, two are nominally British, but supported mainly by Chinese capital, one is Japanese, and the other three Chinese.

The Manchurian mills are mostly centred in the Harbin district. There are in northern Manchuria twenty modern flour mills. Those in the Harbin district are under Russian management. The remainder, with the exception of a Japanese mill at Tieling, are under Chinese management. The Manchurian roller mills manufactured in 1909, according to Mr. Parker's figures, 1,064,988 barrels of flour. The wheat grown in Manchuria seems to compare in quality favorably with some of the good qualities of spring sown American wheats, and produces a good grade of flour.

In addition to the roller mills mentioned, there are a number of native stone mills at Tientsin and Paotingfu in North China, which supply large quantities of flour to the trade in Tientsin and Peking. In Shansi and Shensi provinces there are hundreds of native stone mills. In one place visited last summer I found eighty mills along a stream within a distance of 20 miles. A thousand of these native stone mills in Shansi and Shensi would not be too liberal an estimate.

Likewise, throughout Honan Province there are numerous native stone mills in operation. Practically all the flour manufactured by native stone mills is consumed locally, and little finds its way to the treaty ports in China. As methods of transportation improve, the wheat finds its way out to be the modern milling centres and native stone mills become fewer.

The bulk of the products of the Hankow roller mills is distributed in the surrounding territory, and but little enters the regular channels of trade. The Shanghai mills are more conveniently situated for this business than are the mills of Hankow or Harbin, as transportation from Shanghai to the other treaty ports is generally much cheaper from Shanghai than from the other two points.

About 250,000 barrels, or about one-fourth of the production of the north Manchuria mills, is shipped into Siberia, the remainder being locally consumed.

It is the Shanghai milled flour which is capturing the

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flour trade of the various treaty ports of China. Eleven years ago, that is during 1899, Shanghai shipped only 130 barrels of flour to the North China ports. During the year 1909, the shipments of native manufactured flour from Shanghai to the ports in North China netted 500,000 barrels, or nearly fifty times as much as shipped there ten years ago. During 1900 the Shanghai mills shipped to the three ports, Amoy, Swatow and Foochow, about 3,000 barrels of flour, whereas duirng 1909 this trade increased to 270,000 barrels. The Canton district received during 1909 its first shipments of native manufactured flour, importing 120,000 barrels from the Shanghai mills.

In 1909 the Shanghai mills shipped to various treaty ports in China a total of 900,000 barrels of flour. Thus in ten or eleven years Shanghai has added an important industry to the trade of the port.

The question now naturally arises, How is the American flour trade in China being affected by these developments in the native milling industry?

I am informed that American flour was first shipped to China in 1874. For many years thereafter all of the American flour shipped to China went to Hongkong for distribution among ports of South China, the Canton district taking the largest quantity. Up to within fifteen years the Sperry Flour Company's brand practically controlled the Chinese trade. With the developments in the milling industry in Washington and Oregon States, and the transformation of many wheat lands in California to fruit cultivation, the low grade California flours became gradually displaced in the China market by those of the Washington and Oregon mills. The low grade Washington and Oregon flours seem to possess greater elements of strength, more proteids, and less starchy matter than the California flours. The Chinese consumer prefers strength to whiteness, hence the products of the northern spring sown wheats found favor with the Chinese trade.

Gradually the American flour trade extended to North China and even into Manchuria, and from 1900 to 1907 the Pacific Coast mills found in China a profitable field for their surplus low grade flours, the quality and price of which seemed to suit the Chinese trade.

Leaving out of consideration the year 1907, which was quite abnormal, we find that during the past ten years 70 per cent. of all of the foreign flour imported to China went to ports south of Shanghai. For the six years previous to the year 1905 the exports of American flour to South China averaged 500,000 barrels a year; that is, about 2,000,000 so-called 50 pound bags. During this same period the exports to North China ranged from 20,000 barrels to 250,000 barrels, or averaged about 600,000 50 pound bags a year.

The exports to China for 1907 rose to 1,000,000 barrels for South China and 1,800,000 barrels for North China, being more than twice the aggregate of the flour exports to China for 1906, the next highest record. Since 1907 the exports have dropped off lamentably. During 1908 South China imported but 750,000 barrels of American flour and North China but 300,000 barrels, and during 1909 South China took but 350,000 barrels, while North China imported no more than 36,000 barrels of American flour. Thus China's importation of American flour during 1909 was less than that for any other year during the previous ten years.

The excessive imports of foreign flour during 1907 are accounted for partially by the failure of agricultural crops in various parts of China in 1906 and consequent high prices of rice, partially by the low prices of wheat and flour ruling in America during 1907, and partially by the favorable silver exchange.

The enormous decreases in the two years following are accounted for by the high prices in the American flour market, by the unfavorable silver exchange, and by the enormous increases in the production of native flour in China.

It was only natural that the Shanghai mills should seek first to supply the demands in North China, for they had an advantage over the American exporter to these ports in cheaper transportation; furthermore, the northern ports were not prejudiced in favor of American flour, as were the flour consuming people in the South.

With the increase in prices of American wheat and flour, the Shanghai mills found on opportunity to get a footing in the trade of South China. The ports of Foochow, Amoy and Swatow were captured quite easily, but Canton seemed to stand out. At last Canton, the stronghold of the American flour trade, succumbed to the temptation of low prices offered by the Shanghai mills, and in 1909 took her first importation of their product, aggregating 120,000 barrels. Thus the Shanghai mills in 1909 put more than 1,000,000 barrels of flour into the markets of China at prices ranging from 10 to 33 per cent. lower than the 400,000 barrels shipped to China by the American mills.

Favorable rice crops in South China during the year 1909 kept this district from importing as much flour as it would in years with more unfavorable rice crops, but the fact remains, the Shanghai mills have now reached the former stronghold of the American flour trade, and the future does not look bright for the Pacific Coast millers who would look to China as a market for their surplus for low grade flours, especially so while $1 wheat rules in America.

Naturally, in the event of short crops in China or excessively high prices for rice, there may be from time to time openings for American flour, but these can only be spasmodic at best.

Furthermore, the American exporter must consider that at present China levies no duty on flour imports and that so soon as she has an opportunity of revising her tariff she may impose a duty upon this product in order to protect the native industry. Moreover, according to the present regulation, no native foodstuffs are permitted to be exported from China without special sanction from the proper authorities in Peking. Up to the present the exportation of wheat and flour to foreign countries has been prohibited, on the plea that it would tend to raise prices of these staples in China and thus prove a hardship to the masses dependent upon wheat products for their food. Indications point to a change in this regulation in the near future, which will give to the native mills the stimulus of a foreign export trade.

The Shanghai mills made no money during the past two years. For some few years after the first mills were in operation large profits were made, resulting in the number of mills being greatly increased, so that now there are more mills than can profitably operate, considering present conditions.

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The mills in northern Manchuria have no difficulty in finding a market for their by-products, bran and shorts, but the Yangtze Valley mills experience considerable difficulty in disposing of these products profitably. It must be borne in mind that cattle, horses and farm animals do not exist in these regions as they do in America. Much of the labor on the Chinese farm that is done by human beings would be performed by animals in the United States. Moreover, the Chinese do not keep dairies and scarcely know the use of milk, so that here again the mills lack a market for their mill feeds.

Five years ago a 1,500 barrel flour mill was erected in Hongkong, with a capital of $500,000 United States gold. Principally because of a lack of a market for its by-products it failed, although the fact that it could not avail itself of the cheap wheats of China undoubtedly was a contributing cause. However, the fact remains that the question of a profitable market for bran and shorts is a very serious one for the modern roller flour mill in the Yangtze Valley. Other causes which contribute to the difficulties under which the native modern mill in Shanghai labors are:

1. The tendency of the growers to bring dirty or water-soaked wheat to the mills.
2. The poor quality of much of the wheat.
3. Lack of system of elevators or warehouses for laying in large stocks at proper seasons to guard against being caught by speculators.
4. Lack of technical training of native labor.
5. Lack by the Chinese of experience in corporate or stock company enterprise and finance, and of mutual trust necessary for same.
6. Poor transportation facilities to many centres of wheat production.

A number of these difficulties will disappear with time and experience, and many are offset by conspicous advantages, some of the latter of which are: (a) Cheap labor; (b) cheap wheat; (c) proximity to consumers; (d) cheap low grade flours, containing the bulk of middlings in favor with Chinese trade; (e) ability to turn out a product which sells for 10 to 13 per cent. cheaper than imported articles.

The Chinese trade admits the superiority of the American flour over the native product. Often the wheat used by the mills in Shanghai is not properly sweated, so that the flour does not keep long after it is put in bags. There will be for many years to come a certain amount of trade for good grades of American flour, which appeal to the taste and purchasing power of certain of the Chinese trade. But as the wheat producing areas are brought in closer communication with the mills by improved methods of transportation, as the qualities of wheat are improved, as the knowledge and skill necessary to the proper running of modern mills are acquired by the Chinese, and as markets are found or created for the by-products, we may expect increases in the number and output of the modern flour mills in China. In fact, indications at present seem to point to the eventual capture of the entire Chinese flour trade by the native milling industry.

THE OUTLOOK IN CHINA.

China is at the beginning of another year. The close of last year has passed off remarkably quietly, the settlement has not involved so many complete collapses as had been expected, and this piece of good fortune may be taken as an augury for the year that is just beginning. The third year of Hsuan Tung will present difficulties of negotiation greater perhaps than those of last year. In the first place a constitutional programme has been laid down that will involve the very closest application to the duties of his office by every officer of the empire if it is to be carried out at all completely. With the decision to hasten the calling of an Imperial Parliament the nation has undertaken a much bigger task of preparation than had otherwise been laid on its shoulders, and its fulfilment will involve considerable self sacrifices all round. The frequent disagreements that have marked the past year must also cease if anything tangible is to be accomplished in the way of reform. The complete antagonism between Peking and the provinces, and between the people and the officials in the Hu Kwang, seems to have largely died down, and it is to be hoped that there will succeed a period of complete harmony, for only so can anything be accomplished. The fact that railway construction and railway finance made so little advance last year was due almost entirely to the disagreement between Peking and the provinces. A telegram tells us that there is in Peking some expectation that the agreement for the Central Railways loan will be signed in a few days by H. E. Lord Li Ching-fang, president of the board of communications. The settlement of this outstanding issue would pave the way for the settlement of other like issues, and were these once settled a great advance in railway building would fall to be recorded at the end of the year. Here as elsewhere the whole issue turns on finance. China cannot finance herself, that is quite certain, and the preparations for constitutioanl change can mean nothing unless this question is tackled and solved first. China can only profit by a ready acknowledgement that beggars cannot be choosers, and while she must of necessity watch that her interests are not entirely disregarded, and that she is not called upon to pay through the nose for her accommodation, it behooves her to accept as soon as possible the most reasonable terms she can get for her financial assistance. The Imperial Edict of last May laid it down that from the beginning of this year all officials were to be paid in the new currency. At the present moment it seems almost impossible that this can be accomplished. The determination to adopt a modest programme, and to carry it through would help China enormously both actually and in the eyes of the world. In the direction of railways and finance such a modest programme is possible this year, and it would be well if something were very definitely done according to programme, however, modest the programme should be.

In another direction the past year points out the road which China should travel. The recurrence of famine in Kiangpei suggests that some forethought be exercised so that such disasters may be averted, but here again we are brought back to the everlasting problem of finance, lying at the root of everything. There is no forward movement that China can take that is not dependent in the last resort upon financial capacity, and the lack of this capacity is strangling many a promising scheme at its very inception. From every side this problem stares one in the face. While the tremendous problem is ever present its solution lies not far off. The land is immensely wealthy, potentially, and could be made to yield enormous revenues if there were capital enough to develop its resources. Material wealth of every kind lies about in the greatest profusion, as minerals, as crops, as natural power for motive purposes. What is needed is the hand of determination to work these things, the financial muscle and sinew that shall make the hand strong to work, and to earn that which should strengthen it in turn. This problem of finance presses upon us daily, and we fail to see any possibility of solving it except through the assistance of foreign capital. As yet the mood of resistance to foreign gold has not quite passed away, but it is passing, and when it has passed there will be hope of instant and immediate amelioration of the conditions. Until then we are afraid China must go on in her fruitless task of constantly returning to the same point again to begin once more further futile efforts toward regeneration. The financial problem is the problem for this year. It stands before, above, behind and beneath all others. Its settlement is the one indispensable movement that must precede all other movements. China can take this step; will she?—*The National Review (Shanghai)*.

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JAPAN'S FOREIGN TRADE IN 1910.

Generally speaking the foreign trade of this country for last year showed an extraordinary increase in the volume of exports. The total volume of exports, including those exported to Chosen or Korea amounted to 472,880,000 yen, showing an increase of 14 per cent. over the year before last and of 63 per cent. as compared with 1903, the year preceding the outbreak of the Russo-Japanese war. This record breaking increase is owing chiefly to the growth of the export of semi-manufactured and finished goods. The total volume of the imports during the year under review amounted to 472,540,000 yen in value, including those imported from Chosen or Korea. The figures show an increase of 27 per cent. as compared with the previous year and of 18 per cent., against the year before the outbreak of the late war, the increase being the result of the growth of the import in raw materials. Thus the foreign trade shows a very favorable tendency from the viewpoint of international commercial and industrial relations. The following statistics may serve to show its ups and downs during the past eight years:

Years.	Exports. Yen.	Imports. Yen.
1903	289,502,442	317,135,518
1904	319,260,896	371,360,738
1905	321,533,610	488,538,017
1906	423,754,892	418,784,108
1907	432,412,873	494,467,346
1908	378,245,673	436,257,462
1909	413,112,511	394,198,845
1910	472,880,359	472,546,239

(The figures for each year include the exports to and imports from Chosen.)

Classified according to the different kinds of articles, the total exports of provisions and raw materials during last year amounted to 91,600,000 yen, showing an increase of only 6,200,000 yen over the preceding year, while the export of manufactured raw materials showed a conspicuous increase of 24,100,000 yen over the previous year, the total volume amounting to 225,000,000 yen, this principally owing to the marked increase of exports in raw silk and cotton yarns. The similar figures for the finished goods during the period amounted to 137,300,000 yen, an increase of 14,700,000 yen over the preceding year. The particulars are as follows:—

	1910. Yen.	Comparison with 1909. Yen.
Provisions	51,484,311	+ 2,954,869
Raw materials	40,184,025	+ 3,281,763
Manufactured raw materials	225,033,962	+24,119,449
Manufactured goods.	137,330,563	+14,759,241
Others	4,393,833	+ 198,861
Total	458,426,694	+45,314,183
Exports to Chosen	14,453,665	+14,453,665
Grand total	472,879,359	+59,767,848

(+) = increase.

On the import side provisions were imported to the amount of only 44,900,000 yen, showing a decrease of 6,400,000 yen as compared with the preceding year. This is chiefly owing to the decrease of the imports of rice and other articles of food and drink. The import of manufactured goods amounted to 102,500,000 yen, showing an increase of 3,000,000 yen, but due to the sudden increase in the import of cotton, wool and other articles the amount of raw materials imported during the year reached 231,000,000 yen, showing an increase of 62,100,000 yen over the previous year. Again, the imports of manufactuerd raw materials showed an increase of 11,100,000 yen, the total standing at 82,800,000 yen. The detailed figures may be tabulated as follows:—

	1910. Yen.	Comparison With 1909. Yen.
Provisions	44,988,474	- 6,414,295
Raw materials	231,349,138	+ 62,143,874
Manufactured raw materials	82,852,470	+ 11,100,247
Manufactured articles	102,513,910	+ 3,056,000
Others	2,529,814	+ 149,139
Total	464,233,808	+ 70,034,965
Imports from Chosen	8,312,431	+ 7,312,431
Grand Total	472,546,239	+ 78,347,396

(+) = increase. (-) = decrease.

Those articles in the export of which decreased during last year as compared with the year before last, were sake and tobacco, which come under the head of provisions; coal, which comes under raw materials; camphor, under half manufactured goods, and fancy mattings, matches and others, under manufactured goods. On the other hand, those increased during the year were cotton yarns, silk yarns, habutaye, braid, cotton stuffs, handkerchiefs, refined sugar, tea, timber, waste silk and other manufactured articles, the total increase exceeding 59,000,000 yen. The particulars of the decrease and increase of the important exports were as follows:

INCREASE.

	Yen.
Provisions	1,471,000
Tea	1,380,000
Refined sugar	1,015,000
Timber	1,192,000
Waste silk	1,495,000
Raw silk	6,590,000
Other half manufactured goods	1,174,000
Cotton yarns	13,726,000
Braids	2,721,000
Habutaye	3,188,000
Silk handkerchiefs	1,046,000
Cotton stuff	2,783,000
Cotton flannel	2,271,000
Other manufactured goods	6,203,000

DECREASE.

	Yen.
Sake	664,000
Tobacco	630,000
Coal	1,173,000
Camphor	505,000
Fancy mattings	665,000
Matches	1,235,000

On the import side those which decreased compared with the previous year were mostly the articles of food

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and drink and manufactured goods, including rice, oil cake and machinery, which decreased by 4,940,000 yen, 4,490,000 yen and 4,810,000 yen respectively, others comprising beans, dried indigo, cotton yarns, muslin, locomotives, calico and others.

Among those imports which increased last year cotton heads the list with 50,900,000 yen, followed by wool with 4,400,000 yen, phosphates with 2,500,000, and other raw materials with 8,400,000 yen. Besides those, iron and steel increased by 6,000,000 yen, woolen cloth by 4,200,000 yen, petroleum by 2,500,000 yen and other half manufactured goods by 7,280,000 yen, the total increase exceeding 78,000,000 yen. The particulars are as follows:

INCREASE.

	Yen.
Wheat	1,962,000
Cotton	50,914,000
Wool	4,428,000
Phosphates	2,560,000
Other raw materials	8,427,000
Iron and steel	6,009,900
Woolen cloth	4,207,000
Petroleum	2,561,900
Other half manufactured goods	7,284,000

DECREASE.

	Yen.
Rice	4,940,000
Beans	1,795,000
Other provisions	1,719,000
Oil cake	4,493,900
Dried indigo	1,254,000
Cotton yarns	651,000
Calico	383,000
Muslin	1,092,000
Locomotives	773,000
Machinery	4,815,000

—*The Chamber of Commerce Journal (Yokohama).*

JAPAN'S TRADE WITH CHINA.

DOOMED TO DECLINE.

The *Yamato* has a very pessimistic article on the future of Japanese trade with China. It is to the following effect:

According to the latest investigations of the authorities it is evident that Japan is still occupying the foremost position in China's foreign trade except in Hongkong, and therefore the trade relations of the two countries are of the utmost mutual importance. But it is very doubtful whether Japan can long maintain her superior position in China's foreign commerce, for recent statistics show a gradual decrease since 1906. The fall of silver and the boycott of Japanese goods in Kwangtung are among the causes which led to the decrease, but the chief cause is certainly the "rights-recovery" agitation, accompanied by the remarkable progress of various industries in China.

In the exports to China from Japan cotton amounts to 20 per cent. of the whole and coal to 10 per cent. Next come matches, cotton fabrics, wood and railway material.

China has recently made wonderful progress in spinning enterprises, owing chiefly to the inexhaustible supply of cheap labor. The foreign cotton fabrics are being gradually replaced by the home-spun articles, so that foreign merchants are now scheming to establish spinning factories in some commercial towns in China. The result of such an eventuality is obvious, the result being either the Japanese cotton fabrics will be driven entirely out of China, or receive a serious blow in consequence of competition. It is already to be acknowledged that the depressed state of the spinning industry in Japan is largely attributable to the marked decrease of the Chinese demand. It is not difficult to predict that the Japanese trade with China in cotton fabrics will weaken in proportion to China's development in the same trade.

As regards coal the journal is equally discouraging. China is gifted by nature with abundant supply of coal, but owing to the lack of the means of communication and funds she has had little chance of working the mines. But if railways be extended and sufficient capital obtained from abroad China will probably compete with Japan in export.

Concerning railway materials Japan may as yet hope for the continuation of Chinese patronage, but this demand is not of a lasting nature. At a certain period the Japanese export on this head is bound to come to a stop.

Manchuria abounds in sugar beets, which have a large percentage of sugar. In Harbin a German syndicate has already established a refinery, and the sugar industry in Manchuria is regarded by Europeans as extremely promising. The development of the sugar industry in China will not fail to give a great blow to that of Japan.

Japanese cigarettes are already practically driven out of Chinese markets by the American and English trust.

As to matches, although Japan has long enjoyed the monopoly in China, it is also declining year by year owing to the Chinese Government's protection over the trade of its people. The effects so far exercised on Japan's match trade are inconsiderable, but may also become serious in the future.

Thus every Japanese article of export to China is destined to suffer seriously in consequence of the steady realization of the rights-recovery fever of the Chinese and the development of foreign enterprises in Chinese territory.—*China Tribune.*

THE AMERICAN ASIATIC ASSOCIATION.

NEW YORK, March 31, 1911.

The thirteenth annual dinner of the association will be given at Delmonico's, Fifth avenue and Forty-fourth street, New York, on Tuesday, April 25, at 7 p. m.

The guest of honor of the occasion will be His Excellency, Baron Yasuya Uchida, Ambassador of Japan, and it will be the purpose of the occasion to celebrate the conclusion of the new treaty between Japan and the United States, and to rebuke the insane rumors which are circulated so persistently to the detriment of the friendly relations between the two countries.

The price of the dinner, including wine, etc., will be $10 per plate, and applications for places at the table should be made to Mr. Albert Cordes, 18 Exchange place, to whom also checks should be made payable.

Members may exercise freely the privilege of inviting guests, and they are respectfully requested to send in their applications for seats not later than Friday, the 21st of April.

SETH LOW, President.

S. D. BREWSTER,
JAMES R. MORSE,
ALBERT CORDES,
JOHN FOORD,
Dinner Committee.

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THE NEW JAPANESE TREATY.

TREATY OF COMMERCE AND NAVIGATION AND PROVISIONAL TARIFF PROTOCOL CONCLUDED ON FEBRUARY 21, 1911, BETWEEN THE UNITED STATES AND JAPAN.

The President of the United States of America and His Majesty the Emperor of Japan, being desirous to strengthen the relations of amity and good understanding which happily exist between the two nations, and believing that the fixation in a manner clear and positive of the rules which are hereafter to govern the commercial intercourse between their respective countries will contribute to the realization of this most desirable result, have resolved to conclude a treaty of commerce and navigation for that purpose, and to that end have named their plenipotentiaries, that is to say:

The President of the United States of America, Philander C. Knox, Secretary of State of the United States; and

His Majesty the Emperor of Japan, Baron Yasuya Uchida, Jusammi, Grand Cordon of the Imperial Order of the Rising Sun, His Majesty's Ambassador Extraordinary and Plenipotentiary to the United States of America;

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

ARTICLE I.

The citizens or subjects of each of the high contracting parties shall have liberty to enter, travel and reside in the territories of the other, to carry on trade, wholesale and retail, to own or lease and occupy houses, manufactories, warehouses and shops, to employ agents of their choice, to lease land for residential and commercial purposes, and generally to do anything incident to or necessary for trade upon the same terms as native citizens or subjects, submitting themselves to the laws and regulations there established.

They shall not be compelled, under any pretext whatever, to pay any charges or taxes other or higher than those that are or may be paid by native citizens or subjects.

The citizens or subjects of each of the high contracting parties shall receive, in the territories of the other, the most constant protection and security for their persons and property, and shall enjoy in this respect the same rights and privileges as are or may be granted to native citizens or subjects, on their submitting themselves to the conditions imposed upon the native citizens or subjects.

They shall, however, be exempt in the territories of the other from compulsory military service either on land or sea, in the regular forces, or in the national guard, or in the militia; from all contributions imposed in lieu of personal service, and from all forced loans or military exactions or contributions.

ARTICLE II.

The dwellings, warehouses, manufactories and shops of the citizens or subjects of each of the high contracting parties in the territories of the other, and all premises appertaining thereto used for purposes of residence or commerce, shall be respected. It shall not be allowable to proceed to make a domiciliary visit to, or a search of, any such buildings and premises, or to examine or inspect books, papers or accounts, except under the conditions and with the forms prescribed by the laws, ordinances and regulations for nationals.

ARTICLE III.

Each of the high contracting parties may appoint consuls general, consuls, vice consuls, deputy consuls and consular agents in all ports, cities and places of the other, except in those where it may not be convenient to recognize such officers. This exception, however, shall not be made in regard to one of the contracting parties without being made likewise in regard to all other powers.

Such consuls general, consuls, vice consuls, deputy consuls and consular agents, having received exequaturs or other sufficient authorizations from the government of the country to which they are appointed, shall, on condition of reciprocity, have the right to exercise the functions and to enjoy the exemptions and immunities which are or may hereafter be granted to the consular officers of the same rank of the most favored nation. The government issuing exequaturs or other authorizations may in its discretion cancel the same on communicating the reasons for which it thought proper to do so.

ARTICLE IV.

There shall be between the territories of the two high contracting parties reciprocal freedom of commerce and navigation. The citizens or subjects of each of the contracting parties, equally with the citizens or subjects of the most favored nation, shall have liberty freely to come with their ships and cargoes to all places, ports and rivers in the territories of the other which are or may be opened to foreign commerce, subject always to the laws of the country to which they thus come.

ARTICLE V.

The import duties on articles, the produce or manufacture of the territories of one of the high contracting parties, upon importation into the territories of the other, shall henceforth be regulated either by treaty between the two countries or by the internal legislation of each.

Neither contracting party shall impose any other or higher duties or charges on the exportation of any article to the territories of the other than are or may be payable on the exportation of the like article to any other foreign country.

Nor shall any prohibition be imposed by either country on the importation or exportation of any article from or to the territories of the other which shall not equally extend to the like article imported from or exported to any other country. The last provision is not, however, applicable to prohibitions or restrictions maintained or imposed as sanitary measures or for purposes of protecting animals and useful plants.

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ARTICLE VI.

The citizens or subjects of each of the high contracting parties shall enjoy in the territories of the other exemption from all transit duties and a perfect equality of treatment with native citizens or subjects in all that relates to warehousing, bounties, facilities and drawbacks.

ARTICLE VII.

Limited liability and other companies and associations, commercial, industrial and financial, already or hereafter to be organized in accordance with the laws of either high contracting party and domiciled in the territories of such party, are authorized, in the territories of the other, to exercise their rights and appear in the courts either as plaintiffs or defendants, subject to the laws of such other party.

The foregoing stipulation has no bearing upon the question whether a company or association organized in one of the two countries will or will not be permitted to transact its business or industry in the other, this permission remaining always subject to the laws and regulations enacted or established in the respective countries or in any part thereof.

ARTICLE VIII.

All articles which are or may be legally imported into the ports of either high contracting party from foreign countries in national vessels may likewise be imported into those ports in vessels of the other contracting party, without being liable to any other or higher duties or charges of whatever denomination that if such articles were imported in national vessels. Such reciprocal equality of treatment shall take effect without distinction, whether such articles come directly from the place of origin or from any other foreign place.

In the same manner there shall be perfect equality of treatment in regard to exportation, so that the same export duties shall be paid, and the same bounties and drawbacks allowed, in the territories of each of the contracting parties on the exportation of any article which is or may be legally exported therefrom, whether such exportation shall take place in vessels of the United States or in Japanese vessels, and whatever may be the place of destination, whether a port of the other party or of any third power.

ARTICLE IX.

In all that regards the stationing, loading and unloading of vessels in the ports of the territories of the high contracting parties, no privileges shall be granted by either party to national vessels which are not equally, in like cases, granted to the vessels of the other country; the intention of the contracting parties being that in these respects the respective vessels shall be treated on the footing of perfect equality.

ARTICLE X.

Merchant vessels navigating under the flag of the United States or that of Japan, and carrying the papers required by their national laws to prove their nationality shall in Japan and in the United States be deemed to be vessels of the United States or of Japan, respectively.

ARTICLE XI.

No duties of tonnage, harbor, pilotage, lighthouse, quarantine or other similar or corresponding duties of whatever denomination, levied in the name or for the profit of government, public functionaries, private individuals, corporations or establishments of any kind shall be imposed in the ports of the territories of either country upon the vessels of the other, which shall not equally, under the same conditions, be imposed on national vessels in general, or on vessels of the most favored nation. Such equality of treatment shall apply reciprocally to the respective vessels from whatever place they may arrive, and whatever may be their place of destination.

ARTICLE XII.

Vessels charged with performance of regular scheduled postal service of one of the high contracting parties, whether belonging to the State or subsidized by it for the purpose, shall enjoy, in the ports of the territories of the other, the same facilities, privileges and immunities as are granted to like vessels of the most favored nation.

ARTICLE XIII.

The coasting trade of the high contracting parties is excepted from the provisions of the present treaty, and shall be regulated according to the laws of the United States and Japan, respectively. It is, however, understood that the citizens or subjects of either contracting party shall enjoy in this respect most favored nation treatment in the territories of the other.

A vessel of one of the contracting parties, laden in a foreign country with cargo destined for two or more ports of entry in the territories of the other, may discharge a portion of her cargo at one of the said ports, and, continuing her voyage to the other port or ports of destination, there discharge the remainder of her cargo, subject always to the laws, tariffs and customs regulations of the country of destination, and in like manner and under the same reservation the vessels of one of the contracting parties shall be permitted to load at several ports of the other for the same outward voyages.

ARTICLE XIV.

Except as otherwise expressly provided in this treaty, the high contracting parties agree that, in all that concerns commerce and navigation, any privilege, favor or immunity which either contracting party has actually granted, or may hereafter grant, to the citizens or subjects of any other State shall be extended to the citizens or subjects of the other contracting party gratuitously, if the concession in favor of that other State shall have been gratuitous, and on the same or equivalent conditions, if the concession shall have been conditional.

ARTICLE XV.

The citizens or subjects of each of the high contracting parties shall enjoy in the territories of the other the same protection as native citizens or subjects in regard to patents, trademarks and designs, upon fulfillment of the formalities prescribed by law.

ARTICLE XVI.

The present treaty shall, from the date on which it

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enters into operation, supersede the Treaty of Commerce and Navigation dated the 22d day of November, 1894, and from the same date the last named treaty shall cease to be binding.

ARTICLE XVII.

The present treaty shall enter into operation on the 17th of July, 1911, and shall remain in force twelve years or until the expiration of six months from the date on which either of the contracting parties shall have given notice to the other of its intention to terminate the treaty.

In case neither of the contracting parties shall have given notice to the other six months before the expiration of the said period of twelve years of its intention to terminate the treaty, it shall continue operative until the expiration of six months from the date on which either party shall have given such notice.

ARTICLE XVIII.

The present treaty shall be ratified and the ratifications thereof shall be exchanged at Tokyo as soon as possible, and not later than three months from the present date.

In witness whereof, the respective plenipotentiaries have signed this treaty in duplicate, and have hereunto affixed their seals.

Done at Washington the 21st day of February, in the nineteen hundred and eleventh year of the Christian era, corresponding to the 21st day of the 2d month of the 44th year of Meiji. PHILANDER C. KNOX. [SEAL.]
Y. UCHIDA. [SEAL.]

Protocol.

The Government of the United States of America and the Government of Japan have, through their respective plenipotentiaries, agreed upon the following stipulation in regard to Article V of the Treaty of Commerce and Navigation between the United States and Japan signed this day to replace on the 17th of July, 1911, the treaty of the 22d of November, 1894:

Pending the conclusion of a treaty relating to tariff, the provisions relating to tariff in the treaty of the 22d of November, 1894, shall be maintained.

In witness whereof, the respective plenipotentiaries have signed this treaty in duplicate, and have hereunto affixed their seals.

Done at Washington the 21st day of February, in the nineteen hundred and eleventh year of the Christian era, corresponding to the 21st day of the second month of the 44th year of Meiji. PHILANDER C. KNOX. [SEAL.]
Y. UCHIDA. [SEAL.]

Imperial Japanese Embassy, Washington.

DECLARATION.

In proceeding this day to the signature of the Treaty of Commerce and Navigation between Japan and the United States the undersigned, Japanese Ambassador in Washington, duly authorized by his Government, has the honor to declare that the Imperial Japanese Government are fully prepared to maintain with equal effectiveness the limitation and control which they have for the past three years exercised in regulation of the emigration of laborers to the United States. Y. UCHIDA.

FEBRUARY 21, 1911.

President Taft to the Emperor of Japan.

WASHINGTON, March 23.—President Taft personally invited the Japanese Ambassador to visit him at 2:30 o'clock yesterday afternoon. When Baron Uchida called, the President officially expressed his regret that there had been so much idle and harmful speculation as to the alleged hostility of Japan to this country, through coalition, or otherwise, with Mexico.

While many stories about the war preparations of Japan have been afloat recently, they did not come to the President's attention, because he refrained from reading the newspapers while he was on his vacation in Augusta, Ga. Since his return to Washington, however, the President has been informed that many of the Japanese war stories that have been printed have been harmful and of a character to stir resentment in Japan. He thought the frankest way of dealing with the situation was the best way, so he sent for the Japanese Ambassador.

To Baron Uchida the President stated categorically that the United States Government is in no way responsible for the reports connecting the movement of troops to the Mexican border with expected hostility from Japan; that the administration has no information that Japan has been seeking a naval base in Mexico, and does not believe such rumors; that the Government does not believe Japan would undertake a move unfriendly to the United States in Mexico, but has, on the contrary, every confidence in the peaceable and friendly intentions of the Japanese people and the Japanese Government.

Baron Uchida, in turn, denied that the Japanese Government was seeking a foothold in Mexico; that there was any significance to the number of Japanese now in Hawaii and the Philippines, and that there is aught but the strongest friendship on the part of Japan for the United States.

The Emperor of Japan to the President of the United States.

TO THE PRESIDENT OF THE UNITED STATES OF AMERICA:

I was greatly pleased to receive your very kind message conveyed to me through my Ambassador in Washington, and I thank you for it. I was already well convinced that you had given no credence to the base and wicked reports regarding Japan, but it was especially a source of profound satisfaction to me to receive from you the assurance that the relations of amity and good understanding between our two countries were never better or more cordial than at this time. I am most happy to be able entirely to reciprocate that assurance. MUTSUHITO.

WASHINGTON, March 27.—President Taft, through the Japanese Ambassador, received the above personal message yesterday from the Emperor of Japan expressing that ruler's gratification at the friendly communication sent to him by the President a few days ago. The emperor's message was delivered to the President by Baron Uchida late in the afternoon at the close of a White House day given over almost entirely to the consideration of patronage questions that have been put up to the President by Republican politicians of Indiana and Ohio.

The President's pleasure at receiving the cordial note from the Japanese emperor was undisguised. It is known that he has been greatly disturbed by newspaper reports which have represented the orders for the mobilization of the army in Texas as a covert movement directed against any efforts by Japan to secure a coaling station on the Mexican Pacific Coast. In his talk with Baron Uchida a few days ago the President characterized such reports as "malicious and baseless stories." He asked the Japanese Ambassador to convey this statement, as well as expresions of the good will and friendship of the United States to his imperial master.

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THE WORLD SILK INDUSTRY.

CHINA.

(From Consul General George E. Anderson, Hongkong.)

The past few months have witnessed a marked increase in the demand for Chinese silks in the United States, especially for pongees from Shantung. Much of this increased demand is at the expense of Japan's silk industries, although in some degree it is due to a special demand for Chinese silks for special purposes. For example, several inquiries have been lately made by American clothing manufacturers regarding prices for pongees for use in the manufacture of ready made clothing, both for men and women, in summer grades. This particular demand involves conditions which it is difficult to meet in China at the present time, although doubtless if the demand offers sufficient inducement special arrangements for meeting it could be made. For example, two American clothing concerns have sent samples of light weight pongees and asked quotations on cloth of that particular grade, fineness and weave, in large lots. Owing to the particular manner in which this variety of silk is manufactured it has been all but impossible to secure quotations on such a basis.

LIMITATIONS OF THE PONGEE SILK TRADE.

Pongee silk is the undyed silk of silkworms fed on the leaves of the scrub oak chiefly, though other trees are used in some portions of the pongee district. The silk is produced almost exclusively in Shantung Province and portions of North China immediately adjacent. The real pongee cloth, made of this uncolored specially produced silk, is distinct from the "pongees" of commerce made in all colors from other silk. Each piece of cloth is made from a particular lot of silk, and therefore each piece varies from all other pieces in exact quality, weight and fineness, and in a slight degree in color and other qualities. There are certain general grades of cloth, certain varieties of weave, certain popular weights, etc., but ladies shopping in Chinese pongees find it very difficult to match pieces, and on the face of things it is practically impossible to furnish any great number of pieces of a certain weight, grade and quality, such as a modern clothing manufacturing establishment would require to standardize a certain line of garments from that particular cloth. Doubtless special arrangements could be made for the standardizing of a certain amount of the cloth, but it could be had only by some such an arrangement.

The primary market for pongee is in Shantung Province, where it is produced, and most of the experts go out through Chefoo and Kiaochau. About 10 per cent. of the product goes directly to the United States, 18 per cent. to Great Britain direct, 57 per cent. to France direct, and about 15 per cent. to Hongkong for further distribution, some of which goes to the United States.

In buying and selling silk good in China the standard is the piece, the price of a piece resting primarily upon its weight. Pongees in Hongkong, for example, are sold by the piece, no matter how much silk of any particular standard is taken, and billed by the piece. Silks from Hongkong are packed in tin-lined cases, and are shipped by the most direct route, involving the least period at sea.

(Report by Consul General L. A. Bergholz, Canton.)

THE CANTON SILK TRADE FOR 1910.

The Canton silk trade, while subject to the vicissitudes of climate, currency fluctuations, and domestic and foreign financial conditions, has shown a steady increase from the beginning of foreign trade with China to the present day, and now accounts for 65 per cent. of the total exports of the port. Fat years and lean years have been experienced, which have sent the figures up with a bound or caused them to fall, but no other article of local export has shown during the last forty years so great a degree of steadiness, and the history of the last few years points to an excellent future for Canton silk, especially if the growers and manufacturers are induced by outside competition or otherwise, to exercise greater care, and to the introduction of more modern methods.

RAW SILK EXPORTS.

The most important factor in the Canton silk export trade is raw silk, classed as white, yellow, wild and steam filature. In order to obtain a perspective for the year under review, it is necessary to turn back half a decade and trace the progress of the trade to date.

The following table gives the number of bales of raw silk exported to Europe and the United States between 1905 and 1909:

Whither exported—	1905.	1906.	1907.	1908.	1909.
Europe	32,168	32,071	36,187	27,982	30,495
United States.....	8,769	9,852	8,097	15,146	12,553
Totals	40,937	41,923	44,284	43,128	43,048

The average weight of a bale of raw silk is 80 catties (106 pounds), and the average price during 1910 was $850 Mexican, which at 42.1 cents equals $357.85 gold.

The foregoing figures show a slight increase in 1906, and a more decided increase in 1907. The figures for 1907 were the highest in the last ten years. The slight falling off in the exports in 1908 continued into 1909. During 1908 the market still suffered from the general trade depression of the previous autumn and winter, and at the end of the first quarter good quality silk was selling for $120 per 133⅓ pounds less than the highest figures of 1907, with exchange 10 per cent. lower. Later in the year, with better exchange, prices improved, and the season closed with a steady demand from the United States at better prices. In 1909 the market was very similar to that experienced the year before.

EFFECT OF AMERICAN DEMAND FOR RAW SILK.

The year 1910 opened with an unsatisfactory market abroad. The business stagnation in the United States, which marked the close of 1909, was felt during the first half of 1910, and practically closed the American market. A few orders of a miscellaneous nature were received from Europe, but nothing satisfactory came in until June, when a turn in the market was experienced and the de-

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mand from the United States increased. During the last four months of the year, prices ranged high. Exchange improved appreciably in the early autumn; the heavy floods in Japan during the summer lessened the Japanese silk crop, and the poor cotton crop in the United States brought the cheapest silks into favor and enabled the manufacturers to increase their purchase of raw material. The Chinese, always preferring the American market, where high rates can be obtained, sent up the prices late in the year to a point above the reach of European buyers. The rapid increase in the demand from the United States has caused the Cantonese to cater especially to the American market by neglecting the long reel, finer sizes demanded on the continent, and manufacturing medium and coarse sizes on short reels. A slight decline in prices was felt at the close of the year, but, on the whole, 1910 may be regarded as having been very satisfactory for both producers and exporters, and as promising a steady market for 1911. A very small stock was carried over into the new year.

The production during 1910 amounted to 45,000 bales, an increase of 7,500 bales over 1909, and the export to 54,121 bales, of which 19,520 bales were taken by the United States.

WASTE SILK EXPORTS.

The Canton waste or refuse silk market has followed the raw silk market for years in sympathetic parallel. The number of bales exported to the United States and Europe between 1905 and 1909 were as follows:

Whither exported—	1905.	1906.	1907.	1908.	1909.
Europe	28,530	22,787	32,389	29,447	26,854
United States.....	2,934	2,461	2,700	2,450	4,633
Totals	31,565	35,248	35,089	31,897	31,487

The average weight of a bale of waste silk is 100 catties (133⅓ pounds), and the average value during 1910 was $120 Mexican ($50.52 gold). The amount exported to Europe during 1910 was 29,104 bales, and to the United States 6,326 bales, a total increase over 1909 of 3,943 bales.

During the last few years there has been a tendency on the part of foreign purchasers to prefer the tussah, or wild silk waste from the north, to the Canton article.

SILK PIECE GOODS TRADE.

While the quality of Canton raw silk has been declared by many foreigners as inferior to that of the silk produced in the more northern parts of the empire, particularly in Chekiang and Kiangsu provinces, Canton silk piece goods have found a good market abroad, as the following exports during six years show: 1905, $3,275,672; 1906, $3,296,365; 1907, $3,930,327; 1908, $4,266,293; 1909, $4,383,481; 1910, $4,866,245.

The year 1910 was up to the recent average, and the market closed strong. As in the case of raw and waste silks, the year opened very dull, owing to trade depression abroad, but improved during the summer and autumn. The market abroad for Canton silk piece goods has suffered recently from the growing competition of Japanese and European silks, and the Chinese must improve the quality of their goods and pay greater attention to the needs and tastes of the consumer to retain their trade. Believing in the superiority of old methods of production and manufacture, the Chinese are not prone to change, but modern progress is bound to have its influence upon them.

There are reported to be 80,000 hand or foot looms in Canton alone, and the introduction of power looms should have the effect of giving an immense impetus to the piece goods industry.

THE CANTON SILK PRODUCING DISTRICT.

The Canton silk market is fed from a small but densely populated producing district in the West River delta, within easy reach of Canton by water and rail. The area of the district is not over 250 square miles, and the climate, as far as sericulture is concerned, cannot be said to be more than fair.

In recent years wet springs seriously affected the early crops and resulted in small harvests of poor quality silk, but during 1910 conditions were better, and resulted in a larger quantity of good quality.

Seven or eight "crops" are reared annually. There are in the neighborhood of 200 native filatures in the district, employing probably 20,000 persons. A small portion of the silk produced is woven locally, a much larger proportion is woven in Canton and elsewhere in China for domestic consumption, and the balance constitutes the export from Canton.

UNCHANGING MODE OF SILK CULTURE.

The culture of the silkworm is carried on by the Chinese in this section in much the same way as that employed by their ancestors a thousand years ago. Little attention has been paid to improving the cocoons, guarding against disease, or raising the standard of the reeled product, and it is a matter of wonder that working with the most primitive methods they succeed in producing as high a grade of silk as they do.

Recent years have heard repeated complaints from foreign manufacturers as to the quality of the silk sold them, but no attempt has been made by the silk producers of this section to follow modern scientific methods in vogue in Japan and Europe. Until this is done there is little probability that any great advance in the local silk market will be experienced. There are two factors working against the introduction of foreign methods and machinery: The conservatism of the silk growers and their limited purchasing capacity. The few up to date filatures which have been tried in the past have only taught them caution for, through inexperience in handling and expensive management, these filatures have caused large losses to their owners, and hence the producers lend deaf ears to the argument that modern filatures, properly handled, would soon pay for the initial outlay by improving the quality and consequently increasing the value of the silk, and in reducing the proportion of waste. Again, in the press and by imperial edicts, the people have been exhorted to pay the greatest heed to the silk industry, and provincial and local officials have been commanded to nourish it, but no other encouragement has been afforded by either the central or provincial government.

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(From Consul Albert W. Pontius, Chungking.)

WEAVING IN AN INTERIOR PROVINCE.

One of the greatest and most important industries of Szechuan Province is silk, sericulture and silk weaving. The Chengtu loom differs very little from the ordinary hand loom, which still survives in parts of Europe. The operators of these looms are in nearly every instance men over sixteen years of age. The hours are usually from about daylight to dusk. In Chengtu there are more than 6,000 looms engaged in the manufacture of silk and satins only, and in the province there are about 6,000 crape looms, but no figures are obtainable for an approximate estimate of ribbon or gauze looms.

The manufacture of silk braid by hand by women is a common street sight in Chengtu. The weaving is done by families, the finished article being sold to native brokers. The men engaged in the different lines of work earn from 5 to 25 cents per day, while the women average from 5 to 10 cents. In those cases where children under sixteen are employed their wages average 3 to 5 cents per day. The silk fabrics manufactured include satin, silk, crapes, braid, velvet, gauzes, plush, ribbons, thread and cord.

(Report by Vice Consul Alvin W. Gilbert, Nanking.)

SMALL PIECE GOODS FACTORIES IN ANHUI AND KIANGAN.

In this consular district, which comprises the Province of Anhui, the Province of Kiangan, north of the Yangtze, and the two southwest countries south of the river, there are the following silk factories: Three steam and electric power filature plants in Chinkiang, and numerous smaller hand filatures in Nanking and Chinkiang; 550 piece goods factories, and 330 dyeing establishments.

The piece goods factories employ only two to nine people each, and therefore would not ordinarily be classed as factories. They are kept going only four months in the year, owing to the limited supply of cocoons.

The following prices, in Mexican dollars (= 43.8 cents on January 1, 1911), are those at present prevailing in Anhui and Kiangan, per 133 pounds:

Description.	Anhui.	Kiangan.
Cocoons	$160	$220
Waste silk	12	15
Raw silk	420	480
Silk yarn	550	640

A translation of a report covering silk culture in China, prepared by silk experts in Shantung Province, and distributed to visitors at the Nanyang Exposition now being held in Nanking, is herewith transmitted. (On file in the Bureau of Manufactures.)

SILK THREAD MANUFACTURE IN ANTUNG.

Consul E. Carleton Baker, of Antung, reports that there are 100 men employed in the manufacture of silk thread at that place, whose wages amount to $3.60 per month, with board and lodging. There are no special hours of work, but each spinner must spin 1,000 cocoons per day.

BRITISH INDIA.

(Report by Consul E. Haldeman Dennison, Bombay.)

There are 76 filatures in India, all in Bengal, employing 9,526 hands. There are also eleven silk mills, giving employment to 3,165 workmen, of which 8 are in Bengal, 2 in Bombay and 1 in the Punjab. These factories are owned and managed by natives, and only three use European machinery, operated by steam power, and are almost exclusivley concerned in catering for the Burmese market, a trade that was formerly concentrated in Glasgow, but is now mainly in the hands of Indian and Japanese manufacturers. Two of these mills are located in Bombay.

OUTPUT OF THE MILLS.

The largest of these factories has a working capital of $325,000, with an annual production of 70,000 pounds of silk, and employs 1,000 hands. The Chhoi mill has a capital of $160,000, and its product is consumed in India and Burma. The mill employs 500 operatives, and the yearly output is about 23,000 pounds of cloth. These two mills obtain their raw material from China and Bengal, and make considerable use of waste silk, which undergoes a lengthy process before it is fit for use in the loom.

The chief fabrics woven are "Saris" for Hindu women, shirts and headgear for Mohammedan women, satin piece goods for bodices, coats and handkerchiefs for the Burmese, and dress goods for the women of the Punjab. Besides these two mills, silk goods are manufactured at several places in the Bombay presidency by hand workers.

HOURS OF LABOR AND WAGES.

The working hours in all Indian mills are long, and since the introduction of electric lights, work does not cease until 8 or 9 o'clock at night, although this does not mean that the hands work all this time. As a rule the workman is at the mill at sunrise and at 8 o'clock he eats his breakfast, which is brought to him by a member of his family; also at this hour the vendor of tea is around selling his beverage at one-half cent a cup, as the modern mill hand is an habitual tea drinker. This is repeated at about 2 o'clock in the afternoon. There is so much time lost in idleness by the workmen that most mills maintain extra hands who attend to the machines which cannot be left unoccupied.

A local paper makes a comparison between the wages and work of an India and Lancashire cotton mill hand, which is as follows:

Employment.	Lancashire.	India.
Operatives per 1,000 spindles	4.2	30
Operatives per 100 looms	4.4	90
Average annual output of yarn, in pounds, per operative	7,736	3,700
Average annual output of cloth, in yards, per operative	37,740	14,000
Average weekly hours of work	52.5	80
Average monthly wages per operative	$26.28	$4.21

The Indian mill hand is noted for irregular attendance, and while their wages are kept one month in arrears, it has little effect, owing to the scarcity of men to take their places. The total income of a mill hand, including the earnings of his wife and children, amounts to about $10 a month.

(From Consul General Wm. H. Michael, Calcutta.)

SILK CULTURE IN BENGAL.

The department of agriculture of Bengal has issued a report for 1910 which contains some statements of general interest. The silk industry of this section is now under the direct supervision of the superintendent of the silk department of agriculture, who has a staff of assistant superintendents and overseers. The latter have charge of the nurseries. Berhampur, where the central nursery is situated, is the headquarters, and there are a number of small nurseries in the chief cocoon rearing centres of the Murshidabad, Birbhum, and Midnapur districts.

The principal cause of the decline of the industry has been the great prevalence of disease, especially pebrine, and the object of the department is to rear and distribute as widely as possible in the silk rearing districts, through the agency of village nurseries, pure seed free from disease. No outbreak of disease occurred among the worms reared according to the Pasteur system from cocoons microscopically examined. About one-fourth of the outturn of all the nurseries was sold to the silkworm rearers of Rajshahi and Malda in eastern Bengal and Assam. Requisitions for

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seeds, which were met as far as possible, were also received from Belgaum, Hyderabad, Ahmedabad, Gwalior, Dalgoma and other parts of India.

NEW NURSERIES—COLD STORAGE EXPERIMENT—TRAINING CLASS.

Two rearing houses were added to the Berhampur central nursery. One rearing house in that nursery has been set apart for the purpose of maintaining the seed of breeds which are wanted at the different seasons. Six new nurseries were built during the year. Three of these are in the Murshidabad district, two in Birghum, and one in Ghatal. There are now eighteen nurseries. The total receipts from the sale of seeds amounted to $2,188, as compared with $1,958 in the preceding year.

The use of Italian mulberry for feeding the worms in the last stage was found to be specially beneficial when a few worms were attacked with grasserie. Experiments in the cold storage of seed and cocoons proved a success. By this means the spread of disease, especially pebrine, was prevented, and it has also been found possible to delay the cutting out of the silkworms, and to regulate the supply of seed according to demand. The worms produced under these conditions, moreover, look stronger and healthier than those reared in the ordinary way.

An important development is the institution of a class for the training of the sons of professional rearers up to the number of twelve, who will receive a year's instruction in the central nursery at Berhampur. A complete course in the selection of seed, the rearing of worms, and the growing of mulberry will be given. Six boys are now under training.

JAPAN.

(From Consul David F. Wilbur, Kobe.)

The total export of silk of all kinds from Japan in 1909 amounted to $66,229,794, nearly all of which was exported from Yokohama. The silk produced in Kyoto is of better quality than that exported, and is used almost entirely by the Japanese.

The following is the latest report by the government on the scale of wages paid and the number of employees in the cultivation and manufacture of silk:

	Men.		Women.		Children Under 14.	
Employments.	Number.	Wages.	Number.	Wages.	Number.	Wages.
Silk culture..	7,028	$0.20	132,360	$0.12½	11,238	$0.06
Spinning	15,059	.35	65,126	.25	5,845	.11
Weaving	9,983	.35	63,057	.25	11,275	.12
Dyeing	3,784	.60	1,609	.35	346	.12
Totals	35,824	...	262,152	...	28,704	...

All workpeople take holidays on the 1st and 15th of each month, and on national holidays.

KOREA.

(From Vice Consul General Ozro C. Gould, Seoul.)

Although a small amount of silk, cultured and wild, is produced in Korea, there are no silk factories. The silk cloth manufactured is woven on small crude looms in the homes of farmers and workmen, mostly by old men, youths and women, and no data concerning wages or the extent of the output can be obtained. The silk cloths made are for domestic consumption, and raw silk and silk cloth being such small items in the export trade, they do not appear in the published customs returns. Neither have been declared for export to the United States.

At present energetic efforts are being made, with imperial indorsement and aid, to extend the Japanese silk industry to Korea, and to advance local sericultural interests, and the outlook seems favorable.

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78 Beekman Street,
New York City.

In all its history the Association has rendered no single service likely to prove a more valuable contribution to the cause of peace than in furnishing a platform at its thirteenth annual dinner for the authoritative rebuke of the persistent and pernicious rumors of war between Japan and the United States. A fitting keynote for the oratory of the evening was supplied by the letter of President Taft, and the distinguished speakers who held the rapt attention of the audience for two hours, were one and all impressed with the importance of the occasion. A mood of exalted sentiment, somewhat rare at such celebrations in New York, seemed to possess the speakers, and communicated itself to those who listened. There was a striking absence of the commonplace in any of the addresses; everyone of them, as elsewhere reported, will be found to bear attentive reading and critical examination. They were reproduced by the daily press with unusual fullness, and were hardly uttered before their purport was being flashed round the world.

The Association owes a debt of gratitude to Secretary Knox for laying aside exacting duties long enough to deliver a message of respect, confidence and good will toward Japan and her representative in Washington, whose significance cannot fail to impress even those who like it least. Nobody will accuse the secretary of indifference to the commercial interests of his country in the Far East, and even those who most strenuously insist on the assertion of our trade and treaty rights will admit that the following declarations made by the secretary are as judicious as they are well timed: "Commercial competition and other questions involving conflict of interests are sure to rise up and confront us in the future, but the foundations of our friendship have been laid broad and firm during the last fifty years, and I am confident that all future questions will be met and solved by both governments and both peoples in the same spirit of mutual consideration that has characterized the past. * * * The people no less than the governments have their part to do, and I can think of no more patriotic and laudable ambition than that which this American Asiatic Association has placed before itself, to perpetuate the good will we have received from the past, to promote the common interests by developing a better mutual understanding, and to frown down any and every attempt to disturb, by calumny and baseless suspicions, the peaceful relations between the two peoples."

Nothing could well be more frank or convincing than the disclaimer made by Baron Uchida of a policy of jin-

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goism on the part of Japan. The ambassador undoubtedly voiced the sentiment of his Government no less than that of the vast majority of his people when he said that Japan after the bitter experience which she had had of the horrors of war would never repeat it unless it was unjustly forced upon her. To the current belief that the Japanese are a warlike people, always ready to fight with anybody, Baron Uchida interposed the statement that Japan is a land of peace lovers; a nation whose chief glory has been won in the arts of peace, a nation which has flourished and prospered during centuries of peace, and which looks forward to yet more glorious achievements in the line of peace. He contrasted the profound peace which prevailed in Japan during the two and a half centuries of the Tokugawa era, with the almost incessant wars which devastated Europe during that time, and he asked with obvious force and pertinence: "Can a people suddenly undergo an entire change of character—emerge from nearly three centuries of tranquil existence as a nation of swashbucklers, bent on trouble?" The ambassador contemptuously disposed of the shallow talk of the scaremongers about "the control of the Pacific"—as if an ocean whose area is greater than that of all the continents on the globe combined could possibly be controlled by any one power. The profound impression left by the ambassador's speech was certainly not confined to its immediate auditors. Taken in connection with those that preceded and followed it, there can hardly be a question that it will fulfill its purpose of demonstrating the utter baselessness of the malicious attribution of a deliberate policy of conquest to the empire of Japan.

NOT the least significant contribution made to the oratory of the evening was the speech of the Honorable William Sulzer, chairman of the Committee on Foreign Affairs of the House of Representatives. Mr. Sulzer represents, and must be assumed to speak for, the dominant Democratic majority in the popular branch of Congress, and his tribute to the diplomacy of Secretary Knox was eminently suggestive of an essential unity of policy between the two great parties in dealing with our relations with Japan. Mr. Sulzer emphatically declared that war between Japan and the United States is preposterous, unthinkable, and that those who make the wish father to the thought are not in sympathy with the spirit of the times, and do great injustice to the intelligent and patriotic people of both countries. The speaker expressed his confidence in the abiding loyalty of the unwritten alliance which has bound these two great nations together for half a century, and added that he knew the American people reciprocated the expression of official Japan for a lasting and abiding peace. In a highly sympathetic address, based upon personal familiarity with the conditions of which he treated, Mr. Charles A. Coffin, president of the General Electric Company, expanded the ideas outlined by Mr. Sulzer and paid a notable tribute to the great qualities of the Japanese. Their "sublime courage" and "sublime charity" drew from him a meed of unstinted admiration, and his speech very appropriately rounded off a series of addresses which it would be difficult to match for convincing force in dealing with the questions raised by the declared purpose of the dinner.

IT is a gratifying coincidence that in the returns of Far Eastern trade for the nine months ending with March the most notable improvement is recorded in the exports to Japan. These have increased from a value of $16,045,605 in 1910, to $28,808,083 for the first three-quarters of the current year. There has been a slight improvement in the amount of exports to China and Hongkong, but both combined aggregate only a little over $19,000,000 against $17,000,000 for the corresponding period of last year. Our imports from China have been $26,828,246 for the nine months against $23,044,329 for the corresponding period of last year, while the imports from Hongkong have been a little over $2,000,000, as against $1,500,000 in 1910. From Japan the imports for the expired three-quarters of the fiscal year are $61,123,261 against $51,503,608 in 1910. While our exports to the Philippines continue to grow, showing a gain of about $3,750,000 over those of the first nine months of last year, they do not grow more rapidly than those to Australia and the other countries of British Oceania. For the latter the total for the nine months ending with March, 1911, was $32,354,394, against $23,707,451. This is perhaps the more remarkable as it is associated with a considerable decline in imports, which are only $8,984,128 for this year, against $14,369,125 for 1910. Of course, the reverse of this is found existing in regard to our trade with British India, where against imports of $50,057,732 we can only show exports of $8,530,928. Incidentally, some comfort may be derived from the fact that our exports of cotton piece goods to China for the month of March were double those for the for the nine months is not particularly encouraging, there appears ground for hope that the period of long depression in this branch of our trade has finally been terminated.

EVERYONE interested in the cultivation of closer relations between China and the United States must hail with satisfaction the conclusion of the currency reform loan for ten millions sterling. The British, French, German and American banking groups participate in this loan in equal proportions, and, as its title imports, it is primarily intended to enable China to begin the process of bringing order out of the chaos of her currency. A certain portion of it is earmarked for the industrial development of Manchuria, but the lenders appear to have reserved the right to be consulted in regard to the specific purposes to which the proceeds of the loan are to be applied. The conviction has probably firmly established itself in the minds of the governing class of China that the maintenance of the credit of the empire and the possibility of using it for the further development of national resources must primarily depend on the establishment of a uniform currency system. The obligation to reform the currency which was assumed six years ago has been persistently evaded, and now that a substantial contribution has been made toward the funds necessary for its accomplishment by foreign lenders, there can be no further excuse for China should her Government fail to demonstrate their sincerity in taking one vitally essential step toward the rehabilitation of her finances and the elevation of her standards of administration.

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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, 1910 and 1911.

EXPORTS TO CHINA.

Months.	Cotton Cloths.		Mineral Oils (Illuminating).		Wheat Flour.	
	Yards.	Value.	Gallons.	Value.	Barrels.	Value.
1909.						
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
Totals	59,589,248	$3,547,446	42,219,960	$3,555,078	20,119	$88,063
1910.						
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
November	1,018,400	90,740	5,048,550	298,529	3,691	14,533
December	3,294,806	227,245	7,996,752	583,235	5,308	20,650
1911.						
January	5,667,644	390,359	3,915,380	180,847	58,188	210,766
February	3,854,800	222,309	4,423,824	210,643	124,428	456,053
March	7,857,952	486,439	13,340,540	797,484	34,374	131,015
Totals	47,352,378	$3,028,024	69,344,276	$4,089,973	231,055	$854,454

EXPORTS TO HONGKONG.

Months.	Cotton Cloths. Yards.	Cotton Cloths. Value.	Mineral Oils (Illuminating). Gallons.	Mineral Oils (Illuminating). Value.	Wheat Flour. Barrels.	Wheat Flour. Value.
1909.						
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	.....	.....	73,799	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
Totals	1,023,252	$97,203	9,388,865	$758,375	629,435	$2,629,602
1910.						
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
November	5,391	819	1,585,000	114,460	61,840	236,943
December	18,821	2,616	191,230	13,099	203,005	798,776
1911.						
January	42,917	7,104	1,742,440	142,425	108,727	452,872
February	32,540	2,563	1,714,910	124,331	117,230	453,343
March	29,750	2,033	617,830	60,856	62,649	242,714
Totals	225,348	$35,165	7,601,206	$586,333	821,876	$3,232,679

DEPARTMENT OF COMMERCE AND LABOR,
Bureau of Statistics.

WASHINGTON, D. C., April 26, 1911.

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Imports of Tea and Silk into the United States for the nine months, ending March 31, 1909, 1910 and 1911.

TEA.

Imported from—	1909. Pounds.	1909. Dollars.	1910. Pounds.	1910. Dollars.	1911. Pounds.	1911. Dollars.
United Kingdom	10,051,278	2,165,965	5,731,325	1,368,407	8,266,497	2,114,496
Canada	2,857,993	673,280	1,779,617	397,355	2,201,619	542,174
Chinese Empire	30,662,414	3,346,504	27,189,856	3,156,836	23,953,797	2,814,045
East Indies	7,123,018	1,058,014	6,463,714	1,017,295	6,934,736	1,138,163
Japan	42,125,648	6,983,143	35,463,870	5,776,251	47,315,859	8,115,976
Other countries	744,614	137,671	529,495	125,488	935,019	155,600
Totals	93,564,965	14,364,577	77,157,877	11,841,632	89,607,527	14,880,454

SILK.

RAW, OR AS REELED FROM THE COCOON. Imported from—	1909. Pounds.	1909. Dollars.	1910. Pounds.	1910. Dollars.	1911. Pounds.	1911. Dollars.
France	546,064	1,708,811	528,934	1,421,951	242,423	872,293
Italy	3,640,606	13,753,143	2,710,091	10,333,241	2,178,976	8,269,964
Chinese Empire	3,530,671	9,419,856	3,109,494	7,355,281	4,269,924	10,809,731
Japan	9,998,952	35,399,350	9,249,949	31,355,159	10,812,344	36,681,115
Other countries	93,127	361,673	169,123	629,229	135,120	506,519
Waste.....pounds, free	1,361,127	811,442	2,376,468	1,335,677	3,139,738	1,729,015
T'l unmanufactured.	19,170,547	61,454,275	18,144,059	52,430,538	20,778,525	58,868,637

CHINESE FOREIGN LOANS.

FROM THE REPORT OF THE CHINA ASSOCIATION.

The following is believed to be a complete list of the foreign loans of China, showing the amount outstanding on January 1, 1910:

			Amount Original.	Amount Outstanding Jan 1, 1910.	Repayable in
7 per cent.	Silver Loan of 1894	(Sh. taels)	10,000,000	4,360,000	1914
6 "	Gold Loan of 1895	(pounds)	3,000,000	1,000,000	1914
6 "	Gold Loan of 1895 (Chartered Bank)	(pounds)	1,000,000	400,000	1915
6 "	Gold Loan of 1895 (issued in Berlin)	(pounds)	1,000,000	333,333	1915
4 "	Russian Loan of 1895	(francs)	400,000,000	305,709,749	1931
5 "	Anglo-German Loan of 1896	(pounds)	16,000,000	12,806,685	1932
4½ "	Anglo-German Loan of 1898	(pounds)	16,000,000	14,249,216	1943
5 "	North China Railway Loan of 1898	(pounds)	2,300,000	1,988,541	1944
5 "	Canton-Hankow Railway American Loan, 1900	(G. $)	2,222,000	2,222,000	....
5 "	Cheng-Tai (Shansi) Railway Loan of 1902	(francs)	40,000,000	40,000,000	1932
5 "	Shanghai-Nanking Railway Loan, 1904	(pounds)	2,900,000	2,900,000	1953
5 "	State Loan, 1905	(pounds)	1,000,000	262,500	1915
5 "	Honan-Kaifeng Railway Loan, 1905	(francs)	41,000,000	41,000,000	1934
4½ "	Hankow-Canton Railway Redemption Loan, 1905	(pounds)	1,100,000	660,000	1915
5 "	Taokow-Chinghua Railway Loan, 1905	(pounds)	795,800	795,800	1934
5 "	Canton-Kowloon Railway Loan, 1907	(pounds)	1,500,000	1,500,000	1936
5 "	Peking-Haukow Railway Redemption Loan, 1908	(pounds)	5,000,000	5,000,000	1937
5 "	Shanghai-Hangchow Railway Loan, 1908	(pounds)	1,500,000	1,500,000	1937
5 "	Tientsin-Pukow Railway Loan, 1908	(pounds)	5,000,000	5,000,000	1938
5 "	Hsinmintun-Mukden Railway Loan, 1909	(yen)	320,000	320,000	1926
5 "	Kirin-Changchun Railway Loan, 1909		2,150,000	2,150,000	1933
5 "	Tientsin-Pukow (Supplementary), 1910	(pounds)	3,000,000	3,000,000	1938
Boxer Indemnity under Protocol of 1901, carrying interest at 4 per cent.		(Haikwan taels)	450,000,000	422,767,714	1941

THE CURRENCY REFORM LOAN.

Official announcement has been made of the conclusion on the part of bankers representing Great Britain, France, Germany and the United States of a loan of ten million sterling, the main portion of which is to be devoted to the introduction of a silver dollar of uniform weight and fineness as the standard currency of the Chinese Empire. Part of the loan may be applied, with the consent and approval of the lenders, to certain purposes incidental to the industrial development of Manchuria. What precisely is to be the scheme of currency reform pursued by the Chinese Government, other than the adoption of a uniform silver dollar, has not yet been made apparent, and no categorical information on that subject seems to have been demanded by the international banking group. The scheme of Manchurian development is even more nebulous, but as its prosecution must apparently depend on the consent of the people who advance the money, there must, of necessity, be prepared some intelligible and practical programme for work which promises very satisfactory returns.

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THIRTEENTH ANNUAL DINNER OF THE ASSOCIATION.

The thirteenth annual dinner of the Association was given at Delmonico's, Fifth Avenue and Forty-fourth street, New York, on Tuesday, April 25th, at 7 P. M.

His Excellency Baron Yasuya Uchida, Ambassador of Japan, was the guest of honor of the occasion, which was also honored by the presence of Secretary Knox and the Chairman of the Home Committee on Foreign Affairs, Mr. William Sulzer.

The Chair was occupied by Mr. Seth Low, the President of the Association.

At the Speakers' table were seated the following:

President Seth Low,
Baron Y. Uchida,
Secretary Knox,
Hon. William Sulzer,
C. A. Coffin,
Isidor Straus.
Cleveland H. Dodge,
Con.-Gen. Midzuno.
Rev. John Mockridge,
S. D. Webb,
N. Okabé,
Com. T. Hiraga,
S. D. Brewster,
M. Honda,
Lieut.-Col. K. Inouye.

The occupants of the other tables were as follows:

TABLE A.

H. T. S. Green,
Charles D. Palmer,
John Hubbard,
Alfred Wollerson,
Charles S. Lippincott,
Francis L. Patton, Jr.

TABLE B.

Walter E. Frew,
Gates W. McGarrah,
William H. Porter,
Charles D. Norton,
Edgar L. Marston,
William H. Remick,
Frederick W. Allen,
William H. Mills.

TABLE C.

A. C. Bedford,
L. J. Drake,
J. G. Milburn,
Martin Carey,
W. E. Bemis,
James Donald,
W. H. Libby,
C. F. Meyer.

TABLE D.

Akira Shito,
Jokichi Takamine,
S. Tokieda,
S. Arakawa,
R. Arai,
R. von Briesen,
K. Iyanaga,
Charles A. Conant.

TABLE E.

George Gray Ward,
W. G. Taylor,
Thomas A. Phelan,
George Hewlett,
I. Osgood Carleton,
W. S. Brown,
James Cochran,
John W. T. Nichols.

TABLE F.

James R. Morse,
R. S. Miller,
S. S. Campbell,
F. E. Dodge,
H. R. Mallory,
F. B. Jennings,
H. Mackenzie,
Lawrence F. Braine,
John Thomson,
R. T. Stevens,
T. A. Eddy,
Daniel Warren,
E. M. Sutliff,
W. H. Stevens.

TABLE G.

K. T. Iwashita,
T. Ishiki,
T. Morioka,
F. Ohta,
T. Koyama,
K. Seko,
H. Waragai.

TABLE H.

Robert Christie,
George M. Dunlop,
Allan Macfarlan,
Thomas N. Myrick,
Leonard Webb,
F. A. Fairchild,
Charles Cheney,
D. R. Aldridge,
Wade Gard'ner,
William Baxter,
Herbert S. J. Webb,
Howard Ayres,
Percy S. Mallett,
E. P. Cronkhite.

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TABLE I.
Adolph E. Norden,
George H. Hutzler,
Clarence Guggenheimer,
K. Sugimoto,
Otto H. Hinck,
F. W. Lotz,
A. D. Kingsley,
Prof. T. Iyenaga.

TABLE K.
E. P. Thomas,
John Hughes,
George C. Scott,
W. B. Perley,
A. F. Mack,
James A. Farrell.

TABLE L.
S. W. Childs,
W. P. Bonbright,
Hinsdill Parsons,
H. M. Byllesby,
J. R. McKee,
M. A. Oudin,
W. J. Marsden,
W. F. Stevenson,
Seth Low Pierrepont

TABLE M.
A. F. Riach,
E. N. Todd,
E. P. Smith,
J. Worthington Dorsey,
E. De Forest Haynes,
Daniel K. Bayne,
W. D. Judson,
George A. Adam.

TABLE N.
George H. Eypper,
Charles A. Reed,
G. H. Milliken,
Dr. S. M. Milliken,
W. G. Broadway,
E. P. Lea,
George Nichols,
Robert A. Suffern.

TABLE O.
Edward L. Young,
N. Suda,
E. D. Meier,
Clarence G. Galston,
G. A. Harris,
S. Furumi,
K. Mikami,
Frederick Taylor Gause.

TABLE P.
M. G. Psaki,
W. T. Westcote,
Charles M. Brooks,
Charles M. Brooks' Guest,
E. S. Boteler,
Harold M. Turner,
C. Howard Metz,
C. M. Woodford.

TABLE Q.
John Foord,
L. T. Chapman,
T. Kondo,
Lewis Cruger Hasell,
Albert Cordes,
A. G. Mills,
S. G. Hopkins.

TABLE R.
Percy C. Scheuer,
J. T. Sproull,
Thomas A. Phelan, Jr.,
Alfred C. Phelan,
W. M. Gladding,
S. F. Taylor.

MENU

Coupes of Grape Fruit

SOUP

PEMARTIN SHERRY — Clear Green Turtle

SIDE DISHES

Radishes — Celery — Olives

FISH

Brook Trout au Bleu

SAUTERNES PREMIÈRE — Potatoes Hollandaise

Cucumbers with Peppers

REMOVE

Roast Saddle of Spring Lamb.

MUMM'S SELECTED BRÜT, 1899 — New Peas

ENTREE

New Asparagus, Sauce Mousseline

Maraschino Sherbet

ROAST

CHÂTEAU PERGANSON — Chicklets

Hearts of Lettuce Salad

DESSERT

Fancy Ice Cream

Petits Fours

Cheese

LIQUEURS — Devilled Crackers

Coffee

APOLLINARIS

Tuesday, April Twenty-fifth

DELMONICO'S

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TOASTS

The President

By the Chairman

HONORABLE SETH LOW

The Emperor of Japan

By the

HONORABLE PHILANDER C. KNOX

Secretary of State

Response by

HIS EXCELLENCY BARON YASUYA UCHIDA

Ambassador of Japan

Peace, Friendship and Good Will Between Japan and the United States

By the

HONORABLE WILLIAM SULZER

Chairman of the Committee on Foreign Affairs of the House of Representatives

Commerce as a Peacemaker

By

MR. CHARLES A. COFFIN

President of the General Electric Company

LETTERS OF REGRET.

The following are among the letters of regret received:

THE WHITE HOUSE.

WASHINGTON, D. C., April 12, 1911.

MY DEAR MR. FOORD—Please express to the members of the American Asiatic Association and their guests on the occasion of its thirteenth annual dinner my cordial greetings and my deep regret at my inability to attend to give personal expression to my sympathetic interest in your high purposes.

The importance of the treaty with Japan, the conclusion of which you are assembled to celebrate, cannot be gauged solely from the standpoint of its attractiveness commercially. The treaty so recently negotiated and ratified is an additional guarantee of the friendship which has so long existed between the two countries, a friendship so strong that we can well regard with complacence even the mischievous and malicious rumors so persistently circulated by friends of neither government, and which so utterly lack foundation in fact.

To your guest of honor, Baron Yasuya Uchida, Ambassador of Japan, I pay the tribute of my respect and admiration. The message which he will deliver to you, one of good will and neighborly cordiality, will, I am sure, strike a responsive chord in your hearts. Sincerely yours,

(Signed) WM. H. TAFT.

MR. JOHN FOORD.

Secretary, American Asiatic Association.

BRITISH EMBASSY.

WASHINGTON, March 31, 1911.

DEAR MR. FOORD—Thank you for the invitation to dine with the American Asiatic Association on April 25th. I am sorry to say that I am engaged on that day, or else I should have been happy to have joined you at the dinner proposed to be given to express satisfaction at the conclusion of the treaty with Japan. I trust that the dinner will be successful, and will do anything that can still be needed to dispel the absurd notion of hostility between the United States and Japan. Very truly yours,

(Signed) JAMES BRYCE.

JOHN FOORD, ESQ.,

American Asiatic Association.

UNITED STATES SENATE.

APRIL 6, 1911.

MY DEAR MR. FOORD—I have your kind letter, and I wish most sincerely that I could attend the dinner of the American Asiatic Association in honor of Baron Uchida, but I am afraid that it will be hardly possible. I have been forced to decline many invitations from my own State on account of the press of public business, and I really do not feel that I can get away from Washington at the time you mention.

I sincerely regret that this should be so, for I need hardly say to you that I took the greatest interest in the new Japanese treaty, and that I regard its ratification as one of the greatest accomplishments of the last Congress.

Very truly yours,

(Signed) H. C. LODGE.

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

DEAR SIR—I should have liked to very much to be able to accept your invitation, as nothing astounds me more than the feelings that prevail in regard to Japan and our republic. If ever there were two nations that not only should live at peace with each other, but which should be sincerely attached to each other, it is Japan and the republic, and I can testify from my visit to Japan that the feeling there is what it should be—strong and sympathetic.

There is a class of people who will believe anything, or at least appear to, but I cannot imagine a state of mind of any American who does not hail Japan as our friend, nor that of a Japanese who does not love the first Western friend he ever had—the republic. All these rumors of bad feeling between the two lands pass by me as idle winds, which I regard not. Very truly yours,

(Signed) ANDREW CARNEGIE.

GOVERNORS ISLAND.

NEW YORK, April 17, 1911.

Mr. John Foord, New York:

MY DEAR SIR—Upon my return from Washington I find your very kind invitation of April 11th to attend the annual dinner of the American Asiatic Association at Delmonico's on April 25th. I regret deeply that engagements already made will prevent my attending your an-

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nual dinner, but beg that you will express to the members of your Association my deep appreciation of your thought of me, and also my hearty indorsement of the purpose of your dinner in celebrating the ratification of the new treaty with Japan, which I hope will long remain in force.

My father was greatly attached to the Government and people of that island empire, and its advance among the nations of the world has been a matter of the deepest interest and gratification to me.

Thanking you for your kind thought of me, believe me,

Very sincerely yours,

(Signed) FREDERICK D. GRANT.

FIREMAN'S FUND INSURANCE COMPANY.

SAN FRANCISCO, April 6, 1911.

Mr. Albert Cordes, New York:

MY DEAR SIR—I have before me your esteemed circular note of March 31st, announcing the thirteenth annual dinner of the American Asiatic Association, and the further fact that the guest of honor on this occasion will be His Excellency Baron Yasuya Uchida, Ambassor from Japan, and it gives me profound regret to have to realize that business engagements out here on the Pacific will render it physically impossible for me to be with you on the occasion of that banquet.

The objects of the dinner, as announced in your circular, have our unqualified approval, and nothing would give us more pleasure than to lend our assistance to any active endeavor to combat the insane and sensational efforts of demagogues and yellow journals to involve this country in an unwarranted and unjustifiable controversy with our Japanese neighbors. With high esteem, yours very truly,

(Signed) BERNARD FAYMONVILLE,

Vice President.

THE ORDER OF SPEAKING.

The Divine Blessing was invoked by the Rev. John Mockridge.

"THE PRESIDENT."

BY THE CHAIRMAN, HON. SETH LOW.

Your Excellency, Mr. Secretary, Mr. Sulzer and Gentlemen:—The Asiatic Association is made up for the most part of men who have commercial relations with the Orient, with now and then a man like myself, who used to have such relations but who has not any longer such relations, and who yet has not lost his interest in things Asiatic. It is natural that a body so composed should wish to take especial notice of the negotiation and ratification of this new commercial treaty between Japan and the United States.

We have with us tonight the distinguished Ambassador from Japan, who represented his country in this negotiation, and our own able and efficient Secretary of State, who represented the United States; and we have also Mr. Sulzer, who is the Chairman of the Committee on Foreign Affairs of the House of Representatives. The presence of these gentlemen not only does great honor to the American Asiatic Association and to our guests, but it gives great significance and weight to this celebration of the successful completion of this treaty. (Applause.)

There are three respects in which it seems to me that this treaty is noted. In the first place, it is the first of a series of new treaties which Japan is about to negotiate with different friendly nations, and although our treaty was the last to expire, this new treaty is the first to be negotiated, a fact in itself highly suggestive of the friendly relations existing between the two countries, and I think I speak the literal truth when I say that it gratifies the American people to have this position of primacy in this new departure on the part of Japan, for we never cease to be proud of the fact that it was through our own Commodore Matthew Perry that Japan entered into new and modern relations with the western world. (Applause.) I think that everything that is in line with that relationship of special friendship the American people like, and everything that seems to be out of tone with the old relationship gives us sorrow. In the next place, this treaty was ratified by the Senate of the United States almost immediately and with substantial unanimity, and it was ratified with equal promptness by the Government of Japan. That again I think speaks volumes not only for the treaty itself but for the good relations existing between the two Governments and the two nations. (Applause.)

And there is one other respect, if I might venture to say so, in which the treaty is even more noted. Of course, the Government of Japan knew perfectly well that there is on the part of the workingmen in the United States a great fear of competition at home with Asiatic labor. Correctly interpreted, this fear is in itself a compliment, for they would not be afraid of such labor if it were not efficient. But it is precisely because it is efficient, because it is so plentiful, that the American workingmen fear that were it freely admitted into this country the standard of life of the American workingmen would be unfavorably affected. Of course, Japan perfectly understood that our Government under such circumstances could neither ignore that feeling nor permit it to be disregarded. On the other hand, our Government perfectly understood that a proud people like the Japanese could not tolerate the provisions in the treaty that seemed to tell against Japanese labor as such. And now, those were the terms of a problem as difficult as statesmen ever faced, and I think it is a splendid tribute to the statesmanship of the two gentlemen that sit at this table on either hand of the chairman, that out of that nettled danger they plucked the flower safely. (Applause). And the manner in which it is done, it seems to me, was as admirable as the result itself. It is as though Japan had said to us "We perfectly understand, leave that to us. We can do of our own accord and we will gladly do of our own accord what we could not either bargain to do or do under coercion; but you leave it to us and we will show respect to ourselves and the wishes of the workingmen of the United States. It seems to me that the solution is so simple, and when it has been attained we look back upon it as one of the self evident propo-

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sitions, and yet I ask you to notice this, gentlemen, every treaty takes for granted on the part of the signatory powers that the other power signing the treaty will fulfill its stipulated engagements. This treaty involves on both sides the trust to the honor of the other party that it will do something not stipulated in the treaty. I think that it is a splendid illustration of how such problems can be dealt with. It implies two things—first, a sympathetic understanding of the problems of each government by the other, and after that, a sincere desire on the part of each government to find a way out. I think the significance and importance of this treaty are limited in no way to the relations between Japan and the United States; I think it will stand as a model for the solving of many problems in the future between the East and the West if they can be approached in that spirit, the spirit of a sympathetic understanding. That is the thing to be aimed at. If we do not understand each other, there will be misunderstandings or failures to understand, which in politics are quite as serious. Therefore, the first thing is always to try to understand the point of view of the other nation, to put yourself in its place as it were, and having done that, if the good will exists, which in this case happily did exist in abounding measure among the people of both countries, some solution is sure to be found even of the most difficult problems. (Applause.)

I count it a very great privilege to present to you the Secretary of State of the United States, who will propose himself the health of the Emperor of Japan.

"HIS MAJESTY, THE EMPEROR OF JAPAN."

By Hon. Philander C. Knox, Secretary of State.

In a recent address before the University of Pennsylvania I had occasion to refer at length to the historic relations between America and Japan. Tonight we are gathered to celebrate the conclusion of another chapter in that unique record of international intercourse.

Viewed from one standpoint, the negotiation of a treaty, especially an ordinary treaty of commerce and navigation, is a rather prosaic and businesslike proceeding. Both the subject matter and the expression are to a great extent stereotyped and offer little or no occasion for sentiment. Yet much may depend upon the spirit in which the negotiations are undertaken. And if the recent treaty negotiations have been successful, as is generally acknowledged to be the case both in America and in Japan, I wish to say that that happy result is to be attributed primarily to the friendly spirit of mutual consideration in which both governments approached the subject through their respective plenipotentiaries. And I would indeed be found wanting in appreciation did I not take this occasion publicly to recognize the manner in which, throughout the entire course of the negotiations, the spirit to which I have referred was uniformly reflected by my colaborer, the guest of the evening, the Ambassador of Japan. Therefore I am frank to say that sentiment—the sentiment of mutual confidence and respect, inspired by a peculiar friendship of many years—played its full part in the recent negotiations; and I make the statement without hesitation because of my conviction that, in the affairs of nations as of individuals, no important transactions are possible without such mutual confidence as a starting point. (Applause.)

The treaty just concluded is the fifth general treaty negotiated between the United States and Japan, not to speak of a considerable number of special conventions and agreements, and we may be sure there will be others to follow; for treaties are not stopping places in the history of nations, but rather serve to mark the successive stages in the development of their relations resulting from growth or changed conditions. Tonight we may again recall with keen gratification how true this has been of our treaties with Japan, from that of Perry onward, and how each has connoted some signal step in the progress of a friendly power. The treaty of Commodore Perry marked the opening of Japan to Western commerce, and the treaties of Townsend Harris the beginning of its modern international relations. The treaty of 1894 signalized the recovery of complete judicial autonomy, as the treaty just signed marks the attainment of complete autonomy in matters of tariff.

It is equally true that each new treaty, like the diploma of the graduate, denotes a new point of departure no less than a consummation of past endeavor and experience. It would not be the part of wisdom, even in this hour of celebration, to lose sight of the fact that both the United States and Japan must continue to grow in national strength and to expand in enterprise, and that meanwhile, owing to improved communications, the world is becoming smaller. As a result the two nations must inevitably be thrown in future into closer contact and often find themselves competing side by side in the markets of the world. For my part I welcome the competition, for it is an old saying, and in its broadest meaning a true one, that "competition is the life of trade," and upon trade ultimately must rest the prosperity of the nation. (Applause.)

An eminent authority on such matters once said that it was an unwise thing for a young man to attempt to practice his grandmother's religion. It is equally unwise for a nation not to recognize that changing conditions may call for a difference in form and manner of expression without change in principle or in spirit; that the friendship of the child is not the friendship of the man, and that the keenest competitors in business may yet be the firmest friends.

A great deal is written nowadays about the mastery of the Pacific. There may be such a thing as commercial superiority, but if it were true, as is often implied, that success in commerce were proportionate to the strength of armaments, then the trade of the world would halt while the nations arm and the vicious circle of supporting unproductive at the expense of productive enterprises would be continued. Surely there is ample room on the broad Pacific and abundant opportunities in the regions that border its shores for the peaceful enterprises of all the nations for all time to come. Commercial competition and other questions involving conflict of interests are sure to rise up and confront us in the future, but the foundations of our friendship have been laid broad and firm during the past fifty years, and I am confident that all future questions will be met and solved by both governments and

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both peoples in the same spirit of mutual consideration that has characterized the past, for in all things where there is a will there is a way. (Applause.)

It is time that the right minded people of both nations deliberately closed their ears to false reports and resolutely refused to allow their feelings to be ruffled by the vaporings of sensationists. In case of misunderstandings let us suspend judgment and give each other the benefit of the doubt until the truth is known. And let us not take things too seriously. The people no less than the governments have their part to do, and I can think of no more patriotic and laudable ambition than that which this American Asiatic Association has placed before itself, to perpetuate the good will we have received from the past, to promote the common interests by developing a better mutual understanding, and to frown down any and every attempt to disturb, by calumny and baseless suspicion, the peaceful relations between the two peoples. (Great applause.)

With this brief glance backward over a record in whcih we may justly take so much pride, and with a look ahead toward the better things yet to come, I wish to propose the health and long reign of that enlightened ruler, who for nearly half a century has so wisely and beneficently guided the destiny of his people, His Majesty the Emperor of Japan.

The toast was drunk standing amid much cheering.

RESPONSE BY HIS EXCELLENCY BARON Y. UCHIDA, AMBASSADOR OF JAPAN.

MR. CHAIRMAN AND GENTLEMEN—Rising, as I do, before the echoes of the applause with which you greted the toast proposed by the Secretary of State have died away, it is certainly my first pleasant duty to say that surely nothing could be more gratifying to His Majesty's heart than the good will of so distinguished and so representative a gathering of Americans.

For myself, I trust I have a fitting appreciation of the distinction which you have conferred upon me in inviting me as guest of honor to this banquet, which, I am given to understand, is principally designed to celebrate the recent conclusion of the commercial treaty between two nations which dwell on opposite shores of the ocean so beautifully and appropriately named "Pacific."

No one could fail to be touched—nor have I failed to be—by such words as have greeted my unaccustomed ears tonight. One would have to be made of stone not to be moved by language so flattering as that contained in the President's gracious letter and that used by the Secretary of State and the chairman.

The treaty now takes its place in diplomatic history. Ratifications have been exchanged, and with, I believe, the general satisfaction of all concernd, the new convention is soon to go into full effect. I have nothing particular to say about it; in view of the expressions which have been uttered tonight regarding my participation in the negotiations, it would not be fitting for me to say anything.

Yet one thing I cannot forbear saying. I cannot refrain from paying a tribute of appreciation to him whose wise and far-seeing statesmanship grasped the opportunity of displaying once more to the world the friendly disposition of the American Government toward the Powers in the East—the great President whose name is destined to be associated in history with so many and so splendid achievements in the sealing of international friendships—and to his great Secretary of State, who, on the part of the United States, guided the negotiations in the lofty spirit and in accordance with the ever noble traditions of American diplomacy. The line of your foreign ministers is an illustrious one; but no one ever occupied the chair of Jefferson, Webster, Everett, Seward, Blaine, Bayard, Hay and Root more worthily than does the premier who tonight honors us with his presence. (Applause.)

The conclusion of the treaty at the present time rather than a year later, and the mutual confidence exhibited during its negotiations, are new testimonials—an "additional guaranty," as the President says—of the long standing friendship between the two nations; testimonials of the continuance, or better, of the development of the policy of good will inaugurated at the beginning of our intercourse and observed by successive administrations.

Gentlemen, this is a curious world. This world is full of paradox and irony. Singular and mysterious currents move in it; strange and unbelievable combinations of circumstances, weird and unaccountable thoughts and bizarre emotions sometimes arise to puzzle the wisest of us and cause us to wonder whether truth and reason or blank irrationality is on the throne.

Some of you may have heard occasional whispers of the awful war which the United States and Japan are about to fight—or, rather, frenzied shrieks that such a war is imminent. Just at the moment when we are engaged in ratifying a new treaty, just when your President and our Emperor are personally exchanging the most cordially assuring telegrams—just at such a moment our ears are assailed by new war-whoops.

It is absurd, nonsensical and silly, of course, but it is also interesting—as a puzzle and a mystery always is. You have in New York, I believe, a Society for Psychical Research, which investigates uncanny things. It would do the world a great service if it would unravel the mystery of this irrational yet persistent war talk, dispel this nightmare, exorcise this hobgoblin, lay this tiresome spook. (Applause.)

One would have thought that the positive declarations of President and Emperor would have sufficed to end forever all absurd chatter about war between the United States and Japan—and, so far as I can learn from various sources, they did have that effect so far as rational persons were concerned, to the immense satisfaction of the peace loving people of both nations. Yet, just when any possible basis for the rumor has thus on the very highest authority, on the supreme authority, been declared absolutely non-existent—here it comes again, from somewhere across the Atlantic, from Mexico, or from some other unknown quarter, where they know so much more about our affairs than we can possibly know in Washington or Tokio! We are told anew, not only that the conflict is inevitable, but the exact date on which it will begin; we learn of secret treaties and photographs of mysterious documents—all told

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with such convincing detail that we feel like putting cotton in our ears to dull the cannons' opening roar! (Laughter and applause.)

Gentlemen, there is a serious side to all this, in spite of its absurdity, and I hope I shall not misuse the occasion if I take a few minutes in which to give very candidly my view of the status of Japan regarding peace and war.

In my humble opinion, the principal reason which underlies all this war talk is the prevalence of a general, but erroneous, belief that the Japanese are a warlike people, always ready to fight with anybody. It is true that we have fought two disastrous wars within the last seventeen years, while, with the exception of your conflict with Spain and the Russo-Turkish war of 1877-78, there has been no war of dramatic proportions among the other civilized nations for a term of more than forty years.

Now, gentlemen, I do not wish to enter into a discussion of the causes which led us into those struggles, but I do wish to say emphatically that we did not go to war because we liked war. Inexorable circumstances forced us irresistibly into those conflicts. We paid the most bloody and costly fee to preserve our existence and to enter into the family of nations. If we had not endeavored to enter this family, Japan would have been today only a geographical expression.

But that endeavor, that experience, was too fearful, too awful. A few days before the fall of Port Arthur I visited our army at Dalny, a few miles north of Port Arthur on the Kwang-tung peninsula, whence reinforcements were constantly being sent, and I heard the people say, "Ah! those poor fellows going south (that is, to Port Arthur) are just like a flock of sheep on their way to a slaughter house." They did not mean that the soldiers were as meek as sheep; there is no need for me to say, for the whole world knows, that they were lions on the battlefield. They meant that the poor fellows were marching to certain death. More than 15,000 of our soldiers perished in that siege, while 35,000 more were wounded, making a total loss of more than 50,000—about three times the number of men you lately mobilized on the Mexican frontier. General Nogi, the commander of our army there, saw both of his sons fall bravely before his own eyes; that was one of the pathetic events of the war. Our sacrifices, alike material and moral, were enormous. We have experienced the bitterness of warfare, warfare in its hideous, modern aspect, to its fullest extent—bitterness fortunately not yet experienced by any other nation, except our gallant late opponent, the Russians.

In view of that bitter experience I say to you, gentlemen, that we shall never, never repeat it, unless it is unjustly forced upon us.

No, my countrymen are essentially men of peace. Japan is a land of peace lovers. Japan is a nation whose chief glories have been won in the arts of peace, a nation which has flourished and prospered during centuries of peace, and which looks forward to yet more glorious achievements—of peace. (Applause.)

It is true that we have in my country a few jingoes. Of course, you have nothing like them here! But they are as truly alien to the real spirit of my people as yours are to the American love of peace and justice—or as your jingoes would be if you had any! It is the spirit and love of peace that dwells and has dwelt from time immemorial in our happy valleys and beside the shores of our quiet seas.

When your first squadron, sent by President Fillmore some sixty years ago, sailed up the Bay of Yeddo, it found a people among whom profound peace had prevailed for 250 years. They were a feudal people, their land being divided into the fiefs of more than 250 princes, as independent as the English earls or the Swabian and Burgundian dukes of mediæval Europe. Those feudal lords maintained half a million trained knights—samurai, whose lifelong profession was that of arms. Yet during all that glorious two and a half centuries of the Tokugawa era *they never struck a blow in war.*

During that same 250 years the rest of the world was continually fighting. Europe, during that period, enjoyed the Thirty Years' War; a war of the Huguenots; the war in the Netherlands; the war of the Spanish Succession; the French Revolution and the long wars of Napoleon; the Austro-Prussian war; the Crimean; the Franco-German; six or eight Russo-Turkish wars; two Silesian wars; the Seven Years' War; a series of Swedish wars, with Russia, with Poland, with Denmark; Louis XIV's three wars of conquest; the war of the Polish Succession; of the Bavarian Succession; of the Austrian Succession; Germany under Leopold I fought the Turks; Poland fought them; Russia fought them repeatedly; Venice fought them; the Empire fought them; Sardinia fought Austria; England fought the Dutch several times; England fought Spain and France almost continuously; Austria and Prussia fought Denmark; Schleswig-Holstein fought Denmark three times; there was the war of Grecian independence; the revolt of Belgium; the rebellion of the Magyars, and two or three Spanish revolutions, to say nothing of the British civil wars. Here in America you were fighting the Indians, fighting the French and Indians, fighting the Revolution, the War of 1812, the Mexican War, the Civil War.

While you of the Occident were making this bloody history *we in Japan were passing the centuries in unbroken peace.* While you were killing each other at Leipzig, Luetzen, Vienna, Warsaw, La Rochelle, on the Boyne, on Marston Moor, at Naseby, Blenheim, Marengo, Austerlitz, Waterloo, Ostrolenko, Sawoda, Belgrade, Poltowa, Sedan, Plenva, on Bunker Hill and the Brandywine, at Yorktown, Bull Run, Antietam and Gettysburg—the Japanese were practicing and perfecting the peaceful arts. When Jamestown and Plymouth were settled the word "war" had already ceased to be heard in the Land of the Rising Sun, and during 250 years it was never uttered. (Applause.)

One has but to pass through the rooms in the Fifth Avenue Building in which the Japan Society of New York is just now exhibiting a notable collection of Japanese color prints depicting every phase of the life of the people during those two centuries and a half, to see vividly how entirely, how completely, they were engrossed in the arts and occupations of peace.

How ridiculous, in view of a fact like that, appear the suspicions of unthinking people and the alarms periodically

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raised by the sensational press! Can a people suddenly undergo an absolute and entire change of character? Emerge from nearly three centuries of tranquil existence, as a nation of swashbucklers, bent on trouble? As I have said, we were obliged to do a little fighting recently; but I betray no secret when I confess that we didn't find it such fun that we want any more.

Reverting once more to the silly talk of possible conflict with this country—to those rumors, as the President has characterized them in his letter, "those mischievous and malicious rumors so persistently circulated." Gentlemen, have you ever considered those flags, the flags of our two lands? Can you fail to see that the patriot fathers who designed those flags made it impossible that we should ever fight? There have been wars of the Cross and the Crescent, of the Red Rose and the White—but the Sun and the Stars have never quarreled in their courses —neither shall the two flags which bear those celestial emblems ever be carried at the head of hostile armies. It is unthinkable, impossible. They talk of rivalry, of "the control of the Pacific"—as if an ocean whose area is greater than that of all the continents on the globe combined could possibly be controlled by any one Power!

No; our ambition is not to see our flag "dominate the Pacific," but to see the firmament that arches over that ocean hung with the mingled splendors of our two banners—the star-spangled ensign of America and the sun-flag of Japan—lit with morning effulgence, and jeweled with starry radiance. Sooner shall the day and the night fly to arms to decide who should rule that sea of peace—that the two great nations which dwell on its opposite shores fall out over the destinies assigned to each by nature's laws!

"There is one glory of sun, and another glory of the moon, and one star differeth from another star in glory"—but, gentlemen, there is room in the ample gulfs of the sky—there is room in the spacious purposes of history—for the glory of *all!* (Great applause.)

"PEACE, FRIENDSHIP AND GOOD WILL BETWEEN JAPAN AND THE UNITED STATES."

BY THE HONORABLE WILLIAM SULZER, CHAIRMAN OF THE COMMITTEE ON FOREIGN AFFAIRS OF THE HOUSE OF REPRESENTATIVES.

MR. CHAIRMAN AND GENTLEMEN—The relations between Japan and the United States are now, ever have been, and I hope ever will be peaceful and friendly. There is not a cloud that now darkens the sky of their mutual good will. Japan and the United States are friends, and must ever be friends in the interest of peace and of progress and of civilization. War between Japan and the United States is preposterous and unthinkable, and those who make the wish father to the thought are not in sympathy with the spirit of the times, and do a great injustice to the intelligent and patriotic people of both countries.

It is a matter of sincere regret that every now and then sensational rumors are given publicity, predicated on the alleged strained relations between the two countries. There is no foundation in fact to these rumors of war, and those who understand the proposition realize that they are given currency for ulterior purposes. (Applause.)

Japan wants peace to work out her domestic problems and to achieve her greater destiny in the Orient. The United States abhors war, with all the horrors and responsibilities that war entails, and we also have domestic problems of our own to work out for the general welfare of the American people. Japan and the United States are friends, and will continue to be friends, the Hobsons and their sympathizers to the contrary notwithstanding.

The "valor of ignorance" means carrying a chip on your shoulder and looking for trouble. The valor of wisdom means being polite and minding your own business.

I believe I voice the sentiments of the patriotic people of the United States when I declare that America sympathizes with Japan in the great work that wonderful country is doing in the Orient for progress and civilization, and that we indulge the hope that the unbroken friendship between these two great countries for over half a century will continue through all the years to come in the interest of peace, friendship and commercial progress. (Applause.)

I have confidence in the abiding loyalty of the unwritten alliance which has bound these two great nations together for half a century, and I know the American people reciprocate the expressions of official Japan for a lasting and abiding peace in the interest of the people of the Occident and the people of the Orient.

For one I earnestly deprecate the systematic efforts that are made now and then by irresponsible busybodies to foment distress and enmity between these two great friendly nations, and I brand as unfounded and malicious the unwarrantable statements which tend to throw suspicion upon the intentions and the friendships of Japan and our own country. They are little less than criminal, and create discord and distrust. (Applause.)

The people of Japan appreciate what America has done for them and the people in the Orient, and nothing has had a tendency to disrupt these friendly relations more than the subtle insinuations that Japan is watching for a chance to make an overt attack upon us. It is no wonder that these unjust charges cause pain and bitter disappointment among the leading Japanese. They are to be deprecated by all intelligent citizens as the wildest kind of baseless rumors. There is no danger of war between Japan and the United States. Both countries want peace —peace with honor. In the future, as in the past, they must be friends, and every true American is beginning to see through the purposes of the jingoes and the sinister designs of envious people abroad who would delight to involve us in war with Japan.

Let us be true to our traditional policy and do nothing to alienate the friendship of Japan. There is now, and there must be in the future, good will between both countries. They must work together to solve the problems of the Pacific for the lasting benefit of civilization and the material good of the civilized world. (Applause.)

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RESPONSE TO THE TOAST, "COMMERCE AS A PEACEMAKER."

BY MR. CHARLES A. COFFIN, PRESIDENT OF THE GENERAL ELECTRIC COMPANY.

MR. PRESIDENT, DISTINGUISHED GUESTS OF THE EVENING, AND GENTLEMEN—Nobody can feel more keenly than I the sense of honor which has been paid me in asking me to come here and say a few words, which will be simple, but from conviction, and from the heart, in the promotion of that spirit of amity and good will which animates everybody here, and should animate every loyal citizen of the United States. (Applause). Great as the sense of honor is, greater still, if possible, is that of pleasure and gratification in meeting so many of my friends, both Japanese and American, upon an occasion like this, and deeper still is the sense of duty which I feel in doing whatever lies in my power for the great cause of amity and peace between the nations which we are here to celebrate tonight. (Applause.)

It is difficult for me to confine myself literally to the subject of the toast. The primitive forms of commerce, that of barter of wares and exchange of merchandise, had little in them to appeal to the imagination, and often resulted, and still result, in suspicion, in friction and in clash; but there is a higher arena of commerce and exchanges, that arena in which by the common consent of the civilized world our Japanese friends are supreme and sublime, the arena of kindliness and gentleness, of tolerance and magnanimity, of courage, loyalty and chivalry, of devotion to parents and to children—you can scarcely enumerate a virtue which we hold to be dear to the hearts of any man, or which is a part of what we call our modern civilization, which you do not find exemplified supremely in the life of the Japanese as a people and a nation. (Cries of "Hear, hear" and applause.)

Why is it, then, that undoubted criticism and distrust, to a degree contumely, in our lower strata of society, exist with respect to our Japanese friends? I can only account for it on the ground of absence of information, of the want of acquaintance and of our incapacity to obtain what may be called a horizontal view of the character of the Japanese people. A celebrated wit once said of a hasty biography of Abraham Lincoln that he who wrote it never rose to a horizontal view of the character of Lincoln. Those among us who fail to rise to a horizontal view of the character and great qualities of the Japanese fail to understand and appreciate this great people. Many among us, with a superficial view and cheap analysis of character or of matters, judge from a vertical line and imagine that we have a just survey of their composition and character, forgetting that the only correct and scientific way is to cleave horizontally, also to get at all the strata and all the elements.

We hear much among some of our people who have made little study of the matter regarding the sinister and mysterious elements of the character of our Japanese friends. They are criticised as though they professed without performing, as though they prated of courage without possessing it; but in all history of the Japanese there is a sublime courage and valor, undoubted and acknowledged the world over. Does this partake of the sinister?

We have recent examples of the most extraordinary charity and magnanimity of the Japanese people. Notwithstanding the discrimination against them on the Pacific Coast; notwithstanding at one time the almost universal distrust, depreciation and abuse of the Japanese in California, when the fearful San Francisco disaster came, which appealed to the practical sympathy—not mere expressions of sympathy—of the whole civilized world, gifts poured in from every nation of the world, from the islands of the sea, from Mexico, Canada and Japan, China and England and the whole of Continental Europe, and all South America; and of the total of those gifts outside of the United States, the generous, the forgiving, the all-charitable Japan gave more than one-half. Has this any sinister aspect? (Cries of "Bravo!" and applause.)

It is unfortunate from one point of view, but a thing upon which we must greatly congratulate ourselves from another point of view, that the Japanese understand the Americans and are courageous and magnanimous enough to pay tribute to our best qualities as the Japanese see them. That comes about, undoubtedly, to a degree from the fact that so many of them are familiar with our language and thereby become more conversant with our ideals, a thing which is denied to most of us with respect to their language and their ideals as expressed in it.

As we become more familiar with all the supreme qualities of the Japanese which are patent to those who have extended intercourse with them, whose commercial relations are at all intimate, who have met them at social boards, and especially who have experienced that hospitality, the like of which, I think, is unknown elsewhere in the whole world (applause), the more and more we are impressed with Japanese ideals. Many of these are impressively outlined in that interesting little book, "BUSHIDO, The Soul of Japan," by Inazo Nitobe. The study of this book is a liberal education for one who is honestly seeking for the interpretation of Japanese character. It contains every lesson and example of courage, honor, loyalty, chivalry and devotion. Courage is defined therein as the knowledge of when to live and when to die. Again, a phrase which shows the extraordinary evenness and self-control and self-repression of the Japanese, which has always appealed greatly to me, is this: "Rectitude carried too far grows into hardness, while pity indulged in overmuch sinks into weakness." Avoiding a pity which sinks into weakness, avoiding a hard recti-

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tude which is a blemish—you have a suggestion of that wonderful evenness, self-analysis and self-control of the Japanese people. (Applause.)

One of the events of the last few years which has interested me greatly is the exchange of visits between the Committee on Commercial Relations of the Pacific Coast with a like committee from Japan. The answer made by our Japanese friends to the jingoism in the press of the Pacific Coast came not in kind, not answering back, but with an invitation, "Appoint a committee and come over and visit us." The committee was appointed, as you know, from the chambers of commerce of the various cities on the Pacific Coast, and there is nothing that I like better to do, in answer to the foolish, unwise and often wicked discrimination against the Japanese, than to point to that report published on the return of our visiting commissioners—welcomed everywhere, as they were in Japan, with the most open-handed hospitality, welcomed by addresses and songs of their children in our own language, with no act of courtesy left unperformed, with no amenity unobserved, with a fragrance and perfume of complete hospitality, kindliness, friendliness and gentleness.

Among the remarkable records in this report a few occur to me as demonstrating the wonderful advance made by the Japanese in respect to many things in which we have, some of us, believed we were the leaders and not the followers. In respect to reforestry, for instance, as long ago as 1898 and 1899, under the wonderfully administered government bureau having that in charge, there were planted eight hundred millions of seedlings for the preservation of their forests. There were thirty-four thousand schools in Japan, and in the higher schools it was shown that two or three times as much time was devoted to teaching English as to teaching Japanese. In the Imperial University at Tokio there are more books in English than in any other foreign language. The trust and confidence in Americans, and the encouragement of amity and friendship and permanent peace between them and us, which have been exhibited by the Japanese all along, and away back, have vastly exceeded what we have done, and have pointed to us the way of our duty in this regard.

Some forty years ago the celebrated American, Dr. Griffiths, was selected to inaugurate the public school system of Japan, and he worked there for thirty years. The most eminent collector of Japanese pottery in the world, a friend of many of you here, Professor Morse, of Massachusetts, was four years in Japanese universities learning the language and learning to love the people, and now after a lapse of thirty years counts among his nearest and dearest friends those Japanese men and women whom he knew and learned to love and esteem in Japan; and in entertaining, when it falls to my lot to do so, my Japanese friends here, there is no greater kindness I can show to them than to take them over to Boston and have them meet Professor Morse, or get him over here to meet them. (Applause.)

Now, gentlemen, I will not keep you longer, except, coming down to a lower level, to say a few words as to the commercial experience in the Empire of Japan of the corporation with which I am connected. Something more than twenty years ago we began to do business there, hesitatingly, with more or less distrust, and with an uncertainty as to the outcome, having received false impressions from all those who knew nothing, and knowing very few at that time who knew anything with regard to what we have since learned as to Japanese commercial honor.

I will diverge a moment to say that I had a conversation with a prominent California merchant a week ago as to the very matters which are discussed here tonight, and I expressed at considerable length my esteem and affection for and my confidence in the Japanese as an individual and as a people. I told him what he did not know, and had never heard, as to the wonderful munificence of the Japanese after the San Francisco disaster. He had the frankness to say that what I had told him was exactly the testimony of everybody who had ever visited Japan, or who had any considerable relations with the Japanese people, but that it was exactly contrary to what everybody had told him who had taken things at second hand, or who had been fed upon ignorant and prejudiced testimony. (Applause.)

During the twenty years of our commercial relations with Japan, and I am only stating as true with regard to my corporation what I have learned to be true with respect to many similar, some very large and more important corporations, in their experience, that in that whole period we never have been met unfairly. In that whole period we have never had an accrimonious discussion. In that whole period we have not only never lost a dollar of money, but we have never seen a moment when we felt that our money in Japan was in jeopardy. (Applause.) And the lessons we have learned from our Japanese friends—of high ideals, patience, kindness, thoughtfulness, generosity, abounding hospitality—are more and more abiding, and, I can say for myself, of greater interest and value than all the lessons I have learned in all my life in my commercial relations with other people. (Applause.)

I would make one plea before taking my seat, and that is that every individual before permitting himself to express a disparaging view regarding our friends in Japan should go to the sources of information which are open to him and familiarize himself with the facts. If he does not do that, it can be said to him, as Dr. McCosh was wont to say to his graduating classes before dismissing them, "Young men, you have learned some things, but you do not know much; you have learned one thing, however, and that is, where to go for the sources of information. There is one thing that I would especially say to you in parting, and that is, with all this teaching and with this knowledge as to the sources of information, if you haven't common sense, God Almighty have mercy on your souls!" (Laughter and applause.)

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VIEWS AND REVIEWS OF CHINESE AFFAIRS.

From the Annual Report of the China Association, 1910-1911.

The notable event of the year has been the meeting in Peking, for the first time, of the newly created National Assembly, which marks a further step in the program of constitutional reform, as promulgated by the edicts of the late Empress Dowager. Mention was made in last year's report of the first meeting of the Provincial Assemblies, but their importance has been completely overshadowed by the doings of the National Assembly. The object of the Empress Dowager in creating these assemblies was to have at hand a quasi representative body whom the authorities, provincial and central, could consult from time to time on legislative projects touching the welfare of the people. No legislative or executive powers were given to them; they were simply to advise. The legislative powers remained vested in the Emperor, who was free to accept or reject the advice as he might think fit. The scheme was admittedly tentative and provisional, and was intended to bridge over the probationary interval, originally fixed at nine years, until a full parliament of the nation could be convened. The constitution of the National Assembly was as follows: 100 members nominated by the Crown from among the aristocracy and bureaucracy of Peking, which may be called the conservative element, and 100 members selected by the governors of the provinces from among the elected members of the provincial assemblies. These last may be taken to represent the Liberal or Democratic element in the Assembly, though being selected or nominated by the governors, it may be presumed that they include few of radical or other extreme views.

In these circumstances the Assembly met for the first time on October 1, the meeting being opened by the Regent in person. From the start it became evident that the Assembly was in the hands of the Democratic or Provincial party, and that they were by no means disposed to confine themselves to the role of merely passive advisers. Further, they were not content to wait until their advice was asked on certain specified subjects, as had been originally intended, but claimed the right to interpellate the Government on any subject whatsoever. As time went on the members became bolder with impunity, and though the Regent himself was spared, they did not hesitate to denounce his advisers, including even the members of the Grand Council of State, and claimed that it was high time that this august but antiquated body was abolished and replaced by a cabinet responsible to themselves.

It is impossible in a short résumé to follow in detail the proceedings, but the principal outcome of the debates is as follows:

1. A memorial to the Regent praying that the time for the summoning of a full parliament should be shortened. Provincial delegates from the local assemblies had been urging this step for over a year, but the Regent persisted in adhering to the original term of nine years as all too short for the necessary preparation. Yielding, however, to the combined pressure, he finally agreed to shorten the period by three years, and to convene a parliament in 1913. An edict to this effect was issued on November 4.

2. Vote of censure was passed on the Governor of Kuangsi in respect to his extending the time fixed for the prohibition of poppy growing. This was accepted by the Regent and a mild edict of censure issued.

3. Vote of censure was passed on the Governor of Hunan for having issued a provincial loan without consulting his local Assembly. This having been rejected by the Regent under advice of the Grand Council, led to an attack on the Grand Councillors extending over several sittings. Various speakers denounced the Grand Council, characterizing it as "a corrupt committee of incompetent people unfitted by education, experience or probity to administer the affairs of the Empire." A vote of impeachment was resolved upon, and a committee appointed to draw up a memorial to the Regent. Thereupon the Grand Council resigned in a body, but the Regent refused to accept their resignation. For a time the tension was extreme, but in the end calmer counsels prevailed, and the memorial or resolution was toned down. The crisis was averted for the time, but the battle between the forces of Manchu Conservatism and Provincial Democracy remains to be fought out.

4. A memorial was presented from the Provincial Assembly of Nanking denouncing the Viceroy for having saddled the provincial revenues with a loan of 3,500,000 taels in relief of the native banks during the Shanghai financial crisis. This formed the subject of much discussion, the Viceroy's action being generally condemned, but no formal vote of censure seems to have been passed.

5. Examination and report on the budget. The budget was presented to the Assembly by Prince Tsai Tse, the President of the Board of Finance, whom we may regard on this occasion as the Chancellor of the Exchequer. If the Prince is correctly reported, his speech in introducing the budget is surely the most remarkable that was ever made on such an occasion. "Gentlemen," he said in effect, "there is no need for me to go into details. You all know quite well we have got no money. Since the year 1900 heavy indemnities have had to be paid, and latterly we have introduced far reaching and expensive reforms in education and extensive reorganization of commerce, industries, the army, navy and minor matters. All these things take money, and so we find ourselves with limited financial resources endeavoring to carry out an unlimited number of reforms. The situation is critical; the remedy lies in the establishment of a National Parliament, which would enable us to put our house in order. I have no doubt that following the opening of a parliament the finances of the country will be in a better condition, and I hope a parliament will come as soon as possible." The Assembly appointed a committee to examine and report on the budget. The chairman of the Finance Committee, in reporting to the House the results of their examination, remarked as

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follows: He explained that the estimates had been very difficult to comprehend, and while investigating them full evidence had been found of the obsolete system of government in China and the dangerous methods of financial administration in vogue: "The Government had submitted the estimates in the form of forty-two pamphlets on principal items, eighty-one pamphlets on subordinate items, and twenty-four pamphlets on miscellaneous items. Later the Government gradually delivered to the House over 3,280 pamphlets from which it had made out the estimates. The committee had spent forty days of its valuable time and exhausted the brains and strength of forty-eight men plunging daily into this mass without intermission, before it had been able to obtain something like a clear insight into it."

The foregoing is more eloquent than any commentary could be on what has so often been called the chaotic state of Chinese finance. The budget as presented by Prince Tsai Tse showed a deficit of over 36,000,000 taels, and all that the examining committee could do, after so much labor, was to recommend that certain departments should spend so much less and that certain other departments collect so much more, which would help to the extent of some 12,000,000 taels, but still leaving a deficit of over 23,000,000 taels. This recommendation, which is little more than a pious expression of opinion, is not the least likely to have any effect.

The only positive result of the first session of the National Assembly is, therefore, that they have succeeded in shortening the probationary period for the summoning of a parliament by three years. In all other respects this body, which was called into being to "assist" the Government, has not only done nothing to assist, but by its criticism, well or ill directed, against the Grand Council and Governors, has done much to weaken the moral control of the Central Government. In its eagerness to get rid of long standing abuses it runs the danger of pulling down the whole constitutional fabric before it has formulated a plan for rebuilding. It would be ungenerous, however, to criticise too minutely the proceedings of this first essay in representative government; it is more pleasant to recognize, as the local press in China has done, that the members, even in the heat of debate, have comported themselves with dignity and decorum, and have shown a businesslike aptitude which is worthy of all praise, and which augurs well for the future. At the same time the unseemly haste for a parliament gives rise to misgiving. The desire, which seems universal among all classes, appears to be prompted by the idea that a parliament will somehow be a panacea for all the ills with which China is confronted—financial, political and othewise. The argument probably runs—all prosperous countries have a parliament; if China had a parliament China would be prosperous too. But, while sympathizing with the aspiration, one cannot but deprecate the haste to run before they have learned to walk.

BUDGET AND PUBLIC DEBT.

The budget as presented to the Assembly is here inserted for the purpose of record, inasmuch as it is the first document of the kind made public. It seems to be compiled from the several budgets sent up by the Provincial Governors. The figures are:

REVENUE.

	Taels.
Land Taxes	48,101,346
Salt and Tea Taxes	46,312,355
Customs Duties	42,139,287
Other Duties	26,163,842
Likin	43,187,907
Government Property Receipts	46,600,899
Contribution	5,652,336
Miscellaneous Income	35,244,750
Public Loan	3,560,000
Total	296,962,722

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
Goverment Property Payments	7,696,361
Payment of Foreign Debts	51,640,962
Frontier Defense	1,249,908
Public Loan Expenditure	4,472,613
Total is put at	333,058,346

As we have not available the 3,280 pamphlets submitted to the Assembly we cannot attempt any criticism of this mysterious document, but there are several points which arouse curiosity. We would like to know, for instance, where the contribution of five million odd taels came from; also what are the Government property receipts, which bulk so largely on the revenue side? They cannot be railway earnings, and it is questionable whether the item includes the Tientsin-Pukow Railway loan? If so, the bookkeeping must be rather mixed. The well-known items such as land tax, salt, likin, etc., show figures considerably larger than any given by the various foreigners who have attempted an estimate of China's revenue, but whether this is owing to increased taxation or to the inclusion of items hitherto deemed local or provincial, it is impossible to say. At all events, if the revenue side has grown the expenditure side has grown out of all proportion. Even after crediting revenue with what is called a "Public Loan" of 3½ millions there is still a deficit of over 36 million taels. It is regretted that the Assembly had no suggestion to offer as to how that deficit should be made up, or as to how equilibrium could be restored between the two sides of the account in future years. In the opinion of Prince Tsai Tse the only hope of salvation lies in the parliament to be convened three years hence, and meantime it would seem as if all attempt at financial reform is to be relegated to that period. Meanwhile a chronic deficit of some 30 millions confronts the Treasury, and whether this is to be got over by further borrowing or by the simple expedient of not paying remains to be seen. One or other would appear inevitable.

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And not merely is the Imperial Treasury empty, but practically the Exchequer of every province is in the like condition. That is shown by the anxiety of most Viceroys and Governors to be allowed to issue internal loans. Several have already done so, Chihli, Anhui, Hunan, for example, and others are prepared to follow suit if the necessary permission could be obtained, which it may be noted with satisfaction the Regent is unwilling to grant. The necessity may, however, become too imperious, and there is a danger that the market may be flooded with such provincial issues. If the money were subscribed by natives, as it is presumed to be, it would not concern this Association, but as no native money is forthcoming the authorities are turning to foreign merchants and bankers, some of whom seem not indisposed to give the accommodation. The China Association would deprecate as a serious menace to the credit of China the miscellaneous issue of provincial loans, unless they bear the direct guarantee of the Imperial Government for the repayment of principal and interest, which as a rule they do not. If such loans were for reproductive works it would be different, but they are made to enable the provincial authorities to meet the demands of Peking, so that the latter may be able to meet its own obligations. If money must be borrowed, it is much better that it should be done direct by the central Government and with its proper guarantee.

In a letter addressed to the Foreign Office on the 12th of October, 1909, and printed in the appendix to last year's report, attention was called to the growing tendency of offering loans to the Chinese Government on doubtful security. It was pointed out that while the earlier loans were all based on tangible security, such as customs revenue or the railway to be constructed, the later loans were secured only on likin or other internal provincial revenues, which were shadowy and inaccessible; and further, that though these loans bore the Imperial guarantee, sufficient prominence was not given to the consideration that the value of that guarantee was steadily declining with the increase of debt. These remarks apply with even greater force to provincial or departmental loans such as those above referred to. Not merely do they carry no collateral security, but it seems doubtful if they even bear the Imperial guarantee. They are issued on the authority of a decree, no doubt, but as internal loans only, and while the Chinese Government has hitherto been scrupulous in the observance of its external obligations, the same cannot always be said of its obligations toward its own subjects. Moreover, the offer of a high rate of interest—7 per cent. or more—seems to indicate that the Chinese Government itself places such loans in a different category from that of the ordinary guaranteed loan. The position seems to be correctly set out by a writer in a letter recently addressed to the *Times*, in which he argues that a foreign purchaser of the bonds of such loans simply stands in the place of a native bondholder, and can claim no higher rights than the Chinese Government thinks fit to accord to its own subjects, whatever these rights may be.

RAILWAY LOANS AND CONSTRUCTION.

During the year a combination has been formed between English, French, German and American groups for the purpose of sharing in equal proportions any loans that may be negotiated by any of the parties for railway construction. The object of this combination, it is understood, is to secure adequate protection to the bondholders by retaining some measure of control over the loan funds expenditure of the loan proceeds. The immediate projects are the Hukwang railways and the Chinchow-Aigun railway, or some modification thereof, a preliminary contract for which was obtained by the American group. Progress in the latter has been delayed by the intervention of Russia and Japan. Correspondence with the Foreign Office on this subject will be found in the appendix and will show the steps taken by the association to secure the assistance of H. M. Government in coming to an understanding with these Powers. It is hoped that by a modification of the line as originally proposed an amicable arrangement can be come to.

In regard to the Hukwang loan, the agreement for which was drawn up and initialed nearly two years ago, delay was first caused, it seems, by the American intervention, now happily adjusted. The delay, however, allowed a strong local opposition to grow up. Local companies were formed who proposed to build and work the lines themselves. Considerable sums were subscribed and a certain amount of work done. The fervor apparently is dying out, and it is evident to all in authority that the lines contemplated can never be built with native capital. Negotiations, it is understood, have recently been resumed with good prospect of success, but the native companies have to be conciliated or bought out, which is the present difficulty. It is noted from communications in the local press in China that the Viceroy of Hukwang and others have been urging the Government to borrow freely for railway construction to meet the urgent needs of the country.

An event of the greatest interest and importance to the colony of Hongkong was the opening of the British section of the Kowloon-Canton Railway on October 1, 1910, the ceremony being performed by the officer administering the government, H. E. Sir Henry May, K. C. M. G.

The general committee, which joined the Hongkong branch in earnestly advocating the construction of this line, congratulates the colony on the successful outcome of their efforts.

The British section now open for traffic traverses the new territory to Sham-chun via Taipo, is some 22 miles in length, was commenced in 1905, and cost approximately $12,000,000, including tunneling, reclamation of land, workshops and equipment. No less than five tunnels were bored, the longest penetrating Beacon Hill, and being 7,256 feet in length through solid rock, and costing not far short of one-third of the total outlay on the British section. The permanent way has been constructed for a double track, but so far a single line only has been laid. There are twenty-two stations, including the terminus at Kowloon, and 41 acres of foreshore have been reclaimed at Kowloon for a goods yard and 7 or 8 miles of sidings.

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The Chinese portion of the line, from Canton to Shamchun, when complete, will be 89¼ miles long, and is expected to be open to traffic in July next.

To the north of Canton trains are now running to Wongshek, a distance of 55 miles, and construction trains to Ying-tak, 90 miles from Canton on the great main line to Hankow, which in the not far distant future will, it is hoped, be linked by rail with Kowloon.

CURRENCY REFORM.

An important decree was issued on May 24, fixing the unit of currency for China as a "dollar" of 7 mace 2 candareens weight (equivalent to the Mexican dollar), with subsidiary decimal coins down to one-tenth of a cent. The decree further ordered that all mints should cease coining any more pieces of existing denominations, and that the coining of the new pieces should be entrusted to the central mint at Tientsin, which was to set to work at once. As soon as a sufficient number should be coined the new pieces were to become the legal tender for payment of all Government dues and taxes. After a certain date, to be fixed by proclamation, they were to become sole legal tender throughout the empire. Copies of the letter from the Foreign Office, enclosing the decree and the regulations appended, will be found in the Appendix, pp. 9-26. So far as appears on paper, the regulations for the new coinage are satisfactory, and will, if carried out, be a great boon to trade. But it would seem that the Government is again brought up by that great stumbling block, want of money. Coins cannot be minted unless silver is forthcoming for the purpose. The native banks, who must possess certain stocks of silver, do not seem overanxious to have it turned into coin, and the Government itself has none to spare. An American loan of £10,000,000 was offered, four-fifths of which was to be used for currency, but this has been tied up for several months, because the American group insist on a representative being appointed to see that the money should actually be used for currency purposes. It is difficult to see why the Chinese Government, if it is really in earnest, should object to this condition; on the contrary, one might suppose that they would welcome the assistance of an American adviser. But the fact remains apparently that they do object, and meantime currency reform is delayed. A few of the new coins have gone into circulation, but this only adds one more to the multitudinous coins of all nationalities which constitute China's circulating medium, and so makes confusion more confounded.

TRADEMARKS.

This is a question which continues to occupy the attention of the Association.

During the early part of the year nothing happened. In July, advantage being taken of the presence of Sir Frederick Lugard in England, the Association and Mr. Cousland, late secretary of the Hongkong branch, received an invitation to attend an informal meeting at the Colonial Office to talk over with representatives of the Foreign Office and Board of Trade the proposed Anglo-Japanese Convention relating to trademarks in China. Mr. D. C. Rutherford was present on behalf of the Association, and afterwards circulated to the general committee an interesting memorandum of the proceedings. Subsequently the Association received from the Foreign Office an important letter enclosing two draft conventions, on which opinions were invited. As the matter is, of course, confidential, it is not possible to say more here, but it may be added that, so far as can be ascertained, the consensus of opinion is in agreement with the Association that no convention can be acceptable which does not include a provision that disputes arising as to the right to use a trademark, whether registered or not, shall be decided on the grounds of priority of user in China.

NEW DEVELOPMENTS IN CHINESE TRADE.

From the Japan Herald.

A well informed German correspondent writes from Tientsin:

The manifold factors of the development which all China is at present undergoing are co-operating to give great stimulus to her trade, and at the same time to introduce the greatest intricacies into the hitherto simple course of her economic life. A paricularly enduring effect will, of course, be exercised by the new formations in railways and shipping. Similar influences, beneficial in the end, but often hindersome at the outset, are to be seen in the currency reform which has now been set about and in the depreciation, now proceeding with great speed and penetrating into the remotest provinces, of the old means of currency, silver and copper cash. Living and wages are becoming dearer; the value of land is rising, through the influence of foreign settlements and of the new founded branches of industry which foreign capital brings in. They are falling, on the contrary, in the provinces whose natural products or native labor is often becoming less in demand in their own market on account of the introduction of industrial products and modern methods of labor. The usual consequences follow: popular unrest, wandering of workmen from district to district in search of work, movements of population of a lasting sort. The facilitation of connections partly strengthen old established trade combinations and favor the rise of new, but on the other hand they not seldom annihilate the sources of income of the smaller intermediate places.

In vain do the representatives of Old China try to stem the tide of innovation, the consequences of which they cannot foresee. The methods of earning and spending which the West through its merchants is teaching to the astonished Chinese are appealing to wider and wider circles of this supposedly so conservative people. Often enterprising foreigners who know how to put the prospects of new industrial enterprises in a clear light find Chinese only too willing to participate. Such co-operative enterprises are now springing up with the support of merchants and officials who until a short time ago set themselves obstinately against all the attempts and promises of the foreign devils. The innovations of European fashion and luxury create new wants and bring rich profits to the

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dealer; while the products of China, many of them unique, afford the Westerner hitherto unheard of motives for spending. One curious example is the trade in human hair. Long and strong hair has always been a valuable article; and the queues are now falling by the thousand. In the godowns of Tientsin firms one can see chests weighing hundredweights filled with the black braids of Chinese which are now being exported to Europe.

An astonishing impression of the variety and peculiarity of the natural riches of China is given by the storehouses and factories of the Hankow export firms. Whereas the export of tea, the monopoly of a few large Russian houses, has for some years remained almost stationary, the value of the export of oil seeds from Hankow, to take one example of a comparatively unimportant article, rose from 3.8 million taels in 1907 to 8.3 in 1908 and 10.5 in 1909. Boats bring wood tar from the Upper Yangtze in big round baskets lined with paper to be refined and remelted in the factories; they bring astonishing masses of the greasy product of the tallow tree used in European technical industries, also cotton and beans, gallnuts, pigs' bristles; also skins, which are sun-dried in the yards of the storehouses and packed by means of hydraulic presses for sea-transport. Millions of ducks' eggs are, during the few weeks of the season, manufactured by the hand-labor of coolie women and children into masses of pure dried yolk and albumen, smelling like biscuits. The albumen is used in the photographic industry, the yolk in the European sweetstuff manufacture. On the same bank of the Yangtze are the new cold storage houses and the great tobacco factories of foreign firms, and near by are ore refineries, in which antimony, lead and zinc are prepared for export. In this rapidly increasing export trade of China, the Germans are taking a great share. Both in Hankow and Shanghai, nearly 75 per cent. of the export is handled by German firms. Houses such as Carlowitz & Co., Arnhold Karberg & Co., Garrels Börner & Co., Siemssen, and others already look upon Hankow as the most important of their branches which are spread like a net over China. The capacity of the German merchant, thanks to his knowledge of the world-market and his zeal to discover new resources, by which even unlikely articles of export gradually present a lucrative side, has given him a leading position in the Chinese export trade which the more conservative and less experimentative English and the Americans thinking far more exclusively about "big" things, are not likely to win except by following similar methods. Just as Hankow is the door of the interior provinces of China, whereas in Canton and the smaller treaty ports on the coasts the doors open on the ocean, so, north of Shanghai, Tientsin offers the readiest access for the internal trade, especially of the commercially hardly yet touched Mongolia. The western provinces and Tibet will soon be opened by colonization, the construction of military posts, roads, bridges, etc. The same means will be employed to prevent the military absorption of half savage Mongolia. With the expiry of the Russo-Chinese treaty in 1912 the whole of Mongolia will become much more accessible to international exploitation. While in the summer of 1910 some half a dozen Russian trading expeditions were simultaneously traveling in the north, English and Belgian geologists have been exploring the country from the south. The Mongolian princes themselves, convinced by the Colonial Office at Peking of the advantage of making great changes, have quickly shown a remarkably civilized interest in the laying of railways and the working of the mineral treasures of these territories. Kalgan, the starting point of the tea caravans which used to travel across the Gobi to Kiakhta, seemed to sink to a small frontier town from the moment that the Siberian Railway offered another route; but the new Peking-Kalgan Railway has given it a new lease of life. The construction of this line by Chinese engineers has been carried to a length of 40 miles, not following the due northerly direction of the most convenient caravan route to Urga, but first going to the west in order to traverse a part of the densely populated Shansi to the bend of Hwang Ho at Suiyuan and only from there to radiate into Mongolia by several lines running northeast, north and northwest. Until this line is constructed, at least as far as Suiyuan, it will not have much effect on the trade of Kalgan. But already Tientsin firms, Chinese and foreign, which have long been interested in the Mongolian trade have secured ground in the old trading town with the new future, from which meantime the Russian merchants have departed, all except two families. Kalgan will before long be opened to international trade.

Hitherto Fatshan, Hankow, Chusan and the porcelain city Kintak have been proverbially known to the Chinese as "the four trading marts." In the future, towns like Kalgan, Tsinanfu, Mukden and Harbin will have to be added to the list. Unlike the existing great trading centres, such as Dalny, Tientsin, Chefoo, Shanghai, Hankow and Canton, with their settlements under foreign jurisdiction, which date from a period of "strong" foreign policy toward China, these new marts will not be mere bits of Europe in Asia, but at most merely Europeanized more or less. They will not be a sort of commercial excrescence on China, but will palpitate with the economic life of the great country, and will, of course, be entirely under Chinese administration.

The great prospects for trade are naturally awakening a lively interest abroad as to the Chinese market. Banks are founding new branches; mining men and machine manufacturers are forming bureaus and laboratories. Delegates of American chambers of commerce and unions of Japanese business men are organizing tours of inspection. We need only refer to the interesting union of the international works of the Siemens firm, the object of which is to make a united advance on the Chinese market. German manufacturers, who think they can do without the slow labors of the old established middlemen, are sending their representatives to open direct trade. Unfortunately, however, they often only reap the bitter experience that, as things still are in the Middle Kingdom, the expenses of this direct procedure considerably exceed the commissions demanded by the China firms, and the peculiar conditions of Chinese commerce demand even from the established firms a degree of patience, knowledge and caution and an expenditure of labor which has in a short time sidetracked many an attempt commenced with great expectations. One not seldom hears in the circles of experienced China merchants, who in the case of an orderly development of trade, would be the first to profit by the new opportunities, great doubts, even decided pessimism as to the difficulties of the situation. Trade conditions in the established capitals of export, Hongkong, Canton, Shanghai and Tientsin, are at present by no means so favorable as would be supposed from the greatly increasing development of great natural resources of China and from the tendency to seize eagerly on the newly created possibilities.

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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 adverting to the possibilities of its expansion, attention was directed to the fact that the steps taken by European powers to occupy Chinese territory were calculated to substitute the laws of foreign governments for those of the Chinese Empire, to the probable restriction of American trade. Accompanying the report there was submitted a memorial to the President of the United States urging that such steps be taken as might be necessary for the prompt and energetic defense of the existing treaty rights of our citizens in China, and for the preservation and protection of their important commercial interests in that empire.

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

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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.

CONSTITUTION.

ARTICLE I.

NAME.

The name of this Association is The American Asiatic Association.

ARTICLE II.

OBJECTS AND PURPOSES.

The objects and purposes of this Association are:

1. To foster and safeguard the trade and commercial interests of the citizens of the United States, and others associated therewith, in the empires of China, Japan and Korea, and in the Philippine Islands, and elsewhere in Asia or Oceania;

2. To secure the advantages of sustained watchfulness and readiness for action, attainable by union and permanent organization, in respect of such Asiatic trade, and as well in matters of legislation, or treaties affecting the same;

3. To promote the creation and maintenance of a consular service of the United States in Asia and in Oceania which shall be founded upon the principles of uniform selection for proved fitness, of regular promotion, security of tenure during good service, and adequate compensation;

4. To provide for convenient ascertainment and distribution of information affecting the interests of its members;

5. And generally to promote a beneficial acquaintance and association of those having interests and pursuits in common concerned with such trade or commerce.

ARTICLE III.

MEMBERSHIP.

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

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

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

HONORARY MEMBERSHIP.

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

ARTICLE IV.

OFFICERS AND EXECUTIVE COMMITTEE.

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

Sec. 2. The officers of the Association shall be ex-officio members of the executive committee.

Sec. 3. There shall be an executive committee consisting of twelve members.

Sec. 4. The members of the executive committee shall be elected at the annual meeting or at any special meeting called for that purpose, and shall be divided into three equal classes, which, selected by lot, shall hold office, in the

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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.

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 arrears.

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.

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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.
A. B. Hepburn, President of the Chamber of Commerce of the State of New York.
William P. Clyde, New York.

MEMBERS.

Abbeville Cotton Mills, Abbeville, S. C.
Adams, Edwin G., Waverly, N. J.
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. C.
American Trading Company, New York City.
American Trading Company (Pacific Coast), San Francisco, Cal.
Amory, Browne & Co., New York City.
Amringe, Guy van, 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.
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.
Bedford, F. H., New York City.
Belton Mills, Belton, S. C.
Bemis, W. E., New York City.
Bliss, Fabyan & 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.

Caesar, Henry A., 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.
Claflin, The H. B., Company, New York City.
Conant, Charles A., New York City.
Copmann, 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 (Judkins & 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.
Denby, Hon. Chas. (Consul General), Shanghai, China.
Derby, Richard, New York City.
Despard, Walter D., 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.
Dun, R. G., & Co., New York City.
Durdan, H. P., New York City.

Eddy, Thomas A., New York City.
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., 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.
Frazar & Sole, Ltd., New York City.
Funch, Edye & Co., New York City.

Gabel, Siegfried, 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, H. T. S., 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.
Jenks, Chas. T., & Co., New York City.
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.
Lilly, Joseph T., 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.

Mackenzie, H., 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.
Meyer, Chas. D., New York City.
Mills, A. G. (Otis Elevator Company), New York City.
Minot, Hooper & Co., New York City.
Mitsui & Co., New York City.
Montgomery & Co., Jas. & John R., New York City.
Morewood & Co., New York City.
Morgan, Edwin, Hon. (American Legation), Havana, Cuba.
Morgan, J. P., Jr., New York City.

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

Oelrichs & Co., New York City.
Okonite Company, New York City.

Pacific Export Lumber Company, New York City.
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.

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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.
Phœnix Silk Manufacturing Company, New York City.
Piedmont Manufacturing Company, Greenville, S. C.
Plimpton, Geo. A., 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.
Richter, Alfred, New York City.
Rockhill, Clayton, New York City.
Roe, Livingston, New York City.
Rogers, Jas. H. (International Banking Corporation), New York City.
Ruckgaber, Max, Jr., New York City.

Salomon, William, & Co., New York City.
Sampson, Chas. E., New York City.
Scherer, Rudolph, New York City.
Scheuer, Percy C., New York City.
Schieren Company, Chas. A., New York City.
Schiff, Jacob H., New York City.
Schmitz, C., & Co., New York City.
Schnakenberg, Daniel, 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.
Shepard, Augustus D., New York City.
Shewan, Tomes & Co., New York City.
Sirrine, 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.
Stokes, 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.

Textile Commission Company, New York City.
Thompson, Henry B. Wilmington, Del.
Thompson, Robert M. (Japanese Paper Company), New York City.
Thomson, John, Press Company, Long Island City, N. Y.
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.

Vacuum Oil Company, Rochester, N. Y.
Vanderlip, Frank A., New York City.
Vintschger, Gustave, New York City.

Walker, A. D., New York City.
Waltham Watch Company, 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.
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.
Young, Edw. L., New York City.

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CONTENTS.

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The space given in this number of The Journal to an article by Mr. Lancelot F. Lawton, in the *Fortnightly Review*, on "The Powers in the Far East," is probably somewhat out of proportion to the value of this contribution to a highly important discussion. But, in the course of a somewhat rambling disquisition, Mr. Lawton has succeeded in giving expression to pretty nearly every complaint which has been uttered on either side of the Atlantic, in regard to the attitude of the great Powers toward affairs in China. He is particularly emphatic in his arraignment of the policy of Japan. whose methods he compares with those of Russia, very much to the detriment of the Japanese. The indictment obviously lacks definiteness, and the pro-Russian bias is sufficiency plain. But the article has its value as a characteristic contribution to an already copious literature—as the interpretation of a peculiar state of mind which has to be reckoned with, here as elsewhere, in dealing with the complex problem of a new and progressive China. If the article revealed the possession of more accurate information, a broader mind and a more judicial temper, it would be a less typical expression of much of the criticism of the progress of events in the Far East that passes for mature judgment and finds auditors and readers. Shallow as most of this is, and admirably calculated as it may be to defeat the avowed purpose of its authors, it represents a phase of opinion that is not without influence in shaping the relations of the Western Powers toward the Chinese Empire. It is interesting to note that Mr. Lawton reaches the conclusion that so long as the United States adheres to her present policy in the Far East she will remain isolated. He concedes that the position of Germany in Shantung precludes her from seriously joining in any movement that has for its object the enforcement of the policy of the Open Door, and he recognizes the fact that neither Power is prepared to force an issue by going to war with the rest of the world. That China is merely seeking to make use of both Powers for her own ends, may be partly true, but it is certainly not true that America is haunted by "the ever-present fear that Japan is about to attack her in the Pacific," or that any such apprehension plays a part in the policy of this Government toward China.

Searching through Mr. Lawton's article for a definite accusation against the Government of Japan, about the only one that seems capable of formulation is the following: It is undeniable that at the close of the war a system was introduced whereby Japanese traders who combined together were financed at low rates by the Yokohama Specie

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Bank, and, in addition, were given preferential steamship rates, as well as substantial rebates over the South Manchurian Railway. According to Mr. Lawton, the Japanese Finance Minister told him that these privileges were extended merely because "combines" were able to deal in large consignments convenient for the railway authorities to handle, and he added that in the event of foreign nations resorting to similar methods they would be equally well treated. The grievance is that foreign merchants in the Far East, who are usually competitive middlemen, cannot merge their interests, and that it is not right they should be forced to organize themselves into "trusts" in order to receive the same terms as those accorded their Japanese rivals. For the rest, we are asked to believe that in any contrast between the positions held by Russia and Japan in Manchuria, "one cannot help arriving at the conclusion that whereas Japan has gained her end by devious, and, more often than not, by dubious methods, Russia has boldly declared her purpose—a purpose from which she has not departed in one single instance that can be called to mind—of pursuing frankly a policy of complete and effective railway control in Northern Manchuria." Mr. Lawton thinks that any criticisms of the position held by Russia today must be modified by the reflection that she was the pioneer in establishing what has proved to be an inestimable boom to the world at large—railway communication between East and West. Moreover, as the result of the expenditure of enormous sums of money, and the creation of enterprise on a vast scale, the railway was carried to the southermost limits of Manchuria; and on sites which hitherto have been barren lands were raised towns which, alike in their design and construction, would not have been out of place in the heart of civilized Europe.

CONCEDING all this, it fails to furnish a sufficient basis for the regrets expressed by certain British and other merchants resident in China that Japan was ever victorious in the war. This is a phase of opinion which Mr. Lawton interprets as follows: "To use a common expression, 'there was plenty of money about' when Russia was in the ascendency; but the Japanese with their cheap labor and with the advantages resulting from geographical proximity and from their control of the railway, to all intents and purposes defy competition." But Japan has never, as Russia did in 1901, assumed the right to collect the customs of one of the treaty ports of China, nor has she, as the Russian administration at Dalny did in the same year, refuse to permit Americans to build warehouses for the storage of kerosene, or announce the intention of excluding American oil from Manchuria. Nor should the fact be forgotten, in this connection, that on April 18, 1903, the Czar demanded that the Chinese Government should agree not to open any new treaty ports in Manchuria, or permit any consuls to enter without previous consent from St. Petersburg, or employ any foreigners other than Russians in any administrative capacity either in Manchuria or Mongolia. During the Russian occupation at Newchwang, Americans were regarded with keen suspicion; there was a frank refusal to recognize a British passport in Manchuria and a stern insistence that all foreigners, other than Russians, traveling in Manchuria must possess Russian passports, procurable only from Port Arthur, and that with considerable difficulty and delay. It may be true, as Mr. Lawton insists, that the attitude of Russia, from the moment she entered Manchuria until the present day, has been perfectly consistent. But the consistency has been due to the steadfast pursuit of a single object—the establishment of Russian sovereignty in the three Eastern Provinces of China and the consequent beginning of the dismemberment of the Chinese Empire.

THE terms of the currency loan agreement will be found elsewhere, and are equally simple and satisfactory. China borrows £10,000,000, issued at 95, bearing interest at 5 per cent., the security offered being first charges on ample provincial revenues. Nine-tenths of the money is to be devoted to currency reform, the remainder to the development of the industrial resources of Manchuria. A silver currency scheme satisfactory to the international bankers must be submitted by the Chinese Government, which has also accepted the appointment of a foreign supervisor for the preparation and execution of this plan. It is agreed that this expert shall not be of the nationality of any of the four constituents of the International Syndicate. As a matter of fact, the financial adviser actually selected is a Hollander and a gentleman excellently qualified for the delicate and difficult piece of work which he has undertaken. The conclusion of this loan, after a period of negotiation of only six months, has been rightly claimed as a triumph for the diplomacy of the United States. It is through the representatives of this Government that the negotiations have been carried on, and the chief representative of the syndicate has been the agent of the Amrican group of bankers. It is also satisfactory to have the great Powers standing together to co-operate with China for her own good, instead of competing with each other to drive a hard bargain with a weak and venal Government. To lessen the temptation to which the Chinese Government is particularly prone of playing off one Power against another, is a no less valuable service to the cause of progress in the Far East than is the attainment of a certain unity of purpose among the treaty Powers as to how China is to be helped to place herself beyond the necessity of employing the old futile and devious methods of her diplomacy.

THE final authorization of the Hu-Kwang loan, immediately after the conclusion of the currency loan, is a highly encouraging indication of the disappearance of obstacles which threatened to bar indefinitely railroad construction in China. Here again, American diplomacy has scored a triumph by its successful insistence on the participation by American bankers in an enterprise which virtually concerns the whole railroad development of the Central Provinces. The $30,000,000 pledged for this purpose represents, of course, merely a part of the sum which will ultimately be required before railroad communication is fully established between Hankow and Canton on one side, and Szechuan on the other. But that there will be no more frittering away of sporadic native effort on a work destined to have a most important bearing on the development of the most populous section of the Chinese Empire, may be accepted as a necessary outcome of the conclusion of this loan and of the understanding which has probably been already reached in regard to its future increase.

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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, 1910 and 1911.

EXPORTS TO CHINA.

Months.	Cotton Cloths.		Mineral Oils (illuminating).		Wheat Flour.	
1909.	Yards.		Gallons.		Barrels.	
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	244,065	3,106,000	230,143	611	....
Total	34,967,463	$2,178,025	45,325,960	$3,785,221	20,730	$91,001
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
November	1,018,400	90,740	5,048,550	298,529	3,691	14,533
December	3,294,806	227,245	7,996,752	583,235	5,308	20,650
1911.						
January	5,667,644	390,359	3,915,380	180,847	58,188	210,766
February	3,854,800	222,309	4,423,824	210,643	124,428	456,053
March	7,857,697	486,439	13,340,540	797,484	34,372	131,015
April	4,443,697	286,346	13,889,920	872,772	49,158	185,742
Total	38,933,123	$2,636,891	83,234,196	$4,962,745	280,213	$1,040,196

EXPORTS TO HONGKONG.

1909						
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	.....	.....	73,799	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
Total	1,037,549	$98,645	11,522,037	$841,743	641,712	$2,860,517
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
November	5,391	819	1,585,000	114,460	61,840	236,943
December	18,821	2,616	191,230	13,099	203,005	798,776
1911						
January	42,917	7,104	1,742,440	142,425	108,727	452,872
February	32,540	2,563	1,714,910	124,331	117,230	453,343
March	29,750	2,033	617,856	60,649	62,649	242,714
April	28,361	5,043	3,095,570	222,167	41,907	164,382
Total	253,709	$36,208	10,696,776	$808,500	863,783	$3,397,061

DEPARTMENT OF COMMERCE AND LABOR,
Bureau of Statistics.

WASHINGTON, D. C., May 27 1911.

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Imports of Tea and Silk into the United States for the ten months, ending April 30, 1909, 1910 and 1911.

TEA.	1909.		1910.		1911.	
Imported from	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom	13,448,895	2,864,554	6,788,533	1,645,010	8,863,306	2,284,795
Canada	3,881,742	881,456	1,902,668	430,269	2,507,457	624,193
Chinese Empire	31,289,763	3,408,674	27,601,284	3,215,429	24,850,904	2,902,071
East Indies	8,328,914	1,231,026	7,023,098	1,109,100	7,829,820	1,286,586
Japan	42,325,666	7,023,992	35,550,702	5,792,023	47,724,874	8,185,916
Other countries	981,840	173,000	622,427	146,204	987,553	163,898
Total	100,256,820	15,582,762	79,488,712	12,338,035	92,763,974	15,447,459

RAW, OR AS REELED FROM THE COCOON. SILK.						
Imported from	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France	606,153	1,912,170	543,520	1,462,120	257,872	910,998
Italy	4,160,977	15,826,547	3,018,180	11,443,200	2,372,725	9,019,398
Chinese Empire	3,910,511	10,320,526	3,420,305	8,052,454	4,683,485	11,909,012
Japan	10,674,066	37,680,360	10,150,590	34,272,035	11,863,534	40,410,954
Other countries	102,806	391,736	183,208	677,953	150,655	564,052
Waste.....lbs...free..	1,564,618	932,863	2,576,131	1,453,304	3,409,772	1,857,865
Total unmanufactured	20,919,131	67,064,202	19,891,934	57,361,066	22,738,043	64,672,279

TEXT OF THE CHINESE CURRENCY REFORM LOAN AGREEMENT.

Agreement made between the Board of Finance, acting under the authority of the Imperial Chinese Government, on the one part, and the American Group, the Hongkong and Shanghai Banking Corporation (of Great Britain), the Deutsche-Asiatische Bank (of Germany), and the Banque de l'Indo-Chine (of France), hereinafter called the Banks of the other part, herewith enter into negotiations for a loan for the sole purpose of reforming and rendering uniform the currency system, and for the development of various enterprises in the three Manchurian provinces.

The Banks shall issue Imperial Chinese Government sinking fund gold bonds for the loan, the aggregate principal amount of which shall not exceed ten million pounds sterling (£10,000,000), in manner and form as hereinafter set forth.

The preliminary agreement for the loan was duly signed by officials deputed by the Board of Finance and the representatives of the American Group at Peking, on October 27, 1910, and Imperial sanction was given for this final agreement.

The American Group is now associated with the said Banks, and the Imperial Government has consented that these Banks shall participate with the American Group in the issue of the loan hereunder. Therefore it is agreed as follows:

Article 1.—The preliminary agreement hereinbefore mentioned shall be considered binding only as interpreted by this agreement.

Article 2.—The Board of Finance, under Imperial authority, authorizes the Banks to undertake a 5 per cent. sinking fund gold loan amounting in the aggregate to 10,000,000 pounds sterling, to be designated "The Imperial Chinese Government Five Per Cent. Currency Reform Sinking Fund Gold Loan of 1911." The term of the loan shall be forty-five years, reckoned from the date upon which the bonds are issued.

Article 3.—This loan shall be issued and applied for the purpose mentioned below:

(a) To provide funds for the reform and to render uniform the Imperial Chinese currency system.

(b) To provide funds for the promotion and extension of industrial enterprises in the three Manchurian provinces.

Article 4.—The principal and interest of the loan are hereby made a first charge upon the following revenues:

(a) The duties on tobacco and spirits in the three Manchurian provinces, amounting to taels 1,000,000 per annum.

(b) The produce duty in the three Manchurian provinces, amounting to taels 700,000 per annum.

(c) The consumption duty in the three Manchurian provinces, amounting to taels 800,000 per annum.

(d) The newly added surtax upon salt of all the provinces of China (authorized by the Government in the fifth moon of the thirty-fourth year of His Imperial Highness Kuang Hsu), amounting to taels 2,500,000 per annum.

The whole of the foregoing revenue amount to Ku Ping taels five million (K. P. tls. 5,600,000) per annum.

2. The above provincial revenues are hereby declared to be free from all other loan, mortgage, etc.

3. The above named revenues are sufficient to meet the interest payments and repayment of principal, and expenses, at due dates: the Banks shall not interfere with the above revenues; but if the above named revenues are found insuffi-

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cient to meet payment of interest and principal or other expenses, then the Imperial Government will designate such other revenues as shall be sufficient to meet the deficiency, and if, after a reasonable period of grace, there still be a deficiency, the revenues aforesaid shall be forthwith handed over to the Imperial Maritime Customs for administration for the protection of the interests of the bondholders.

4. If, before this loan is repaid in full, the above named revenues be made a charge upon other loans or be designated as security, lien, charge, etc., for other purposes, this loan must have priority. No lien or charge, etc., shall have preference over this loan or be an equality with this loan, or shall impair the security of this loan, and any future loan, mortgage, charge, etc., charged upon the aforesaid revenue shall yield to this loan the preference as to payment, and it shall so be expressed in every agreement for every such future loan, mortgage, charge, etc.

5. During the term of this loan should the Imperial Chinese Government revise the customs tariff, decrease or abolish likin, the Banks shall not disapprove such revision, decrease or abolishment on the ground that this loan is secured by the above named revenues. It is further hereby agreed that the revenues designated as security for this loan shall neither be decreased nor abolished except by previous arrangement with the Banks, and then only in so for as an equivalent in the shape of a first lien upon other revenues is substituted.

Article 5.—The Banks are authorized to issue to subscribers to the loan gold bonds for the total amount of the loan, for such amounts as shall be determined by the Banks. The form and language of the bonds shall be settled by the Banks in consultation with the Board of Finance or the Imperial Chinese Minister in Washington, London, Berlin or Paris.

2. The bonds of this loan shall bear the facsimile of the signature and seal of the president of the Imperial Chinese Board of Finance in order to dispense with the necessity of his signing them all in person, and previous to the sale of the bonds the Imperial Chinese Minister in Washington, London, Berlin or Paris shall also affix his seal to each bond, together with a facsimile of his signature as proof that the issue and sale of the bonds are duly authorized by and binding upon the Imperial Chinese Government.

3. The representatives of the Banks in New York, London, Berlin or Paris shall countersign the bonds as agents for the issue of the bonds.

4. In the event of it becoming necessary to alter the form of the bonds the Banks are authorized to make such alterations in consultation with the Imperial Chinese Minister in Washington, London, Berlin or Paris. No alteration whatsoever shall be made which will affect the amounts of the principal, the annual interest, the term of the loan or the Imperial guarantee.

Article 6.—All details necessary for the prospectus of the loan or connected with the payment of interest or repayment of principal and the withdrawing of bonds for redemption not herein explicitly provided for shall be left to the arrangement of the Banks in consultation with the Imperial Chinese Minister in Washington, London, Berlin and Paris.

2. The banks are hereby authorized to issue the prospectus of the loan as soon as possible after the fulfilment of the conditions in Article 8 hereunder, made precedent to the issue of the loan, and the Imperial Chinese Government will instruct the Chinese Ministers in Washington, London, Berlin and Paris to co-operate with the Banks in any matters requiring conjoint action, and to sign the prospectus of the loan.

Article 7.—1. Prior to the issue of the bonds the Board of Finance will prepare a statement specifying what the enterprises are in the three Manchurian provinces, and the amounts to be respectively devoted thereto, for which the Imperial Chinese Government proposes to expend the portion of the loan funds as provided for in Article 3 above.

2. The Banks will issue the loan not later than three months after the program for currency reform has been handed to the Banks by the Board of Finance.

3. The price of the bonds to the Board of Finance shall be 95 per cent. of their nominal value. Subscriptions will be invited by the Banks in China, the United States and Europe on equal conditions. Preference will be given to the application of the Board of Finance provided that such application is made four days before the issue of the prospectus. Fourteen days' previous notice of the issue of the prospectus will be given by the Banks to the Board of Finance.

Article 8.—1. The proceeds of the loan shall be deposited with the American Group, the Hongkong and Shanghai Banking Corporation, the Deutsche-Asiatische Bank and Banque de l'Indo-Chine, in New York, London, Berlin and Paris, to the credit of accounts to be designated "The Imperial Chinese Government Currency Reform Account" and "The Imperial Chinese Government Manchurian Industrial Development Account," respectively. The funds shall be transferred to these accounts in installments on dates conforming to the conditions allowed to subscribers of the loan, and the sums so credited shall be held by the Banks subject to the order of the Board of Finance.

2. Commencing from the date of issue of the bonds the Banks shall notify the Board of Finance every day as to the number of the bonds issued and the amounts in gold at the disposal of the Board of Finance for its use from time to time.

3. Transfer of loan funds to China for the operations contemplated under this agreement will be made from time to time by the Board of Finance by orders on the Banks. Such transfers will be made from the funds deposited with the Banks in America or Europe in equal amounts, and the sums so transferred will be either distributed among the branches of the Banks in China, and the Chinese banks, or to be wholly deposited in such Chinese banks as are deemed reliable by the Board of Finance, as may be determined from time to time by the Board of Finance, to meet the requirements of the operations contemplated hereunder. Bnt should the accounts transferred be excessively great ten days' notice will be given to the Banks by the Board of Finance.

4. Orders on the Banks for the transfer of funds to the

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banks designated by the Board of Finance shall be signed by the president of the Board of Finance or the high official of the Board of Finance in charge of the loan funds, or their duly authorized representatives. The orders shall state whether the funds required are for currency reform or for industrial enterprises in the three Manchurian provinces in order to preserve a clear distinction.

Article 9.—1. The rate of interest for the loan shall be 5 per cent. per annum on the nominal principal, and shall be paid to the bondholders half yearly, as calculated from the date upon which the loan is issued, and in accordance with the amounts specified in the schedule attached to this agreement.

2. The term of the loan shall be forty-five years. Repayment of principal shall commence ten years from the date of the issue of the bonds in amounts in accordance with the schedule attached to this agreement, in half yearly installments.

3. The Board of Finance or the high official in charge of the loan funds shall, ten days previous to their due dates, hand to the American Group, the Hongkong and Shanghai Banking Corporation, the Deutsche-Asiatische Bank, the Banque de l'Indo-Chine, in Shanghai, in equal shares, funds in sycee of the new coinage sufficient to meet such half yearly payments of principal and interest. The rate of exchange may be settled on any date or dates within six months previous to any due date by the Board of Finance or the high official in charge of the loan funds in consultation with the Banks.

4. Payments at due dates on principal and interest may also be made in gold in the United States or Europe should the Board of Finance have funds in gold at its disposal in the United States or Europe not remitted for the purpose.

5. It is agreed that the banks shall be the agents for the service of the loan, and in reimbursement of expenses connected with the payment of interest and repayment of principal the Board of Finance agrees to pay to the Banks a commission one per mille; that is to say, £1 sterling on every £1,000 sterling.

Article 10.—If at any time after the lapse of fifteen years from the date of the loan the Government should desire to redeem the whole outstanding amount of the loan or any part of it not yet due for payment, in accordance with the schedule of repayments attached hereto, it may to do up to the end of the twentieth year by a payment of a premium of 2½ per cent. on the bonds, that is to say, by payment of an additional two pounds, ten shillings on every one hundred pound bond; and after the lapse of twenty years without premium; but in each and in every case of such additional repayment six months' previous notice shall be given in writing to the banks in order that the additional drawings to be made on the date of an ordinary drawing may be advertised.

Article 11.—In the event of any bond or bonds issued for this loan being lost, stolen or destroyed by fire, the banks may notify the Board of Finance, who will instruct the Imperial Chinese Minister in Washington, London, Berlin or Paris to advertise in the newspapers, stating that such bond or bonds has been stopped, and to take such other steps as may appear advisable or necessary according to the laws of the country concerned. Should such lost bonds not be recovered within the date fixed by the banks, the Board of Finance or the Chinese Minister in Washington, London, Berlin or Paris shall seal and issue duplicate bond or bonds for a like amount and deliver them to the banks. All the expenses connected therewith shall be borne by the agents of the owner or owners of the lost bonds.

Article 12.—All bonds and interest coupons and payments made and received in connection with the service of the loan shall be exempt from all Chinese taxes and imposts of every description during the currency of the loan.

Article 13.—If the Government should desire to secure from other than Chinese sources funds in addition to proceeds derived from this loan, to continue or complete the operations contemplated under this agreement, the banks shall be invited first to undertake the same, but should they fail to undertake the same the other financial groups may be invited.

Article 14.—If, before the publication of the prospectus for the issue of loan any political or financial crisis should occur affecting the markets in such manner as to make it impossible for the banks to issue the loan within the term, then the banks be granted an extension of time for the performance of this contract. Such extension of time, however, shall not exceed nine months from the date of signature of this agreement. Should the time of nine months be exceeded this agreement shall become null and void and the banks shall not demand any compensation whatsoever.

Article 15.—The American Group, the Hongkong and Shanghai Banking Corporation, the Deutsche-Asiatische Bank and the Banque de l'Indo-Chine shall take the loan in equal shares.

Article 16.—The American Group, the Hongkong and Shanghai Banking Corporation, the Deutsche-Asiatische Bank and the Banque de l'Indo-Chine may not transfer its privileges under this agreement to any other American, British, German or French company without the sanction of the Board of Finance.

This agreement is signed by the Board of Finance under the authority of an Imperial Edict this 17th day of 3d moon, third year of His Imperial Majesty Hsuan Tung, corresponding to 15th day of the 4th month of 1911, Western calendar, and has been officially communicated to the Ministers of the United States, Great Britain, Germany and France in Peking by the Wai Wu Pu.

Article 18.—Eight sets of this agreement are executed in Chinese and English, four sets to be retained by the Board of Finance and one set by each group or bank.

In the event of any doubt arising regarding the interpretation of this contract the English text shall rule.

APPENDIX.

The American Group, the Hongkong and Shanghai Banking Corporation, Deutsche-Asiatische Bank and the Banque de l'Indo-Chine agree that within one month after the signature of this agreement they will advance the Board of Finance one million pounds sterling (£1,000,000) interest on which will be 6 (six) per cent. per annum. This sum will be deducted from the first proceeds from the sale of the bonds.

THE UNITED STATES AND CHINA.

(*Frm the North China Daily News.*)

The arrival month by month of the JOURNAL OF THE AMERICAN ASIATIC ASSOCIATION is an event of no little interest to dwellers in the Far East for the light that it reflects upon the relationships of the United States and China. Whether the glittering expectations founded upon Mr. Taft's visit to Shanghai in the autumn of 1907, and upon his subsequent election to the Presidency have been adequately realized is a somewhat doubtful question. To take but one instance, the very inadequate nature of the American consular buildings in Shanghai, nothing would appear to have been done to redress what is undoubtedly a serious grievance, as much to the American community as to American consuls in the International Settlement. In broader matters the United States Government has undeniably acquired new influence in the counsels of China since its somewhat startling entry two years ago into the negotiations for the Central Chinese Railways loan, and although it has failed to persuade the two foreign Powers most concerned of the desirability of neutralizing railways in Manchuria, its proposals in this respect have not been without a certain effect in Peking. The point on which the JOURNAL OF THE AMERICAN ASIATIC ASSOCIATION has rightly

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insisted is that diplomatic progressiveness is of small avail without commercial alacrity to give it material value, and in this month's issue encouraging signs are noted of a welcome, if somewhat tardy, disposition on the part of business men in the United States to turn their attention to the Far East. Thus for the first seven months of the fiscal year the returns of Asiatic commerce show under imports a total of $126,688,935, gold, against $115,233,235 for the corresponding period of last year, and under exports a total of $44,298,875, gold, against but $35,612,134 in the same period last year. In imports from China there has been a gain of $4,000,000 and a small increase in exports. The remarks of Mr. W. R. Dorsey, vice consul at Shanghai, are worthy of all attention in this connection, particularly as regards the opportunity offered to foreign firms by the development of China as a manufacturing country. Speaking in general, American firms that do business with China rely too much on commission work instead of using personal initiative in dealing direct on their own account.

Turning from questions of trade the JOURNAL naturally gives pride of place to an important amendment and extension of the extradition laws of the United States to meet a grievance, in respect of China, that is of very many years' standing. The question was first brought before the House of Representatives a year ago by Mr. Edwin Denby and was referred to the Committee on Foreign Affairs, whose report, dated the month before last, now appears in the JOURNAL. There is certainly no need to emphasize what the editor describes as "the gross defect in our extradition laws whereby China is made a kind of no-man's land for fugitives from justice from the United States and the United States becomes an Alsatia for fugitives from justice in China." As the law stands, American citizens are liable to the jurisdiction of the United States consular courts in China only in so far as they commit crimes in China. They cannot be extradited, either to the United States or to any other country. One peculiarly flagrant example of the evils that may thus arise is quoted in the committee's report. An American had committed murder in Hongkong, whence he fled to China. There he was arrested by the American authorities at the instance of the British, but no legal machinery existed under which he could be handed over to the Hongkong police. Subsequently, however, he was arrested at Manila and was duly surrendered and executed, because a special extradition treaty exists between Hongkong and the Philippines. The six classes of offenders for whom Mr. Denby's bill, as now favorably reported upon by the Foreign Committee, provides, are as follows: (1) Americans who commit crimes in the United States and take refuge in China; (2) Americans who commit crimes in China and take refuge in the United States; (3) Americans who commit crimes in China and take refuge in other countries; (4) Americans who commit crimes in some foreign country and flee to China; (5 and 6) others than Americans who commit crimes in the United States and take refuge in China or vice versa. In all such cases it is proposed that arrests may be made by the usual process of issuing a warrant. "The question as to the right of the United States to assume by municipal legislation the right to secure the return of fugitive offenders from China has been considered," says the committee, and it was admitted in view of the adoption of such legislation by other countries possessing extraterritorial rights in China.

So far as foreign nations are concerned, stress is laid on the fact that the measure has been so framed as to permit them to share in its advantages without detriment to their own rights, and there is no reason to suppose that the change will receive aught but welcome at their hands. In one respect the bill would seem to be deficient in that, so far as can be seen, it makes no provision for the extradition of American fugitives from the mainland of China to Hongkong. A case of this nature occurred not long ago, still probably fresh in the minds of many readers; and the question, we believe, was only clinched when the fugitive, of his own accord, gave himself up in another Crown Colony. It may be that incidents of this kind could be dealt with effectively under that part of the bill which refers to "Americans who commit crimes in China and take refuge in other countries." But the point needs clearing up definitely before the bill can become the thoroughly effective instrument that, in other respects, it promises to be. So far as China is concerned no serious objection is likely to be encountered. It may be that among a small minority of extremists, who can view only with the blindest prejudice whatever tends to define the position of foreigners in China, Mr. Denby's bill may raise a protest. But the agitation, if, indeed, any there be, cannot extend to more than some trifling newspaper attacks. The inherent weakness in all dealings between the United States and China is that, whatever professions of friendship may be made by Washington, with, we may believe, all sincerity, the American Immigration Bureau continues to bear with great harshness even on Chinese of the "exempt" classes. This question has been dealt with *in extenso* in these columns on a previous occasion and we have no wish to discuss it at length. The complaint has been agitated, in season and out, by the JOURNAL, and has recently called forth a resolution of protest signed by many American residents in China. It is to be hoped that while the Home Government seeks to regulate the position of its nationals in China it will not be wholly oblivious to the claims of Chinese in the United States.

KOREA AS A MINING COUNTRY.

Topographically speaking Chosen may be divided into two—South and North Chosen—with a zone of comparatively low ground between Seoul and Wonsau as boundary. The geological features of the country have close resemblance to those of Italy, and for this reason Chosen may be called the Italy of the Far East. These two great peninsulas are almost the same in length and width and also in latitude, the Italian Peninsula jutting out into the Mediterranean Sea and Chosen into the Sea of Japan. The former has the Alps along the northern boundary and the latter the Changpaik range. The River Po flows along the northern boundary of Italy and the Tumen and the Yalu run along that of Chosen. The Alps often prevented invasion of Italy from the north and the Changpaik in Chosen also served as barrier against invaders from the north. The Italian peninsula is like a boot in shape and is called a boot-shaped peninsula. Chosen is thought by natives to resemble the figure of an aged person in shape, but it is right to say that Chosen is like a rabbit in shape. In this comparison North Kamkyong-do represents the ear, Whanghai-do the front paws, Chonla-do the hind legs, and the ridge of the mountain range running southward from the Changpaik the back of a rabbit. Chosen mostly consists of mountains and hilly grounds, and there are not many level grounds. These latter are mostly under cultivation. In consequence it cannot be considered that Chosen is a country for agriculture. From the viewpoint of a geologist it is more right to say that the country is one of the great mineral producing countries. Alluvial gold is discovered in almost every part of the country. Of course, the production of alluvial gold is temporary, but the existence of alluvial gold mines means the existence of gold mines nearby. Under the circumstances it is reasonable to anticipate that following the development of mining industry in Chosen the production of gold will greatly increase in amount. In Japan proper graphite is not produced, but it is found in great abundance in Chosen. So it will prove a profitable enterprise to establish factories for the manufacture of crucibles and pencils in Chosen. It is generally recognized by all those who have paid visits to this country that there are various other valuable minerals produced in Chosen. It will be well for the people of Chosen to make mining their principal occupation.—*Yokohama Chamber of Commerce Journal.*

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THE POWERS AND THE FAR EAST.

(From the Fortnightly Review.)

For some time past the attention of diplomatists has been seriously engaged in endeavoring to settle the various problems that, as a result of the Russo-Japanese War, have arisen in the Far East. It was generally believed that the recent agreement between Russia and Japan in regard to Manchuria had finally disposed of all outstanding questions of international concern. To suggest, however, that this agreement has been cordially received in America would amount to a misrepresentation of fact. Not unnaturally the State Department at Washington has been extremely reticent in the expression of its views. On the whole, it claims to be satisfied with the *entente* between Japan and Russia because it sees in this *entente* the removal of the danger undoubtedly present for many months after the close of the Russo-Japanese campaign—the renewal of a sanguinary struggle in Manchuria. On the other hand, the American press, with a lighter sense of responsibility, has frankly declared that the agreement amounts to little more or less than a division of the spoils in Manchuria between Russia and Japan, that it has banged the Open Door in the face of the Powers, and that it has given sanction in principle to a return to the policy of "spheres of influence." The inception of this policy some thirteen years ago, it will be remembered, constituted a grave peril to the world's peace—a peril only averted by the skillful diplomacy of the late Mr. John Hay, who succeeded in persuading all the Powers interested in China to make explicit declarations in favor of the maintenance of the Open Door. It would seem from the present trend of American policy in China that the newspapers are faithfully reflecting the real opinions held in high official quarters. For instance, the United States is endeavoring to persuade China to accept a substantial loan from her bankers. It may be urged that this loan would be an international undertaking, inasmuch as America has invited British, Frence and German financial interests to participate. But at the same time, the significant fact cannot be overlooked that Russia and Japan, two nations who by reason of their frontier relations and commercial interests are directly concerned in the future of the Chinese Empire, have not been asked to take a share. Some hitch occurred in the negotiations in consequence—to give the Washington version—of China's reluctance to comply with the stipulation that in order to provide an adequate safeguard against maladministration, a competent American should be appointed as financial adviser to the Chinese Government. In other and perhaps equally well informed quarters, another reason was advanced to account for the delay in the conclusion of an agreement. It was stated that China was by no means pleased with the action of the United States in seeking to interest European powers in the matter. The transaction would appear to resemble closely the American proposals for the neutralization of the railways in Manchuria, more especially in view of the persistent reports that certain American, British, German and French groups have arrived at some general agreement which will obviate undesirable rivalry in the financing and construction of railways throughout the whole of China. From these circumstances the conclusion may, perhaps, not unreasonably be drawn, that the Washington policy, while aiming at securing first place for America in the good graces of the Pekin Government, at the same time seeks to attain the grandiose ideal of the neutralization of the Chinese Empire as a whole. Moreover, the United States, in face of the determined opposition of Japan and Russia, whose attitude is loyally supported by their respective allies, Great Britain and France, has announced her intention of continuing her active interest in the Chinese project of building a railway from Chinchow, a town near the Gulf of Liaotung, to Tsitsihar, a station on the Russian controlled Chinese Eastern Railway, and from thence to Aigun, an important centre on the Manchurian side of the Amur River, and situated nearly opposite the large Russian town of Blagovestchensk.

Notwithstanding that Sir Edward Grey has declared his inability to exert diplomatic influence in favor of this project, it is vested with considerable importance from the point of view of British commercial interests, inasmuch as, although American bankers would make the necessary financial arrangements, the work of building the line, and the provision of a large part of the material required, would be entrusted to a prominent firm of British railway contractors. The situation in the Far East has thus become exceedingly complicated by the vigorous intrusion of the United States, whose diplomacy is closely identified with the financial aims of her leading magnates. Furthermore, the association of British interests with the scheme has not diminished the obstacles in the way of a peaceful settlement of all outstanding questions in China. Before advancing an definite conclusions, it would perhaps be as well to present an important statement of the attitudes, and of the actions, of the various Powers and parties who are directly concerned. The policy of commercial and industrial expansion, as persistently pursued by Japan, not only since the conclusion of the war with Russia, but also while hostilities were actually in progress, must be held in the main to be responsible for the present perplexing situation. It cannot be denied that not one but a whole series of treaties and agreements commit Japan, in unequivocal terms, to strict adherence to the doctrine of the Open Door. The Anglo-Japanese Alliance of 1902, and the renewed treaty of 1905, were explicit on this all important point. Both Japan and Great Britain placed on record their recognition of the principle of equal opportunities for all nations. Moreover, the treaty of peace concluded between Japan and Russia at Portsmouth in 1905 contains similar provisions, while a series of notes exchanged between Japan and the various Powers interested in China finally reaffirmed, in an unmistakable manner, international willingness to uphold the doctrine of the Open Door. Nor can there be any doubt that it was the belief that Japan had no aggressive intentions in the region of Manchuria that secured for her the moral and financial support of Great Britain and the United States in the war

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against Russia. The formal declaration of hostilities, issued on February 10, 1904, admitted of no other interpretation than that one of the principal objects Japan had in view was the expulsion of the wicked Russians, and the restoration of Manchuria to China. It was generally understood that as material regard for her strenuous exertions in the field, she would, if successful, take the place occupied by Russia in the Kwantung Peninsula, and secure the ascendancy in Korea. So soon, however, as she found that victory was within her grasp she began with characteristic energy to pave the way for the absorption of the whole of southern Manchuria. While war was still being waged she flooded the country with rough and ready pioneers, who, as it were, cleared the way for the systematic colonization which has subsequently been carried out on such an extensive scale. Large areas of land were confiscated from the Chinese at prices arbitrarily fixed by the army authorities, and often merely on the pretense that they were required for military purposes. Long after the exceptional conditions that had justified their retention had ceased, the telegraph and postal systems remained in the hands of the Japanese. Light, narrow gauge railways had been constructed between Hsinmingtun and Mukden and between Mukden and Antung. Furthermore, the military administration, by displaying considerable activity in the municipal reform of Newchwang, had prepared the way for Japan's claim to certain privileges in regard to the future management of that treaty port. Nor had the industrial resources of southern Manchuria been neglected. Without any agreement having been arrived at with China, mines and forests were occupied and exploited by the Japanese. Consequently, when peace lifted the veil, the world saw that Japan was already in possession. And it must be confessed that where territorial designs on an international scale are concerned, past experience shows that possission invariably carries with it *all* the points of the law. Nevertheless, at the close of hostilities the Portsmouth Treaty was the only covenant which on paper legally defined the status quo in Manchuria. And this document, as already set forth, recorded Japan's intention to preserve the integrity of China. On the face of it there was nothing in the treaty to which the slightest exception could be taken by any of the Powers whose declared policy was that of adherence to the principle of equal opportunities for all nations. In the first place, the lease of the Kwantung Peninsula was ceded to Japan; and bearing in mind her enormous sacrifices at Port Arthur, it could not reasonably be argued that she was not justly entitled to the position formerly held by Russia in that territory. In the second place, the railway as far north as Changchun was transferred to Japan. This provision also seemed to be a just one. The armies of Japan, after engaging in a series of battles of unparalleled magnitude, had fought their way with splendid gallantry to Changchun, and when peace negotiations were opened the line up to this point was in their occupation. It should be explained here that it was the administration of the Manchurian railways, when they were wholly under the management of Russia, that gave rise to complaints of unfair discrimination against foreigners, and this constituted one of the principal factors in creating the general situation that led to the war. So soon as the southern section fell into the hands of the Japanese they let it be known that, as far as their management was concerned, they took their stand upon article VI of the Portsmouth Treaty, which provided that, not only should the railway between Changchun and Port Arthur be ceded to them, but also "all rights, privileges and properties appertaining thereto." That their interpretation of this article besides being at variance with the provisions of other articles in the same treaty was also directly opposed to the spirit no less than to the letter of the Anglo-Japanese Alliance, and the stipulations of various other international agreements to which Japan was a party, apparently gave no cause for concern in Tokyo. A feeble attempt was made to maintain Japan's reputation for consistency. For instance, it was urged in officially inspired statements that the Portsmouth Treaty was wholly and solely a transaction between Japan and Russia, and that its provisions bound only these two Powers. It was also contended that, in the agreement subsequently concluded at Pekin, China had assented to its terms; and that, therefore, as neither China nor Russia objected, or could, on the score of treaty rights, object to the policy of Japan in Manchuria, no opposition from any other quarter was relevant. In reply to the assertion that the attitude of Japan, as viewed altogether apart from the Portsmouth Treaty, was disloyal to the provisions of the Anglo-Japanese Alliance, and to various other international agreements claimed to be superior, the answer was returned that, so far as commercial facilities were concerned, the door in Manchuria was wide open, but that in regard to the management of railways Japan held certain privileges which she had inherited from Russia at the cost of enormous sacrifices in blood and treasure. In short, the Japanese stoutly denied that they had given any preferential treatment to their own business men, and called for data in regard to the charges repeatedly made against them that they were acting in an underhand way. These data I will endeavor to provide in the course of the present article.

To begin with, it must seem logical to all clear thinking minds, that if the position of Russia in regard to railway administration before the war was opposed to the principle of equal opportunities, then the attitude of Japan, who claims inheritance of Russian privileges in this respect, must on the same ground equally be open to objection. And proceeding along the line of argument thus advanced, it surely follows that if Japan became our ally in order to thwart the designs of Russia in the matter of territorial aggrandizement by means of railways, then she herself is cynically breaking her solemn obligations when she asserts that it is her right to assume what many politicians at one time termed the sinister mantle of Russian aggression. As soon as the war with Russia was over Japan began to consolidate her interests in Manchuria, with the result that today she exercises over this region a protectorate in all but name. Her whole policy is based upon the activities of the South Manchurian Railway Company, and is, moreover, justified by her apologists on the ground that these activities betoken nothing more or less than the natural expansion due to circumstances over which no rival Power could possibly claim control. For the rest, Japan replies to criticism by adroit reference to the rights secured to her in the Portsmouth Treaty, and in the two agreements concluded with China since the war. In any attempt to arrive at an honest appreciation of the existing situation, it must not be forgotten that the utmost advantage has been taken of the lamentable weakness of the Pekin Government. In other words, under threats of war China has been forced to yield to Japan's demands. Despite all official statements to the contrary, an unprejudiced survey of recent events in the Far East compels the conclusion that diplomatic negotiations have been altogether one sided, and that little room has been left to the Chinese for that bargaining which is the legitimate accompaniment of every transaction, whether between nations or individuals. Japan, in consequence, has been able to extend her influence to a degree far in excess of anything secured to her by the Portsmouth Treaty. For example, she has exacted from China a share in financing the reconstructed railway from Hsinmingtun to Mukden. She has also insisted upon similar privileges in regard to the Kirin-Chanchun line, and an extension southward where it is proposed to establish communication with the Korean system. The realization of this last scheme will lead to the development, at the expense of Vladivostok, of an ice free Japanese port in northeast Korea, and will have the effect of shortening somewhat the journey over the great railway route from Moscow to the Far East. The reconstruction

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of the Antung-Mukden line, laid during the war for military purposes, gives Japan yet another important link in the route from east to west, a link through southeastern Manchuria and Korea, which will enable the journey to be made from the continent of Europe to Japan with a sea voyage of only ten hours across the Tsushima Straits. In the matter of mines also Japan has wrung important concessions from China. The last convention between the two countries stipulates that the mineral wealth along the South Manchurian Railway and the Antung-Mukden Railway shall be worked as joint enterprises. In other foreign railway concessions in China it is expressly stipulated that ten miles on either side of the line shall be the area within which minerals may be exploited by the holders. As there is no similar restriction in the original agreement between Russia and Japan in connection with the Chinese Eastern Railway, it will be seen that the Japanese, who lay claim to the inheritance of Russian privileges, are seemingly at liberty, at least in the matter of mines, to place a very wide interpretation upon the extent of those privileges. In short, the Japanese are vigorously pursuing a policy in Manchuria which can only be termed conquest by railway penetration. It cannot be too clearly emphasized in this connection that the South Manchurian Railway Company is an undertaking supervised, if not actually controlled, by the Government. It represents a total investment of twenty millions sterling, one-half of the shares in the enterprise being held by the Government, while it enjoys statutory powers of borrowing to the actual extent of its capital. The operations of the company are exceedingly wide and varied, for not only does it administer towns and territories adjoining the railways, but it engages in mining, warehousing, shipping, harbor control, and various other productive undertakings. For its protection the state maintains, under the guise of railway guards, a not inconsiderable garrison in Manchuria. In view of all these circumstances, it will be seen that any pretense as to the maintenance of Chinese sovereignty cannot be regarded as otherwise than farcical. To each department of the various Japanese administrations, including the government of the Kwantung Peninsula, there are attached large staffs of officials, whose duties not only conflict among themselves, but are very often carried out in a manner that shows scant respect for Chinese authority. The Japanese profess to be pained at the criticism which their conduct has provoked in England. They point out that although the original concession for the Chinese Eastern Railway permitted only Chinese and Russians to become shareholders, and that they succeeded to Russia's privilege in this respect, English capital has, indeed, been admitted in the development of the system. As a matter of fact, the war exhausted the financial resources of Japan. Consequently, she was in urgent need of funds with which to place the South Manchurian Railway and its many subsidiary enterprises on a profitable basis. To enable her to attain this object she was compelled to resort to several large debenture issues in England. These debentures, carrying with them the guarantee of the Japanese Government, naturally bore a limited interest, and it was not sufficiently realized in England at the time that the money so obtained would be used to establish the political and commercial predominance of Japan in southern Manchuria at the expense of British enterprise. In other words, the prospectus accompanying the issue of the loan carefully omitted to state that Japan not only claimed the inheritance of all Russia's rights and privileges in Manchuria, but that she had proceeded considerably farther than she was entitled to proceed, even assuming the legality of this inheritance, and was extending her activities in spheres that were altogether beyond the railway itself. Fnding that they cannot defend their actions on any other ground, the Japanese fall back on the plea that the position occupied by them in Manchuria is a reward justly merited by virtue of their enormous sacrifices in the war. Nevertheless, they persist in asserting that geographical proximity, and political and commercial influence legitimately secured by their treaty relations with Russia and China, alone constitute their advantages, and that there is no unfair discrimination such as would give warrant for the complaint that they have ignored their solemn obligations to maintain, unimpaired, the doctrine of the Open Door. Yet it is undeniable that at the close of the war a system was introduced whereby Japanese traders who combined together were financed at low rates by the Yokohama Specie Bank, and, in addition, were given preferential steamship rates as well as substantial rebates over the South Manchurian Railway. Baron Sakatani, when Minister of Finance, told the writer that these privileges were extended merely because "combines" were able to deal in large consignments convenient for the railway authorities to handle. He added that in the event of foreign merchants resorting to similar methods they would be equally well treated. As I have on a former occasion pointed out, it is obvious that foreign merchants in the Far East, who are usually competitive middlemen, cannot merge their interests; nor is it right that in order to receive the same terms as those accorded their Japanese rivals they should be forced to organize themselves into "trusts." Their goods are obtained from Europe or America, and even assuming that initial difficulties were overcome, inevitable circumstances would deprive them of all other privileges save those accruing from railway rebates. Finally, the Japanese point out that in order to demonstrate their good faith to the world, they have thrown open Port Arthur to international trade and commerce. But a report of the South Manchurian Railway Company gives, perhaps inadvertently, the true motive for this action. It states that Japanese trade at Dalny having increased to such an enormous extent, the port is altogether inadequate for modern needs, and therefore it is essential that Port Arthur should be converted without delay into a commercial centre. The real attitude of Japan in regard to Manchuria, however, was not disclosed until the end of 1907, when she succeeded in vetoing the Chinese project for extending the North China railways from Hsinmingtun to Fakumen, and sought to justify her action on the ground that China had given an undertaking in a protocol to the Pekin Treaty of 1905, hitherto kept secret, that she would not construct railways "in the neighborhood of, and parallel to," the South Manchurian Railway. The incident was of special concern to Great Britain at the time, for the reason that China had decided to entrust the work of building the railway to British contractors. The Foreign Office upheld the views of Japan, who was thus left at liberty to decide, in her own interests, the distance within which she would consider a railway as "in the neighborhood of, and parallel to," the South Manchurian Railway.

The attitude of Russia from the moment she entered Manchuria until the present day, though open to some criticism, has been perfectly consistent. British merchants resident in China, who in the days of her occupation of Port Arthur were bitterly anti-Russian in their views, now keenly regret that Japan was ever victorious in the war. To use a common expression, "there was plenty of money about" when Russia was in the ascendency; but the Japanese with their cheap labor, and with the advantages resulting from geographical proximity and from their control of the railway, to all intents and purposes defy competition. According to an American consular report, the ultimate effect of Japan's policy will be to concentrate the trade of Manchuria exclusively in the hands of her merchants and along the line of railway. When it is realized that according to a conservative estimate, made some years ago by Sir Alexander Hosie, the value of this trade amounts to no less a sum than fifteen millions sterling per annum, some idea will be gathered of the sacrifices made by Great Britain in order to retain the friendship of Japan. In any contrast between the positions held by Russia and Japan in Manchuria, one cannot help arriving at the conclusion that whereas Japan

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has gained her end by devious, and, more often than not, by dubious methods, Russia has boldly declared her purpose—a purpose from which she has not departed in one single instance that can be called to mind—of pursuing frankly a policy of complete and effective railway control in Northern Manchuria. When I passed through Harbin at the close of the war, General Horvath, the manager of the Chinese Eastern Railway, told me candidly that it was the fixed determination of Russia to retain in her own hands the administration of the territories adjacent to the railways. He added, however, that municipal councils on which foreign residents could be represented, were to be organized. He made it perfectly clear that the decisions of these councils would be subject to his ratification as head of the Railway Administration, and also in certain important instances to the confirmation of the authorities in St. Petersburg. At a later date an agreement providing for the government of Harbin and other towns was concluded between the Russian and Chinese governments, and it was generally conceded that this agreement was, in the main, consistent with the doctrine of the Open Door, inasmuch as Article I stipulated that, "As a matter of fundamental principle the sovereign rights of China are recognized on the lands of the railway company; they shall not be prejudiced in any way." The United States continued vigorously to protest against the privileged position secured by the railway company; but recently, owing largely to the advice of Mr. Rockhill, the American Ambassador in St. Petersburg, and an eminent authority on Far Eastern affairs, a striking change in policy was effected, and Washington notified its assent in principle. Japan also has approved of the Russian scheme, but it should be added that her motive in so doing is to establish a precedent to which she herself may refer should occasion arise in Southern Manchuria. Singularly enough, Great Britain, who has always been accused of pursuing a policy of acquiescence toward the claims of other powers in the Far East, has raised certain objections to the Russian administration in Harbin; but these objections have been presented in a friendly spirit, and solely with a view to arriving at a settlement that will be acceptable to all parties. On the whole, it must be confessed that the attitude of Russia in regard to the question of the municipal government of the towns adjacent to her railway system has been regarded with a good deal of unwarrantable suspicion. In any criticism of the position she holds today it must not be forgotten that she was the pioneer in establishing what has proved to be an inestimable boon to the world at large—railway communication betwen East and West. Before her advent the plains of Manchuria did not contain a single dwelling fit for European habitation, nor was there anywhere visible the least sign of industry on a serious scale. As a result of the expenditure of enormous sums of money, and the creation of enterprise on a vast scale, the railway was carried to the southernmost limits of Manchuria; and on sites which hitherto had been barren lands were raised towns which, alike in their design and construction, would not have been out of place in the heart of civilized Europe. Harbin was an important railway junction, and situated as it was amid the wheatfields of the Sungari, it soon became the commercial metropolis. Here the Railway Administration spared neither pains nor money in their desire to found a city worthy of being the centre of Russian activity in the three eastern provinces. Not unnaturally, they are still firm in their intention of retaining proper control over an undertaking in which they have sunk so much of their capital. Diplomatic negotiations with St. Petersburg have revealed the fact that the Russian Government is not only willing, but anxious, to allow foreigners, resident in the city, some voice in the municipal government. For example, it has been suggested that they should be allowed to have their representatives on the council. When the reply was made that as the foreigners were in the minority their prospect of securing election would be remote, the Russian Government suggested as an alternative that they should appoint their own nominees from among themselves. Up to the present, however, no solution agreeable to all parties has been found. Some dissatisfaction has been expressed over the question of taxation. In certain quarters it has been proposed that the money so raised should be paid through the medium of the consuls. The inference appears to be that the municipality wrongfully diverts sums of money to the Railway Administration; but the fact is overlooked that this latter authority maintains police forces and fire brigades, and that all expenditure under these heads are properly accounted for in statements to which the public have every access. The entire controversy in connection with the government of Harbin, and of other towns and settlements along the Chinese Eastern Railway, has been given an undue importance in consequence of the wholly unjustifiable suspicions of certain diplomatists who are haunted with the fear that the actions of Russia are merely a cloak for dark and sinister designs. As a matter of fact, the foreign policy of Russia is to preserve peace with all her neighbors, and so to secure a period of calm in which to develop her own illimitable resources. To this end she has already made great sacrifices in China. In the matter of the Sungari customs she generously met the requirements of the Pekin Government, while she has consented to the cancellation of a very valuable gold-mining concession in the northern territory on the condition that the holders, in accordance with the precedent established in similar cases, shall receive some compensation for the money they have expended and for the trouble to which they have been put. In regard to railways, however, the Russian Government have adopted a strong policy. They have warned China in courteous though explicit terms that in regard to all lines she may propose to build with foreign capital they must first be consulted in order that they shall have an opportunity of determining the relation of such projects to the military and political interests of Russia, and their bearing upon the future of the Northern Manchurian Railway. In this connection it must be remembered that Russia built the existing system with the consent and with the co-operation of China. A glance at the map will clearly demonstrate that with an extended frontier conterminous with Manchuria and Mongolia, Russia is vitally affected by any projects for increasing communications in these regions. It may be urged that at present the Chinese are so hopelessly weak that they cannot possibly constitute a military menace; but there are undoubtedly signs that China is awakening, and though the process of her regeneration will be slow, wise statesmanship cannot neglect to take it into account, and must defer as long as possible the building of railways which might some day be used for conveying, not thousands, but millions of Chinese troops to the Russian frontier. For the rest, Russia is taking active steps to develop her own vast resources in the Far East. She is constructing a line along the northern bank of the Amur, which will connect with the Siberian railway at Nerchinsk, and with the Ussuri railway at Kharbarovsk, thus giving her a system of communication, six thousand miles long, from Moscow to Vladivostok through all-Russian territory. She is also improving the Siberian railway, which will eventually be doubled from end to end. Moreover, by means of assisted emigration, many thousands of Russian colonists are being established annually in Siberia. It will be seen, therefore, that the safeguarding of her own valuable resources in Eastern Asia is in itself sufficient justification for the attitude of Russia in regard to railway projects that affect Northern Manchuria. Leaving altogether out of the question the possibility of Chinese aggression, Russia is only following the example of Japan, who, in the secret protocol to the Pekin Treaty of 1905, stipulated that China should not build any lines in the neighborhood of, or parallel to, the South Manchurian system. No other excuse for Russian policy were needed than that Japan,

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with Great Britain's knowledge and consent, holds a position of overwhelming political and strategical strength in the southern territories. In point of fact, the endeavors of Russia to give practical effect to the policy of the Open Door have certainly been attended with more satisfactory results than have those of Japan. For example, unlike Japan, Russia does not unfairly discriminate against foreigners in the matter of railway rebates; and whereas her business men show a sincere desire to co-operate with English capitalists on fair terms, the Japanese organize themselves into trusts with the sole idea of driving foreigners, without any distinction of nationality, effectually out of the field. And finally, Russia in the north confines her enterprise to the legitimate conduct of a railway, and, unlike Japan in connection with the South Manchurian undertaking, has not engaged in countless subsidiary enterprises of a nature calculated to stifle foreign competition.

It was the vigorous intervention of the United States in Far Eastern politics that was primarily responsible for the present grouping of the Powers. So soon as the war between Japan and Russia was at an end elements of discord made themselves felt between Japan and America. To begin with, the immigration problem on the Pacific Coast gave rise to considerable ill-feeling. Then, American diplomatists, with a simplicity that cannot have been otherwise than calculated, accepted literally the wording of the various treaties upholding the doctrine of the Open Door. They chose to ignore the accomplished facts that Russia and Japan were already strongly entrenched in Manchuria, and that the inscrutable destiny of political fate had for the time being rendered mutual the interests of these erstwhile enemies. But the displeasure of the Washington Government was directed toward Japan rather than toward Russia. Japan, after all, had secured the sympathy of America during the war because she had masqueraded as the disinterested champion of the hallowed principle of equal opportunities for all nations. The fact, too, was not lost sight of that Japan possessed a fleet in being, and was not only engaging in a large shipbuilding program, but was taking steps to double her already enormous army. She was believed to have designs upon the Philippine and Hawaiian islands, and for the first time responsible publicists seriously expressed the opinion that a struggle for what they termed "the mastery of the Pacific" was inevitable. In both countries there was much wild talk of war, and seeds of distrust and enmity were scattered broadcast. America hastily set to work to increase her fleet, the fortifications in the Philippine and Hawaiin islands were strengthened, and the construction of the Panama Canal was accelerated. President Roosevelt, who, in a message to Congress but a short time previously, had extolled the Japanese in eloquent language, dispatched an imposing fleet of sixteen battleships to the Pacific. The Japanese, whose finances were critical as a result of the war, were not disposed to take umbrage at this demonstration. So they declined to see the least significance in it, and when the American ships, after a visit to Australian waters, anchored in Yokohama Bay, they were received with an outward display of warm friendship which was in itself not the least ominous sign of the existence of a disquieting situation. On the surface complete harmony was restored by the willingness of the Japanese to accede to American requirements. They promised to restrict emigration to the Pacific Coast, and notes were exchanged reaffirming the adherence of either side to the doctrine of the Open Door.

It was evident from the utterances of Mr. Taft, not only when he was Mr. Roosevelt's right-hand man in the Administration, but also when he himself became President, that America's fixed policy was a determination to establish herself in Pekin as the guardian of China's welfare, and to exert not only her influence but, if occasion demanded, also her power in holding other nations to their treaty-word in the matter of the Open Door. A section of the American press even went the length of advocating an alliance with China. As a practical proof of unselfishness Congress decided that America, unlike other powers, would not retain her share of the indemnity exacted from China in consequence of the Boxer rising, and so grateful were the Chinese for this unexampled display of international generosity, that they sent to Washington a special envoy whose sole mission was to thank the American Government. It must be confessed that the action of America on this occasion excited the admiration of diplomatists the world over. Not that they were impressed with American disinterestedness, but they marveled at the remarkable foresight which had conceived so astute a move in the game of world politics. From now until doomsday America may protest her sincerity in the matter; but her rivals will always point to the enterprise of her bankers which shortly afterward began to make itself felt in China, and to the money spent in America by the many students who were sent there as a result of the intimate friendship which the return of the indemnity had promoted between the two countries. Doubtless these suspicions are altogether unfounded, but it is difficult to see how they can be effectually removed so long as America confines her counsel at Pekin to urging the Central Government to give her capitalists the lead in the promotion of gilt-edged investments.

As time went on it was seen that Russia was determined to have her own way in regard to the administration of Harbin and other towns adjacent to the railway, and that Japan was strenuously engaged in consolidating her position in the south. In both instances America protested, resting her case upon evidence contained in the reports of her consuls, who did not hesitate to assert that throughout the three provinces it was difficult, if not impossible, to detect the least semblance of China's sovereignty. Then came the memorable proposals of Mr. Knox, the Secretary of State at Washington, which provided for the neutralization of the Manchurian railways by placing the entire system in the hands of an international syndicate of Powers. Undoubtedly he had probed to the bottom of the matter in taking his stand on the presumption that the railways, with their subsidiary undertakings, were responsible for political discord and commercial irritation in Manchuria; but in view of the lamentable failure of similar attempts at neutralization in other countries, apart altogether from any incongruous aspects of the question at issue, his proposals were from the first regarded as wholly impracticable. It has been claimed that they achieved their object inasmuch as they unmasked the real intentions of Russia and Japan. Surely Mr. Knox, who is no *dilettante* in the art of diplomacy, cannot have expected that these two Powers would voluntarily surrender property and privileges secured to them at the cost of a long and bitter war. His object, then, could only have been, as suggested, to force them into the open by framing his proposals in such a manner as to compel, in reply, important declarations of fixed policy. At the same time, it is extremely doubtful whether he was prepared for the sequel that immediately followed—the *entente* between Japan and Russia, which found expresion in an agreement upholding the *status quo*. Most probably Mr. Knox sincerely believed that, left to themselves, in no circumstances could the enmity between the two predominant powers in Manchuria be removed. This view is supported by the statement he himself made, that one of his principal objects was to avert all possibility of a renewal of the devastating war of 1904-5. Japan and Russia approached the matter in a thoroughly business-like way. They realized that so long as they allowed differences to exist between themselves, they gave room for the intervention of other parties, who could justify their own actions and at the same time promote their own individual interests by posing as the apostles of peace. The arrangement concluded between the two Powers is thus purely one of convenience. Whether or not it will ripen into an actual

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alliance is a question that alone can be decided by future events. To state the matter without any reservation whatsoever, all that can be said is that, in view of the intrusion of the United States, the recent agreement suits the immediate and declared purposes of Japan and Russia, the one in the south and the other in the north, to secure ascendency in all railway matters in Manchuria. In spite of the odds against her, America has not yet abandoned her endeavors to persuade the Powers to accept her interpretation of the Open Door. She is still displaying a lively interest in the Chinese project for the construction of a railway from Chinchow to Aagun. This scheme, it should be explained, followed upon the proposal for the extension of the line from Hsingmingtun to Fakumen, which was vetoed by the Japanese Government on the ground that it would be competitive with the South Manchurian Railway. At first it was agreed that both the construction and financing of the Chinchow-Aigun project should be placed entirely in British hands. As, however, both Russia and Japan made known their opposition to the suggested undertaking, the British Government found itself unable to exert any influence in its favor. While retaining the same British contractors, China, in pursuance of her favorite policy of pitting one Power against the other, invited a group of American bankers to arrange the necessary loan. This group consisted of eminent financiers, who at President Taft's instigation, sought to further the diplomatic efforts of their country by substantial offers of monetary assistance to Chinese State-secured enterprises. According to Mr. Backhouse, who acted throughout the negotiations as the intermediary between the Chinese Government, the American group and the British contractors, there was no question of a concession being granted. The railway was to be built by China, who had selected British contractors for the work. Originally, as additional security, Great Britain and America were to be allowed participation in a company to be formed for the administration of the line, but the interest was to be limited to 10 per cent. of the surplus profits. Some considerable time before the attitude of the British Government was definitely ascertained, however, this provision was eliminated owing to the possibility of its being held to imply something which would have given Sir Edward Grey sufficient justification for withholding his support. Furthermore, the supporters pointed out that a survey of the line showed it to be at no point nearer than 150 miles to the South Manchurian Railway, thus removing it beyond any competitive zone so far as Japan was concerned; that in giving access to a southern port it would be of advantage to Russia; that it would lead to the cultivation of agricultural areas the resources of which have been compared to those of Canada; that it would also develop vast mineral fields; and, finally, that it would traverse for a considerable distance Mongolian territory, and would thus be altogether outside the Manchurian spheres of influence claimed by Japan and Russia. The Tokyo Government adopted an entirely different view of the scheme. They did not, however, as in the case of the Fakumen railway, go so far as to veto the project altogether; but as compensation for the losses they alleged would be incurred by reason of competition, or, in, other words, as the price of their acquiescence, they demanded participation on the following terms: a share (1) in the finance, (2) in the construction, (3) in the appointment of engineers; while they further required the building of a line, some 160 miles long, to link up with the South Manchurian Railway. These terms were regarded by China as altogether exorbitant. The whole problem was finally disposed of by Russia, who unconditionally vetoed the line on the ground that it would be inimical to her commercial and strategical interests.

The British Foreign Office has upheld the views both of Japan and Russia in this matter. In a speech delivered in the House of Commons on June 16, 1910, Sir Edward Grey expressed the opinion that it was not unreasonable, after all that had passed, for Japan to ask for participation in a railway which might to some extent compete with her own system. So far as Russia was concerned, he referred to the agreement of 1899, whereby Great Britain undertook not to press for railway concessions north of the Great Wall, while Russia gave a similar promise in regard to the region of the Yangtsze Valley. It has been urged by competent authorities that this agreement became *ipso facto* obsolete after the Boxer rising, and that in any case the Portsmouth Treaty and the Anglo-Japanese Alliance, both of which guaranteed the integrity of China, were superior covenants and consequently superseded any previous understandings that were opposed to their provisions. Although Sir Edward Grey does not find it convenient to agree with this point of view, there is nevertheless much to be said in its favor. At the same time it would be altogether unfair to suggest that Russia is not desirous of finding a satisfactory settlement. The supreme inportance of her frontier relations, no less than the enormous nature of her vested interests, renders it imperative that she shall make no sacrifices such as will one day tend to imperil the safety of Siberia. A glance at the map will instantly show that a line from the southern coast of Manchuria, crossing her own system at Tsitsihar, and stretching right up to the Russo-Chinese frontier, would not only lead to serious financial loss by reason of the diversion of traffic, but would also afford a very convenient line of communication for the use of a hostile army. Russia has gone a long way toward meeting the objections of all parties concerned. For instance, she has stated that she is prepared to give the various interests seeking railway development in Manchuria a share in the Kangan-Kiachta line, which, if constructed, would bring Pekin within 9½ days' journey of London. Moreover, there is reason to believe that she is not opposed to the construction of a railway from Aigun to some point on the Chinese Eastern Railway—say Hailar—so long as the five-foot gauge of the Russian system be adopted. Recently some efforts have been made to find a solution of the problem by inducing China to begin the construction of a line from Chinchow northward to Taonanfu, a distance of some three hundred miles. It has been stated in well-informed quarters that were such a scheme to be entertained, neither Russia nor Japan would be allowed participation. However this may be, America, having set her heart upon the realization of the grand Chinchow-Aigun project, in order, so she thinks, to counterbalance the influence of Japanese and Russian railways in Manchuria, is not likely to give her consent to any suggestion for a curtailment of the original plan. In any case, this alternative project is destined to fail, for the simple reason that it will be viewed by Russia as merely an attempt, as it were, to drive in the thin end of the wedge. It is, indeed, difficult to see how any binding guarantees can be given that the line will not eventually be extended farther north.

The position of China in regard to the various international schemes for the development of her territories is, to say the least, a peculiar one. Nominally, Manchuria is an integral part of her domains. Yet both Russia and Japan, in strongly worded dispatches, have solemnly warned her that if she seeks to promote railway schemes in this region without first consulting them, a situation of extreme gravity will arise. The Chinese Minister of War has urged his Government to cultivate close relations with Germany in order to check Russia, and to spare no effort to maintain cordial relations with America as a set-off against Japan. He strongly recommended that seven-tenths of the national revenue should be used for the purpose of strengthening the military forces. The following literal translation of a statement made by the Viceroy of Manchuria to the Regent further indicates that China is thoroughly alive to the ultimate aims of Japan in Manchuria: "As a result of the annexation of Korea, it may be said that one of the Three Eastern Provinces has already become practically Japanese territory. In the re-

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gions bordering on the frontier there are 300,000 Koreans who are now Japanese subjects. We can no longer adhere to our old policy of checking Japanese emigration by ourselves attempting systematic colonization. It is urgent that we adopt firm and decisive measures. Without delay we should borrow funds from America with which to construct the Chinchow-Aigun Railway and to start various productive enterprises. These measures will act as a check to the westward tendency of Japanese influence." Unfortunately the Pekin Government is utterly powerless to help itself. China posseses no navy that is worthy of the name, the army could not possibly take the field against the forces of a first-class Power, and the finances of the Empire are in a state of chaos. The only strong and enlightened man she possesses, Yuan Shih-kai, has been ignominiously dismissed from office, and sent into retirement. At the present moment China can have no policy likely to endure for any period, for the same reason that there is not a single personality in the Government able or even willing to evolve a definite and at the same time tolerably honest line of action. Dissension in high quarters, together with unrest among the teeming millions of her population threatens an early revolution. The sentiment of the masses is undoubtedly opposed to the very presence of foreigners in their midst, and the agitation in favor of the recovery of all concessions granted in the past has by no means diminished. The Manchu and conservative elements which predominate in the Administration are naturally opposed to the aspirations of the people in so far as they tend towards the abolition of an autocartic Government bolstered up by favoritism and corruption. But they are believed to accord their secret sympathy and support to all movements of an anti-foreign nature. Therefore it is only logical to suppose that they can have no other object in promoting cordial relations with the United States and Germany than to realize their dream of China for the Chinese by adopting the time-honored method of pitting one Power against another. Evidence of this intention is to be found not only in their actions in Manchuria, but also in their cynical betrayal of pledges solemnly given in relation to the region of the Yangtsze. Doubtless it will be remembered that China gave her word in 1903 that the Hankow-Szechuan line should be entrusted to Anglo-American finance. But in consequence of a subtle interpretation of her own obligations, she negotiated with German interests, the result being that important railways in the Yangtsze region have virtually passed to the control of an international syndicate. Apparently China believes that if she can only associate all the Powers together in extending her communications, then international jealousies will ultimately allow her a loophole for escape. It would seem that American policy has a trend in a somewhat similar direction, though its primary motive is not in harmony with that of the Chinese. If, in view of all the world's past experience of the weak and vacillating policy pursued at Pekin, America imagines that there is any sincerity or permanence in the Chinese professions of friendship, then she will be sadly disillusioned in the near future. In seeking to guide China she has taken upon herself a task that is foredoomed to failure, for, as already mentioned, China possesses no statesman capable of intelligently discriminating between good and bad advice. Moreover, if America believes that the merging of international interests will promote international concord, then she is wholly ignoring the laws of human nature and the lessons of history. And finally, it cannot reasonably be expected that America will exert her efforts on behalf of so impotent a country as China without receiving compensation of some kind, either direct or indirect. For it must be remembered that the Americans are essentially a far-seeing and business-like people. Herein lies the danger of complication in the future. So soon as America seeks for reward in a practical shape the Chinese will become suspicious of her motives, and will not hesitate to say to her, "Begone! You are no better than the rest."

Since the close of the Russo-Jananese war the attitude of Great Britain in Far Eastern affairs has been the subject of much hostile criticism from Englishmen who are intimately acquainted with the existing situation. Many letters have appeared in the press from eminent authorities on China, while there have been serious debates in Parliament, in the course of which the allegation has been made that in surrendering valuable interests at the bidding of Russia and Japan in Manchuria and of Germany in the Yangtsze, our prestige in China has diminished to a serious degree. Sir Edward Grey's ruling that the 1899 agreement with Russia, defining spheres of railway influence, is still operative, and that Japan is at liberty to take her own view as to what constitutes and what does not constitute a scheme competitive with the South Manchurian Railway, may be open to question; but it is authoritative, and therefore final. There is a good deal of truth in the contention that this policy re-establishes the principle of "spheres of influence," the inception of which caused so many complications in the past. In some quarters it is urged that Great Britain, having virtually abandoned Manchuria, should seek compensating privileges elsewhere; but it is obvious that in the present delicate state of our foreign relations, and also having regard to the instability of the Pekin Government, such a course would provoke an international conflagration, and would immediately threaten the oft-prophesied dismemberment of China. Then it is argued, and with considerable justice, that our failure to keep China to her word in the matter of the Hankow-Szechuan Railway and our refusal to insist upon the fulfillment of the Anglo-German Agreement of 1898, whereby Germany in return for our recognition of her rights in Shantung consented to regard the Yangtsze Valley as being a peculiarly British sphere of railway influence, constituted an altogether unwarrantable surrender of British interests.

Sir Edward Grey, with true diplomatic adroitness, finds justification for his policy by taking his own view of the operation of certain agreements and by declining in the case of others to admit that they are overridden by any subsequent compacts. His view is that of a Foreign Minister responsible for British interests, not only in China, but in all parts of the world. In all the present circumstances, therefore, his view is a wise and statesmanlike one, doubtless based upon inner and accurate knowledge of the naval and military resources of the Empire, whereas his critics, with their minds focused upon the Far East, denounce his policy solely as the result of their intimate associations with one quarter of the globe. It will be contended that this qparter of the globe is a considerable proportion of the whole and that upon its future British prosperity may largely depend. If England were strong enough to stand alone, if, in other words, she were prepared to sacrifice her alliance with Japan in the Far East and the Triple Entente in Europe, then her present attitude of acquiescence in the Manchurian situation would be inexcusable. But the truth must be told. England is not strong enough again to resort to a policy of "splendid isolation." The German menace in Europe and its relation to the Near East and to Persia require that our main strength shall be concentrated near home. With this end in view it is imperative that complications should be avoided in the Far East. Therefore, in our immediate policy we should aim at retaining the good will both of Russia and Japan in this region, and so far as Europe is concerned the Triple Entente between Russia, France and Great Britain must be upheld at all costs. In China only "interests" are imperiled; in Europe the growth of German power is a menace to the existence of the British Empire itself. If we possessed not merely an overwhelming navy but a conscripted army capable of fighting its way single-handed on the Continent, then, and then only, could we pursue a vigorous policy in China. As it is, we are face to face with hard, accomplished facts, which make a great demand upon our capacity for political philosophy. We really stand

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in need of the friendship of Russia and France, and in return these two Powers have much to offer us. Their support is not only a guarantee of the peace of Europe, but it offers a tangible return in the form of diplomatic support in Persia and in other spheres where, if Great Britain stood alone, there would be immediate danger of grave complications. On the other hand, the United States is not directly concerned in European diplomacy. Consequently she is at liberty to shape her policy solely with a view to the furtherance of her own interests in China. It so happens that this policy is fundamentally honest, inasmuch as it aims ot securing the integrity of China, and is based upon the sound principle of equal commercial opportunities for all nations. It is therefore thoroughly consistent with the traditions of Washington diplomacy, which has always set itself against territorial aggrandizement, and, at the same time, having regard to America's position in the Pacific—a position of comparative proximity to the Open Door—it is wise in her own interests, and therefore business-like. Yet it cannot be denied that the realization of United States policy would be distinctly advantageous to the commercial enterprises of Great Britain in China, for here Great Britain, unlike Japan and Russia, does not enjoy any exclusive privileges. But Great Britain cannot give active support to the United States, for the reason that the United States, bound by her traditional policy of aloofness, dare not even contemplate the possibility of an Auglo-Saxon offensive and defensive alliance of a world-wide character. Doubtless it will be said that Great Britain must be in sore stress when she is compelled to purchase the friendship of other Powers at the price of valuable interests in China, and when she remains silent while solemn treaties to which she has been a party are torn into shreds before her very eyes. To discuss this side of the question, however, would open up a large issue altogether beyond the scope of the present article. Again, it may be urged that had Great Britain from the outset firmly insisted upon Japan's faithful adherence to the letter of the Treaty of the Alliance the existing situation in China would not have arisen. There is certainly good cause for criticism of this kind, and the Foreign Office cannot altogether escape the charge of having complacently allowed matters to drift until the time has long passed when protest can reasonably be made from our side. For in spite of America's persistent attitude, it is clear that the conclusion of an agreement between Japan and Russia guaranteeing the maintenance of the *status quo* in Manchuria finally disposes of all possibility of successful interference by any third Power.

In the Far East, therefore, it is inevitable that so long as the United States adheres to her present policy she will remain isolated. The position of Germany in Shantung precludes her from seriously joining in any movement that has for its object the enforcement of the Open Door in the literal sense of the term. Even assuming that the United States and Germany were to join hands in defense of down-trodden China, it cannot be imagined that either of these two Powers would be prepared to force the issue by going to war with the rest of the world. At the same time it has been clearly demonstrated that China is merely seeking to make use of them for her own ends, and it is certainly open to question whether the astute diplomatists that both countries possess will allow themselves to be used as the cat's-paw of so pathetic a Machiavellianism. Already there are signs that America is growing weary of her self-appointed and unprofitable task, and the way is gradually being paved for an understanding between Russia, France, Japan, Great Britain and the United States in regard to Far Eastern affairs. In 1915 the Anglo-Japanese Alliance expires, and as this date approaches it will become necessary for the Powers to reconsider the whole situation from all its aspects. Meanwhile, a broad understanding on the lines suggested would relieve America of the tension arising from the ever-present fear that Japan is about to attack her in the Pacific, and would effectually guarantee the integrity of China. LANCELOT LAWTON.

THE INTERNATIONAL OPIUM CONFERENCE.

From The American Journal of International Law.

In July and October, 1909, there appeared in the *Journal* articles on the International Opium Commission which met at Shanghai on the 1st and adjourned on the 26th of February, 1909. In addition to outlining the actual work of the commission and the results attained therein, an account was given of the opium problem as seen in the Far East and in the home territories of the United States and those European countries which participated in the commission. The efforts made by the interested governments to enact opium legislation in accord with modern ideas before the commission met was also sketched, and there followed a comment on the work of the commission itself and on its final conclusions on the great mass of data submitted to it.

In regard to the commission itself, it was pointed out that amongst the most important objects gained had been the willingness of China to consult with a majority of the treaty Powers in regard to her internal as well as her external traffic in opium; that by the joint action of the interested governments the opium problem had been raised from a national to an international plane; and that this had impressed the Chinese Government and people with the fact that the western Powers and Japan deeply sympathized with her in her efforts to suppress an evil which undoubtedly lay at the bottom of her past inertia. The fact was also demonstrated to China that an international commission would meet on her territory, interest themselves in her welfare, and break up without demanding a province or an indemnity. But perhaps the chief accomplishment of the commission was that delegates representing thirteen different Powers, all having a common interest, and the majority of them having a peculiar financial interest in the opium problem, could meet together, discuss that problem in all its moral, social and economic bearings, and unanimously agree that it ought to be mitigated or suppressed, and pledge themselves to make large financial sacrifices to that end.

Had not the conclusions of the International Opium Commission been unanimous, it is doubtful whether either national or international efforts for the solution of the opium problem could have reached the present satisfactory stage. It certainly would have been impossible for the American Government to have proposed to the interested governments that they assemble in conference with power to give to the main salutary propositions of the International Commission and the essential corollaries derived therefrom the sanction and force of international law.

The International Commission having been harmonious and having arrived at unanimous conclusions as to the best means of solving national and international opium problems, the American Government took another step forward by proposing to those governments which had been represented in the commission that there should be an international conference with full powers. This step the United States took within a few months of the adjournment of the International Commission, for on September 1, 1909, the Secretary of State, Mr. Knox, issued a circular proposal to the interested governments in which was conveyed an expression of the satisfaction of the American Government with the results achieved by the International Opium Commission. Further, that in the opinion of the leaders of the anti-opium movement in the United States much had been accomplished by the commission, and that both by the Government and people of the United States it was recognized that the results achieved were largely due to the generous spirit in which the representatives of the governments concerned approached the subject. It

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was declared that the United States appreciated the magnitude of the opium problem and the serious financial interests involved in the production of and trade in the drug; that it was deeply impressed by the friendly co-operation of the Powers financially interested, and in the desire as expessed by the resolutions of the commission that the opium evil should be mitigated or eradicated not only from Far Eastern countries, but also from their home territories and possessions in other parts of the world. It was also noted that, as the result of the investigation of the opium problem in the United States by the American commissioners, it was found that quite apart from the question as it affected the Philippine Islands, a serious opium evil obtained in the Unitel States itself; that it was in a measure due to the large Chinese population in the country, to intimate commercial intercourse with the Orient, and to the unrestricted importation of opium and the manufacture and distribution of morphine; that therefore the interest of the United States in the opium problem was material as well as humanitarian, and that as the result of the investigations made before the meeting of the International Opium Commission at Shanghai the Congress of the United States had passed the Opium Exclusion Act of February 9, 1909. As an important factor it was pointed out that the United States is not itself an opium producing country, and to make its anti-narcotic laws and the same laws in force in the Philippine Islands fully effective there should be a control of the amount of opium shipped by opium-producing countries to the United States and its possessions. To this end it would be necessary to secure the international and sympathetic co-operation of opium-producing countries. Note was made that it was a matter of discussion and was recognized by the International Commission as a whole that the resolutions passed by the commission, however important morally, would fail to satisfy enlightened public opinion unless by subsequent agreement of the Powers they and the minor question involved in them were incorporated in an international convention. It was further stated that the American Government was deeply impressed by the gravity of the general opium problem and the desirability of divesting it of local and unwise agitation, as well as the necessity of maintaining it upon the basis of fact as determined by the International Opium Commission. For these reasons the American Government considered it important that international effect and sanction should be given to the resolutions of the commission. To this end it was proposed that an international conference be held at a convenient date at The Hague or elsewhere, composed of one or more delegates of each of the participating Powers, and that the delegates should have full powers to conventionalize the resolutions adopted at Shanghai and their necessary consequences. In the circular proposal of the American Government there was suggested as a tentative programme based upon the resolutions and proceedings of the International Commission the following:

(a) The advisability of uniform national laws and regulations to control the production, manufacture and distribution of opium, its derivatives and preparations.

(b) The advisability of restricting the number of ports through which opium may be shipped by opium-producing countries.

(c) The means to be taken to prevent at the port of departure the shipment of opium, its derivatives and preparations to countries that prohibit or wish to prohibit or control their entry.

(d) The advisability of reciprocal notification of the amount of opium, its derivatives and preparations shipped from one country to another.

(e) Regulation by the Universal Postal Union of the transmision of opium, its derivatives and preparations through the mails.

(f) The restriction or control of the cultivation of the poppy so that the production of opium will not be undertaken by countries which at present do not produce it, to compensate for the reduction being made in British India and China.

(g) The application of the pharmacy laws of the governments concerned to their subjects in the consular districts, concessions and settlements in China.

(h) The propriety of restudying treaty obligations and international agreements under which the opium traffic is at present conducted.

(i) The advisability of uniform provisions of penal laws concerning offenses against any agreements that the Powers may make in regard to opium production and traffic.

(j) The advisability of uniform marks of identification of packages containing opium in international transit.

(k) The advisability of permits to be granted to exporters of opium, its derivatives and preparations.

(l) The advisability of reciprocal right of search of vessels suspected of carrying contraband opium.

(m) The advisability of measures to prevent the unlawful use of a flag by vessels engaged in the opium traffic.

(n) The advisability of an international commission to be intrusted with the carrying out of any international agreement concluded.

It was conveyed to the Powers interested that the American Government did not wish to prescribe the scope of the conference or present a program that might not be varied nor enlarged, but that it believed that the foregoing suggestions might properly serve as the basis at least for preliminary discussion. A formal expression of opinion and exchange of views was invited not merely upon the topics outlined, but upon other aspects of the opium and allied problems which might seem of peculiar importance to any participating nation, the exchange of views and expression of opinion to take place as early as possible. This course was suggested as likely to facilitate the work of the conference and materially shorten its labors in that it would enable the American Government to prepare in advance a definite program based upon the suggestions and views of the participating governments.

As stated above, these proposals were made on the 1st of September, 1909, to those Powers which co-operated with the United States in the International Commission at Shanghai. Within a year all of the governments which took part in the International Opium Commission had accepted the proposals of the American Government, and the Netherlands Government very courteously issued an invitation for the conference to be held at The Hague May 30, 1911.

Since the adjournment of the International Commission and in view of the meeting of the proposed conference at an early date at The Hague, all of the interested governments have made further efforts to restrict or suppress the evils associated with the overproduction of opium, and in accepting the tentative items of the American proposal have added to them by proposing the enlargement of the scope of the conference so that it may deal with the production, manufacture and traffic in other habit-forming drugs. Great Britain, which of all the Powers has the largest interests at stake—those involved in the Indo-Chinese opium traffic and the excise revenue derived from the consumption of opium in India—has earnestly insisted that the conference deal efficiently with the manufacture and trade in morphine and cocaine, and has set herself earnestly to solve the economic difficulties which confront her in her gradual abolition of the Indo-Chinese opium trade. There can be no doubt that in the past as regards the opium traffic the Indian Government has been open to criticism, but as an indication of its willingness to correct an evil once that evil is demonstrated, the words of Lord Minto, late Governor General of India, as spoken before his legislative council prior to the assembling of the International Opium Commission, may be quoted. Speaking of the effects of China's opium suppression on the Indian revenues, he said:

"I am afraid I am unable to follow the * * * sweep-

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ing assumption that India is about to be sacrificed for the pleasure of a few faddists. Neither do I think we are entitled to doubt the good faith of the Chinese Government (i. e., her intention to suppress her opium evil). * * * Papers which I have had recently before me indicate every intention on the part of China to reduce with a strong hand the consumption of opium and the growth of the poppy in her own territory. I am no opium faddist. I quite admit the hardship a proscription of opium would entail on those who use it in moderation * * * and I am well aware of the difficulties surrounding any attempt to reduce its production. But there is no doubt throughout the whole civilized world a feeling of disgust at the demoralizing effect of the opium habit in excess. It is a feeling in which we cannot but share. We could not with any self-respect refuse to assist China on the ground of loss of revenue to India."

This statement was made in March, 1907, shortly after the American Government's proposal for an International Opium Commission and at the beginning of China's great modern battle against her opium evil. Since then great strides have been made in China and in other countries for the suppression or mitigation of the opium traffic, and Lord Minto may again be quoted as showing the present mind of the Indian Government. As Governor General of India he last presided in his legislative council on the 30th of March, 1910, and in saying farewell to its members, he stated:

"Three years ago—at the budget debate—I referred to the arrangements which had been made with China for assisting her in the gigantic task of putting down the opium habit in her vast territories. I deprecated the doubts that were thrown on the good faith of the Chinese Government, and I refused to accept the assumption that the revenues of India were being sacrificed to the views of a few faddists. The three years for which we agreed to co-operate with China as a test of her sincerity have not yet expired, and it would be premature to discuss the results of the experiment. Nevertheless, I think that I may justly invite the attention of the council to the verdict of the International Commission which sat at Shanghai last year. * * * The commission recorded its recognition of the 'unswerving sincerity of the Government of China in their efforts to eradicate the production and consumption of opium throughout the Empire * * * and the real, though unequal, progress already made in a task which is one of the greatest magnitude.' We may welcome the integrity of China's aims, and though our co-operation with her has involved genuine sacrifices, both in British India and in the States of some of my friends, the Ruling Chiefs of Central India, we can distinctly claim that those sacrifices have been made in the interests of humanity alone."

Thus it is clear that with the two chief parties to the suppression of the opium evil in the Far East working in accord, and that as between them they must make the largest financial sacrifices, there can be no doubt that the Powers other than Great Britain and China to be represented in the conference will find some means of suppressing or mitigating the opium and allied problems in their Far Eastern possessions and home territories. It may be said that there is no such thing as evil wholly national in its incidence. Where an evil appears among one people, it is generally the reflex or concomitant of a similar evil among other peoples. This being so, few evils can be eradicated by national action alone. National action may be incentive, but finally there must be international action. The suppression of the opium and allied evils has on these principles been raised from the plane of sporadic national effort to the higher and more certain ground of international co-operation. The honor roll of international action for the settlement of the opium and allied problems is as follows: America, Austria-Hungary, China, France, Germany, Great Britain, Italy, Japan, Netherlands, Persia, Portugal, Russia and Siam.

JAPAN'S FINANCIAL POLICY.

Marquis Katsura, the Premier and Minister of State for Finance, delivered an important speech at the united meeting of the Clearing Houses, held in Kyoto on April 7, as follows:

"About three years have elapsed since I set my hand to the work of readjustment of finances and laid the lines of my fiscal policy before you. During the interval financial and economical conditions, both at home and abroad, have witnessed many vicissitudes, but I believe the fact that the Government has put a fixed financial policy in practice is duly appreciated by the public. The budget and other bills introduced to the last session of the Diet were mostly approved, so that the Government is in a position to put the fiscal policy already announced into practice from the present fiscal year. This is a cause of gratification to me and, I hope, of satisfaction to you.

"The program for the present fiscal year involves a heavy outlay in the exploitation of Chosen, riparian work on rivers, the completion of the navy and the adjustment of the means of communication. In formulating a program for the execution of those urgent undertakings the Government has taken great care to confine them all within limits wherein the stability of the financial basis can be maintained and no burden laid on the economic market.

"I think everyone admits the necessity of a speedy execution of all these schemes and I need not explain that the prosecution of these undertakings will in no way increase the burden on the nation, as you may have perceived from the budget and other bills introduced to the Diet. It may, however, not be useless for me to say a few words to call your attention to the effect the fiscal program may have on economic affairs.

"The economic exploitation of Chosen, giving an impetus to the growth of industries to develop her resources of wealth, of course involves some expenditure, and you will appreciate the unavoidable necessity of having recourse to a national loan for the greater part of its finances.

"Inasmuch as the progress of the undertakings involves some delay there is no necessity for issuing the loan at one time. Since the Bank of Chosen can be relied upon for accommodation of capital for the present, the Chosen works fund will, as I have repeatedly announced, not injuriously affect general economic conditions.

"The riparian work has for its object to put a stop to the calamities resulting from floods. A heavy outlay is necessary for the completion of the work. Fortunately the Government succeeded in formulating a plan under which the expenses the work entails will not impede the national finance. The expenditure has been placed to a special account and is to be met by disbursements from the National Treasury as well as the local governments, the deficit being met by a loan from the Deposit Department. No necessity, therefore, exists for raising a national loan for the work, nor will it absorb the capital in the money market, even if the work be undertaken by some other means.

"The Broad Gauge Bill, which was introduced to the Diet for the purpose of providing means of communication adequate to meet the future requirements of the economic development of this country, has been approved as a whole, but the program has been postponed for a year to allow time to investigate all the preparations necessary for its prosecution. As the prosecution of such an important program will have a far reaching effect, the Government has under consideration the appointment of an investigation commission to undertake a deliberate study of the details in preparation for the execution of the work.

The financial sources for the construction and improvement of the railways has heretofore been sought in the net profits of the railway account as well as in

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loans from the Deposit Department, but the Government proposes to adopt an additional measure for raising a portion of the funds by the issue of short-term discount notes. Inasmuch as some misunderstanding evidently exists regarding the discount notes I propose to briefly explain their nature and the method of their issue.

The railway discount notes are of such a nature that the large amount of idle money which threatens to injuriously affect the monetary circulation may be utilized for the finances of the railway undertakings, at the same time relieving the stress on the money market. The formality of their issue is nearly similar to that of exchequer notes, and they will prove the most convenient instrument of idle capital. The notes will be issued gradually to suit the needs of the railway fund, but due consideration will be given to the condition of the money market in their issue. The Nippon Ginko will repurchase the notes if such a step be deemed necessary to harmonize the monetary circulation. The notes will thus be found most convenient instruments to bankers.

It is perhaps unnecessary to refer to the Government policy regarding the redemption and conversion of the national loan bonds. The fund available for the redemption of loan bonds in the course of the current fiscal year is fixed by the budget at 12,000,000 yen. The Government purposes to gradually effect the redemption with this fund at a proper time and by proper means, and it has decided to redeem on May 25 the whole of the treasury notes which mature in the near future, altogether amounting to 65,000,000 yen. This date has been fixed out of consideration for the demand for capital which usually occurs in June, due to the appearance of tea and raw silk on the market.

The redemption of the national loan bonds is the most important part of the financial policy of the Government. I feel confident it is most important to maintain the redemption scheme in order to uphold the credit of the national bonds, which have radically increased since the late war, and also to consolidate the basis of the general finance and public economics. I am also convinced that while various reasons may be advanced for argument's sake as to the advisability of utilizing the redemption fund for some other purpose, a practical application might have an effect which would call forth grave concern.

The Government has always made strenuous efforts to supply funds for local industries in order to foster the basis of, and to relieve the burden of, the local economics and thus to accelerate a healthy development of the national wealth. The fund absorbed by the Deposit Department is loaned out at low interest to meet the local demands, and the Government proposes to supply, through the medium of the Industrial Bank and the Agricultural and Industrial banks, funds at low interest to local people, especially the peasants, for productive industries. In drawing up the program for the current fiscal year care has been taken so as not to allow the financial necessities to cause a reduction in this fund. Both the Government and people are unanimous in a desire to complete the monetary machinery for granting loans on the security of immovables, which occupy an important item in the wealth of the nation, and to utilize such machinery for improving conditions of monetary circulation throughout the country. The recent revision in the laws governing the Industrial Bank and the Agricultural and Industrial banks originated in this desire. It is hoped that these banks will fully understand the object underlying the revision of the laws and the demands of public opinion and thus exercise the utmost circumspection in their business transactions, so as not to leave anything to be desired in the discharge of the important functions devolving on them. The Government also will not fail to exercise supervision over their business. It is also hoped that the bankers will take to heart the difference between these special institutions and ordinary banks in the discharge of their respective functions and will co-operate in contributing to the development of economic conditions.

A glance at the vicissitudes of the money market convinces me that the monetary stringency that was once experienced is now a thing of the past. Indeed, the market has been rather harassed with monetary laxity since the year before last. Despite the industrial depression still existing the calls for subscription to companies' shares, issue of debentures and capitalization for new enterprises have reached a big figure. Although this indicates the progress of the nation, I hope that you will remember that any radical increase in industries is always accompanied by a reaction. The consolidation of capital at a time of monetary easiness will no doubt lead to great embarrassment when a brisk demand is called forth on the market. I must, therefore, express a desire that you will not only pursue a safe course in your business transactions, but also warn others against any blunder in the principles of mutual business.

COTTON YARN INDUSTRY IN JAPAN.

The unusual prosperity in the cotton yarn trade with China during the first half of last year and the consequent shortage of supply for domestic consumption forced the spinning concerns to cancel the limitation of working hours arranged among them some time ago. In consequence of this the output of the yarns during the second half year (up to October) showed an increase over the corresponding period of the previous year, as may be seen from the following table:

	1910 Piculs	1909 Piculs	Increase or Decrease
June	99,472	86,565	12,907*
July	92,970½	79,290½	13,689*
August	87,222½	81,387	5,838*
September	92,910	83,040½	9,869½*
October	94,977½	90,539½	4,438*
November	94,217	95,221	1,004†
December	95,459	98,445	3,036†

*Increase. †Decrease.

While the output of yarns showed an increase, an ebb-tide set in in the export to China of yarns, the trade being affected by an economic panic in Shanghai and the depreciation of silver. On the one hand, inactivity prevailed in the home market owing to the inundations of August and the situation pushed down the price of yarns day by day. On the other hand, the price of raw cotton continued to rise and the spinning mills had again to reduce their working hours for the six months commencing October last. Not long ago, however, silver rose in price and this caused a sudden demand for Japanese yarns in China. So that the export of Japanese yarns during the second half of last year witnessed a sudden increase after October, as may be seen from the following statistics:

	1910 Piculs	1909 Piculs	Increase or Decrease
June	30,169	21,432	8,737*
July	23,418	16,711	6,707*
August	15,298	14,436	862*
September	16,333	14,363	1,970*
October	35,527	18,939	16,588*
November	37,729	34,015	3,714*
December	28,988	35,481	6,493*

*Increase.

With the prosperous export to China on one hand and the diminution of the production in the Kwanto districts on account of the damage caused by the floods on the other, not only the accumulating stocks have been entirely disposed of, but a shortage was felt in the supply. Meanwhile

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the price of raw cotton continued to advance by leaps and bounds, and to enliven the cotton industry here, which towards the end of the year presented an unprecedented activity. During this period only a small amount of foreign cotton yarns was imported. The quantity of yarns consumed by the domestic companies during the seven months between June and December, inclusive, was as follows:

	1910 Piculs	1909 Piculs	Increase or Decrease
June	69,390	65,527	3,863*
July	69,635½	62,870½	6,765*
August	72,060½	67,092	4,968*
September	76,742	68,677½	8,064*
October	59,572½	71,600½	12,028†
November	56,488	61,369	4,881†
December	66,471	63,005	3,466*

*Increase. †Decrease.

The above table shows the increase of consumption as compared with the corresponding months of the preceding year, except the months of October and November. On the other hand, owing to the growth of the weaving business run by the spinning concerns the quantity of yarns consumed by the companies themselves also showed a marked increase, as may be seen from the following table:

	1910 Piculs	1909 Piculs	Increase or Decrease
June	16,155½	12,441	3,714½*
July	14,350	10,687½	3,662½*
August	13,332½	11,080½	2,252*
September	14,526½	11,317	3,205½*
October	14,341	12,220	1,821†
November	17,663	13,868	3,095*
December	17,815	13,313	4,502*

*Increase. †Decrease.

Again the quantity actually put on sale in the market during the period was as follows:

	1910 Piculs	1909 Piculs	Increase or Decrease
June	53,234½	53,086	148½*
July	55,285½	52,183	3,102½*
August	58,728	56,011½	2,716½*
September	62,215½	57,360½	4,855*
October	45,231½	59,080½	13,849
November	38,825	47,501	81,676*
December	48,656	49,692	1.036*

*Increase.

Entering on the new year the export to China gradually declined, owing to tightening of the money market at the year-end of old calendar and the depreciation of silver. The total export during January last fell off to 18,000 bales. Still quotations ruled rather strong for some time, owing to the scarcity of stocks in the market. At one time the price even went up, the No. 20 yarns ruling as high as 162½ *yen*. Later, owing to the further depreciation of silver and the slump in the American and Indian cotton markets, a time of inactivity set in, the prices falling fast. Still, in view of the continuance of the reduction of working hours and the gradual recovery in the silver and cotton markets, together with the approach of the season for a rising demand for yarns, reaction for the better is expected to set in before long.—*Yokohama Chamber of Commerce Journal.*

ECONOMIC CONDITIONS IN JAPAN.

At a general meeting of the Yokohama Specie Bank Baron Takahashi, president, spoke of economic conditions in Japan during the last half year as follows:

"Generally speaking, the economic circles of the country have not yet displayed any significant activities during the latter half year. However, since the last spring our foreign trade, both the imports and exports, has been improving and the enterprises of various descriptions were steadily projected or the scope of the old establishments was enlarged. Thus signs were that the healthy and quiet progress is visible towards the ultimate recovery of the economic conditions of the country in general.

"At this juncture, it happened in August, Kwanto and the northeastern regions suffered very heavy losses in consequence of inundations almost unprecedented, and for a time the situation was viewed with grave apprehension in anticipation of a large diminution in the harvest. Since then, however, the appreciation in the price of rice has had an effect of increasing the purchasing power of the agricultural people, followed by the active movement of merchandise for the home consumption. The price of raw silk, which constitutes the greatest item of our exports, steadily rose and the transactions were quite harmonious, owing to the recent recovery of the economic conditions in Europe and America, and further the rise of the price of silver has had the favorable effect of increasing the volume of our export trade with China.

"Under these circumstances the calamity of inundations in some localities did not eclipse the gleam of light already set in toward the recovery of our economic conditions and the money market during the latter half year, with exception of the settlement season at the end of year, has maintained the phenomenal ease continued from the first half year, the consequence being that all the domestic banks still felt the difficulty of employing their funds. This bank among others has shared the same drawback until more than one-half of the second half year has elapsed; yet, fortunately, owing to the activities of the raw silk trade, the banks' conditions have much improved since.

"In short, it may rightly be said that although there is still a voice heard of that our economic conditions are still suffering in certain quarters, yet the country is surely making a healthy and substantial progress generally in commercial and industrial circles.

"Turning to the country's foreign trade we find that the exports amounted to yen 247 millions and the imports to yen 224 millions, the total being yen 471 millions during the latter half year. These figures, compared with those for the corresponding period of the year preceding, show respectively an increase of yen 21,100,000 odd in the exports and yen 44,800,000 odd in the imports, resulting, indeed, in the total increase of yen 65,900,000.

"This significant increase in the value of the exports may be attributed to the harmonious state prevailing in the economic circles of Europe and America, and to the consequent good demand for our raw silk, tea, habutaye, and so forth, from these quarters. Added to this, the high price of bar silver having been maintained, thereby encouraged the large export trade with China in the lines of cotton yarn, cotton piece goods, etc. The increase in the imports appears to be principally due to the importation of those raw materials as cotton, wool, etc., which must be a result of the healthy development of the country's industrial enterprises.

"The amount of the exchanges sold on foreign countries in Japan during the second half year is yen 40,770,000, and that of bought is yen 116,110,000, making the total of yen 156,880,000. If we compare these figures with those of the corresponding period of the preceding year it will be found that there is a decrease amounting to yen 14,910,000 in the exchanges sold, but an increase in the exchanges bought amounting to yen 23,610,000. Again the exchanges sold abroad on Japan amounts to yen 34,120,000, and the exchanges bought to yen 126,410,000.

"These figures, compared with those of the preceding half year, show there is a decrease of yen 1,780,000 in the exchanges sold, but an increase of yen 40,900,000 in the exchanges bought, resulting in the increase of yen 47,820,000 on the whole."

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AMERICAN CAPITAL IN THE PHILIPPINES.

With one exception it may be said that Philippine development schemes have met with a cold reception from the financial interests of America, and the repeated failures in promoting or financing any project for the islands is a matter that must receive the serious consideration of the Philippine commercial community with a view of improving the condition and eradicating the obstacles. The islands present opportunities for rapid and profitable development unequaled in the world. The wealth of the tropics is concentrated within their limits. Rich mineral deposits abound, the forests of valuable hardwoods are inexhaustible, the sugar lands yield a high average, the hemp monopoly is a source of never ending profit, rubber and gutta percha thrive and give handsome returns, but with few exceptions these immense natural resources, after twelve years of American rule, are still worked in the old primitive, wasteful manner which marked the industry of a century ago. It is a severe criticism and reflection on American energy which permits such untold wealth to remain undeveloped, and is a striking anomaly to American enterprise in Alaska, Hawaii, Porto Rico or Cuba, and a contrast to the methods fo Europeans in neighboring counites and islands. Java is a tropical paradise and yields immense wealth to the Dutch investors, made possible by the paternal solicitude of the Government. Borneo is forging ahead, and many large enterprises are in successful operation. The story of the industrial development of the Federated Malay States reads like a chapter from a romance or the Arabian Nights, and rubber kings have supplemented the old time tin millionaires.

Sumatra is famous the world over for its cigar wrappers, and tobacco plantations have spread to neighboring isles. Petroleum abounds, and even Shanghai has its quota of millionaires made rich over night, as it were, by the marvelous wells. Indo-China is the rice granary of the Orient and exports its products to the Philippines. and Formosa under Japanese rule, contending with adverse climatic conditions, has developed a modern sugar industry which shames the Philippines and bids fair in time to rival Java. Not one of these countries can compare in natural gifts with the Philippines, yet they progress and prosper, while the islands fail to keep pace with the procession. It is time for those who have cast their lot with the islands to face the problem, seriously consider the question and try to overcome the difficulties surrounding the investment of American capital in the Philippines and divert the stream which flows so freely into other territorial possessions.

The lack of confidence in the islands may be traced to various sources, each of sufficient importance when considered by itself to weigh against the investment of capital. First, and most important, is the political phase. The promise of the Government that the islands will be granted full independence when, in its opinion, the people are educated and prepared for self government, underlies the entire fabric of native politics and gives strength to the anti-imperialists at home. Native politics, stripped of all superfluous verbiage, is reduced to the issues of immediate independence as against following the tutelage of the United States, until its Government is ready to redeem its promise. Every native officeholder, elected by the various independence parties, during his term of office makes some play to the gallery to preserve his reputation and insure reelection, and at regular intervals this takes the form of an appeal to America for immediate independence. And the anti-imperialists and Democrats at home for political purposes indorse the appeal to embarrass the Republican Administration. The papers seize on it as important news and keep the issue before an indifferent public, who, after reading, promptly forget that there is such a group of islands as the Philippines. But when some one approaches the investor with a Philippine development scheme his brain is stirred to action, and forgetting the details, he remembers the essential fact, that the islands are to be granted independence some day and he forthwith refuses to entertain any proposition not likely to remain under the flag. And no amount of explanation or argument can shake that fundamental fact. So at the root of all the trouble lies the professed policy of the Government.

Another and more serious aspect of the political phase is the constantly recurring war scares with Japan. About the time an issue of Philippine bonds is offered for sale, or a promoter is striving to interest capital in insular ventures, the newspapers at home publish some highly important interviews, disclosures or articles by special writers to the effect that war between America and Japan is inevitable, and as a first step the Philippines will be sacrificed or captured. And the price of the bonds fall in consequence, and the promoter sees the hard work of months disappear, and has to begin all over. Notwithstanding that no issue exists between Japan and America calling for a break in their friendly relations, and despite the fact that the higher officials of both nations realize the danger of such unprovoked and unnecessary scares, which only excite public opinion and create distrust when none before existed, the "advance agents of Armageddon" return to their obsession and keep the public mind inflamed. When no legitimate issue or cause for friction can be discerned, along comes a writer who unhesitatingly declares that the genesis of any war between America and Japan will arise out of Manchuria, and then proceeds to prove his conclusions, winding up with the capture of the Philippines by Japan. When the first issue of Philippine Railway bonds was on the New York market, and conditions seemed favorable for a successful and profitable flotation, Mr. Millard's articles appeared in a leading New York daily, and their price dropped several points and has never recovered. Again, when the market was tranquil, war scares forgotten, and another issue ready for subscription, America was invaded by the English writer "Putnan Weale," who in lectures and articles revived the issues and told the country that "America must curb Japan."

Why America should assume the sole responsibility for preserving the integrity of China, when all Powers are equally interested in maintaining the status quo, is some-

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thing only writers like Mr. Millard or "Putnan Weale" can explain. And when no definite issue is discernible, the war mongers revert to the supremacy of the Pacific. Some gifted editorial writer, a few years ago, coined the phrase, "Hegomony of the Pacific," and now when all other arguments fail the Hegomony is duly resurrected, brushed up and made to do extra duty in explaining why America must defeat Japan. America has survived for over a century without the Hegomony of the Atlantic or coming in conflict with or disturbing the power that holds this traditional advantage. Why America should go to war to preserve in the Pacific something she does not possess in the Atlantic is a point which seems to be overlooked, for the same strategical reasons apply to both coasts. But these arguments are highly instructive and make fine reading and do no harm—except to the Philippines.

This phase of the situation is therefore serious, and one which the Government and insular interests are powerless to check.

Another reason why capital is reluctant to enter the islands for industrial enterprises is the difficulty of securing an adequate and continuous supply of labor. There is no use in disguising this fact and deluding ourselves that it does not exist, for it does. Labor exists in the islands for all practical purposes, but it has to be educated and forced to recognize the advantages of honest toil. Americans in the Philippines are just commencing to learn what the British and Dutch forgot a century ago—that the Malay won't work. And so long as he can recline in a hammock under the shade of a banana tree and reach up and pluck a meal overhead, or dig a yam or sweet potato out of the ground with his toes, and force his wife to catch a few little fish to mix with his mess of rice, there is little inducement for him to be otherwise. The Dutch solved the problem in Java by compelling them to labor, and in the Malay States the Chinaman has been the mainstay of all industry. This is another obstacle to the investment of capital in the islands, and is traceable directly to the altruistic policy of the Government, which says that the land must be preserved for the original inhabitants, and not delivered over to the Chinese and other industrious Oriental laborers. And until Congress modifies its general policy our only hope lies in the industrial education of the people and the awakening of them to a realization of the opportunities they are wilfully neglecting.

Another potent factor operating against the investment of American capital in the islands is the loss of confidence in insular securities, due to their decline in value. When the investor sees Philippine Government 4 per cent. gold bonds decline from 114 to 100 within a few years he naturally associates this apparent waning of the credit of the islands with some important political complication, for which the Japanese war bogey and Manchurian nightmares are largely responsible. The Philippine Railway 4 per cent. bonds, which are guaranteed and which sold at 96.5 and interest in 1908, at present have no market at 87. This great decline in values, without any logical cause or disturbance of the insular credit, is a serious handicap to the further progress of development, for it is quite clear that the holders of these securities have a most unfavorable opinion of investment in the islands. As these securities are largely held at home and abroad by investors whose influence is of some weight in financial circles, their pessimism has influenced many others against taking up Philippine investments, thus creating a condition that no amount of "boosting" or publicity propaganda can overcome.

This decline in the price of standard Government guaranteed bonds to the extent that no market exists for their sale, makes it next to impossible to secure new capital for Philippine enterprises. Here is a situation which must be faced, and some remedy applied to the evil. Nearly all Philippine enterprises in the very nature of things are industrial or construction propositions which limit the market for their securities. The geographical location of the islands makes it impossible for the average investor to have any accurate knowledge of the actual condition of affairs, or the value of the securities offered, and when he is approached by the promoter to participate in some venture, he naturally turns for guidance and advice to those who are already heavily interested in Insular securities. This rule holds good all over the world, for we find that the enterprises of different countries must be financed by or have the approval of the certain group of bankers who specialize in the securities of the respective countries. All propositions of a special character inevitably find their way directly or indirectly to these financial interests, either for co-operation or indorsement. Investors come to look to them for guidance in investments in these special fields, and refuse to consider any proposition which does not emanate from or at least have their co-operation. And Philippine investments follow the rule of the world, and have their recognized financial authorities at home, whose co-operation is necessarily vital to the successful flotation of any large enterprise for the islands.

The bankers and their friends who have been interested in the largest and most important undertakings thus far financed at home, have not only found indifferent success in placing Philippine securities, but have met with loss in their ventures. Not only have they contended with a limited and unsympathetic market, but have had to fight against the unfavorable impression created by the falling prices of the Philippine Government bonds, and witness their own securities decline far below the prices which they paid for them. And now when new Philippine enterprises are placed on the market, and the investor turns to them for advice, is it reasonable to hope that they will be loud in their praise of the islands, or that they will feel inclined to take the initiative or co-operate in further financing under present unfavorable conditions?

So we find that the various political phases of the situation have resulted in a material decline in the value of Philippine securities. The bankers and their friends who purchased the bonds are in turn unsympathetic, and their attitude finds reflection among the "men in the Street." Many who might consider Philippine bonds at current prices as a cheap investment are deterred from purchasing them by the knowledge of the difficulty they would experience in selling, if they should later require the money for other purposes. And we cannot delude ourselves with

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day-dreams or be led astray by the temporary hurrah of a publicity meeting or a successful carnival, for so long as these conditions continue to exist it will be practically impossible to secure adequate support for the numerous enterprises and developments which must be undertaken if we are to witness in the next decade the material development of the Philippines which all interested are working so hard to bring about.

There has been no fundamental change in the intrinsic value of Philippine bonds. The question of whether any remedy can be found for these conditions is one of pressing importance to the commercial interests of the Philippines. Fortunately, we find in the conduct of the United States Government finances a parallel and example which seems to offer an adequate solution of the difficulties which confront us here. For many years the United States Treasury has been able by a very simple but arbitrary method to sustain the prices of its bonds, advancing them whenever it had any to sell.

The prices of the United States Government bonds are not determined by the ordinary investment demand, which supports the interest bearing debt of other countries. The credit of the United States, although admittedly the highest in the world, does not warrant the sale of United States bonds at prices yielding 2 per cent. and less, while British consols sell on a 3.16 per cent. basis, and French rentes on a 3.06 basis, and other absolutely safe investments yield at least twice as large an income.

STANDARD RAILROAD BONDS YIELDING OVER 4 PER CENT.

	Present Price.
Atchison, Topeka & Santa Fé General 4s	98¼
Chicago & Northwestern General 4s	98¾
Reading Company General 4s	98
Union Pacific First and Refunding 4s	96¾

It is only possible for the United States to borrow money at such low rates because of its national banking system, under which the national banks can issue currency secured by an equal par value of Government bonds, and through the policy of the United States Government in depositing its surplus funds in national banks and requiring Government bonds as collateral. It is this latter feature which has given the Government in the past a powerful lever on the market for its securities.

Before examining the mechanism of this system it would be well to refer to a few figures. The interest bearing debt of the United States now approximates $913,317,490, of which $696,200,790 bonds or about 76 per cent of the total debt is on deposit at Washington to secure circulating currency; a large proportion, which cannot be estimated exactly, is held by estates and individuals who desire the "safest investment obtainable" no matter what the price. In a general way, the proportion of bonds held to secure currency and for private investment is constant. Between these two classes of holdings there is what may be termed the floating supply.

The surplus funds of the United States are not permitted to lie idle in the Treasury, but are deposited in the national banks. It is this system of depositing Government moneys against suitable collateral which forms the powerful auxiliary to the currency system in regulating the demand for, and the price of, Government bonds.

The Secretary of the Treasury has the absolute power of determining what collateral he will accept to secure these deposits. Of course, United States bonds are always given the preference, but when the Government's deposit with the banks is so large as to cause United States bonds to sell at too high prices he may order the acceptance of other securities as collateral, including Territorial, State, municipal and railroad bonds. A few actual operations of the Government will serve to show how this system works in practice.

In 1906, when the first issue of Panama Canal 2 per cent. bonds was offered for sale, the then prevailing prices of United States 2 per cent. bonds indicated that the Panama bonds would only bring a very small premium, as they would undoubtedly sell on a parity with the consol 2s. The Secretary of the Treasury thereupon issued an order that banks having bonds other than United States Government bonds or Territorial issues to secure their deposits must substitute for such issues United States Government or Territorial bonds. The effect of this action upon the market for Government issues was instantaneous and advanced their prices so materially that the Panama sale was extremely successful and netted the Government a premium of over 4 points.

A short time after the Panama sale Government deposits increased to such an extent that it was considered reasonable to again accept railroad, State and municipal bonds as collateral. Then came the acute monetary situation which culminated in the panic of 1907. Government deposits with the banks were immediately increased for the purpose of relief to an unprecedented figure, reaching a total of $223,117,082 in December, 1907. At that time the prices of United States bonds would, of course, have been advanced to unusually high levels had not the Secretary of the Treasury accepted State, municipal and railroad bonds as collateral.

The effect of the panic upon the Government's income was no less marked than upon the industrial income of the country in general. Imports decreased heavily and the monthly Treasury statements showed a rapidly increasing deficit. Consequently it became necessary to withdraw Government deposits from national banks. Within a period of seven months deposits fell from a total of $223,117,082 to $118,576,923, and by September, 1909, had fallen to $35,228,921, which was as abnormally low as the former figure was abnormally high. The rapid withdrawal of deposits resulted in flooding the market with Government bonds. This was due to the fact that the banks naturally preferred, as their deposits were reduced, to withdraw and sell their Government bonds and leave the State, railroad and municipal securities, which yield twice as much income, to secure the balance of their deposits.

Here again the power of the Government to sustain the prices of its bonds is illustrated. Secretary Cortelyou, in order to relieve the pressure upon the Government's bond market, issued an order requiring banks to release railroad, State and municipal bonds prior to Government or Terri-

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torial issues as their deposits were reduced. The text of this order follows:

"The Treasury Department, when the deposit of public moneys with the various national banks is reduced, will require that bonds other than the following be first withdrawn: United States, Philippine, Philippine Railway, Porto Rican and Hawaiian."

When Mr. MacVeagh became Secretary of the Treasury he reinforced this order by giving notice that thereafter only United States Government and Territorial bonds would be accepted as security for deposits. The arbitrary power of the Government in these matters is best shown by the terms of the ruling, as follows:

"The Secretary of the Treasury today announced, in accordance with the act of Congress approved March 4, 1907, that when further public deposits are made with banks the following named bonds and no others will be accepted as security for such deposits:

"United States, Philippine, Porto Rican and District of Columbia bonds at par; bonds of Hawaiian Territory at 90 per cent. of par; bonds of the Philippine Railway at 90 per cent. of market value, but not exceeding 90 per cent. of par.

"No additional deposits are, however, in contemplation.

"All banks holding deposits of public funds secured by any bonds other than those above named as acceptable will be required to withdraw such bonds on or before February 1, 1910, and substitute therefor bonds described above."

These measures, however, have been of no avail, because at the present time Government deposits amount to but $36,836,471, and are too small in relation to the floating supply of Government bonds to do much toward sustaining their market. This situation is largely due to the use of the Government's current receipts to build the Panama Canal. Practically no improvement in the situation can be looked for until the United States Treasury is again in funds sufficient to deposit in substantial amounts.

It would be well to point out here that even if the United States Government were to make large deposits, accepting the bonds declared to be suitable collateral in the recent order given above, the Philippine securities would not be benefited materially thereby. This would be due to the fact that under this order a bank is given the privilege of choosing between United States and Philippine bonds when selecting the securities to be used as collateral for Government deposits. In selecting bonds for this purpose a bank considers first, marketability; second, stability of price; third, opportunity for profit.

United States bonds, of course, have a wide and active market capable of absorbing with ease the sale of a large amount of bonds at any time. Banks buy them in anticipation of their use as collateral for Government deposits. They have shown an excellent record in respect to their prices, which are practically unaffected by market conditions, having regard only to their use as security for Government deposits and for the issuance of banknote currency. Turning to the Philippine bonds, we find that the purchase by a bank of these issues at present prices would be a much more profitable operation than the purchase of United States Government bonds. The difficulty, however, which precludes all possibility of a bank selecting these bonds for this purpose is that they do not have the first two requisites, namely, marketability and stability of price.

Having seen how the United States regulates the prices of its securities through the medium of its deposits with the banks, and realizing that practically no assistance can be looked for from the Government, it is important to learn how this system would be applied by the Philippine Government to the advantage of its own securities.

The means at the disposal of the Philippine Government should be effective for this purpose. At the present time the Philippine Government has $15,000,000 on deposit with banks in the United States. The total funded debt of the Philippine Government, including the Land Purchase and City of Manila bonds, amounts to about $16,000,000, and the bonds which are guaranteed as to interest by the Philippine Government to $9,943,000, making a total of $25,943,000 bonds now outstanding.

Of the former it is safe to assume that at least 50 per cent. are securely placed in the United States and would not be apt to come into the market. Of the latter probably an equal proportion was placed in Europe by bankers, and the class of European investors who purchased these bonds are notoriously close holders. In short, it is probably a very excessive estimate to say about 50 per cent. of the funded obligations of the Philippine Government is likely to contribute to the floating supply, and, of course, only a small percentage of this amount would be likely to come into the market at any one time. Consequently it will be seen that a moderate amount of purchasing power would be apt to advance very quickly the prices of these securities.

If the Philippine Government were to profit by the example of the United States Government and give preference to its own securities in naming the collateral acceptable as security for its deposits, the problem of prices for its bonds would be largely solved. It would be well to note here that at the present time only $441,000 Philippine Government and $252,000 interest guaranteed bonds are among the collateral securing the deposit of about $15,000,000 of Philippine funds. This fact proves that a bank will not buy Philippine bonds unless the Government requires their use in preference to other securities. It would not be necessary to insist arbitrarily that the only acceptable collateral would be Philippine Government or interest guaranteed bonds. It would be sufficient for the Insular Treasurer to require that the deposits be secured preferentially by (1) Philippine Government bonds; (2) bonds guaranteed as to interest by the Philippine Government; (3) United States Government bonds; and if necessary a fourth class for other securities could be created. It would then be left to the discretion of the Secretary, as is the case in the United States, to determine when securities other than the first and second classes would be accepted. In this way there would be no injustice in forcing the banks to buy Philippine Government or interest obligations at a time when the prices of such bonds were prohibitive. On the other hand, under normal conditions, a good market would be created for the Philippine bonds and depositories would use collateral which would yield a

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materially larger income than United States Government bonds, and which as Government obligations would represent a stronger security than the railroad bonds accepted at the present time.

The Insular Government now receives 3 per cent. interest, which is practically in the nature of a tax upon its deposits. Even if the restriction of the collateral to the advantage of the Philippine securities might necessitate a slight reduction of this rate, this would be fully compensated by the advantages of the plan to the Philippine Government. It may be pointed out that this rate could be lowered substantially and still be larger than the rate received by United States deposits, viz., 1 per cent. per annum. There would probably be little difficulty in obtaining an intermediate rate of say 2 per cent. on Philippine deposits, owing to the fact that they are of a relatively permanent character, and by placing deposits for definite periods, which would be tacitly understood, although not absolutely agreed to by the Government, the average interest rate should be sustained at a fairly high level without difficulty. In this connection it should be noted that Philippine bonds would yield the banks a higher income than the United States bonds held by depositories for United States Government funds.

The advantages accruing from this plan would be fourfold:

First—The prices of the Philippine obligations now outstanding would be advanced to their former levels, which would give a distinctly better tone to the credit of the Philippine Government, and when it becomes necessary to issue additional bonds their sale would be assured at a good price. A bill to authorize $5,000,000 additional bonds has already passed the Senate, which makes this a very important matter.

Second—The very favorable sentiment created by a recovery in the prices of Philippine securities would be of pronounced assistance in placing bonds to which the Government may give its guarantee as to interest for the construction of additional railway lines. The Government has been given the right to guarantee the payment of interest on a total of $30,00,000 4 per cent. bonds, but at the present time guarantees the interest on only $9,943,000 of bonds. Under the plan proposed this guaranty would insure the successful financing of any enterprises thus favored by the Government.

Third—A market would be created for the securities of Philippine industrial enterprises. It is of utmost importance to the development of the resources of these islands that it should be possible to obtain American capital for Philippine enterprises. Under the proposed plan the present floating supply of Philippine securities would be permanently cleared out of the market. With the market improved through the removal of these bonds and through the effect of their higher prices it would be possible to finance new Philippine industrial enterprises under the most favorable conditions.

Fourth—There would be a direct advantage to the Philippine Government, which has invested funds of the Postal Savings Bank and the Philippine Government's sinking funds in the Philippine Railway Company interest guaranteed first mortage 4 per cent. bonds. These bonds, which were originally purchased at various prices ranging between 96 and the present market, and which are now quoted at about 86 to 88, would unquestionably find their former levels, which would result in a substantial increase in the market value of the Government's investment.

In conclusion, it is apparent that the Philippine Government should employ these most effective means to support its own credit and thereby remove the conditions which at present prove to be an unsurmountable barrier against the investment of American capital in these islands.

RAILWAYS IN KOREA.

[*From Consul General George H. Scidmore, Seoul.*]

The following information is condensed from an interview with the director of the railway bureau of Korea, as published in the *Seoul Press* of January 11, 1910:

"It is generally recognized that a thorough provision for the means of communication in Chosen (Korea) is of pressing need. Hence, it is a matter of congratulation that the construction of the railways decided upon is to be accelerated and the projected lines built as speedily as possible. While a network of railways throughout the Korean Peninsula is very desirable, for the present we must be content with some additions to those already in existence. When the work on the Seoul-Wonsan and Honam lines, now going on but not being specially hurried, is completed, the total amount spent in railway construction in Korea will reach $65,000,000, and a further disbursement of $65,000,000 will give Korea sufficient railways.

"When the construction of the Antung-Mukden Railway is completed the line between Seoul and Fusan will become the worst of all lines between Japan and Europe, and it will be found necessary to improve it, but instead of expenditures for such improvement it is better to start new work with the money which would be required therefor.

"The improvement work now in progress on the Seoul-Wiju line may be expected to be finished by March, 1913, two years sooner than was contemplated, and the bridge work on the Yalu, which was expected to be finished in 1912, will be completed in October, 1911. Materials ordered from the United States for the bridge are arriving at Chemulpo, and some has already been landed. In short, all railway work in Korea has made more progress than was expected."

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New York City,

We borrow two articles from the Chinese Number of the *Overland Monthly*, one of which at least is remarkable as a product of the Pacific Coast. This is the article entitled "Why the Chinese Exclusion Law Should Be Modified," by Thomas B. Wilson, LL. D. Dr. Wilson takes the wholly tenable view that from no reasonable viewpoint could the Chinese exclusion act be justified, because while the United States has the unquestioned right and authority to establish standards of worthiness for residents and citizenship, it has not the right to discriminate in favor of or against the subjects of another country. Dr. Wilson holds that a perfect protection against coolie immigration could be afforded by the denial of a consul's certificate which can be required of every emigrant from China; but that, on the other hand, the middle, the upper, the professional and merchant class should have a consul's certificate for the asking. He recognizes the fact, however, that unless such certificates are promptly recognized and accepted on presentation at our ports of entry, and the bearers of them permitted to go their way without a moment's detention, the whole business would be worse than mockery. Again, if the exclusion acts are to be retained, the enforcement of their provisions with a discriminating sense of justice should be required of immigration officers, "and not according to arbitrary and inflexible rulings of Government agents who read and interpret the law in the light of their own narrowmindedness and unreasonable prejudice." Moreover, Dr. Wilson holds that if detention agents are too stupid or too full of hatred to be trusted to enforce the law in the spirit of justice and fair dealing, it becomes the duty of the President to have the treaty so modified that the barbarous and humiliating features attending the enforcement of the act would be eliminated. He maintains it to be the President's duty to instruct immigration agents who have to do with incoming Chinamen to relax their arbitrary restrictions, and while so instructing his agents it is suggested that the President order that the detention and examination station be located in San Francisco itself, and not on Angel Island, miles away in San Francisco Bay, where incoming Chinese are put to the greatest trouble and inconvenience to substantiate their right to enter the United States.

All of this is in refreshing contrast to the kind of sentiment which we have been accustomed to regard as that of the Pacific States, and particularly of California. This has already found expression at the present session of Congress in a bill introduced by the irrepressible Representa-

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tive Hayes, making the conditions for the admission of Oriental immigrants more onerous, and particularly classing all Asiatics in the same class which the Chinese now occupy. There would be no doubt as to where President Taft stands between these conflicting views, but for his continued toleration in the position of Commissioner General of Imigration of a man who has an obsession on the subject of Chinese exclusion—who would rather have fifty Chinese gentlemen gratuitously subjected to humiliating and insulting treatment than that one disguised coolie should be able to slip through the meshes of a cumbrously inquisitorial system. The State Department has always been supine in its attitude toward the abuses of the administration of the Chinese exclusion acts, and with the exception of Mr. Straus, no Secretary of the Department of Commerce and Labor has had the courage to challenge the labor union dictation which runs riot in the office of the Commissioner of Immigration. Since Mr. Roosevelt, at the request of a committee of this Association, undertook to give a more liberal interpretation to the rules affecting the admission of Chinamen, there has been no evidence of any interest in the subject at the White House, with the natural result that Mr. O'Keefe and his myrmidons have been allowed to conduct this business pretty much in their own way.

THE same kind of dictation that is dominant in the office of the Commissioner of Immigration has long been supreme in the State politics of California and in the municipal politics of the city of San Francisco. The publisher of the *Overland Monthly* evidently thinks there are people on the Pacific Coast who are growing tired of it. That at least may be inferred from the fact that with a view "of learning at first hand, from an unbiased and discerning source, the extent of this great Chinese awakening, and its significance to the United States," he sent Mr. C. E. Ferguson to China as special representative to investigate and report upon the conditions as he might find them. On Mr. Ferguson's return from his mission it was found that his observations more than confirmed the reports that had been made by others describing the present Chinese progressive movement. Received by leading Chinese officials, merchants, manufacturers and representative men generally with the utmost hospitality and cordiality, the *Overland Monthly's* emissary was given every facility to acquaint himself with conditions, with the result that the magazine was able to place before its readers what the editor describes as "an array of facts that cannot fail to convince anyone of the tremendous importance to Americans of the impending advent of China to the front rank of the great civilized nations of the world."

THE array of facts is contained in a number of articles which include "The Twentieth Century China," by Arthur H. Dutton; "Advancement of American Trade Interests in China," by Julean H. Arnold; "The United States and China," by Wei-Ching W. Yen; "American Prospects in China," by T. C. White; "The Foreigner in Business in China," by Pierre N. Beranger; "The American Merchant," by C. E. Ferguson, and "Chinese Railways," by Dr. Wilson. We have elsewhere reproduced the article of Mr. Arnold, the American consul at Amoy, which contains a fair presentation of the reasons commonly adduced to account for the slow development of American trade in China. Mr. Arnold holds that the average American merchant is not a success in a foreign market, because he does not interest himself in it to a sufficient degree to understand it, and because he does not apply himself to the task of supplying a foreign trade with the same intelligence that he exhibits in catering to a home trade. Some of the errors which American merchants have fallen into in their efforts to establish themselves in China are, in Mr. Arnold's judgment, the entrusting of an agency for the sale of goods to a competing concern, or to a foreign concern in preference to a firm of their own nationality, or to a concern which has in its employ no persons having technical knowledge of that particular line of business. Then there is the familiar criticism that the American exporter proceeds on the theory that he knows what the foreign buyer wants better than the latter himself knows; hence he insists on sending goods not ordered or refuses to adapt his goods to the demands of the foreign buyer. Thus Mr. Arnold asks: "If the Chinese consumer wants his door locks so that the keyhole is above the knob, why not turn out such an article, rather than try to convince him that his idea is all wrong? After all, having the keyhole above the knob would undoubtedly find favor with a large class in America; at all events the Japanese and German manufacturer will respect the wishes of the Chinese consumer if the American will not."

VERY much in the same vein is the interview given out by Mr. James S. Fearon on his return from China, and which will be found elsewhere reproduced. In view of the greatly increased competition with which American cotton piece goods are meeting in China, Mr. Fearon finds it difficult to account for the apathy of our Southern mill owners, to whom this trade is of vital importance. According to Mr. Fearon, they seem to imagine that China must buy the goods they have been accustomed to produce for her market during the past twenty or thirty years, and they make no efforts to ascertain if other descriptions would be sold more readily or in larger quantities. He instances the specific case in which jeans manufactured in Lancashire are taking the place of a similar cloth made here, because they are heavily sized goods, and can thus be made at a lower price. Here Mr. Fearon holds it to be the business of the foreign manufacturer to endeavor to supply what the Chinese want and not to attempt to dictate what they shall buy. Briefly, our competitors are devoting close study to the wants of the Chinese and are sparing no pains to meet them, while our American manufacturers and exporters are proceeding on the assumption that if they wait long enough the "boom" conditions of 1905-6 will return and the trade will continue in the old familiar grooves.

OUR readers can hardly fail to find interest and instruction in the article on "The New Chinese Currency," by Ching-Chun Wang, M. A., which we elsewhere reproduce from the *North American Review*. The article contains a very fair presentation of the reasons which prevailed in establishing the new currency on a silver standard, as well as of the difficulties which are likely to attend its uniform application throughout the Empire. Mr. Ching-Chun, like all his educated fellow countrymen, recognizes the fact that it is impossible to overestimate the importance of this currency reform, since the reorganization of Chinese finances is the only thing which will make any other reform possible. He bases his optimism in regard to the ultimate success of the reform on the existence of a general awakening among the people as to its necessity, and on the readiness already exhibited by the powerful body of bankers, who have been suspected of being bitterly opposed to the reform, to sacrifice personal interests for the advantage of the nation.

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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, 1910 and 1911.

EXPORTS TO CHINA.

Months.	Cotton Cloths.		Mineral Oils (illuminating).		Wheat Flour.	
	Yards.		Gallons.		Barrels.	
1909.						
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	244,065	3,106,000	230,143	611	....
Total	34,967,463	$2,178,025	45,325,960	$3,785,221	20,730	$91,001
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
November	1,018,400	90,740	5,048,550	298,529	3,691	14,533
December	3,294,806	227,245	7,996,752	583,235	5,308	20,650
1911.						
January	5,667,644	390,359	3,915,380	180,847	58,188	210,766
February	3,854,800	222,309	4,423,824	210,643	124,428	456,053
March	7,857,697	486,439	13,340,540	797,484	34,372	131,015
April	4,443,697	286,346	13,889,920	872,772	49,158	185,742
Total	38,933,123	$2,636,891	83,234,196	$4,962,745	280,213	$1,040,196

EXPORTS TO HONGKONG.

1909						
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	.....	.....	73,799	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
Total	1,037,549	$98,645	11,522,037	$841,743	641,712	$2,860,517
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
November	5,391	819	1,585,000	114,460	61,840	236,943
December	18,821	2,616	191,230	13,099	203,005	798,776
1911						
January	42,917	7,104	1,742,440	142,425	108,727	452,872
February	32,540	2,563	1,714,910	124,331	117,230	453,343
March	29,750	2,033	617,856	60,649	62,649	242,714
April	28,361	5,043	3,095,570	222,167	41,907	164,382
Total	253,709	$36,208	10,696,776	$808,500	863,783	$3,397,061

DEPARTMENT OF COMMERCE AND LABOR,
Bureau of Statistics.

WASHINGTON, D. C., May 27, 1911.

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Imports of Tea and Silk into the United States for the ten months, ending April 30, 1909, 1910 and 1911.

TEA.	1909.		1910.		1911.	
Imported from	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom	13,448,895	2,864,554	6,788,533	1,645,010	8,863,306	2,284,795
Canada	3,881,742	881,456	1,902,668	430,269	2,507,457	624,193
Chinese Empire	31,289,763	3,408,674	27,601,284	3,215,429	24,850,904	2,902,071
East Indies	8,328,914	1,231,026	7,023,098	1,109,100	7,829,820	1,286,586
Japan	42,325,666	7,023,992	35,550,702	5,792,023	47,724,874	8,185,916
Other countries	981,840	173,000	622,427	146,204	987,553	163,898
Total	100,256,820	15,582,762	79,488,712	12,338,035	92,763,974	15,447,459

RAW, OR AS REELED FROM THE COCOON. SILK.						
Imported from	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France	606,153	1,912,170	543,520	1,462,120	257,872	910,998
Italy	4,160,977	15,826,547	3,018,180	11,443,200	2,372,725	9,019,398
Chinese Empire	3,910,511	10,320,526	3,420,305	8,052,454	4,683,485	11,909,012
Japan	10,674,066	37,680,360	10,150,590	34,272,035	11,863,534	40,410,954
Other countries	102,806	391,736	183,208	677,953	150,655	564,052
Waste.....lbs...free..	1,564,618	932,863	2,576,131	1,453,304	3,409,772	1,857,865
Total unmanufactured	20,919,131	67,064,202	19,891,934	57,361,066	22,738,043	64,672,279

THE NEW CHINESE CURRENCY.

BY CHING-CHUN WANG, M. A., HONORARY FELLOW IN THE UNIVERSITY OF ILLINOIS.

From the North American Review.

The chaotic condition of the Chinese currency has reached a point which is almost incredible. It has jeopardized the country's foreign trade and checked the development of her domestic commerce. The Chinese not only have suffered from it, but large numbers of foreigners as well. The Government itself has for some time felt the need of reform. Repeated attempts have been made to remedy the evil, but they have been barren of immediate results. Finally, upon the accession to the throne of the new Emperor, the Government began to take definite steps toward the reorganization of the whole monetary system. Soon after the recent change of administration the throne commanded the Board of Finance to establish a special bureau to investigate currency conditions in China and to study the systems of other countries for the purpose of improving that at home. After more than a year's work, the Board of Finance memorialized the throne, setting forth in detail their recommendations. They also submitted twenty-four regulations for the redemption of the old coins and the introduction of the new system. An imperial edict was issued on the 24th of May, 1910, which approved the whole plan as submitted by the board and which said in part:

"It is commanded that the unit of the national currency shall be the 'Yuan,' or dollar, and the standard shall temporarily be silver. The dollar shall be the principal unit of currency and shall weigh seven mace and two candarenes. The subsidiary coins shall be as follows: Three of silver in denominations of fifty, twenty-five and ten cents, respectively; one nickel unit having the value of five cents; and four copper coins in denominations of two cents, one cent, five cash and one cash, respectively. The relative value of the dollar, the dime, the cent and the cash shall be in decimal proportion and be permanently fixed. It shall not be permitted to increase these relative values or to diminish them. The Board of Finance shall direct the mints to mint the new coins according to the standard weight, fineness and design and to issue them gradually. * * *

"Let the viceroys and governors instruct the various mercantile and other organizations to inform the people that the purpose of this reform is to alleviate the chaos caused by the weighing and testing in the old currency, thereby to accommodate the people, to facilitate commerce and to lay the foundation of the financial reorganization of the empire."

It further ordered that, within one year from the date of the edict, all salaries and pensions of officials and other government employees, together with all taxes, customs duties and other incomes and expenditures of the government, as well as the contracts and payments of the people, should be converted into the terms of the new currency.*

* "For the purpose of carrying out this and some other less important reforms, a loan of $50,000,000 was consummated in Peking, on April 15, 1911. The proposal for this loan was originally made to American bankers alone; but later was extended to financial groups of Great Britain, Germany and France. The four powers were to pay to China $5,000,000 immediately, $5,000,000 when the powers have approved of the currency reforms and the Manchurian development schemes, and the remainder of the loan in instalments covering several months. At the suggestion of the United States, China has also agreed to appoint the representative of some uninterested country as financial adviser to assist in the currency reform."

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In order to understand the significance of this reform, it is necessary to have a brief and concise idea of the old currency and of the existing conditions in China.

In theory, one may say China has maintained a bimetallic system or "even a trimetallic system" since the seventh century, according to which one unit in gold is equivalent to ten in silver and one thousand in copper. In practice, however, the currency in use until lately has been entirely the taio" (a string of copper cash) or the tael. Since the beginning of intercourse with the West the dollar also has been used extensively.

These three kinds of "money" might have formed the basis of a practicable system of currency were each of them uniform in itself. The trouble is that none of them represent anything definite. For instance, there are over one hundred kinds of the tael in the country, and these kinds of tael not only differ from one another, but each kind itself varies in different places. Again, even if the tael were a definite unit, it could have been of little use so long as the fineness of the sycee silver is different and undetermined, as it always has been.

The tiao is no more definite than the tael. Through years of bad practice and on account of the customs of different places it to-day means numberless things. In one place it may mean 1,000 cash, in another place 960 and in a third only 160. In a word, the tiao, like the tael, carries with it no definite meaning, but is only a customary name used to represent different numbers of cash varying within the limits of 1,000 and 160, according to time, place and circumstances.

As already mentioned, the dollar also has been used recently. As a strange coincidence, the dollar likewise means a conglomeration of different kinds of money. To begin with, there are the Imperial Chinese dollar, the Mexican dollar, the French piastre, the Portuguese carolus, the Hongkong dollar and the different kinds of provincial dollars, each differing from all the rest in weight, fineness and value. Moreover, like the the Spanish dollar during colonial times, the market value of each kind is also different in different places. One kind of dollar may be used freely in one province and rejected in the next. Even in different parts of the same town, at one and the same time, there often exists a difference in the value of the same kind of dollar. It is well remarked by some Western observers that the way in which price of silver in terms of copper cash or of dollars, or vice versa, varies will tax even a veteran New York broker's understanding.

To this has been added the confusion caused by the unregulated manipualtion of the different provincial mints. During the last twelve or fifteen years several provinces have been permitted to operate their own mints. These provinces in the operation of their mints usually had in view not the economic welfare of the whole country, but the immediate well-being of the local treasury. This, coupled with the lack of strict regulation by the central government, led to the great oversupply of copper coins and to the coining of silver coins of varying fineness, all purporting to be of the same weight and fineness as the government coins. The oversupply of copper cash has greatly enhanced the price of silver, a result of which has been the recent pronounced increase in the cost of living, especially in that of the laboring classes. These people, whose income is in terms of the tiao, find their cost of living increased by leaps and bounds with the rising value of silver, while their income, which is governed not by union rules, but by custom, remains almost stationary. The hardship and misery caused by this state of affairs made it dangerous for the government to postpone any longer the reorganization of the currency.

Moreover, China's treaty obligations, as well, require her to reform her currency. As stipulated in the commercial treaty of 1903 between China and the United States, "China agrees to take the necessary steps to provide for a uniform national coinage which shall be legal tender in payment of all duties, taxes and other obligations throughout the Empire. * * *" Similar phrases are found in the commercial treaty between China and Japan of the same year and in that with Great Britain of the year before.

These circumstances help one to appreciate the significance of the reform more fully and to understand the discussions which led to the adoption of the programme. In the following pages I propose to discuss some of the questions arising in connection with the reform which have aroused a great deal of discussion in China as well as in other countries.

In this currency reform the adoption of a standard has been the first and most important question. All the discussion was largely centered upon the point as to whether China should adopt silver or gold. The opinion was about equally divided on this question. Those in favor of silver believe that a declining value of silver in terms of gold will favor China's export trade and hence is good for China. On account of the relatively low rate of exchange of silver, the prices of goods in China will appear lower than in those countries where gold is used. Conversely, the imported goods will appear higher in price. Hence if China adopts silver, her export trade will be stimulated while her imports will be somewhat diminished; and, therefore, the balance of trade will be in China's favor.

But those in favor of silver, as one high official has observed, failed to notice that the theory of this so-called balance of trade has been proven erroneous again and again; that what temporarily appears favorable under abnormal conditions often becomes unfavorable in the long run; and that, above all, as the exports are mostly raw material, the increase of such export business will, in the end, not result in any real advantage to China. On the contrary, it will tend to exhaust the raw material in the country and thereby retard the development of manufactures. Should such export trade be excessively stimulated, it would jeopardize the root of the much needed development of new industries —the only salvation of the large laboring populace.

Then the silver advocates advanced three other reasons which seemed more convincing. First, that China is poor; she has not gold enough even to start a gold system and cannot secure the necessary amount of gold without incurring a heavy debt at a great disadvantage. Second, even if she could secure the gold at the present time, it would not be possible for her to keep it, as the balance of trade is against her, and the gold would certainly be exported

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for the excess of imports over exports. Third, the standard of living and the habits of the people require silver as the standard. The silver advocates claim that, although silver is supposed to have been the standard in China, the copper cash has in reality been the currency of the people. Like the French housewife, the everyday Chinese is wont to calculate in sous, even to the point of "une pièce de cent sous," rather than five francs. Therefore, a silver currency is better adapted for the standard of living and the ordinary trade customs of the country, while the sudden adoption of gold might entail serious hardship to the people.

On the other hand, the gold advocates maintain that the national finance demands the adoption of gold. All China's foreign debts and indemnities are in terms of gold, while her revenues are collected almost entirely in silver or in copper at some rate of exchange with silver. As the value of silver has of late been constantly and considerably depreciated with respect to that of gold the Government finds that the burden of its debts is increasing by leaps and bounds. There is no other way to relieve the situation except by the adoption of gold.

Again the commerce of China with other countries calls for the adoption of gold. Her merchants suffer a great deal from the use of silver. On account of the fluctuations of silver her international trade becomes highly speculative. While the merchants of other countries will need only to keep in mind the commercial conditions in making their calculations, the Chinese merchant, in addition to what his foreign competitor has to do, must constantly bear in mind the rate of exchange. As the average Chinese marchant is neither so well experienced nor as shrewd as his foreign competitor, he has thus, with half the strength, been compelled to struggle against twice as many difficulties. In this age of extreme competition, the Chinese, placed against such odds; have always to face an up-hill struggle.

Moreover, the experience of other countries warrants the adoption of gold. Nearly all the civilized nations have adopted gold. If China remains a silver country she will have to suffer from practically all the evils resulting from the capricious speculations of the whole world.

Some also claim that the adoption of gold will strengthen the Chinese national credit. They claim that an Eastern financial agent residing in London once said that he had never been able to borrow money for the Government he was representing so cheaply as he was able to do after the introduction of the gold standard into the country. He remarked that the effect was immediate and unmistakable. Count Matsukata, of Japan, is also quoted as having attributed the friendliness and moderation of the money market toward his country during recent years to the adoption of the gold standard.

There is hardly any doubt that the systematizing of a nation's currency will eventually strengthen that nation's credit. But whether this financial friendliness toward Japan is due simply to the adoption of the gold standard or to the introduction of uniformity into the currency seems open to question. The reason why the money market became more favorably inclined toward Japan on her adoption of gold is more likely because it foresaw in that adoption a steady and uniform system of currency which meant strength in her national finance rather than simply because of the adoption of gold itself. If the market had felt that the adoption of gold was ill-fitted to Japanese conditions and would bring about disturbance and financial chaos, it would very likely have taken a different course. Therefore, the adoption of gold, if unsuitable, is not likely to strengthen a country's credit. On the contrary, there is every reason to believe that such a change would prove injurious to her credit. At any rate, it appears that what the foreign creditors want is only financial strength. Whether that strength is brought about by the use of silver or by that of gold does not seem likely to enter into their calculations. There is no reason to believe that a nation's credit shall not be good if her financial strength is great, even if silver is the standard. On the other hand, it is hardly conceivable that a nation's credit will become better simply because she uses gold. Psychologically, it might be that the money lenders in the gold countries prefer to loan their money to the countries using gold rather than to those using silver, but this preference ought not to be very strong. Therefore, it seems that the gold advocates have taken a special coincidence as a formula for general application.

Finally, the matter settles down to two points: Is China to consider first the well-being of her people, who maintain their families on one dime a day and, through the existence of the mite of a mite, are enabled to maintain them in comfort; or shall she consider first the broader interests of her international exchanges and of the large body of merchants active in trade of nations/ Upon these questions hinged the final decision of the Government.

The advantages of a gold standard are so numerous—so far as the broader interests of the Government are concerned—and the experience of other countries is so convincing, that it was only in consideration of the standard of living of her people that China reluctantly decided to adopt silver temporarily, with the ultimate aim of adopting gold as soon as circumstances would permit. In making this decision, China believed that in the reform of currency, as well as in other reforms, she must go step by step. Moreover, she was also influenced by the experience of her neighbors. Nearly all the countries now having gold as standard used silver first and then gold. Should China adopt gold now, she would be jumping from copper, over silver, to gold; for although silver in different forms has been in use in China for centuries, the real currency, as observed before, is the copper cash. A great majority of the people today still think in the "tiao." In fact, it is safe to say that probably less than half of the people have ever used silver in their lives until very recently. Under such circumstances, China preferred to adopt silver for the present. As declared in the currency edict of two years ago, the Government recognized the "convenience" of a gold standard; but finding that "grave dangers" would be incurred in China by the adoption of gold, it concluded that "we should first standardize and render uniform the silver currency and then carefully proceed to take measures for a further advance, with a view to insuring the adoption

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of a gold standard in the future." In other words, the Government thought it better for China to systematize her currency first and only later to adopt gold rather than to attempt both reforms at the same time at the risk of failure in each.

Besides the silver and gold standards, the gold exchange basis, as recommended by the Commission on International Exchange, was also considered at length, but was laid aside —at least for the present—for the reason that in a country like China it is extremely hard to maintain the parity of the silver token coins, and it amounts almost to impossibility to prevent counterfeiting such token coins when the disparity between the face and the intrinsic value is so great.

The failure of the Government to adopt the gold exchange basis has been criticised by most of the Chinese newspapers and is regarded as a mistake by large numbers of the educated classes.

A great many of the educated people in the country think that in this age of world intercourse, to reorganize the finance of a country without due consideration of her relations with the other countries, is liable to be disastrously mistaken. Therefore, they believe that China ought to have given more consideration to her broader interests than to her internal conditions. Some even doubt that the standard of living really interferes much with the change of a nation's currency standard. They maintain that, although England adopted gold over a century ago, there are yet many "Englishmen" in the heart of London who have never used a sovereign in their lives, and that, although Japan has been using gold as standard over twelve years, there are yet many Japanese who have never seen a gold coin. Moreover, the same state of affairs has been existing in China. Nominally China has been using the sycee as a basis, yet those who have used any sycee in their business transactions number comparatively few. Therefore, they claim that China could have safely adopted the gold exchange basis to her advantage.

By looking at the situation from the outside one would likely be inclined to favor the gold exchange proposition. The clear arguments in favor of this basis as given by Professor Jenks are, indeed, convincing, and the experience of India, the Philippine Islands and the Straits Settlements seems to warrant a trial of this basis by China. The enormous amount of profit which may be easily gained by the Government by adopting this basis, more than anything else, was very tempting. Therefore, the question was held in the balance for a long time. It was only after careful examination of the whole situation that China forsook it. The Government vividly recalls its miserable experience with the Chao Piao (a kind of Government note issued some years ago) and the Hsien Feng notes. By having a great disparity between the legal value and the value in bullion as necessitated by the gold exchange basis, China knows that she can gain a very large profit, all of which is tempting at this time when her finances are in such a strained condition; but she also realizes that this very profit to the Government may create distrust among the people. In China, where things are in such an unsettled state, the least suspicion by the people—whose memory of the unfortunate experience with the former Government notes is still fresh—that the Government is seeking for gain from this reform is likely to defeat the whole program. Therefore, the Government took the safer course, even at a large financial loss to itself. The fact that the Government was able to overcome the temptation by foregoing the big profit seems to indicate its earnestness in this reform.

The new unit is the "yuan," which shall contain seven mace and two candarenes of 90 per cent. pure silver, with the figure of a coiling dragon stamped on one face and the words "one yuan" and "Imperial Chinese Currency," in Chinese, on the other.

This seems simple enough, but it was only after the hottest kind of discussion among those in charge of the reform that this was decided upon. Perhaps there has been more disagreement regarding the unit than upon any other point in the entire program. The whole officialdom divided itself into two parties—one in favor of the tael and the other in favor of the dollar. Among the tael advocates the late Grand Councillor Chang Chih-Tung was the most noted, while on the side of the dollar advocates were mostly the younger but less influential officials. The tael advocates had so much more influence that for a while it seemed as if the tael would be adopted. In fact, a committee appointed through the influence of this party made a report two years ago in favor of the tael, and the report actually received the sanction of the Throne.

The advocates of the dollar, however, did not give up hope, in spite of the overwhelming power of their opponents. Even the imperial sanction did not dishearten them. So during the last two years they made continued efforts to reverse the decision of the Throne. As a result a most animated discussion ensued, during which both sides placed much emphasis upon the usage, or rather the habits, of the people. Those in favor of the dollar maintain that, since the people have become accustomed to the use of the Chinese and Mexican dollars, and since the weights of both of these are about seven mace and two candarenes, it would be more adaptable to the people if the new unit is to weigh seven mace two candarenes.

On the other hand, the tael advocates say that it is because of the fact that usage is an important factor in determining the new unit that the tael ought to be preferable to the dollar. For centuries all public incomes and expenditures, as well as all private accounts, have been kept in terms of the tael. Besides, the customs tariffs, which are connected with China's treaty obligations, are also calculated in terms of the tael. Hence, if the tael is adopted, it will save all the trouble of a wholesale change. Moreover, if the tael is used, it will prevent the confusion resulting from the mixture of the old and new coins, which would be inevitable in the case of the adoption of the dollar.

So far the arguments in favor of the tael seem very convincing. But the dollar advocates called attention to the fact that all these advantages in favor of the tael exist only in theory, while they have no foundation in reality. In the first place, no one knows what the tael really is. Besides the various principal kinds of taels, which number no less than a hundred, there are the numberless commer-

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cial or local taels, all of which differ from one another and represent different weights in different places. Every "centre," as observed a correspondent of the London *Times*, "possesses its own ideas of the value of the tael." In fact, the Government itself uses as many kinds of tael as there are names for it in the country. Therefore, it is necessary to make as complete a change of the old documents and accounts in the case of the adoption of the tael as it is in that of the dollar.

Again, the least connection of the new currency with the tael will at once bring back the idea of the old cumbrous sycee—the idea of the weighing and testing process which the reform especially aims to eradicate.

Moreover, the standard of living in China favors the dollar. In everyday life the cash must still be used as the smallest coin for the present. By making the cash the basing coin so that ten cash make one cent, ten cents one dime and ten dimes one dollar, the decimal system may be maintained throughout; while, on the other hand, if the tael is used, it will be necessary either to dispense with the decimal system or to make the smallest coin—the cash—comparatively higher in value than it is now, which latter fact is not desirable.

Thus, in spite of the opposition of the influential officials, the dollar advocates won the decision of the Throne at last. Not only are all the progressive classes throughout the Empire delighted with this action of the Government, but foreign authorities as well agree that China has taken a forward step. By the adoption of the dollar China will have the relative value between the unit and the copper currency fixed at the most convenient rate of 1 to 1,000, instead of such a cumbersome arrangement as something like 1,482 cash as the equivalent of the tael.

The currency, as mentioned, is based upon the decimal system. The principal subsidiary coins are the chiao, the fen and the cash, representing one-tenth, one-hundredth and one-thousandth part of the yuan in value, respectively. For convenience other coins have also been introduced. These are the fifty cent and twenty-five cent pieces in silver, the five cent coin in nickel and the two cent and five cash coins in copper.

In order to maintain the ratio between the unit and the subsidiary coins, which China has never succeeded in doing in the past, the Government adopted the first of the two methods mentioned by Mr. H. White in his book on money and banking—namely, to restrict the supply of the small coins. As stated in the memorial of the Board of Finance: "Since the purpose of coining the subsidiary coins is for making changes and small purchases, and is not intended for general use, the supply of such coins must not be too large. Unless strict rules are adopted and enforced governing the coinage of such coins, we fear there is no other way of maintaining the decimal system."

The Government is likely to have much trouble in carrying out this provision. One of the foremost causes of the recent confusion of the Chinese currency has been the unregulated coinage of copper coins. Unless the central Government succeeds in taking away from the provinces the privilege of minting and conducts the coinage itself strictly in accordance with well planned regulations, or proves able to enforce such regulations upon the provinces, both of which are hard to do, all its efforts for the reform will prove a failure. The Government seems to have recognized this difficulty and appears earnest in its determination to overcome it. If the Government succeeds in maintaining the decimal system, it will confer a great benefit upon the country. When the enormous population of China is taken into consideration, the economy resulting from a uniform decimal system in accounting alone must be considerable, to say nothing of the impetus to commerce.

In adopting her policy regarding abrasion, China evidently followed in the footseps of her Eastern neighbor. The Chinese currency measure provides that if, in consequence of abrasion from circulation, any of the silver or nickel coins fall below the minimum circulating weight, the Government shall exchange such coins for new ones of the same face value without any charge. In adopting this policy, China, like Japan, proceeded on the assumption that it is possible to distinguish between abrasion caused by ordinary wear and fraudulent abrasion or "sweating." Although there has not been sufficient time as yet to decide as to the safety of the experiment, China thought it worth while to try the same side by side with her neighbor. It is especially gratifying to note in this regard that China, in spite of her financial difficulties, is willing to assume this loss herself, instead of throwing it upon her people as most of the Western countries do. The justice for the Government to assume the loss due to ordinary abrasion is evident. Since such abrasion is caused by all subjects of the country in common, the consequent loss from it should fall upon the whole instead of the unfortunate few who happen to possess the coin last. Most of the Governments "have not been willing to assume this loss, lest such assumption should lead to systematic abrasion for purposes of gain." This, however, neither conclusively proves that the assumption of the loss by the individual will prevent the danger of "sweating," nor justifies the Government in compelling the unfortunate few to bear the loss which the Government itself fears to assume. It is hoped that the experiment in the East may prove safe, so as to bring about its adoption by the West.

The disposal of old coins has been recognized as the most difficult problem. During the last two decades over 40,000,000 dollar coins and about $1,400,000,000 worth of the smaller silver coins have been poured into circulation. To redeem them and recoin them will cost the Government something like $20,000,000. At this time, when every source of the Chinese treasury is strained, it is difficult for China to meet this extra burden. The policy of suppressing the old coins, therefore, has frequently been advocated. It was feared, however, that such an abrupt suppression would result in a serious burden upon the people which would obstruct the carrying out of the currency program. In trying to strike at a happy medium the Board of Finance decided that for the present the old coins should be permitted to circulate as heretofore according to their market values, side by side with the new coins which are to circulate at their legal value.

In this connection, it must be observed that, as there are four kinds of the new silver coin and about as many kinds

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of the old, and as the size and design of the two classes of the same denomination are very similar, the confusion resulting from the simultaneous circulation of the two will be unavoidable.

The edict also provides that as soon as one place is sufficiently supplied with the new coin a date shall be fixed after which the old coin shall cease to circulate. Unless this plan is carried out with extreme precaution and dexterity, it may bring about a serious depreciation of the old coins and a general disturbance of prices.

But the disposal of the old copper coins is likely to be even more difficult than the disposal of the silver coins. During the last decade or so over $100,000,000 worth of copper cash has been forced into circulation. To this must be added the quantity illegally coined, which is believed to be enormous. The southern provinces have been literally flooded with this copper cash. The harm done, especially to the working classes, can readily be understood.

Two propositions were advanced. One is to redeem all the old copper at "fixed low prices" so as to save the Government from the loss of redeeming and recoining; the other is to raise the value of the old copper to a fixed point so as to enable them to circulate as new subsidiary coins. Of course, to put one of these propositions into practice is as hard as the other. The officials must have realized that to raise the value of these old copper cash arbitrarily and keep them at that high level for any length of time is as hard as to raise the price of rice, unless they "corner" enough of it and stop further planting at the same time. They must also have seen that to redeem the copper cash at a low price, fixed arbitrarily, is likely to be either futile or dangerous.

After much deliberation, the board decided that the different viceroys and governors be instructed to proclaim that during the first year from the date when the new coin is put into circulation in their provinces any single transaction not exceeding as a minimum three dollars in value according to the market exchange may be made with the copper, and that during the second year the maximum shall be reduced to one dollar. At the same time the Government shall gradually redeem such coins. It is hoped that after two or three years the quantity of such copper cash may be greatly reduced, after which the Board of Finance is to adopt a final way of disposal.

The importance of this currency reform can hardly be overestimated. The financial weakness of the country is the leading cause of China's precarious condition. To reorganize her finances is the only thing which will make any other reform possible. She cannot reorganize her finances unless and until she has a uniform system of currency. All those who are interested in the mater agree that a uniform system is what China needs. Therefore, China's efforts, as seen throughout her program, have been largely directed toward that goal.

Another notable feature in connection with this reform is the special attention which the Government gave to the habits and well being of the people. This is gratifying not only from the political point of view, but from that of the success of the reform as well. Without special regard to the habits of the people China could never carry out her currency or any other reform, and her recent edict and regulations would not meet with any better fate than the proclamation of Ann or the English currency law of 1707 as applied in the American colonies.

So far we have discussed what China has decided to do, or, in other words, what is still on paper, and so far nothing appears very difficult. But to carry out the program is an entirely different problem. In China, as it is in many other countries, the "vested interests" are the worst foes of wholesome reforms. Therefore, it is very possible that China may find it too difficult to carry out her program. The central Government is sincere and earnest, and is cautious in each step it takes. It will also have at least the moral support of the foreign Powers and the large body of foreign residents in China in this undertaking, which has so vast a national as well as an international importance. Moreover, there seems to be a general awakening among the people. Even the "powerful body of bankers," who have been suspected by some Western observers to be in opposition to the reform, have already shown signs of being ready to sacrifice personal interests for the advantage of the nation. According to the recent report of a correspondent of the London *Times*, the leading bankers in Peking have held a meeting, at which they decided "to form an association with branches in the provinces to assist the carrying out of the currency reforms." "To accomplish this reform," as remarked the *North China Herald*, "will require the same motive power * * * that was available in the case of the suppression of opium in the face of official and popular apathy." It is pertinent to the question to note that China has been successful in her opium crusade.

RAILWAY PROGRESS IN CHINA.

From Consul Albert W. Pontius, Chungking.

Information supplementary to that contained in the report published in *Daily Consular and Trade Reports* for February 9 has been supplied by the assistant chief engineer of the Szechwan-Hupeh Railway, who states that 50,000 coolies are now at work on the line.

Eighty-five pound rails are employed for the main line, using 13 sleepers to the rail. Construction trains are running twice daily between the Ichang wharf and the track end, a distance of about six miles. More than forty ballast cars are now in use carrying materials. With the exception of two cuts, the track could be laid some 20 miles. The Ichang station building is finished up to the roofing, and will be completed in May. The three storerooms are already occupied, the locomotive sheds built and the head office building fairly started. Near the station are two 22-foot wells, while the water tower will soon be completed. The coal yard is under construction. Four shafts have been sunk at the 6,200-foot tunnel, 50 miles from Ichang. The presence of water renders the work difficult. Two 1,000-foot tunnels are under way 25 miles from Ichang, and one 700 feet long, about 15 miles from that city, is completed.

The equipment for the machine shop, ordered from a German firm, has arrived and will shortly be installed in the newly built workshop. In order to secure more satisfactory transportation from Hankow to Ichang, another 500 horse power tug and two 200-ton lighters have been ordered from a Shanghai engineering company. From the American Bridge Company, of New York, eleven 100-foot spans have been ordered, and delivery will be made in May. Two million superficial feet of Oregon pine logs and planks have also been contracted for. Earthwork and tunnel tenders (native contractors only) for the fourth, fifth, sixth, seventh, ninth and tenth sections were opened in March.

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ADVANCEMENT OF AMERICAN TRADE INTERESTS IN CHINA.

BY JULEAN H. ARNOLD, AMERICAN CONSUL, AMOY, CHINA.

The American merchant at home is recognized the world over as a model of enterprise. He manages his business with an intelligence and foresight unsurpassed anywhere else on the globe, but immediately the keen, alert American business man reaches out to conquer new fields and to compete in foreign markets, he seems to be transformed into a different being. That energy, foresight and intelligence so characteristic of his efforts at home seem to have deserted him in his attempts at competing in foreign markets.

The American merchant at home prides himself upon his attention to the details of his business; boasts of his promptness in filling orders; and of his ability to serve the trade with the goods they demand; advertises himself as a purveyor of good goods; and challenges his customers to discover any particular in which he is not giving and doing that which he advertises. Foreign trade to the average American merchant is still a sort of a romance. He would like to embrace the world as his market and carry upon the pages of his ledger accounts with foreign firms, but when it comes to the real business of soliciting this trade, filling their orders, financing his business with them, and retaining their patronage, this successful American home merchant apparently discharges the whole matter with a minimum of attention, with the result that the foreign firms find it to their interests to deal elsewhere.

Why, then, is it that the average American merchant is not a success in a foreign market? There are two reasons: firstly, he does not interest himself in the foreign market to a sufficient degree to understand it and make it a success; and secondly, he does not apply himself to supplying a foreign trade with the same intelligence which he exhibits in catering to a home trade.

How is the American merchant to transform his dream of conquest in foreign fields into a reality? Firstly, by taking a genuine interest in the foreign field and making a study of it, and secondly, by giving to the foreign market the same intelligent consideration which he applies to his home business.

In what way can the American exporter interest himself in China as a field for exploitation, and how is he to study the demands of this market most effectively? Naturally, the first essential is to ascertain whether or not China offers to him a market for the particular line of goods which he is handling. Many articles of foreign manufacture find a market in China now which a few years ago were unknown to the Chinese consumer. Hence, to study the customs returns of trade only would not accord one an index to the potential wants of the Chinese consumer. Twenty years ago China knew practically nothing about condensed milk. To-day there is scarcely a city in the Empire where condensed milk cannot be obtained. Because there is no demand now for an article does not necessarily mean that such a demand cannot be created by an intelligent system of educating the Chinese public to recognizing the virtues of that article. There is probably no better illustration of an effective educational trade campaign by a foreign concern in China than that conducted by the British-American Tobacco Company.

Probably no more than twenty years ago cigarettes were almost unknown in China. The British-American Tobacco Company studied the situation, decided that China offered a good market for cigarettes and entered upon an intelligent, enterprising policy of creating a demand. They suited their products to the purchasing power of the people, and by a persistent campaign of education carried on through men who, in many instances, spoke the language of the people, extended the sales of their products to the very remote parts of the Empire. Last summer, while on a tour across the Shansi, Shensi and Szechwan provinces in West China, the writer found scarcely a town of any size in that remote part of the Empire which was not placarded with the posters advertising the British-American Tobacco Company's products. This concern has two large cigarette factories, one at Hankow and another at Shanghai, supplying the demand it has created in China for its products. Of its success in China, the British-American Tobacco Company can well say: "I came, I saw, I conquered."

Contrast with the intelligent interest displayed in the study of China as a possible field for its products by the British-American Tobacco Company, the unintelligent methods resorted to by a large American firm which some years ago cherished a dream of adding China to its field of conquest. This concern sent one of its young salesmen to China with instructions to study the field and report upon the possibilities of establishing an agency there. The young man spent much of his time about the Shanghai and Tientsin hotels, and had more to say about sport than about the business for which he was sent to China. Although he had met but few influential Chinese or foreign business men of any prominence, yet he informed the writer that he was reporting to his company that there were no chances for them in a business way in China. The mistake this company made was in sending out a man not equal to the task. If the concern in question, a company capitalized at several millions, really thought it worth while to send a man to China to study the situation, they should have sent one of their big men, a man who carries with him a passport to the best mercantile society, and who has the brains to size up a situation after a reasonable amount of observation and study. Establishing a branch in a country with a population of 400,000,000 just entering upon the dawn of modern civilization, and among competitors of all nationalities is not a question to be entrusted to an inferior man. If it is not worth the attention and study of the biggest man in the establishment, then it is certainly not worth the money spent in sending out an ordinary salesman. In this particular case the line of goods handled is one which already commands a large market in China, and one which, with China's industrial development, is going to offer immense

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opportunities. When this salesman heard that the London, Hamburg and Osaka merchants were already in the field, he threw up his hands and exclaimed that there was no room for the American.

The American exporter looking to China for a market can secure much valuable assistance at the beginning of his investigations from the American consuls stationed in this country. Extra-territorial jurisdiction has resulted in placing the foreign consuls in China in a position of greater relative importance and prominence than foreign consuls enjoy in any other country. In addition to this, the fact that the Chinese official is held in an exalted position by the masses in China has resulted in placing the foreign consuls, who by treaty are accorded a rank equal to that of the highest Chinese official in the port, in positions of great respect in the mind of the Chinese business men, so that, ordinarily speaking, the foreign consul is *persona grata* in the treaty port to which he is accredited. Hence the position of a foreign consul in China is a strong one, and one capable of meaning much to the trade interests of the country he represents.

The Department of State, working in conjunction with the Department of Commerce and Labor, is doing all in its power to secure from its consular service a maximum of usefulness in promoting American trade interests. Each year every consulate must prepare and send to the Department of State for publication in the monthly Consular Reports, an annual trade report covering the trade conditions in its respective district, with special emphasis upon such commercial features as affect American trade. From time to time the department calls for special reports, often in response to requests from the Department of Commerce and Labor or the Department of Agriculture, or from commercial associations or bodies.

Each consul makes a number of special commercial reports to the Department of State from time to time, upon subjects in his district of interest to American trade. Furthermore, the Department of State instructs the consuls to send to it promptly any items of interest covering opportunities for American trade in their respective districts. In addition to these, each consul replies promptly to all commercial inquiries addressed to him by American merchants. For instance, the Amoy consulate has replied to nearly 500 during the past two years. These replies are mailed to the Department of State for transmission to addressees, the Department of Commerce and Labor selecting from them as well as from all other commercial reports from consuls such matter as it may deem of general interest to American exporters for publication in its *Daily Consular and Trade Reports,* which are distributed to all American merchants applying for them.

In order to render still further assistance to American business interests, the Amoy consulate has installed a library of American trade publications in a room in the consulate, set aside for that purpose. All American trade catalogues and commercial publications which are received are carefully indexed and placed upon the shelves of this library. A catalogue of these publications is revised and printed each year and mailed to each of the merchants resident in this district. The preface to this catalogue reads as follows:

"There is established in the American Consulate a Library of American Trade Catalogues, American Business Directories and American Trade Journals.

"The public is cordially invited to make use of this library at all times during the regular business hours of this consulate.

"This catalogue contains a complete list of all American trade catalogues, American business directories and American trade journals at present on file in this library.

"A supplementary list of all trade publications received subsequently to the issuance of this catalogue will be kept on file at this office for the use of the public."

This library now contains 484 American trade catalogues and American trade journals and business directories. Suppose a Chinese merchant should call at this office and express a desire to consult its trade catalogues covering patent lamps. An English-Chinese clerk is detailed to accompany and assist him in his inspection of all catalogues bearing upon this subject. By means of this library, a number of local merchants have been connected with American dealers, and correspondence and trade have resulted therefrom. While the writer is of the opinion that catalogues without samples and salesmen are not as effective as some American merchants are inclined to believe, yet they have their place and accomplish a purpose.

There is still another means by which the Amoy consulate attempts to assist the American merchants. As Amoy is an outport, her import business is not so large as to warrant the establishment of agencies there as in a commercial centre like Shanghai. In view of this fact, the consulate transmits any new items concerning trade opportunities at this port to the American Consul-General in Shanghai for circulation among the American merchants resident there. An effort has been made to interest American merchants in Manila in the trade opportunities along the China coast. It has been suggested to them that they effect the organization of an American mercantile association there, in order that there may be transmitted to such association all items of business interest in the Amoy district; but these merchants seem unable to form a harmonious organization. Recently this consulate interested a wealthy Chinese, who is building in Amoy a palatial residence costing $100,000, in Philippine hardwood for interior woodwork. Samples of the various woods were procured from the Bureau of Science of the Philippine Islands. As a result this gentleman has decided to place an order for Philippine woods; but there is no American mercantile association in the islands to which the consulate may transmit a request for bids. Similarly, a Chinese here wished to purchase an electric lighting installation and a pumping plant for his residence, and wanted it in a hurry. The Amoy consulate tried to connect him with American dealers in Manila, which is reached by direct steamers from Amoy, running every five days, but none of the American dealers there seemed to take an interest, so the order was finally placed in Hongkong.

With this brief account of some of the methods by which the American consular service in China is trying to

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advance American trade interests, the manufacturer and exporter in America can readily see that the consular service can be of much assistance to him if he will but cooperate with that service in its effort to advance American trade in the Far East.

When an American manufacturer or exporter wishes to investigate the possibilities of engaging in business in China, he will do well first to address the resident American consuls for their opinions and advice regarding his proposals. Should he receive proper encouragement, then he might enter upon more thorough methods of investigation by sending one of his *first class* men to make a special study of the field and the opportunities it presents.

Some of the errors which some of the American merchants have fallen into in their efforts to establish themselves in China are:

1. Entrusting an agency for the sale of its goods to a competing concern whose main object in accepting or soliciting such an agency is to keep it out of the market.

2. Entrusting an agency for the sale of its goods to a foreign concern in preference to a firm of his own nationality.

3. Entrusting the agency for the sale of its goods to a concern which has in its employ no persons having a technical knowledge of its lines of business.

The Standard Oil Company could give excellent examples of the unsatisfactory results of entrusting the sale of its goods to firms handling other lines of business. For instance, in Amoy, since the Standard Oil Company took its business over from its foreign agents and placed its own men in the field, about eight or ten years ago, its sales have increased 1,000 per cent. The British-American Tobacco Company has had a similar experience. In fact, this is the experience of most of the successful American ventures in the Orient. Hence it is extremely important that the American manufacturers and dealers who cannot put their own men out here to handle their goods, be very careful to whom they entrust their agencies.

The manufacturer and exporter who, after a study of the field, decides to put his own representative in China should effect some arrangement whereby a number of young men in his firm may be accorded an opportunity of learning the Chinese language, at least to such a degree as to be able to read an ordinary Chinese newspaper and converse freely in Mandarin, the language spoken by about three-fifths of the Chinese people. These young men should also be put through a course of training which will teach them much concerning Chinese customs, Chinese etiquette, Chinese ways of doing business, and Chinese commercial geography. The Chinese people are among the most gregarious on the face of the globe, and their social qualities are highly developed. As a result business and social intercourse go hand in hand, and the man who can cultivate a social acquaintanceship and friendly intercourse stands a better chance of doing business with them than otherwise. One cannot deal with a Chinese merchant in the same brusque, frank, hasty manner in which one American merchant may deal with another. It is useless to try to hustle a Chinese customer and to try to land an order with the dispatch common in American business practice. The Chinese prefers to do his business over the teacup rather than over the telephone. The American merchant at home studies his trade, and prides himself upon his knowledge of the people whose trade he seeks. Why should he not likewise, when attempting to establish in China, study the Chinese people, learn their language, customs and business practices? Unless he does these things he need not expect big things in his future trade relations in this wonderful country.

I believe the Associated Chambers of Commerce of the Pacific Coast of the United States could do much to assist in advancing their trade interests in China by the establishment in Peking or Tientsin of a training school for instructing a certain number of the young men of the Pacific Coast firms in the Chinese language, customs, etc. After such a school is once established a second institution of a similar nature may be established in Canton for those who wish to train young men for business relations with the Cantonese people. Thus, if a wholesale hardware firm on the Pacific Coast wished to establish itself in China, it could detail a young man of steady habits and promising ability in its employ to a two years' training in the American Chinese business training school in Tientsin or Canton, where, under proper supervision, he may acquaint himself with the Chinese language, customs and business practices. Young men trained in this manner could be of inestimable value to the firms doing business in China, for these firms could thus in time man themselves with a corps of assistants who would be of great help in putting their business in China upon a far more intelligent and more satisfactory basis than could possibly obtain otherwise.

The American merchant should be extremely careful in choosing his young men for the Far Eastern service. The influences for evil are far greater and the influences for good are far less in China than at home. Hence, it is very necessary that a young man of steady habits be chosen in preference to one of a weaker type. The salvation of young men of foreign birth in China is athletic sports; hence the young man sent to the East should be of the type which takes to outdoor sports. He should be encouraged actively to engage in some branch of athletics during his residence in the Far East. Much of the success of Great Britain in the Orient may be attributed to that apparently inborn desire of most British young men to keep physically fit. In Shanghai they have two or three hundred tennis courts, football, cricket, rowing, swimming, riding and hockey clubs.

Throughout the year hundreds of Britishers may be seen every morning before sunrise on the roads leading out of the Settlement riding their ponies, and every evening on the tennis courts or at the cricket, football, hockey, rowing or swimming clubs actively engaged in sports. In some respects, no doubt, one may go too far in sports, make of them a primary consideration and relegate business interests to secondary place. But this is a matter which can be easily adjusted. The fact remains that the American business man in sending young men to China could do no better than to take a lesson from his commercial competitors in keeping a young man in such a physical condition as to be of greatest value to himself and his employer. This is

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a matter the true significance of which is often appreciated only after some years of residence in the Orient, and then often too late to be of use to the individuals concerned.

Next after the character and training of the men who are dispatched to China to represent the American exporter, we might consider some of the details of the methods of doing business. Those desiring to do business in China should bear in mind that competition here is on an international basis. Merchants of all nationalities are competing for the business of the Orient. If the American merchant will apply to his business in China the same intelligent consideration, the same spirit of enterprise and progressiveness which characterizes him at home, provided he has an article adaptable to Chinse wants, he should be able to compete very successfully with the merchants of all other nationalities. If the American exporter looks to China as a dumping ground for goods which do not come up to the samples, refuses to adapt his goods to the demands of the people, does not pack his shipments in such a manner as to guarantee against breakages and damage from the weather, he cannot expect to make a success of his business venture in China. It should not be necessary to dwell at length upon these details, for they are really the A B C's of successful foreign trade, but any American consul in China can recite instance after instance of failures upon the part of American exporters to recognize these simple truths. The Chinese buyer is as keen as any other in the world, and like any other good buyer can be fooled but once.

A Chinese engaged in an extensive hardware business in Manila visited this office a few days ago. In speaking of his relations with foreign exporters, he stated that although he preferred to deal with American merchants, yet he had experienced so many instances of failure upon the part of the American dealer to respect his requests when ordering goods that he is obliged to order from British and German exporters. He contends that the American exporter proceeds on the theory that he knows what the foreign buyer wants better than the latter himself knows; hence, insists in sending him goods he did not order, or refuses to adapt his goods to the latter's demands.

It seems it is difficult for the American manufacturer and dealer to take cognizance of the fact that foreign peoples have tastes and ideas that are not always in harmony with those obtaining in America. If the Chinese consumer wants his door locks so that the keyhole is above the knob, why not turn out such an article, rather than try to convince him that his idea is all wrong? After all, having the keyhole above the knob would undoubtedly find favor with a large class in America; at all events, the Japanese and German manufacturer will respect the wishes of the Chinese consumer if the American will not.

Several years ago, while the writer was in Formosa, a dealer there ordered a number of American bicycles for Japanese and Chinese trade. He specified plainly in his order that the Japanese and Chinese cyclists wished the drop-frame wheel, as the horizontal bar of diamond frames interfered with the style of clothes worn by them. Hence this dealer placed his order for drop-frame wheels, but the American exporter happened to be short of the latter, so substituted diamond frame wheels. Numerous instances of a similar nature might be recited, all tending to show that the American exporter must learn to respect the peculiar demands of the trade which he is trying to reach, if he would reach that trade effectively.

An institution which could be of great assistance to American trade in the Far East in a general way is a strong American merchant marine. At present our merchants who are compelled by economic circumstances to have their ships built abroad are forced to fly a foreign flag if they would operate their steamers upon a paying basis. We need a merchant marine to assist in bridging the waters which separate us from the Orient. By a system of ship subsidies Japan was greatly aided in her efforts to sever the commercial ties of her insular possession, Formosa, from the China coast, and to divert the island trade to Japan proper. Great Britain's and Germany's trade in the Far East is greatly assisted by subsidizing merchant marines. The fact can hardly be disputed that a strong merchant marine is essential to an extensive foreign commerce.

Another factor which can assist greatly in helping American trade in the Far East is the publication of strong American newspapers in the principal treaty ports of China. The Shanghai *Times*, a daily edited by an American, appears worthy of the support and encouragement of all who would see American interests advance in the Far East. The *Far Eastern Review* and the American Asiatic Association's *Journal* of Shanghai are publications which are assisting materially to further those interests. It is only natural that it remains for American publications to give such prominence to American news items as will most effectively assist in establishing American prestige in the important trade centres in China.

With the acquisition of the Philippine Islands America finds herself at the very doors of China and Japan. Under American occupation Manila has become one of the busiest and most progressive cities in the Far East. The American people can well be proud of the noble work being done in these islands by her Government officials.

American capital is gradually seeking investments in the islands, and American business houses of the most substantial type are rising one after another upon the Escolta in Manila. It is the American business house in Manila which is in a splendid position to open up extensive commercial relations with the cities of the China coast, but the American business interests in the Philippine Islands must effect a harmonious organization if they would make the China coast trade mean the most to them. They should form an organization such as the American Association in Shanghai, and go after this trade in an intelligent manner. They are in a better position to reach this trade than are any other foreign concerns, with the possible exception of the Japanese. Up to the present no such organization has been effected, but it is to be hoped that these firms will not suffer more time to elapse before combining in a harmonious organization bent upon advancing American trade interests along the China coast in a most intelligent and progressive manner.

American trade interests in China will be effectively advanced only when the American exporter gives to this problem the same intelligent consideration which he bestows upon his business at home. China is witnessing the dawn of modern civilization. Her industrial development is only beginning. Now is the time for the American manufacturer and exporter to secure a footing in this market. Now is the time for him to establish himself on the ground floor of China's commercial progress. It is a problem worthy of the best brains of the exporting public. Let the American manufacturer and exporter send his men of big calibre to study the situation if he would hope for big results. Probably there was never a time in the history of America's relation with China when the Chinese people manifested more friendliness toward the American people than at present.

Let the American exporter follow up the good work done by the honorary commissioners of the Pacific Coast Chambers of Commerce on their recent triumphal commercial tour through China. This commission was accorded a reception unparalleled in hospitality and friendliness of spirit. The tour of this body of business men should mean much for the future of American trade in China. Now is the opportune time for the American exporter and manufacturer to give this market his earnest consideration. May he see his oportunity and grasp it in an intelligent manner.—*Overland Monthly.*

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MR. JAMES S. FEARON ON AMERICAN TRADE WITH CHINA.

A representative of the *Journal of Commerce* waited on Mr. James S. Fearon, who has just returned from Shanghai after a visit of eight months' duration, to ascertain his views in regard to the prospects of American trade in China. Mr. Fearon is an "old China hand," having been in business in Shanghai for over forty years, and is the senior member of the well known firm of Fearon, Daniel & Co., exporters and importers in the China trade.

In response to the questioning of our representative Mr. Fearon said: "To me the most notable thing about the business situation in China today is the fact that while the purchasing power of the Chinese people is steadily and rapidly increasing, they are buying less than they used to from the United States. The growth of Chinese exports is a well marked characteristic of the foreign trade of the Empire, and is largely due to the improved means of internal communication furnished by railroads of recent construction. China is selling abroad today products of her soil which were unknown in the foreign commerce of even five years ago. There is, for example, the soya bean and its various extracts and combinations, which already represent an export value greater than that of tea, and second only to silk. Then there are products like wood oil, sesamum seed and peanuts, all representing substantial figures in the export returns, and all new as elements of foreign trade. Raw cotton has come recently to the front as an article of Chinese export. For the ten months ending with April last China exported 1,352,660 piculs of raw cotton against 734,730 piculs in the corresponding period of the preceding year. The picul represents a standard weight of 133⅓ pounds. So with waste silk, of which 93,941 piculs went out in the ten months ending April 30, 1911, as compared with 80,897 piculs in the corresponding period of last year; and China grass, which accounts for 161,174 piculs this year, against 137,858 piculs in the year preceding.

"That new markets should be found for products like these means increased rewards for the industry of the Chinese masses, and must gradually tend to the elevation of their standards of living. They have certainly more money to spend on their clothing, and as this is exclusively of cotton, it might be supposed that American drills and sheetings would be more in demand than ever before. As a matter of fact, they have been less in demand during the last year or two than almost at any time since our export of cotton cloth to China assumed serious proportions. So far as I can ascertain, the quantity of goods of all kinds contracted for in America for delivery in China in 1911 does not exceed 50,000 bales, or, say, a value of $2,500,000, which when compared with Japan's exports of cotton manufactures to China during 1910 of 15,000,000 yen ($7,500,000) makes a very poor showing. In 1910 our exports of unbleached cottons to China were valued at $4,151,340, or less than half of the British imports of the same class of goods."

"Has this Japanese trade been secured, in your judgment, by unfair means—by a disregard of the principles of the open door in Manchuria, for example, or in any way which might be made by our Government a subject of diplomatic protest?"

"It is quite possible that preferential rates are given to Japanese goods on the South Manchurian Railway, but I don't see that we could have any ground of protest on the score of the easy access which Japan enjoys to the Manchurian markets, or of the ability of her merchants to get Japanese cloth in the hands of the Chinese consumer without the intervention of a number of middlemen, all collecting a profit on the goods which pass through their hands. The facts about the development of Japanese trade in Manchuria are open to any one who cares to investigate them. Before the Russo-Japanese war the trade in cotton goods in Manchuria was entirely in the hands of Chinese merchants, chiefly Newchwang merchants, who financed all the operations and bought through their agents in Shanghai.

"When the Japanese tried, after the war, to sell the products of their cotton mills in Manchuria they first approached the local merchants, who had been working under the financial direction of their countrymen in Newchwang. They found these Manchurian merchants totally unwilling to change their methods. The Japanese, however, were not easily beaten, and the sudden development of the trade in soya beans supplied them with the means of bringing the Manchurian merchants to see that it would be greatly to their advantage to handle Japanese cotton piece goods. Hitherto American and native Chinese cloths had practically divided the market between them, but the situation underwent a sudden change when the Japanese formed an organization in Manchuria, under the direction of Mitsui & Co., primarily to buy beans, but also to sell the cotton goods produced in their own mills. Today the Japanese have over 200 trading centres in Manchuria for buying beans, and each of these centres is able to distribute a certain quantity of piece goods. Finding the Manchurian merchants unwilling to talk business as to the handling of their cotton cloth, the Japanese left them out entirely and went direct to the consumers of each town and village. It must be remembered that when the Mitsui agents buy beans they have not only the export of this product to Europe as an object, but also the export of beancake to Japan and Formosa—a trade which runs into very large figures. Briefly, the falling off in the market for American goods is not caused by dear cotton or unfair Japanese discrimination. It is simply the result of the efforts of an organization that has ousted a business which is not organized.

"Let us look at the subject in another way. The Mitsuis have their own mills and sell their own cloths in Manchuria by bartering them, chiefly for beans. American goods are sold to foreign firms in Shanghai who sell to Newchwang agents located in Shanghai, who ship to Newchwang merchants who sell and finance them to Manchurian merchants. Here we have four sets of people taking a profit, while interest runs at high rates directly the goods are taken from Shanghai foreign firms. The Japanese do an end-to-end

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business, and take one profit instead of four, and have an exchange profit as well. The Japanese have ousted the American cloth in Manchuria by educating the consumer, and soon he will know nothing but Japanese cloth.

"Then, the fact must be borne in mind that the output of native cloth in China is steadily increasing, and that this is another phase of competition which the American manufacturer has to reckon with. There are in China today 903,000 spindles engaged in cotton spinning and 4,000 looms turning out cloth to compete with foreign makes. Each loom produces one piece of 40 yards per working day, or, say, 1,200,000 pieces a year, all of which go into that section of the country formerly supplied by the products of American mills. Moreover, local made sheetings are selling at 10 per cent. below the import cost of American sheetings, and at that price the business is a profitable one; so much so that the number of looms is steadily on the increase. As the Chinese export of raw cotton in the year just closing will nearly equal 400,000 of our bales, and as the growing of cotton is taking the place of opium, particularly in the northwestern provinces of China, there is a considerable reserve of native grown cotton still to be drawn upon by the local mills."

"Have you given any attention to the cost of production of this Chinese power loom cloth?"

"I had an expert make a report for me on the rate of wages, and here are his figures. Remember, these apply to native labor only, and are expressed in Mexican or silver dollars having a gold value of 50 cents. The pay of the lowest order of male hands—the coolies—is from 30 cents to 40 cents per day. Mechanics, fitters and engine room hands, according to skill and responsibility, are paid from $15 to $75 per month. Overseers, spinning and carding, get from $45 to $150 per month. For female hands in spinning and carding the wages are from 15 cents a day for learners to 35 cents for skilled workers, the average being about 28 cents per day. But while about 60 per cent. of the hands employed are women, paid at the rates I have stated, it must be remembered that five women are needed to attend to each frame, and that each group of five requires one overseer. Wages though thus nominally low do not necessarily mean exceptionally cheap production. As to the production per spindle per annum, much, of course, depends on the manner of working, full or otherwise, and the fineness of the counts spun. My informant thought that, considering the generally coarse counts spun, 250 pounds per spindle would be a fair average in normal times. It is certain that 5,000 spindles can turn out sufficient yarn to keep 300 looms running.

"In view of the greatly increased competition which American cotton piece goods are thus meeting in China, I find it difficult to account for the apathy of our Southern mill owners, to whom this trade is of vital importance. I cannot imagine that they realize the danger of the situation, since they appear to think it possible that purchases may at any time be made for China on the same scale as during the boom years 1905-06. They, moreover, seem to imagine that China must buy the goods they have been accustomed to produce for her market during the past twenty or thirty years, and they make no efforts to ascertain if other descriptions could be sold more readily or in larger quantities. For example, there has been a steadily increasing demand in China for jeans manufactured in Lancashire, which sell at a lower price than those produced here. These contain a certain amount of 'sizing,' but the Chinese want sized goods, and it would seem to be the business of the foreign manufacturer to study what they want and not to attempt to dictate what they shall buy. These jeans apparently answer the same purpose as our 3 yard American drills, and the increase in their importation has been attended by a serious decrease in the sale of the latter.

"The sooner that those American mills who have hitherto sold the large portion of their production to China buyers realize the existing situation the better it will be for them. Expectations of a revival in China of the demand, on a large scale, for cloths such as were formerly shipped are hopeless, and those who desire to keep in the trade should lose no time in ascertaining what kind of cloth is most in demand, and whether they can supply that demand at the prices at which it is now being supplied by their competitors. China has 400,000,000 inhabitants, all of whom wear cotton clothing, and with the still further increase of exports which is bound to follow the development of the Chinese railway system, the purchasing power of the people must continue to expand. In short, if there ever was a time when American manufacturers should combine to exploit this field it is now. That English cotton manufacturers continue to increase their trade with China is shown by the fact that the exports from the United Kingdom to all China for the first three months of this year, of all kinds of cotton textiles, amount to 186,000,000 yards, against 110,000,000 yards for the same time last year. Their methods, however, differ radically from those of American cotton manufacturers, as they send traveling salesmen out every year to ascertain the class of goods which are salable, and they are willing to supply anything which is required. During my visit to Shanghai I met at least thirty men representing Lancashire and Bradford manufacturers. These salesmen do not deal with the natives, but they ascertain what they require and then sell to the foreign importing firms."

"Does the American participation in the Hu-Kwang Railroad loan seem likely to mark the beginning of a new demand for American railway material in China?"

"There is every reason why it should do so, but, unfortunately, there is at present no American organization in China representing those who are ready to provide railway equipment and supplies. The British and Germans, particularly the latter, are extremely active in this field, as you may infer from the fact that the Siemens-Schuckert Company have a staff of fifty-five engineers at the service of whoever wants them in China. In other words, when it becomes a question of the selection of building materials or equipment for a new railway, British and German bidders have a complete organization on the spot, while Americans enter the competition at long range. There can be no question that on even terms American supplies can generally get the preference. But it is equally certain that if we are to make much headway in this direction some care must be taken to see that specifications are so drawn up as not practically to exclude American competition."

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WHY THE CHINESE EXCLUSION LAW SHOULD BE MODIFIED.

By Thomas B. Wilson, LL.D.

From no reasonable viewpoint could the Chinese exclusion act be justified. The United States has the inherent right and authority, as all nations have, to establish standards of worthiness for residence and citizenship, but it has not the right to discriminate in favor of or against the subjects of another country. The exclusion law as it stands is class legislation in that it designates a certain race of men, citizens of a mighty and in many respects a highly civilized country, as being unworthy of recognition as fitted to enjoy the privileges of travel, residence or citizenship in the United States. No legislation has ever been attempted in this country that pointed out a logical reason why Chinese should be discriminated against any more than Englishmen, Germans, Frenchmen or the people of any other European nation. And if we try our best to find an excuse for putting Chinese in a rejected class we are invariably driven to confess that all our antagonism is the legitimate fruit of a spirit of prejudice that is not only without foundation in fact, but reflects upon our worthiness to enjoy the blessings of a republican government, whose substructure itself rests upon the fundamental political principle and declaration that "life, liberty and the pursuit of happiness" constitute an "inalienable right of all men."

But, as a matter of fact, the United States, as all nations do and always have done, exercises the inherent right to exclude foreigners from the enjoyment of and participation in the privileges and benefits accruing to residence or citizenship, but the United States goes so far as to contradict and deny the spirit and the letter of its chief fundamental, and declare that life, liberty and the pursuit of happiness are blessings and privileges to be withheld by the Government from a whole race, not, however, because the excluded race as a whole is wanting in industry, sobriety, moral sense and ethical culture, or that their civilization is so far below and inferior to our own that social or business contact would be contaminating to us, but in reality, we are influenced by unreasonable prejudice against a people whose history recites achievements in art, literature, philosophy and science concerning which the Anglo-Saxon and the Indo-Germanic peoples are still digging in the foothills of analytical and synthetical philosophizing. To exclude such a people from our shores does not reflect upon their genius or intellectual attainment nearly so much as it does upon our unwarranted assumption that we are self-sufficient in and of ourselves to grapple readily with and master any problem of life. It is not "too much learning that hath made us mad," but rather our egotism and ignorance.

Nevertheless, as we raise the hue and cry against giving Asiatic scholars and philosophers and captains of industries a polite welcome to our shores, let us be honest enough to give their ancestors thanks for digging out of the mountains of wisdom a basis for the system of theosophy upon which the people of all civilized countries have builded their religious and ethical standards of conduct of life. Exactly what part China has played in the game of civilization during the ages one could hardly guess, but if we turn to her own intellectual expansion and study her precepts for the regulation of human conduct, we shall not find it difficult to locate the beginnings of the fundamentals—the ethical codes—of the world's civilizing machinery and its elevating influence in the domestic, political and religious life of humanity, and we shall find that the beginnings of the fundamentals were deep rooted in the eternal law of ethical causation. Ages ago China began to evolve her truer and better self out of humanity's jungle influences and animal ambition, and for nearly six thousand years the growth of the nation and people, although apparently slow at times, has always and in all generations been a steady and healthful growth to higher and still higher levels of intellectual enfoldment, and to-day the middle and upper classes of China are firm-footed in the highway of human progress. The soul of China responds to thought. Shall such a people be excluded from our fields of commercial and industrial activities and opportunities simply because some of us harbor unjust and barbaric prejudice against them?

We say again that there exists no occasion for an act or a law or a public sentiment commanding or favoring the exclusion of Chinese from our shores. The underlying principle and genius of every government in the world includes the right of the nation to stand at its doors and close and bar them in the face of would-be incomers, whose presence as residents or sojourners would be objectionable. That right is inherent in the government of every nation, and it is the inherent right of every nation to establish a standard of personal moral character by which to measure the fitness and worthiness of the stranger to enter and enjoy the benefits of residence. But it would be a crime against the moral law of the world to measure the fitness and worthiness of the stranger to enter in through the door according to the prejudice that may exist because of his nationality. That would not be an exhibition of hospitality, much less of a high order of civilization.

It is true, therefore, that the United States is in need of no act of the Government nor of a treaty agreement to exclude Chinese. The right of the Government not only exists by virtue of the independence of the nation to refuse entrance to Chinese, but to deport them, too, when it is found that their presence would be undesirable. That right of self-protection is the strength of our nation's substructure, as well as its superstructure, for it is the kind and quality of a nation's subjects that makes it as stable as the everlasting hills, or unstable and weak as a forest of reeds. No American nor Chinese who is loyal to his fatherland would agree to have our doors opened wide to the people of China without reference to who they are or what their character may be, and right at that spot the masses in the United States and the better class of the masses of China are in perfect accord. All broad and fair-minded

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Americans ask no better protection against invasion by Chinese coolies than the refusal of the American consulates in China to recommend applicants for their industry, honesty and general worthiness to take up their residence in the United States, and also impress upon the mind of such applicants that if they gain entrance to the United States by any device other than the way prescribed, they surely will be imprisoned until they can be deported.

On the other hand, the middle, the upper, the professional and merchant class should have a consul's certificate for the asking, but unless such certificates are promptly recognized and accepted on presentation at our ports of entry, and the bearers of them permitted to go their way without a moment's detention, the whole business would be worse than mockery. It would be a crime against worthiness and what we are pleased to call "inalienable right to life, liberty and the pursuit of happiness." If, however, the Government deems it the wiser and better policy to retain the exclusion act, the enforcement of its provisions with a discriminating sense of justice should be required of immigration officers, and not according to arbitrary and inflexible rulings of Government agents who read and interpret the law in the light of their own narrow-mindedness and unreasonable prejudice. But if detention station agents are too stupid or too full of hatred to be trusted to enforce the law in the spirit of justice and fair dealing, it certainly becomes the duty of the President to have the treaty so modified that the barbarous and humiliating features attending the enforcement of the act would be eliminated. That is to say, it is the President's duty to instruct immigration agents who have to do with incoming Chinamen to relax their arbitrary restrictions, and while so instructing his agents let him order that the detention and examination station be located in San Francisco itself, and not on Angel Island, miles away in San Francisco Bay, where incoming Chinese are put to the greatest trouble and inconvenience to substantiate their right to enter the United States. The President, if he proposes to act at all in the premises, could do nothing less than instruct the authorities at the detention station that the existing arrangement between the United States and China grants no authority to exclude other Chinese than the coolie class, and that Chinese merchants, educators and managers of business enterprises, in fact all Chinese above the coolie class, when vouched for by the American consul at the port of embarkation, are entitled to go their way upon landing without detention or molestation of any kind. That is the spirit of the purpose of the Chinese exclusion act, and no one knows better that that is so than President Taft, and so long as he permits the nation's immigration officials to interpret the exclusion law according as they personally like or dislike the incoming foreigner, he will hardly be able to make China and the United States believe that he is not himself actuated by a spirit of hostility and prejudice. Let a ruling be made by the President of the United States that a certificate of good character of a Chinese in his home country, when viséd by a consul of the United States stationed in China, shall be accepted as *prima facie* evidence by our Chinese immigration supervisors that the owner and holder of such certificate has a right to land.

It is worse than foolish to try to better the conditions at the detention stations by removing or suspending this or that agent. The fault is in the barbarism of the system, or rather in the liberty given Government agents to interpret the exclusion act to suit the occasion and interpret it according to their own likes and dislikes and fancies. And in this connection it might be said that the exclusion policy does not contemplate or provide for the introduction of what is called the "third degree" to confuse Chinese to the end that they may be inveigled into statements sufficiently contradictory to furnish an excuse for treating them as criminals, at the same time blocking avenues through which they could reach witnesses who would testify to their good character and honesty of purpose in coming to America. That such conduct on the part of immigration agents is low, brutal and inhuman no one will deny. As long ago as in 1892, United States Circuit Judge Billings quashed several indictments against certain Chinese who were under arrest for being in this country without certificates of identification. The ruling of the court was that even if a Chinese person named came into the country unlawfully, he could not be held or regarded as a criminal, much less punished as such, but could lawfully be deported. According to Judge Billings, then, the giving of the "third degree" is a criminal act on the part of immigration officials, and is deserving of the severest punishment. But it would seem the standard of efficiency in the Government's Chinese immigration department is ability and inclination to heap indignities and abuse upon incoming Chinese, especially upon subjects of the Chinese Empire who compare favorably with the Anglo-Saxons in scholarly attainment, in scientific research, in mechanical ingenuity and in business integrity. The Chinese symbol of submission, the queue, has departed forever from China's civilization, and in its stead China is assuming an attitude becoming men of moral force and strength of character, and the time will surely come when they will assert their rights in a voice having no uncertain sound.

The conclusion of the whole matter will be found in the wise saying of an Oriental sage of the ages ago. His pupils asked: "Master, what is Truth?" The master replied: "Justice is the final measure of Truth." The United States has never been altogether truthful nor just in its dealings with China. We, as a nation, protest that we want commercial interchange without stint with the Chinese, and yet when their very best and most distinguished men of affairs come to our shores we hurry them off to detention stations, and treat them as little better than criminals, and load them down with indignities in the name of and by the sanction of an "exclusion treaty" that has had no binding significance for seven years. Who is to blame for all this injustice and false pretenses? Look to Washington and not to Peking for the finger-marks and foot-prints of guilt.—*Overland Monthly.*

COCHIN CHINA.

From Consul-General George E. Anderson, Hongkong.

The manner in which the railway development of Indo China, Siam, and other portions of southeast Asia is to be realized in the immediate future is apparent from the fact that a considerable portion of the loan now being negotiated by the Government of Indo China is to be used in the construction of a system of railways connecting French China with Siam, just as the railways to the north have been connecting that country with China proper and extending into China as far as Yunnanfu. The Indo-Chinese Government purposes to build a railway from Battambang to Pnompenh. From Pnompenh connection is now made with My Toh by the Mekong River, a deep stream of easy navigation, and My Toh is already connected with Saigon by rail. Later the Pnompenh-My Toh section will also be joined by a railway, thus completing the line from Saigon to Battambang. Discussing the matter a Bangkok newspaper says:

"The importance to Siam lies in the fact that from Battambang the railway will be extended up to the Siamese frontier at a point only about 120 kilometers (75 miles) distant from Patriew. Siam then may, if she desires, build this small connecting link from Patriew to the frontier, and thus by a comparatively very small sum of money reap the benefits of through rail connection with Saigon. This section of the line will pass along a level valley requiring no expensive or difficult engineering works."

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KEROSENE IN THE FAR EAST.

From Consul General George E. Anderson, Hongkong.

A campaign of considerable financial and commercial importance, that began during 1910 and is continuing into the present year, is being carried on by American petroleum interests in the Far East, to retain possession of and to extend their foreign business in the face of keen competition.

The chief elements in this contest for business are the Standard Oil Company of New York; the Royal Dutch Petroleum Company, and the Shell Transport Company, the former a Dutch organization and the latter an English concern, working under an agreement with each other and operating through a selling company known as the Asiatic Petroleum Company, and handling oil from Sumatra and Borneo; a concern popularly known as the Dragon Oil Company, organized in Shanghai and dealing in Sumatra oil, but which has now been absorbed by the Asiatic Petroleum Company and allied interests; and Japanese, Burmese and Russian oil firms operating upon a smaller scale and dealing in oil from other respective countries.

In September, 1910, the announcement was made from New York that the agreement under which the American oil interests in the Far East had been working with the Asiatic Petroleum Company had been abrogated. Prices were thereupon reduced, and the consumption of oil has immensely increased, though with varying results in the several countries and districts affected. The general situation appears from the following table of the imports of kerosene during 1909 and 1910, the quantities being in gallons:

Countries.	1909 American. Gallons.	1909 Other. Gallons.	1910 American. Gallons.	1910 Other. Gallons.
China	121,742,688	64,342,262	149,743,506	74,637,024
Indo-China	6,680,000	4,666,000	6,372,000	6,260,000
Philippines	7,710,000	2,100,000	8,950,000	2,190,000
Japan	33,941,605	23,485,311	47,141,356	21,826,775
Siam	2,010,000	4,940,000	1,950,000	5,510,000
Total	172,084,293	99,533,573	214,156,862	110,423,799

These figures, allowing for a margin of inaccuracy in the total for all China, indicate that during 1910 the imports of kerosene into countries east of the Straits Settlements, but including Siam, increased over 50,000,000 gallons, as compared with the receipts of the previous year, a gain of about 19 per cent. Imports of American oil were 42,072,569 gallons, or nearly one-fourth larger than in 1909, while imports of oil from other countries, chiefly from the East Indies, were 10,890,226 gallons, or about 11 per cent. more than in the preceding twelvemonth. The immense force of price reduction in this campaign appears in the fact that in most of this field the increase in imports in the first half of the year was small, if it existed at all.

In general the lowering of the price of oil in the East has eliminated the smaller concerns and competition at the present time is narrowing down to the American interests and the Asiatic Petroleum Company.

The price of American oil in this portion of the Far East during 1910 averaged about the equivalent of $1.10 gold per case of 10 gallons. For the first eight months of the year the price ranged somewhat higher. After August the price was lowered as much as 42 cents gold in the course of a short time. East Indian oils sold at varying preferentials below the American product in keeping with recognized differences in the respective qualities and grades.

There is practically no limit to the possible increase of business in American oil in the Far East if present favorable price conditions can be maintained. It is evident that American producers will have to take less for their oil per gallon than formerly, but by so doing they will be able to dispose of their vastly increased output, not only at present but indefinitely in the future, and the business will be placed more and more upon a permanent and satisfactory basis. The prospects for the coming year are that low prices will prevail, for a time, at least, and probably until consumption is more in proportion to production. American sales are likely to continue their increase, but it is doubtful if the market will go much, if any, lower than it has been ranging. It is probable that in the ordinary course of things consumption will steadily grow.

JAPAN.

From an Official British Report.

In 1900 a stir was caused in Japanese oil circles by the commencement of operations in the south of the Province of Echigo by the Standard Oil Company, of New York, through the medium of the Pacific Oil Company, incorporated in accordance with Japanese law, with a capital of 100,000 yen (about $50,000), ostensibly as a joint American and Japanese concern. In the following year the International Oil Company, a similar undertaking, was launched by the Standard Oil interests, with a capital of 10,000,000 yen ($5,000,000).

Japanese apprehensions proved to be groundless, as the Standard Oil Company, not making a success of the venture, sold out to the Nippon Company, which doubled its capital to effect the purchase, and thereby acquired, in 1907, large and valuable holdings, pipe lines, tank cars and other accessories, as well as the best equipped and most modern refinery in the country, with a staff of American trained Japanese employees.

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OIL COMPANIES, FIELDS AND PRODUCTION.

From that time the Hoden and Nippon companies have been the chief and only really important concerns in the industry. The former, created in 1893 from the small companies operating in Higashiyama, with a capital of only 15,000 yen ($7,500), has, by repeated amalgamations (to the number of 127 at least) and various expansions of business, made itself the largest company of its kind in Japan, with a capital of 11,650,000 yen ($5,825,000). Including its fields in the Hokkaido and Formosa, with a few other small centres, the company has over 1,300 wells, producing more than 4,000 koku (1 koku = 47.653 American gallons) per day. Like the Nippon Company, at Kashiwazaki, the Hoden Company has, at its chief refineries, factories for the production of tin and wooden cases, and regularly turns out more than 300,000 tin cases per month for its own use. The Hoden and Nippon companies between them produce about 86 per cent. of the total oil output of Echigo.

The oil industry of Japan is domestic; that is to say, all the oil produced in the country is consumed in the home markets. There is, it is true, a certain amount sent to Fusan and Ginsen, in Korea, but this may be regarded as for home consumption. The amount produced, however, does not by any means suffice for the needs, and to make supply meet demand a large amount has to be imported.

The production of oil in Japan grew in twenty years from 45,006 barrels in 1888 to 1,727,298 barrels in 1907. The production from Echigo being reckoned at 99 per cent. of the total, these figures may be taken as indicative of the very great development of the oil industry in this province. There are many separate oil fields in Echigo, bearing different names, but they are generally grouped around one of the four principal centres of the industry, and are thus best treated as component parts of entire districts. These districts are called respectively Niitsu, Nishiyama, Higashiyama and Kubiki, and their relative importance may be taken as in the order given. Two smaller unattached fields are those of Ojiya and Gochi.

It should be noted here that, according to statements made by the leading engineers of the district, the oil bearing strata of Echigo differ greatly in formation from those of American and Russian fields. In the latter places the strata are extensive in area and for practical purpose inexhaustible, while in Echigo they are split into numerous very small areas or "pockets." The average life of a well in this province, according to Japanese engineers, is from five to seven years, and after this period of production the well usually has to be abandoned, as experiments have shown that wells once drained down to the lowest horizon do not yield again. The system of deep boring, now being more generally employed, should appreciably lengthen the productive existence of wells. In some fields natural gas is produced, and where found is used as fuel for the engines of the boring apparatus. The gas obtained from the Nishiyama field allows this fuel to be used almost generally in that district.

In actual figures the total production of oil for the Province of Echigo shows an increase, but, well for well, the output is said by the experts of the various companies to show a marked tendency to diminish. The total production for the first half of the year 1909 was 856,298 koku (40,805,169 gallons), and for the second half, 884,400 koku (42,144,313 gallons). Japan, with a population of 49,319,166 (in 1908), consumes oil at the rate of 0.397 koku (18,918 gallons) per head per annum.

A landowner in Japan owns the surface and products of the surface of the land only; all minerals under the surface appertain not to him, but to the Japanese Government. Moreover, should the Government or its nominee wish to extract the minerals lying under a landowner's property, the latter, though he would, of course, receive compensation for loss, cannot object on legal grounds to the development of those minerals.

The sulphuric acid used in the refineries is mostly supplied by two Japanese companies, but the Nippon Company has its own acid and soda works and can supply its own needs. The caustic soda used is mostly imported from England. The engines (steam and oil), pumps and drills are nearly all Japanese makes, but some special pumps are obtained from America, whence are imported also the tin-can plant and bore pipes. The other pipes, as a rule, come from Scotland and America.

The rupture between the two foreign oil companies doing extensive business in Japan (the Standard Oil Company, of New York, and the "Rising Sun Oil Company," as the Asiatic Petroleum Company is designated in this country) has now somewhat healed. While it lasted the Japanese companies were hard pressed, and were forced to lower their prices to meet competition. At the beginning of November, 1910, oil was selling at only 2 yen (about $1) per case, an absolutely ruinous price for the seller, and one company alone is said to have lost over 130,000 yen ($65,000) in four months, a large sum for a Japanese concern.

BORNEO.

From Vice Consul General D. Milton Figart, Singapore.

The reports of the British Borneo & Burma Petroleum Syndicate (Ltd.) on oil in Borneo are very favorable. One deep and two prospecting drilling plants have been sent to the fields in North Borneo, and the operators report a fine quality of oil found at the depth of 1,110 feet. Deposits have also been recently found in Sarawak, on the west coast of Borneo, oil "pays" being encountered at 450, 640 and 725 feet. The Shell Transport & Trading Company have issued new stock to the amount of $2,500,000 for the development of this land.

The syndicate has leased the oil land for 999 years from the British North Borneo Government at 24 cents (per acre ?) per annum, and their products are exempt from royalty and export duty. The leasehold property consists of 440 square miles, with exceptional facilities for marketing the products. In addition to the above, they hold the sole concession for the development, on the same favorable terms, of petroleum in the whole of British Borneo, an area of over 30,000 square miles.

The important shipping port of Labuan, in British North Borneo, is a naval coaling station and was selected by the British navy on account of its strategical position and the presence of coal mines there. Within the last few months, however, these coal mines have been closed and all the machinery has been removed, as the mines had become unprofitable, and, in view of the probable adoption to a large extent of oil as fuel, these fields are regarded as compensating, in a measure, for the loss sustained by the closing of the mines.

The development of this territory should create a market for well drilling machinery, etc., on a large scale. Up to date, however, the project is only in the experimental stage, and it will probably be some months before extensive operations will be decided on.

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PHILIPPINE FOREIGN COMMERCE IN THE CALENDAR YEAR 1910.

(Prepared in the Bureau of Insular Affairs.)

Philippine trade returns for the calendar year 1910 show exports to the value of $40,628,463 and an import total of $49,719,361. These export figures are the largest in the history of the islands, exceed those of 1909 by $5,704,126, and accurately measure the growth of trade for the year. In the case of imports, however, which show an increase of $18,634,942, some qualification is necessary, since the returns for 1910 include Government supplies concerning which values were not available in previous years. The Government free entry privilege in former tariffs made possible the exclusion, with only minor exceptions, of this abnormal and not strictly commercial element in shipments to the islands. But with the inauguration of the tariff of 1909 imports from the United States were made alike free to the importer on private as well as Government account, while the free entry privilege existing on Government supplies of foreign origin was abolished and a new statistical condition was thus created. The identification of imports destined for the Government was limited to consignments made direct to Government officials, while an unidentified volume of imports for Government use, but made up of consignments through agents and withdrawals from local stocks, was necessarily merged with the regular returns. But coincident with the inability under the tariff of 1909 to preserve the exclusion of Government supplies as in previous years was the requirement of invoices with all imports by which it became possible to give an inclusive import total embracing Government supplies. Free entries of railway material under act 1566, heretofore made the subject of a separate statement, have been also included.

Railway free entries were reported to a reduced value during 1910 and amounted to $393,524, of which ties, engines, cement and coal made up the chief part. The value of direct consignments to army, navy and insular government officials was in excess of six million dollars, and by deducting these amounts from the grand total of practically fifty million, shown for the year with a view to comparison with the commercial total of 1909, there is shown an increase of about twelve million to be credited to the unidentified element of Government supplies and to increased import activity resulting from free trade with the United States and generally improved commercial conditions. A study of the import figures in detail and with special reference to those schedules that in their nature would not be affected to any extent by the factor of Government supplies warrants the conclusion that the import trade fully reflected the increased volume of export values for the year.

The cotton trade with a value of over ten million dollars in 1910 shows the largest result of free trade, and the increase of over three million was to a great extent made up of American goods. Cotton cloths, which constitute the bulk of these imports as well as of the year's increase, were even more conspicuously from the United States, and American textiles made up three million of the seven million total under this schedule. But in view of the total value of these imports being far in excess of the average for previous years while the increase from the United States was attended by only nominal loss in importations from other countries considered as a whole, there is a disposition to construe the increased American total as an experimental venture in the market that may not be maintained and a heavy overstocking that it will take some time to dispose of. For the first time American goods took the lead in this heretofore distinctly British trade, and values were, respectively, $3,029,478 and $2,720,409. But imports from the United Kingdom were of a slightly larger value than in 1909, and the most noticeable decline was in the case of British India, with a textile trade of some importance in earlier years. The development of American trade following the legislation of August 5, 1909, is shown in the following table:

COTTON CLOTHS.

QUARTER.	FROM— United States.	Other Countries.	Total.
January-March, 1909..	$82,658	$1,151,484	$1,234,142
April-June	114,740	1,019,256	1,133,996
July-September	188,146	875,983	1,064,129
October-December ...	330,603	1,033,574	1,364,177
Calendar year, 1909.	$716,147	$4,080,297	$4,796,444
January-March, 1910..	$534,155	$1,042,820	$1,576,975
April-June	866,369	1,000,402	1,866,771
July-September	594,577	939,664	1,534,241
October-December ...	1,034,377	1,000,886	2,035,263
Calendar year, 1910.	$3,029,478	$3,983,772	$7,013,250

Imports of cotton knit goods exceeded a million dollars in value and were as in the past chiefly from Spain and Germany, but in the material increase of the year the United States and Japan were new contributors of some importance. The three hundred thousand dollar wearing apparel total was largely made up of Government supplies from the United States, but in the important yarn and thread trade, to a great extent supplied by the United Kingdom, Japan and Switzerland, the United States for the first time figures to some extent with increasing consignments of thread toward the end of the year. Substantial increases are also to be noted in the other fibre groups—notably so in the case of silk and manufactures, with a value of $734,390, as compared with $536,995 in 1909.

For the past three years the quantity of rice imported has steadily increased. Reports of unfavorable crop conditions have figured in connection with this increase, and foreign rice to supplement the local supply reached a larger volume in 1910 than in any year since 1905. The very low prices of 1909 were not maintained, but increased from

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quarter to quarter, and the total value of these imports was $5,991,335, or more than a million dollars in excess of the figures for the previous year. There were also imports of wheat flour amounting to over a million and a half dollars, the Australian and American product supplying the market; Australian flour, however, failed to maintain its showing of earlier years, and imports from this source declined to less than a third of the increased total of the year.

The coal trade of 1910, amounting to 532,591 tons and valued at $1,679,289, was for the most part Government supplies—150,440 tons coming from the United States—the whole of which was consigned to the navy. That from Japan was largely for the use of the army. British East Indies was also a source of supply of growing importance, while the local production shows increased activity, a cargo being exported to Hongkong to test its quality in the foreign market. The illuminating oil trade fell somewhat below the million dollar value of the previous year, but the nominal duty retained on this schedule under the new tariff was followed by reduced values for Sumatra oil, the only competitor of the American product. American oil was imported to a slightly increased extent, and amounted to over 80 per cent. of the total.

The aggregate of the iron and steel trade, amounting to $5,559,458, was more than double that of previous years, and was to some extent affected by the inclusion of Government supplies. Of this total, $3,778,230 was credited to the United States, and $1,022,375 to the United Kingdom, with exceptional gains in British as well as American values. An important element in the large vehicle total for the year was an automobile trade, chiefly American, and of rapid growth following free trade. Imports of cement from the United States have also assumed considerable proportions under the new tariff advantage, which serves as an offset to the low freight rate enjoyed by the nearby product of Hongkong. The British port was still the leading source of the six hundred thousand dollar purchases of the year, but was less exclusively so than formerly, and American cement amounted to $174,939.

Cattle imports reached a record value of $1,323,828, as compared with $853,427 in 1909, and the effect of more stringent quarantine regulations adopted with a view to stamping out contagious diseases resulted in marked changes in the source of this trade. In earlier years China shipments through Hongkong virtually supplied the market. But acording to a recent British consular report regulations are so strict as to render import from Hongkong practically impossible, and the year's figures show that the trade with China declined from $619,984 to $259,063, while that of French Indo-China increased from $209,239 to $981,456. In the earlier part of the year experimental cattle shipments were brought from Australia, but they were found to be also infected with disease and put under such quarantine regulations that imports from this source ceased. In previous years the cattle trade of the islands was very largely for slaughter purposes, but in the considerable increase for 1910 is found a large number of carabao entered at the port of Iloilo, which may be taken as an indication of increased activity in this foremost sugar producing section of the islands, and an increase of draft animals with a view to increased acreage, following the highly favorable returns accruing from free access to the American market. Fresh beef imports, the greater part of which was for army consumption, amounted to 10,956,259 pounds, valued at $817,445, practically all coming from Australasia. There were no fresh beef imports from the United States, and in view of the average price of American exports for the year having been over ten cents per pound, while Philippine imports from Australia were but seven and a half cents, the placing of a duty of about a half cent a pound on fresh meats by the new tariff offers little likelihood of any diversion of this trade to the United States.

Under tobacco and its manufactures a value of $198,978 is shown as imported from the United States. This was to a large extent plug and smoking tobacco, which the collector of internal revenue states is almost wholly for the consumption of the army and navy, but another item to the value of $49,040 was credited to leaf tobacco. The inadequacy of Philippine wrapper to meet the needs of the cigar industry has been frequently referred to, and during the period of heavily increased cigar production to meet the large consignments to the United States following free trade legislation there developed a monthly trade in American leaf of some importance. This, however, was not maintained, but practically disappeared with the material shrinkage in cigar exports to the United States, and only $22 worth figured in the latter half of the year.

With most schedules in the import trade of 1910 showing increases a notable exception is found in the case of distilled spirits, which declined in value from $304,539 to $185,822. The tariff legislation of 1909 materially increased the duty on these imports, while the extension of the internal revenue tax to imports, and the placing of an exceptionally heavy internal tax on grain spirits, which make up the bulk of that from foreign sources, served to greatly increase the previous burden upon this trade. The United Kingdom, Netherlands and France were the heaviest losers, while the United States, though made subject to the internal revenue tax with other countries, contributed a larger value than for many years, and, with a tariff advantage of approximately two dollars per gallon, furnished the greater part of the total. Wine imports, which were subjected to somewhat similar conditions, of tariff changes and the extension of the internal revenue tax, were also affected and declined from a value of $187,129 to $145,589.

Though coffee is rated as a product of the Philippines, and some twenty years ago was an export of considerable importance, the value of coffee imports has increased in recent years, and amounted to $283,446 in 1910. Government supplies figured in the increased total, and $121,594 was credited to the United States. Java coffee, which made up the larger part of imports in 1909, declined in import value, but the Hawaiian product found a Philippine market to the extent of $61,388, and a development of this source of supply would seem one of the possibilities of the new tariff conditions.

In the forty million dollar export trade for the year the substantial increase was due more to favorable prices than

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to larger production. Hemp fell short of the record established for export output in 1909, and sugar shipments show a still further decline from the record quantity of 142,448 tons for American occupation established in 1908. Exports of cigars and copra were in larger quantities, and this was true to a less extent of leaf tobacco, but the very satisfactory total for the year was chiefly due to the exceptional prices obtained for sugar and copra.

Hemp exports were valued at $16,475,311, and though still the largest factor in the islands' trade, further declined in relative importance from the 75 per cent. of earlier years to 40 per cent. in 1910, with copra and sugar growing in importance. There was a decline of 4,704 tons, with a reduction of $420,689 in value. The average price remained substantially the same as in 1909, but the striking market feature of the year was a steadily growing divergence in prices of the higher and lower grades resulting from declining quotations for inferior types and rising values for better qualities. The prices of exports to the American market, which uniformly average higher than those to the British, showed an unusual difference in 1910, and were characterized by regular advances, while the British showed as marked a downward movement, with figures for the closing quarter of the year, respectively, $119 and $88 per ton. Though exports to the United States brought a materially higher price per ton, the quantiy declined from 99,928 tons to 74,335, and the bulk of this reduced American demand was compensated for by increase in British purchases from 51,566 tons to 67,995. While these two countries took 90 per cent. of the total, it would seem that the British trade is to a considerable extent for further distribution, and that according to British statistics only about two-thirds is retained in the United Kingdom, while exports to the United States are to a small extent reshipped as foreign exports, chiefly to Canada.

Increased activity in the copra trade, which was a leading feature in export returns for 1909, was continued and furnished the larger part of the increase in the export total for the year. A value of $10,639,049 was realized, or more than a fourth of all exports, and in the increase of practically three million dollars, an increase in quantity from 107,310 tons to 118,580 was a factor, but the larger value was chiefly the result of exceptionally high prices that prevailed throughout the year, with an average export price of $90 per ton against $72 in 1909. Improvement in methods of manufacture and refining has enlarged the field of usefulness of this product in recent years, and this advance in price would seem destined to further stimulate production in a developing industry that has already become an important asset in the foreign trade of the islands. Among causes given for the advance in price are its increased use for food products, shortage in animal fats, and reduced production of cottonseed oil. In connection with the increased quantity exported interest attaches to a recent widely published statement that the Philippine output exceeds that of Java, Straits Settlements and Ceylon, and now ranks foremost in the world production of this staple. Marseilles, the great French centre of the oil manufacturing industry, depends chiefly on the Philippines for its supply, and exports were, as heretofore, largely to France. Shipments to the United States slightly increased, and amounted to about seven thousand tons. As a raw material on the free list of the United States tariff this product received no advantage in the American market from free trade legislation.

Sugar exports amounted to 119,551 tons, and were the smallest since 1905, but under the stimulus of the highest world price since that year, combined with the first full year of free access to the American market, the value realized by the sugar industry on its small production was considerably larger than ever before during American occupation, and amounted to $7,224,385. The nearby China-Hongkong demand of former years was not maintained in the face of better prices offered in the American market under free trade, and 99,109 tons, or about 80 per cent. of the total, were shipped to the United States. A recent consular report indicates that Java is supplying the deficiency created in that market by the diversion of Philippine sugar to the United States. Only a third of the free trade limit of three hundred thousand tons had the benefit of the American market in 1910, but in view of the large importation of work cattle at Iloilo, the sugar port of the islands, and with large returns from a small crop to both stimulate the industry and furnish the means for greater production, indications and estimates point to substantially increased exports in 1911.

Greatly increased activity in the cigar manufacturing industry for the export trade was a feature of the year, chiefly in consequence of the free entry of its products to the American market, though substantially larger quantities were also shipped to other countries. Total exports increased from 151,457,000 in 1909 to 184,407,000 in 1910, of which quantity in the latter year one-third found an American market, the free trade benefit to the cigar industry being shown by a total export value of $2,759,661, as compared with an annual trade of about a million dollars in years prior to that legislation. Though exports to the United States make a satisfactory showing for the year as a whole, reference to the trade by months shows that while an average of eight million per month was maintained during the first half of the year, in the latter half there was a monthly average of but two million. This comparatively low monthly average was the result of active measures that were adopted to restrict the proportion of low grade exports and prevent overstocking the market through speculative consignments.

The following table includes conditions prior to the legislation of August 5, 1909, as well as shipments made in anticipation of that legislation, and summarizes by quarters the export movement as affected by free trade:

CIGARS.

QUARTER.	EXPORTED TO— United States. Thousands.	Other countries. Thousands.	Total. Thousands.
January-March, 1909..	422	28,132	28,575
April-June	1,711	31,204	32,915
July-September	9,913	29,174	39,087
October-December ...	25.030	25,850	50,880
Calendar year, 1909.	37,076	141,381	151,457
January-March, 1910..	26,587	23,885	50,472
April-June	22,401	33,352	55,753
July-September	7,096	32,804	39,900
October-December ...	5,442	32,840	38,282
Calendar year, 1910.	61,526	122,881	184,407

Exports of leaf tobacco amounted to 21,926,744 pounds, valued at $1,593,342. There was an increase of about a million pounds over the small trade of 1909, while the average price of 7.3 cents was about the same. Spain was the leading purchaser, and with Austria-Hungary took the chief portion as in previous years. Only 7,436 pounds were exported to the United States under the free entry privilege that provided for 1,300,000 pounds annually, and such improvement in prices as accrued to the tobacco producer from free trade was indirectly through the increased local demand in the cigar industry.

Among the exports of minor importance increased values were reported under miscellaneous fibres, shells and hats, while foreign shipments of maguey fell short of the four thousand ton total of 1909. The hat trade amounted to more than a quarter of a million dollars, and formerly France was the islands' best customer, but under free trade the larger part of the increased exports was diverted to the United States, and further development of this industry is indicated in view of the American demand and the duty imposed on similar products from other countries.

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TRADE OF THE UNITED STATES WITH ITS NON-CONTIGUOUS TERRITORIES, 1911.

Trade of the United States with its non-contiguous territories in the fiscal year which ended with June will exceed 200 million dollars, against less than 100 million in 1904. During the ten months ending with April, for which details have been received by the Bureau of Statistics, Department of Commerce and Labor, the trade in question has proceeded at the rate of 202 million dollars per annum, compared with 191 million in 1910, 118 million in 1905, and 96 million in 1904. In this trade merchandise received in the United States slightly exceeds in value that sent to the territories in question, though shipments from the United States show the larger and more rapid growth. In 1903, the earliest year for which complete records are available,. the shipments from the United States to the territories under discusison—Alaska, Porto Rico, Hawaii and the Philippines—aggregated 36 million dollars; in 1910, 83 million, and in 1911, seem likely to be 96 million—a gain of 60 million dollars, or nearly 170 per cent. Inward shipments from the territories were 59 million dollars in 1903, 108 million in 1910, and at the rate of 107 million in the ten months of 1911, a gain of 48 million dollars, or 80 per cent., over 1903.

The largest gain in outward trade with the non-contiguous territories was in shipments to Porto Rico, those in 1911 during the ten months for which figures are at hands having been at the rate of 35 million dollars per annum, against 27 million in 1910, 12 million in 1903, and 7 million in 1901, the year following its organization as a customs district of the United States. To Hawaii the shipments during 1911 to date have been at the rate of 22 million dollars per annum, against 20½ million last year, 11 million in 1903, and 8¾ million in 1900. To Alaska the domestic shipments during the fiscal year 1911 have been at the rate of 20 million dollars per annum, compared with 18⅔ million last year and 9½ million in 1903, the year in which the official record began. To the Philippine Islands the year's shipments of domestic merchandise will aggregate about 19 million dollars, against 16¾ million last year, 4 million in 1903 and 1⅔ million in 1900.

Hawaii ranks first among the non-contiguous territories in the value of shipments to the United States, though this year's figures are considerably below those for 1910. During 1911 the shipments have thus far been at the rate of 40 million dollars per annum, against 46 million last year, 26 million in 1903 and 14 million in 1900. Porto Rico shows a large increase in outward as well as in inward shipments, a total of 37 million dollars being indicated as the probable value of her sales to the United States in the fiscal year 1911, compared with 32 million last year, 11 million in 1903, and 5⅔ million in 1901. From the Philippines the shipments seem likely to be 15½ million dollars for the year now closing, against 17 million in 1910, 11 million in 1903, and 6 million in 1900. From Alaska the value of the shipments of merchadise in 1911 will be about 13½ million dollars, against 12½ million last year, and 10¼ million in 1903. The receipts of domestic gold from Alaska will aggregate about 15 million dollars, against 18½ million last year.

The principal articles showing increased shipments to Porto Rico during the ten months of 1911 as compared with those of last year are: cotton manufacturers, 4¼ million dollars, against less than 3 million in the same months of 1910; iron and steel, 4½ million, against less than 3 million last year; rice, 3¼ million, against a little over 3 million last year; meat and dairy products, 3 million, against 2¼ million last year; wheat flour, 1⅔ million; cars and carriages, 1 million; boards and other wood manufactures, 1¾ million; leather and manufactures thereof, 1 million, and vegetables, ⅔ of a million dollars. The gain in shipments to Hawaii are distributed among numerous items of a miscellaneous character, chiefly cotton manufactures, iron and steel, lumber and meats. The decreased shipments to Alaska occurred principally in iron and steel, breadstuffs, explosives, meat and dairy products and lumber. Gains occurred in cotton manufactures, mineral oils, tin manufactures, malt liquors and paper manufactures. The largest gain in shipments to the Philippines occurred in cotton manufactures, from 2⅓ million dollars in ten months of 1910 to 3¾ million in 1911. Substantial improvement was also made in automobiles, iron and steel manufactures, illuminating oil and paper manufactures.

Alaska's gain in shipments to the United States during 1911 occurred in canned salmon, an increase of 1 million dollars; dried, smoked and cured fish, a gain of ¼ million; and copper in ore, matte and regulus, an increase of $177,000. Losses occurred in furs and fur skins and whalebone; also in domestic gold, as already stated. Receipts of Hawaiian sugar during the 10 months of 1911 aggregated 26¾ million dollars, against 31 million last year. Fruits and nuts, however, increased from 1½ million to 2 million dollars in the respective ten months' period. Porto Rico's increased shipments occurred in sugar and molasses, which increased from 16¾ million dollars in ten months of 1910 to 18 million this year; cigars, from 3¾ million dollars to 4⅓ million; unmanufactured tobacco, from 1 million to 1⅓ million; and fruits and nuts, from 1¼ million to 1½ million. A loss of 1¾ million dollars occurred in shipments of manila from the Philippine Islands and a gain of 2 million dollars in sugar. Cigars, cigarettes and cheroots decreased about ⅓ million dollars in the ten months under review.

CHINESE RAILWAYS AND CHINESE COMMERCE.

From Consul-General George E. Anderson, Hongkong.

In the latest annual report of the Chinese Imperial Maritime Customs, covering the trade of the southern ports of the Empire, railway construction and railway effect upon existing trade are discussed by the commissioner of nearly every seaport.

In Amoy the condition of the Amoy-Changchow Railway is discussed and the cost of prospective work of constructing bridges and similar works is indicated. In Canton the general railway situation of the province is discussed with reference to the Hankow-Canton Railway, which had been completed for 51 miles at the beginning of 1909, with an additional 40 miles of embankment and cutting completed and several tunnels under way. The report of the Kow-

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loon commissioner discusses the Canton-Kowloon line and its effect upon the shipping and passenger trade in all the district of the delta of the Pearl River.

The Lappa commission discusses the Sunning Railway and its relation to the Hankow-Canton lines and branch lines. The Sunning Railway is the railway constructed by capital raised very largely from Chinese in the United States, the road passing through the districts from which most of them come. The northern terminus of this line has been at Kungyifow on the San-wui River, and the southern terminus to To-Shan, near Kwonghoi. The line is being extended on the west side in the direction of Yeungkong and on the east side to Kongmoon and, as soon as certain arrangements can be made with another railway, it will be extended to Fatshan, with connections to Canton.

I am informed by the president of the company, Mr. Chin Kee Hee, who was for forty-three years engaged in railway construction work in the Pacific Northwest of the United States and had much to do with successful construction of some of the Northern Pacific Railway, that practically all the capital for the extensions has been secured, largely from Chinese in the United States, and that the construction of the extensions will be pushed as heretofore. Incidentally it may be stated that orders for railway cars and materials have recently been placed by him in the United States.

In some respects the Sunning Railway is the most promising line in all China. It was capitalized, planned, engineered and constructed by Chinese, without any foreign help whatever. If it has technical faults and is not run altogether in accordance with foreign ideas, it is nevertheless an effective line, prosperous and well managed, so far as results can show, and is a standing example of what Chinese effort and Chinese talent will accomplish in China in the near future.

That the latest commercial reports have to deal with railway realities in Southern China, which has been least in public international discussions of railway matters, indicates the change that is now going on in China. There will be no change in that Empire in the next hundred years more complete than that which is being effected at the present time by the extension of railway, steamship and steam launch transportation.

A FEDERAL BUILDING FOR SHANGHAI.

The recent act of Congress, authorizing the expenditure of $500,000 a year for embassy, legation and consular buildings, provided the amount expended in any one place shall not exceed $150,000, is the beginning of the end of the long efforts to secure suitable quarters for our representatives abroad. The importance of the act as an opening wedge is very great.

The setting up of creditable American owned quarters for our diplomats in the capitals of Europe and at other points will formulate a policy sustained by growing knowledge and interest on the part of the nation; and we may reasonably look to see the necessity of creditable legations and consulates not only admitted but eagerly asserted in quarters hitherto apathetic.

The allotment of $150,000 as a maximum for each establishment will be sufficient for South America and certain other countries, but some modification, of course, must be made to provide creditable quarters in London, Paris, Berlin and other capitals, where at present only wealthy Americans are eligible for appointment by reason of the inability of others to pay the rent of establishments suitable for our national representatives to work and live in. The new law shows what a campaign of education can do with even so irresponsive a body as Congress in overcoming that amusing feeling that somehow to be truly American one must be defiantly simple and a bit out at the elbows, with a strong intimation that our Government could buy out the whole outfit of more comely powers if it cared to turn over a hand. The American Embassy Association has wisely emphasized the point that the refusal to provide proper accommodations, so far from denoting simplicity, has made our foreign diplomatic service a rich man's preserve and debarred able and accomplished men of small means from even considering an offer of many posts.

The limitation to $150,000 must, of course, be abrogated to meet the needs of Shanghai, but it is more likely an enlightened home people will now better receive our original proposal of a specific large appropriation and our need be met in that way. The fact is, as men of all nations in the East know, proper quarters for Consulate General, United States Court for China, Consular Court, Prison, Marine Hospital Service, Immigration Bureau, is not an issue of good taste or tourist satisfaction, but a vital question of effective diplomacy. American prestige in the Orient, and of trade expansion at a nerve centre of these things and at a critical time. It has been long urged at Washington, and President Taft understands and approves, that our activities in Shanghai shall be housed in a plant that shall compare favorably with the best of the superb consulates already here, the Japanese building being only just completed. The sum of $500,000 gold has been mentioned, and it is not too much. The new act, while on the face of it not aimed to meet our special needs, is rich with hope. It is the second chapter of our long campaign and the time is ripe for Americans of China to renew their rap on the doors of Congress. Now that that body and the nation are at last awake as to national needs abroad, Shanghai may well shape up afresh its proposal, for its claim is second to that of no other city abroad in which the United States has affairs to be transacted.—*Journal of the American Association of China.*

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THE report by the Imperial Maritime Customs of the foreign trade of China for 1910 is reproduced elsewhere. Its conclusions are briefly these: The value of the direct foreign trade for the year was Hk. Tls. 843,798,222, exceeding the total of 1909, the highest hitherto reported, by 86.65 million taels. Foreign imports amounted to Hk. Tls. 462,964,894, giving an increase of 44.81 million taels, and exports to Hk. Tls. 380,833,328, giving an increase of 41.84 million taels. The average value of the tael for the year being 66 cents, the direct foreign trade of China for 1910 may be stated in our money at $556,906,826. It may be noted that the net value of the foreign trade of China for 1901 was Hk. Tls. 437,959,675, so that the increase in ten years has been Hk. Tls. 405,838,547, or 94 per cent. The customs revenue was in 1901 Hk. Tls. 25,537,574 and only Hk. Tls. 35,571,879 in 1910, an increase of about 40 per cent. The decline within the year of Hk. Tls. 1,591,278 in opium duty and likin may help to account for the disparity between the increase in the volume of foreign trade and the customs receipts. The increase in imports is solely a matter of values. That is to say, the increase in the value of opium has added nearly Hk. Tls. 30 millions to the total, and the high values of cotton goods will go far to account for the remaining Hk. Tls. 15 millions. Unquestionably, the most hopeful feature of the statistics is the flourishing condition of the general export trade, and here the augmentation in value represents for the most part a quantitative increase. In one very promising item of export, the soya bean, there appears to have been a decrease of 3,500,000 piculs. But, on the other hand, the export was nearly doubled during the year of vegetable oil, so that if the value of the oils exported be added to that of the oil-giving beans, ground nuts and sesamum seed, it will be found that the total is slightly larger than in 1909. There is also the encouraging feature that the infant trade in pig iron and steel from the Hanyang Iron Works continues to grow, some 63,700 tons being exported, as against 37,600 tons in 1909. The exports of Hankow iron ore show a similar advance—130,000 tons, as against 88,000 tons in the preceding year—and like those of pig iron and steel, were destined mainly for Japan and the United States.

As to the distribution of the direct foreign trade of China, it is found that the trade through Hongkong ha in-

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creased by Hk. Tls. 33 millions; that with Japan direct by Hk. Tls. 27 millions; that with Germany direct by Hk. Tls. 12 millions, and that with Russia direct by Hk. Tls. 6 millions. It is noted that increase is the rule with the somewhat conspicuous exception of the United States, whose total is smaller by Hk. Tls. 8 millions. The decline in our exports to China is more than accounted for by the shrinkage in the item of cotton piece goods. But there is the customary difficulty of reconciling the figures of the Imperial Maritime Customs with 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 placed 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 for 1909 were $20,441,106, against $29,070,113, given by our Bureau of Statistics. As in 1909, there is no great discrepancy between the two sets of export figures in 1910, but in our import, and consequently in the Chinese export column, the Maritime customs figures call for a total of $21,310,628, while our own show a total of $33,109,472, and that without including $1,293,235 from the German leased territory necessarily covered by the returns of the port of Kiaochow.

THE deficient supply of American cotton in 1910 is cited as an adequate explanation of the very noticeable decline in importations of American and European cotton fabrics. According to the customs report, high prices prevailed for the raw material, and Manchester quotations for piece goods never reached a level suited to the Far Eastern markets. As a matter of fact, including fancy cottons and yarns, the falling off in the value of all cotton goods imports into China was only from Hk. Tls. 137,291,430 in 1909 to Hk. Tls. 130,682,634 in 1910, but when it comes to plain piece goods, that is, gray and white shirtings, sheetings, drills, jeans and T-cloths, there were imported into China in 1909 16,077,831 pieces, and in 1910 only 10,434,590 pieces. Of the former importation 10,691,448 pieces were of British origin, against only 6,511,126 pieces in 1910; 3,856,231 pieces in 1909 were of American origin, against only 1,385,819 in 1910. In marked contrast to these figures there were in 1909 1,396,297 pieces of Japanese origin, as compared with 2,389,693 pieces in 1910. Leaving out, for purposes of more accurate comparison, the bleached goods, in which American exports have no share, the total receipts of gray goods into China in 1909 were 12,198,916 pieces, valued at Hk. Tls. 38,202,967, as compared with 8,508,260 pieces, valued at Hk. Tls. 29,568,458 in 1910. It is instructive to note that the shipments of cotton yarn to China in 1909 amounted to 2,406,110 piculs, valued at Hk. Tls. 61,157,765, against 2,282,472 piculs, valued at Hk. Tls. 61,474,842 in 1910. It will be perceived that for a quantity nearly 223,000 piculs less there was received Hk. Tls. 317,000 more.

THE customs report notes that the high prices for American cotton afforded Japan an opportunity which she was prompt to seize. The importations into Japan of raw cotton, drawn from India and China, were increased by about a million piculs, and it appears that Japan sent to China 937,908 piculs of yarn, as compared with 674,654 piculs in 1909, in addition to the million pieces extra of cotton cloth above noted. An analysis of the raw cotton situation as affecting Japanese exports reveals something like the following state of facts: In 1909 Japan imported from the United States 77,363,083 pounds of raw cotton at a given value of $8,207,707, or an average of 10.6 cents per pound. In 1910 the Japanese imports of American cotton fell to 65,766,311 pounds, valued at $9,625,941, or an average of 14.6 cents per pound. In 1909 Japan imported from China nearly all of 84,500,000 pounds of raw cotton at an average price of 11.3 cents, while in 1910 she took nearly all of the Chinese exports of raw cotton, amounting to 166 million pounds, at an average price of 11.17 cents. The facilities possessed by Japan for producing last year cheap imitations of standard American cotton piece goods are thus sufficiently obvious, and her success in adding a million pieces to her exports of cotton cloth, as compared with a decline of 4 million pieces British and 1,500,000 American, is not hard to explain.

THE text of the revised Anglo-Japanese treaty will be found in this number of THE JOURNAL. It should be remembered that the original agreement between the United Kingdom and Japan was concluded on June 30, 1902, and that the Convention signed at London on August 12, 1905, was merely an enlargement of the original agreement. The new treaty or convention differs from that of 1905 only in one essential particular, which consists of the new form of Article IV, now reading as follows: "Should either High Contracting Party conclude a treaty of general arbitration with a third Power, it is agreed that nothing in this agreement shall entail upon such Contracting Party an obligation to go to war with the Power with whom such treaty of arbitration is in force." The readiness of Japan to facilitate the conclusion of an unconditional treaty of arbitration between Great Britain and the United States is deserving of all praise, and has been rightly held to indicate the probability that Japan may shortly be included in the circle of treaties, beginning with those between the United States and Great Britain and the United States and France, in which even matters affecting national honor are to be held subject to arbitration.

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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, 1910 and 1911.

EXPORTS TO CHINA.

Months.	Cotton Cloths. Yards.		Mineral Oils (illuminating). Gallons.		Wheat Flour. Barrels.	
1909.						
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
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
November	1,018,400	90,740	5,048,550	298,529	3,691	14,533
December	3,294,806	227,245	7,996,752	583,235	5,308	20,650
1911.						
January	5,667,644	390,359	3,915,380	180,847	58,188	210,766
February	3,854,800	222,309	4,423,824	210,643	124,428	456,053
March	7,857,697	486,439	13,340,540	797,484	34,372	131,015
April	4,443,697	286,346	13,889,920	872,772	49,158	185,742
May	12,837,965	860,882	13,275,702	902,967	11,880	46,483
June	14,000,083	960,016	10,657,551	778,634	645	2,579
Total	80,739,542	$5,293,394	107,167,449	$6,644,346	292,738	$1,089,258

EXPORTS TO HONGKONG.

1909						
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
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
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
November	5,391	819	1,585,000	114,460	61,840	236,943
December	18,821	2,616	191,230	13,099	203,005	798,776
1911						
January	42,917	7,104	1,742,440	142,425	108,727	452,872
February	32,540	2,563	1,714,910	124,331	117,230	453,343
March	29,750	2,033	617,856	60,649	62,649	242,714
April	28,361	5,043	3,095,570	222,167	41,907	164,382
May	56,396	10,924	1,303,000	96,568	91,348	365,586
June	84,834	14,208	75,000	5,625	48,398	183,382
Total	394,939	$61,340	12,074,776	$910,693	1,003,529	$3,946,029

DEPARTMENT OF COMMERCE AND LABOR.
Bureau of Statistics.

WASHINGTON, D. C., August 1, 1911.

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Imports of Tea and Silk into the United States for the twelve months, ending June 30, 1909, 1910 and 1911.

TEA.

Imported from	1909. Pounds.	1909. Dollars.	1910. Pounds.	1910. Dollars.	1911. Pounds.	1911. Dollars.
United Kingdom	14,943,576	3,286,409	8,235,698	2,054,454	10,661,552	2,831,824
Canada	4,565,260	1,052,541	2,237,649	517,062	3,003,742	754,873
Chinese Empire	38,219,609	3,501,476	28,943,171	3,275,843	25,148,048	2,951,628
East Indies	9,990,398	1,505,612	8,154,649	1,316,283	9,660,633	1,605,774
Japan	51,910,762	9,000,554	38,187,229	6,334,588	52,998,199	9,272,828
Other countries	1,286,915	216,084	767,974	174,216	1,181,768	196,642
Total	114,916,520	18,562,676	85,626,370	13,671,946	102,653,942	17,613,569

SILK.

RAW, OR AS REELED FROM THE COCOON. Imported from	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France	710,968	2,258,863	589,126	1,612,148	283,743	991,470
Italy	4,979,038	19,091,152	3,523,924	13,268,689	2,635,915	10,057,393
Chinese Empire	4,828,043	12,341,801	4,084,415	9,675,898	5,370,015	13,666,732
Japan	12,694,744	44,689,830	11,957,504	40,103,780	13,886,301	47,248,347
Other countries	120,957	448,922	208,348	764,269	204,024	750,042
Waste.....lbs...free..	1,840,191	1,069,087	3,045,235	1,690,393	4,122,226	2,210,020
Total unmanufactured	25,173,941	79,899,655	23,408,562	67,115,177	26,502,134	74,924,904

REPORT ON THE FOREIGN TRADE OF CHINA.

1. GENERAL.—The speculation in rubber companies, which began to take hold of the public in the last months of 1909 and ended disastrously with the June settlement of 1910, was perhaps the most important fact in the commercial history of the year. By diverting a large capital from ordinary uses and, in the end, by the injury to credit caused by its collapse, the "rubber boom" seems to have deprived legitimate trade of any chance it may have had of recovering from a long fit of depression. During the six or seven months of the boom's duration some thirty-five local rubber companies, absorbing a capital of some 20 million taels, were added to the list of the Shanghai Stock Exchange, and a further large amount was paid locally for shares in London companies. When the crash came, not a few of the leading Chinese banks in Shanghai and other centres closed their doors, and native bank orders, the chief medium of commercial transactions in Shanghai, were so discredited that official funds and loans from foreign banks had to be resorted to for their redemption and rehabilitation.

Speculation in opium, growing in strength with the progressive diminution of supplies of the drug, was continued from the preceding year, and tied up more capital. Money was scarce everywhere, and many failures are reported from different parts of the Empire.

Scarcity of food and high prices were general throughout the country in the first half of the year, and rice riots were common—one of the first, and the most serious, of these riots occurring at Changsha in April. In the spring and early summer the Yangtze provinces suffered from too much rain; but they were indemnified by fine autumn crops of rice and cotton, and rice exports from Hankow and Wuhu, officially prohibited in the time of scarcity, were resumed in the September quarter. It was not, however, till January, 1911, that the prohibition was withdrawn at Hunan ports. The provinces of Kwangtung and Fukien, which had been visited by early drought, were less fortunate in their later experience, their harvests being, on the whole, below the average. Excellent crops were reported generally from the northern and western provinces; but that section of the Great Plain which crosses the northern parts of Kiangsu, Anhwei and Honan was inundated in the autumn, its agricultural population being stricken with famine, to which were soon added the hardships of winter.

Of the copper currency, the best that can be said is that its condition was little worse in 1910 than in 1909. The average number of 1-cent, or 10-cash, pieces exchangeable for 1 dollar on the Yangtze was about 132, while in some parts of China it rose as high as 144. Coining seems to have been suspended, and importations of copper ingots and slabs were insignificant.

An exhibition, the first serious undertaking of this kind seen in China, was opened at Naking on June 5.

An extension of the Peking-Kalgan Railway from Kalgan to Suiyüan, in Shansi, via Tatungfu, has been proceeding during the year. Work on the Kirin-Kwanchengtze Railway was begun in the spring, and its completion is looked for in the autumn of 1911. The conversion of the Antgun-Moukden Railway to the broad

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gauge made good progress; but the completion of the undertaking is not expected before the end of the present year. In December, 1910, the reconstructed line was open for traffic for a distance of 64 miles from Antung. On the northern section of the Tientsin-Pukow Railway the anticipations of a year ago were realized, and the line was open as far as Tehchow in April. In October Tsinanfu was reached, and by the end of the year Taianfu, the Yellow River being crossed by a steam ferry. The total length of line opened is 288 miles. The southern section of this line was so far advanced in January, 1911, that it was possible to commence passenger traffic by construction trains from Pukow to Linhwaikwan, a distance of about 100 miles. On the Ichang-Siangki section (110 miles) of the Ch'uan-Han Railway it is reported that work proceeded energetically throughout the year. The Yüeh-Han line advances very slowly. In the Hupeh section there was no work in 1910; the Chuchow-Changsha section made but moderate progress of serving the Pingsiang coal mines. In the Kwangtung section only a few miles were added to the length of open line, which now extends 60 miles from Canton. The work on the Kiukiang-Nanchang line has not quite fulfilled expectations; but by the end of December rails were laid to a distance of 65 li from Kiukiang, and hopes are entertained that communication with Teianhsien, some 30 to 40 miles distant, may be opened in the coming summer. The extension of the Chekiang Railway from Hangchow to Ningpo has made no great advance. The British section (22½ miles) of the Canton-Kowloon Railway was opened to traffic on October 1, and the first part of the Chinese section, from Canton to Sintsün, a distance of 29 miles, on December 6. The Yunnan Railway, the construction of which has occupied eight years, was formally opened to traffic on April 1, and a branch of the Mengstz custom house was established at Yünnanfu. The line from Wuhu to Kwangtehchow has made no progress; but that from Amoy to Changchow is open to traffic for a distance of some 56 li from Amoy. The Sunning Railway was open from Kungyik to Towshan in July, and the extension of the line from Kungyik to Kongmoon via Sunwui is proceeding vigorously. Other railways which have made more or less progress during the year are the Tungkwan-Honanfu and the Tsingkianpu-Süchowfu lines.

In January a custom house was opened at Hunchun, a town situated between the Korean and Russian frontiers where these converge near the mouth of the Tumen, and a branch custom house was opened at Lungchingtsun in the same district. Situated in a region which, though favored in respect of climate, is thinly populated and destitute of transport facilities, these stations are not likely to attain commercial importance in the immediate future. Their external relations are with Korea and with Vladivostock via Novokievsk. Full crops were harvested in Manchuria; but the export trade in beans for 1910 reflected rather the leanness of the preceding year. The falling off in the staple exports is, however, obscured in the following values of the Manchurian trade by certain other factors, among which are the great increase in the export of oils and the higher values assigned to beans and beancake:

	1908. Hk. Tls.	1909. Hk. Tls.	1910. Hk. Tls.
Net foreign imports...	42,118,568	49,265,303	57,613,364
Net native imports....	8,550,701	14,830,539	15,498,520
Exports abroad and to native ports	45,143,358	77,926,613	80,213,122
Total	95,812,627	142,022,455	153,325,006

The value of foreign imports at Tientsin and Chinwangtao was larger by 10 million taels than in 1909, owing chiefly to the great advance made by Japanese drills and yarns and to increased importations of railway material and munitions of war. The figures for the Chihli ports are:

	1908. Hk. Tls.	1909. Hk. Tls.	1910. Hk. Tls.
Net foreign imports...	39,062,456	48,332,463	58,210,933
Net native imports....	25,842,067	29,080,389	23,121,092
Exports abroad and to native ports.....	21,117,466	31,089,082	28,255,868
Total	86,021,989	108,501,934	109,587,893

The export trade of Chefoo experienced a reaction, and the downward course of imports, both foreign and native, which had been interrupted by the exceptional activity of 1909, was fully resumed. Without the help of a railway, for which funds have not yet been found, it is to be feared that the inland trade of Chefoo will be extinguished in a few years; and even the local pongee trade, recently become so important, is in danger from the dishonest practices which have done so much harm to other Chinese industries. At Kiaochow, on the other hand, with its railway connection, a market increase in the value of exports and foreign imports was recorded, and the total value of the trade was 42,500,000 taels, or some 12,000,000 taels more than the Chefoo total. The figures for the Shantung ports are:

	1908. Hk. Tls.	1909. Hk. Tls.	1910. Hk. Tls.
Net foreign imports..	25,605,918	29,267,628	28,702,133
Net native imports....	10,863,629	15,879,381	12,171,235
Exports abroad and to native ports.....	23,169,710	32,979,700	31,903,039
Total	59,639,257	78,126,709	72,776,407

In the Yangtze provinces the bad crops of 1909 and the wet spring of 1910, together with the embargo placed on the movements of grain, had a markedly depressing influence on the trade of the first six months of the year. Recovery set in, however, with improved agricultural prospects. The outstanding feature in this section is the increase of 11 million taels in the value of the export trade of Hankow. The volume of the Yangtze trade—from Chungking to Chinkiang, and including Changsha and Yochow—was as follows:

	1908. Hk. Tls.	1909. Hk. Tls.	1910. Hk. Tls.
Net foreign imports..	104,644,857	97,816,052	98,043,925
Net native imports...	33,154,129	37,739,416	38,653,568
Exports abroad and to native ports.....	134,680,625	152,291,362	157,059,098
Total	272,479,611	287,846,830	293,756,591

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The value of the Shanghai trade increased all round. This is roughly accounted for, as regards imports, by the rise in the value of opium, and as regards exports, by the huge increase in the shipments of raw cotton. Chekiang crops were excellent, and the trade was well maintained, although there was a reduction of opium imports at Hangchow amounting to 82 per cent. The Fukien ports show a slight increase in value under each of the three headings; but it is to be noted that in this province the falling off in the arrivals of foreign opium—which has so much appreciated in value—was less marked than elsewhere.

In Kwangtung there are large importations of foreign rice, and here, as elsewhere, the enhanced value of opium swells the figures materially, notwithstanding a large decrease in the quantity imported. Among exports, raw silk shows an important increase. The ports of Kwangtung and Kwangsi—eleven in all—yield the following totals:

	1908. Hk. Tls.	1909. Hk. Tls.	1910. Hk. Tls.
Net foreign imports..	107,838,502	104,165,988	122,777,080
Net native imports..	54,172,248	61,461,060	51,238,843
Exports abroad and to native ports.....	93,614,205	92,328,310	106,644,255
Total	255,624,955	257,955,358	280,660,178

Serious efforts are being made in Yunnan to develop industries, such as sericulture and the growing of wheat and maize, to repair the loss which the province has sustained through the eradication of the poppy. Meanwhile the only export of any importance is tin, from Mengtsz, which constitutes six-sevenths of the total value of the exports from the three ports in Yunnan. Imports are declining, as might be expected.

The value of the whole trade (excepting only re-exports abroad of foreign imports) has marked another great advance, and stands for 1910 at 1,008 million taels. This total consists of net foreign imports, direct and coastwise, and native exports, both abroad and coastwise, and the figures show the expansion which has taken place in the last four years.

2. REVENUE.—The total collection—Hk. Tls. 35,571,879—exceeded that of 1909 by about Hk. Tls. 32,000, and has been surpassed only by that of 1906. In view of the decline of Hk. Tls. 1,591,278 in opium duty and likin, this result is in itself a proof of the expansion of the general trade. Against the heavy decrease in receipts from opium there are increases in import duties (exclusive of opium) of Hk. Tls. 402,555; in export duties (excluding native opium, but including other native produce from port to port), of Hk. Tls. 917,237; in coast trade duties, of Hk. Tls. 107,291; in tonnage dues, of Hk. Tls. 52,805; and in transit dues, inward as well as outward, of Hk. Tls. 143,350. Manchurian ports show an increase of Hk. Tls. 217,000 contributed chiefly in export duties by the stations under Harbin. Tientsin and Chinwangtao, with an increase of Hk. Tls. 525,000, may be said to have resumed their normal position. As the Shantung ports, Shanghai and ports on the southwest frontier, in spite of greatly reduced receipts from opium, the collections are slightly larger than in 1909; but in all other sections there are smaller totals, due generally to the losses from opium. At the rice ports on the Yangtze, however, the agricultural distress and the embargo on the shipment of rice had also a marked influence on the revenue; and the one port of Hankow, even with a record collection of Hk. Tls. 3,217,000, showing an increase of Hk. Tls. 368,000, was unable to redress the balance in this section.

3. FOREIGN TRADE.—The value of the direct foreign trade was Hk. Tls. 843,798,222, exceeding the total of 1909, the highest hitherto recorded, by 86.65 million taels. Foreign imports amounted to Hk. Tls. 462,964,894, giving an increase of 44.81 million taels, and exports, to Hk. Tls. 380,833,328, giving an increase of 41.84 million taels.

That the value of imports should have increased by nearly 45 million taels must seem surprising to anyone who is familiar with the conditions prevailing in certain branches of the import trade. The increase is, in fact, a matter of values, and mainly of opium values, the increase in which alone has added nearly 30 million taels to the total. The higher values of cotton goods will go far to account for the remaining 15 million taels. The flourishing condition of the general export trade is the best and most hopeful feature of the statistics, and here the augmentation in value represents for the most part a quantitative increase.

The trade through Hongkong has increased by 33 million taels; that with Japan direct, by 27 million taels; that with Germany direct, by 12 million taels; and that with Russia direct, by 6 million taels. Increase is the rule, with the somewhat conspicuous exception of the United States, whose total is smaller by 8 million taels.

(*a*) IMPORTS.—The net importation of foreign opium, 35,,358 piculs, shows the remarkable decrease of 13,559 piculs when compared with the importation of 1909, a decrease shared by the three varieties of Indian, as well as by Persian, opium. Kwangtung ports took 6,570 piculs (35 per cent.) less than in 1909; Fukien ports, 1,206 piculs (19 per cent.) less; and the ports supplied from Shanghai, 5,713 piculs (24 per cent.) less. It is thus apparent that, while the percentage of decrease was larger or smaller according to local conditions, there was a decided general decline in importations, pointing clearly to the success of anti-opium measures throughout the country. The Hongkong prices of Indian opium fluctuated greatly. Speculation had more than doubled prices between January 1 and the middle of April; then prices fell rapidly until September, from which point, with some ups and downs, they improved, closing the year 50 to 60 per cent. higher than at the beginning. The following figures illustrate the rise in Hongkong quotations from the end of 1907 to the end of 1910:

	New Malwa. Per Chest.	New Patna. Per Chest.	New Benares. Per Chest.	Fine Persian. Per Chest.
End of 1907.....	$920	$937	$915	$750
End of 1908.....	1,110	1,135	1,070	850
End of 1909.....	1,385	1,465	1,475	1,150
End of 1910.....	2,200	2,500	2,500	1,450

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In the quantity of native opium passing through the customs there is also a marked decrease. The aggregate net importations at the various ports was in 1909 about 33,000 piculs, and in 1910 only 19,875 piculs, while the supplies of Szechwan and Yunnan drug passing Ichang downwards fell from 51,817 to 28,530 piculs. The greater part of this decline in up-river supplies occurred in the last quarter of the year, showing that the measure insituted by the Szechwan Viceroy for bringing to an end the exportation of opium from that province had, as intended, come into effectual operation in the eighth moon. Native opium, like its foreign rival, saw great fluctuations in price during the year, and passed through periods of boom, of disastrous reaction, and of recovery. At Chungkiong, in May, it reached the high figure of 1,120 tls. a picul, to fall in June to 640 tls. At Amoy, in the same quarter, it was quoted as high as $1,850 a picul, and as low as $950. The highest quotation reported was $2,100 a picul for Kweichow opium, at Nanning, in the December quarter.

The deficient supply of American cotton in 1910 appears to be an adequate explanation of the very noticeable decline in importations of European and American cotton fabrics. High prices prevailed for the raw material, and Manchester quotations for piece goods never reached a level suited to the Far Eastern market. This was Japan's opportunity, however. The importations into Japan of raw cotton, drawn chiefly from India and China, were increased by about a million piculs, while the foregoing tables show that Japan sent to China 937,908 piculs of yarn, as compared with 674,654 piculs in 1909, and 2,389,693 pieces of the leading varieties of piece goods as compared with 1,396,297 pieces. It is noteworthy that the success of these Japanese manufactures has hitherto been practically confined to the northern and central provinces; and in the case of Japanese cotton cloth of narrow width, which shows a decline of some 6,000,000 yards, over 80 per cent. of the total import went to Manchurian ports and 10 per cent. to Shantung and Chihli. Indian cotton was plentiful, but its price shared in the general rise, and this may, in part, explain the drop in importations of Indian yarn from 1,675,000 to 1,304,000 piculs. Of raw cotton, chiefly from India, 206,000 piculs came in, as compared with 114,000 piculs in 1909. English gray and white shirtings each declined by about 2,000,000 pieces, or 50 per cent., while the leading American fabrics, mainly sheetings and drills, fell off by 64 per cent. Against the decline in plain cottons there is a considerable increase in fancy piece goods, especially in cotton italians.

The importations of the principal descriptions of plain cottons, namely, gray and white shirtings, sheetings, drills, jeans and T-cloth, according to countries of origin, have been as follows:

	1906. Pieces.	1907. Pieces.	1908. Pieces.	1909. Pieces.	1910. Pieces
British	10,785,227	8,224,951	8,993,534	10,691,448	6,511,126
American	8,544,165	578,647	1,586,989	3,856,231	1,385,819
Japanese	733,436	840,401	986,982	1,396,297	2,389,693
Indian	85,003	67,905	141,312	133,855	147,952
Total	20,147,831	9,711,904	11,708,817	16,077,831	10,434,590

Among the sundry imports, rice, imported mainly at southern ports from Indo-China, Siam and British India, holds the first place. The quantity imported was over 9,000,000 piculs, valued at 31,000,000 taels; and it was inevitable that in a year in which so large a sum had to be paid for outside supplies of the staple food other and less necessary imports should decline. The imports of sugar, for example, were reduced by 1.2 million piculs, or 22 per cent., representing a value of 5,000,000 taels, and the depression of the times sufficiently explains the difference. In the kerosene oil market it is understood that the rivalry between the two leading importing companies has amounted to war, and this may have had something to do with the increase in importations of oil from 145 to 161 million gallons. The growing demand for the native vegetable oils, for export, should, however, have a more powerful and lasting influence on the kerosene trade as a whole. American oil (96,000,000 gallons) has increased about 14 per cent., while Sumatra oil stands, as it did in 1909 and 1908, at 43,500,000 gallons. Burma oil, which has been absent from the returns since 1907, reappears with 500,000 gallons, and Japanese oil (19,000 gallons) appears for the first time, but it is probable that circumstances were not favorable to new competitors. Of foreign flour, 144,000 piculs more were imported than in 1909, and this increase, as well as an equivalent decrease in the quantity of native flour distributed coastwise from Shanghai, may be set down to the unsatisfactory supply of native wheat.

(*b*) EXPORTS.—There was a strong demand for China white silk filatures in Europe and America, and the supply was large. The increase in the export of filatures, as compared with shipments in 1909, was about 12,000 piculs, or 24 per cent. Of this increase Canton claims two-thirds, new uses for Canton silk having been found both in Europe and the United States. The trade in wild silk filatures and pongees made from Manchurian cocoons, of which Chefoo is the centre, was disappointing and unprofitable, although the export figures do not indicate a serious decline of the trade. There was a sharp fall in prices, to some extent a natural consequence of previous overtrading; and it is feared that the tampering with the quality of the pongees supplied to meet the exceptional demand in 1909 may have done permanent harm to this industry.

There was a good crop of tea, and exports show an increase of 62,000 piculs. Certain changes in the proportions shipped direct to different countries are noticeable. Great Britain took 35,500 piculs, or 46 per cent., more black tea than in 1909. The United States took 37,945 piculs, or 42 per cent., less black tea, and 27,675 piculs, or 23 per cent.,

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less green tea, making, for these two kinds, a decrease of 65,620 piculs, or 31 per cent., of which 20,000 piculs were made good, according to the Japanese statistics, by larger importations from Japan. Russian Pacific ports took 27,685 piculs less black tea and 32,000 piculs more brick tea,

	1906. Piculs.
From all sources	2,026,035
From China	42,540
Per cent	2.1

The corresponding figures for the United States are not to hand.

Various causes operated to bring about the large decrease of 3,500,000 piculs in the exportation of beans. The greater part of the decrease (2,125,000 piculs) occurred at Shanghai and Yangtze ports, and here the high prices arising from the scarcity of foodstuffs and the native demand for beancake were the determining factors. The Manchurian export, by sea and through frontier stations, was only 1,293,000 piculs less than in 1909, and for this difference the short crop of 1909 might go far to account; while the high prices prevailing, the rise in exchange towards the end of the year, and the caution engendered in exporters by numerous breaches of contract to deliver were also not without effect. The exports of beans through Suifenho, for Vladivostock, increased at the expense of Dairen, and the figures for each of these ports for 1910 stand approximately at 4,500,000 piculs. The shipments from Newchwang were also somewhat larger, transport by the Liao River having been found convenient. The British statistics show that 421,000 tons of soya beans were imported into Great Britain from China, Japan and Russia in 1910; and it may be assumed that practically the whole of this was China produce. Great Britain took, therefore, two-thirds of the total recorded export from China. The decision of the Japanese Government to refund import duty on beans in the form of a drawback on beancake and bean oil exported, and the abolition by Germany of the import duty on beans, should do much to extend the market for this product.

Although the crop of native cotton in 1909 was a poor one, the demand from Japan was such that exportations abroad of this product rose to 1,247,000 piculs in 1910, or double the total shipments of the previous year. In consequence of this foreign demand, local supplies were dearer and more heavily watered than ever before, and mills were obliged to have recourse to Indian cotton. An interesting feature is the increasing share taken by North China in the production of cotton. Shipments from Tientsin, both to native and foreign ports, in 1910 amounted to 125,000 piculs, or five times the quantity shipped in 1909, a result with which the world scarcity of cotton had no doubt something to do, but which must be attributed in great part to the official measures taken to encourage the cultivation of cotton in North China. The deficient local supply of cotton may account for the decrease in the shipments of native spinnings from Shanghai to coast ports, which totaled 301,000 piculs, against 425,000 piculs in 1909. The shipments of native sheetings from Shanghai coastwise also declined, from 331,000 to 249,000 pieces, each piece being 40 yards long and 36 inches wide. A valuable list of the cotton mills operating in China was published in December, 1910, by Messrs. Noël, Murray & Co., Ltd., of Shanghai. The 33 mills named, of which about half were at Shanghai, were stated to possess a total of 903,416 spindles and 3,805 looms, and their total annual output, on a moderate estimate, was given as 272,000,0000 pounds (2,040,000 piculs) of yarn and 45,600,000 yards (1,140,000 40-yard pieces) of sheetings and drills.

the total shipments to Russia by all routes showing an increase of 57,000 piculs, or 6.2 per cent. The consumption of Chinese and other teas in Great Britain during 1910, as compared with the consumption during previous years, was as follows:

1907. Piculs.	1908. Piculs.	1909. Piculs.	1910. Piculs.
2,054,925	2,065,614	2,131,951	2,157,549
72,966	66,906	61,583	77,320
3.43	3.14	2.88	3.58

Another article of which the export was nearly doubled during the year was vegetable oil, comprising bean, ground-nut and castor oil from Manchuria; ground-nut tea and wood oil from Kwangtung and Kwangsi, and all kinds from the Yangtze. The shipments of oil abroad from Manchuria increased by about 190 per cent.; from Kwangtung and Kwangsi, about 90 per cent., and from the Yangtze, about 60 per cent. Of ground-nuts, 752,000 piculs went abroad, as compared with 307,000 piculs in 1909, and nearly 70 per cent. of the whole export was from Kiaochow. Of sesamum seed, the trade centre of which is Hankow, but which is increasingly produced in Manchuria and North China, the export was larger by 577,000 piculs, or 27 per cent. On the whole, if the value of the oils exported be added to that of the oil-giving beans, ground-nuts and sesamum seed, it will be found that the total is slightly larger than in 1909. It would almost appear that the demand for this class of products is unlimited. The infant trade in pig iron and steel from the Hanyang Iron Works continues to grow. Some 63,700 tons were exported, as against some 37,600 tons in 1909. The statistics of Japan show that 31,000 tons were imported into that country from China in 1910, and the bulk of the remainder went to the Pacific Coast of America. The exports of Hankow iron ore show a similar advance—130,000 tons, as against 88,000 tons in the preceding year—and were also destined mainly for Japan and the United States. Coal, chiefly from the Kaiping and Fushun mines, ramie, and undressed skins and hides all show increase. The large decrease of 142,000 piculs in the export of sheep's wool is attributed at Tientsin to an overstocked market in the United States, the shipments of the previous year having been large.

4. SHIPPING.—The total entries and clearances show an increase of 11,294 vessels and 2,000,000 tons, chiefly under the Chinese and Russian flags. More than half the addition to the tonnage of Chinese vessels of foreign type is due to the running of another steamer of the Ningpo-Shaohing Company between Shanghai and Ningpo, while the greater part of the Russian increase occurred on the Amur and the Sungari. In general, other flags show but

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little change, though it may be noted that after many years of continuous advance, the tonnage under the Japanese flag has slightly decreased in 1910.

5. TREASURE.—The usual table of treasure imported and exported in the commercial area is given below. The estimate of treasure movements between Hongkong and non-Chinese ports is the best obtainable, but is not offered as more than an approximation.

	Import.		Export.	
	Gold. Hk. Tls.	Silver. Hk. Tls.	Gold. Hk. Tls.	Silver. Hk. Tls.
Chinese ports, from and to foreign countries, including Hongkong	3,559,424	44,598,534	4,536,252	22,803,887
Deduct Hongkong	201,651	17,974,062	55,392	16,801,140
	3,357,773	26,624,472	4,480,860	6,002,747
Hongkong, from and to non-Chinese ports	7,319,605	8,641,999	11,796,021	5,582,642
	10,677,378	35,266,471	16,276,881	11,585,389
Total for commercial area (Hk. Tls.)	45,943,849		27,862,270	

Silver was drawn from Europe (Hk. Tls. 15,000,000), from San Francisco (Hk. Tls. 9,557,000) and from Japan (Hk. Tls. 3,300,000); while French Indo-China, Siam, the Straits and India took Hk. Tls. 4,120,000 between them. Gold was taken for Europe (Hk. Tls. 4,300,000), the Straits (Hk. Tls. 7,200,000), India (Hk. Tls. 2,608,000) and Siam; but was received from Japan (Hk. Tls. 6,805,000), Australia (Hk. Tls. 2,450,000), San Francisco and Manila.

6. BALANCE OF TRADE.—The continued growth of the export trade has further reduced the difference between the value of imports (c. i. f. value) and exports abroad (f. o. b. value) to 21.50 per cent., as compared with 23.50 per cent. in 1909. The balance of trade, on the basis of available figures, is as follows:

LIABILITIES.

	Hk. Tls.	
Value of merchandise imported in 1910	462,964,894	
Net value of treasure to commercial area	18,081,579	
Loans and indemnities	51,600,000	
Invisible liabilities (estimate of 1909)	33,350,000	
		565,996,473

ASSETS.

	Hk. Tls	
Value of merchandise exported in 1910	380,833,328	
Invisible assets (estimate of 1909)	150,500,000	
		531,333,328
Difference to be accounted for		34,663,145

For the first nine months of the year exchange was remarkably steady and followed much the same course as in 1909, though at a slightly higher level. Up to the middle of September the difference between the highest and lowest demand values of the Shanghai tael was only 1 9-16d.; but a rise in the price of silver, resulting from assured prosperity in India, then set in, and the level of 2s. 6¾d. was reached in October, making an extreme variation for the year of 3 3-16d. The drop in the end of February and beginning of March, caused by the imposition of a duty of 4 annas per ounce on silver in India, added momentarily a new element of uncertainty, but was quickly recovered.

J. L. CHALMERS,
Statistical Secretary.

Inspectorate General of Customs,
Shanghai, April 3, 1911.

EDUCATION IN CHINA.

[*From Consul General George E. Anderson, Hongkong.*]

That China is gradually working out its great problem of educating its young people along modern lines is becoming more and more evident.

The nature of the problem can best be appreciated when it is considered that it is only five years ago that the old examination system was done away with and a system of education along new lines was inaugurated, a system to be established with few or no teachers with modern education and with few or no available funds. That such a revolution could be effected at once is impossible. The measure of success attained in some provinces is remarkable, notably in and near Peking. Six years ago in schools in the metropolitan Province of Chihli there were only about 8,000 students, while now there are nearly 250,000 in modern schools. The schools conducted under the supervision of the Chihli provincial board of education now include, among facilities afforded in the Province by the Government, independent of mission or other schools, 1 university at Tientsin, 1 provincial college at Paotingfu, 17 industrial schools, 3 high normal schools, 49 elementary normal schools, 2 medical colleges, 3 foreign language schools, 8 commercial schools, 5 agricultural schools, 30 middle schools, 174 upper primary schools, 101 mixed grade primary schools, 8,534 lower primary schools, 131 girls' schools, 174 half-day and night schools.

The university at Tientsin has the reputation of being the best institution of the sort in China. However, the Imperial University at Peking is developing rapidly and will soon be a strong institution.

Concerning the college and university situation as a whole, a well-known American interested in educational work in China says:

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"Educational development continues. At the capital, in particular, plans are already in process of execution which will make the university there at least the equal of the finely equipped Imperial Peiyang University at Tientsin, with advanced courses and magnificent new buildings outside of the city wall; the new staff is already at work, but the buildings are as yet mostly on paper. In the other large centers good, steady work is being done in the Government colleges and schools; and in the country, in towns and villages, the number of schools is gradually increasing, not in a particular way, but as an already well-recognized part of the machinery of public affairs. During the year examinations have been held, first at several different centers, then, for the students successful there, a final series of examinations at Peking, which has resulted in the selection of a limited number which are to take up further preliminary studies in China in order to prepare them definitely to go for advanced education in America. From time to time students already educated in foreign countries have been returning ready and often devotedly eager to enter the service of their country with truly patriotic motives. So far as education can help to solve the problems that are sure to confront China constantly, there is a good hope in all these movements.

"In the mission schools there has always been the attempt to work along lines that will eventually fit all the institutions into some sort of system. This was done at first by the missions independently, later in co-operation, and now there is being felt the need of still further systematization of the educational department of mission work. At the top are the colleges of the North China Educational Union and the Peking University; below these the high schools; still below these, the elementary schools. In these lower grades, in particular, there is being felt the need of greater uniformity of curriculum, as well as the desirability of making the Christian school system fit in with that of the Government schools. To this end action is under consideration by some of the separate missions and also by a special committee appointed by the Educational Union. While this may not result in Government recognition, it will be the removal of one barrier that has set off the two systems unnecessarily. Government recognition is already accorded to the Union Medical College at Peking and to the middle school maintained by the Y. M. C. A. at Tientsin, and it has now been officially announced that the Peiyang University will receive, after examination, graduates of mission colleges."

In the more remote provinces the situation is not so promising. The commisioner of customs at Chungking in his last report gives an outline of the school establishments in Szechuan Province. He reports that primary schools, teaching Chinese and a little arithmetic and geography, exist in considerable numbers scattered throughout the province. In Chengtu and the more advanced prefectural cities English, elementary mathematics and drill are generally added to the curriculum of these schools, but these schools lack good teachers and equipment, "and in all the smaller cities and market towns are little in advance of the old type of Chinese schools." That is said to be the case also in other provinces. The middle schools, which the regulations of the board of education requires shall exist in every prefectural and district city, exist now only in the prefectural cities. About four years ago almost every district city established one, but either from lack of students or from inexperience they are now nearly all closed. Only in the larger prefectural cities are they well organized. The subjects taught are Chinese, English, elementary mathematics and science, history, geography, ethics and physical exercises.

The following schools of special instruction exist in the Szechuan capital: Railway school of political economy, school of Tibetan language, medical school, normal school, school of mines, agricultural school and an English and French school attached to the Bureau of Foreign Affairs. These schools are reported as well supplied with funds and many students flock to them. They do not, however, as a rule, teach the special subjects that their names would imply; for instance, the railway school has been in existence for four years, but no actual railway work has been taught there. "The students, of course, are not sufficiently advanced to take up the study of special subjects."

A university was provided in Szechuan Province six years ago. It was the first school in the province to teach modern subjects. The university, therefore, must have begun its career as a very elementary school. It has 300 students and the arts course consists of the Chinese classics, English, French, history, ethics, political economy, and some mathematics; the science course, of English, mathematics, chemistry, physics and natural history. Chemical and physical laboratories have been equipped, and recently the staff consisted of one English, three American, three Japanese and several Chinese professors.

In various other provincial capitals the colleges established in line with the imperial decree revolutionizing the educational methods of the country are growing rapidly and are doing advanced work, those at Hangchow, Foochow and Canton being particularly favorably mentioned. In these colleges quite a number of American university men are employed.

It is noteworthy that while more Chinese students are going to Europe and America for educational advantages the number going to Japan is growing smaller. It is said that while at one time there were nearly 40,000 Chinese students in Japan there are now probably less than 4,000. Several reasons for the change are alleged, the fact that most provincial capitals now afford similar advantages being one. Most provinces now have schools for more or less perfect technical training, railway schools being established in several, where lines of study approaching railway construction and management are being taught. The military board at Peking also has ordered the establishing of military schools in every "hsin" or district and several schools of considerable merit have been established in line with this movement.

The greatest need in this work in China is modern educated teachers, foreign or native. China's currency is on a silver and copper basis and its taxes for educational and municipal purposes are collected on that basis. The payment of foreign teachers, assuming they are paid at least as much in China as they receive for the same service in America, represents more than double the money from a Chinese standpoint which the same amount in gold does in the United States, and foreign teachers, therefore, are expensive. Nevertheless, the number of foreign teachers is large and is increasing and their work is having a marked influence upon Chinese progress. The general condition of the educational movement in China is regarded by practically all authorities as encouraging.

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CENSUS RETURNS OF CHINA.

William J. Calhoun, Esq., American Minister to China, sends the Department of State, under date of May 4, 1911, a report prepared by Raymond P. Tenney, a student interpreter at Peking, on the results of a census of the Chinese Empire which was completed in January by the Chinese Board of Interior. This census places the population of the entire Empire at 329,542,000 and that of China proper at 304,003,000. The population of the city of Peking is returned as 1,017,209 and of the metropolitan district outside of Peking (neither of which is included in the census for China proper) as 4,654,219. The population of Manchuria is given as 14,917,000.

These figures may not, however, be considered more than approximative, as no attempt was made to count the number of individuals throughout the Empire and the general enumeration was limited to a toll of households. On the returns of this latter count the estimate of the number of individuals is based.

It was found that the number of families in the whole Empire in 1910 was 59,824,918, distributed as follows:

China proper (eighteen provinces)	56,312,256
Metropolitan district (Shun T'ien Fu, including Peking)	831,266
Manchuria (Fengtien, Kirin and Heilungchiang)	1,780,308
Hsinchiang (the northwest province)	453,477
Manchu military organization	309,151
Dependencies (exclusive of Tibet)	138,460

In addition to this household census, an incomplete census of individuals was taken in certain parts of the Empire. The following is a summary of the results of this partial enumeration:

Localities.	Males.	Females.	Additional School Enrollment. Children.	Adults.
Peking	508,019	256,638	47,653	204,899
Shun T'ien Fu	1,991,096	1,743,620	327,895	591,608
Kirin	2,685,066	2,096,700	567,521	844,267
Heilungchiang	810,042	637,496	104,716	468,107
Chihli	11,531,067	9,624,647	1,814,940	3,944,867
Shansi (eighty-nine districts)	4,528,445	3,400,719	493,707	1,587,191
Chekiang	7,004,082	5,909,237	1,030,336	3,057,912
Kiangsi	8,033,752	6,146,391	(*)	(*)
Ports	138,052	73,226	(*)	(*)
Boat population	†81,258	.....	(*)	(*)
Szechwan (125 districts)	7,121,359	5,299,174	1,338,330	2,595,479
Boat population	11,731	2,806	.....	.....
Kweichow	4,636,965	3,866,998	862,951	1,987,836
Bordered yellow Chinese banner corps	7,319	7,513	1,872	2,943
Bordered white Chinese banner corps	6,006	5,778	(*)	(*)
Plain blue Chinese banner corps	5,532	5,778	1,461	2,311
Mi Yun garrison	4,170	3,650	675	1,025
Shanhaikwan garrison	3,691	3,233	(*)	(*)
Canton garrison	24,033	24,061	2,837	9,595
Cobdo	38,355	29,007	569	17,454

* No census taken. † Includes females.

Lamas numbered 1,952. Of the boat population of Kiangsi, the provincials numbered 44,340 and the outsiders 36,918.

SIZE OF FAMILIES—DENSITY OF POPULATION.

By comparing the results of this partial enumeration of individuals with the count of families in the same districts it was found that the average number of individuals in each family was 5.5. This multiple was used to obtain an estimate of the number of individuals in each of the districts in which an individual enumeration was not made, except in Fengtien (Manchuria), where 8.38 was used, as it was found that such was the apparent size of an average family in the other two Manchurian provinces, in which individual censuses were taken. This higher family average in Manchuria is artificial, arising from the presence of many coolies who were not enumerated as householders. Combining the estimates as thus obtained with the actual count of individuals where such was made, the following population figures were obtained:

China proper	304,003,000
Metropolitan district	5,671,000
Manchuria	14,917,000
Hsinchiang	2,491,000
Manchu military organization	1,700,000
Dependencies	760,000
Total	329,542,000

The population of Tibet, which is not included in the foregoing, is estimated at 6,500,000.

As the estimated area of China proper is 1,535,000 square miles, the average number of inhabitants per square mile is 198, and in Manchuria 41 per square mile, the area of the latter territory being 365,000 square miles.

The census of 1910 is probably the most accurate that

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has ever been taken, although compared with Western standards it is far from perfect. The degree of its accuracy rests largely on the accuracy of the estimate of the size of each family. The computed size of each family varies from one part of the Empire to another, as is shown by the following table:

Localities.	Average Size of Family.	Localities.	Average Size of Family.
Peking	7.3	Shansi	5.0
Shun T'ien Fu (exclusive of Peking)	6.7	Chekiang	4.4
Kirin	8.4	Kiangsi	4.2
Heilungchiang	8.4	Szechwan	5.0
Chihli	6.5	Kweichow	6.4
		Manchu garrisons	5.3

The average taken as applicable to the whole Empire (except Fengtien in Manchuria) was 5.5 This is substantially corroborated by Williams in his "The Middle Kingdom," when he says that the Chinese are accustomed to reckon five to a family. But the difficulty of arriving at an accurate figure is shown by the following extract from "An Inquiry into the Population of China," prepared in 1905 by W. W. Rockhill, at that time American Minister at Peking:

"Even during the present dynasty we are in grave doubt as to the numeric value of the term 'hu' (household, family). Father Amiot and other foreign writers have through it represented 5 persons, De Guignes says 2 or 3, but in the opinion of E. H. Parker it averaged 6 persons. In the census of 1842, which gave the number of households and individuals, the former averaged 2.3 persons to the family; and in a census of the city of Peking for 1846 it averaged 3.1. I am disposed to accept 4 as a fair figure for enumerations of the eighteenth and nineteenth centuries."

COMPARISON WITH OTHER CENSUSES.

In further considering the accuracy of the 1910 census it is interesting to compare it with former censuses. The results of these earlier attempts at enumeration in China proper, made by the Chinese Board of Revenue, were as follows: 1761 census, 190,257,000; 1812 census, 360,440,000; 1842 census, 413,021,000; 1882 census, 381,309,000; 1885 census, 377,636,000.

Comparing the 1885 figure for China proper with that for 1910 (304,003,000) it will be noted that an apparent decrease of 20 per cent. has taken place. Much, if not all, of this apparent decrease is to be accounted for by overestimations made in 1885.

The following table shows, in round figures, the population returns for each of the eighteen provinces of China proper, according to the census of 1910 and that of 1885:

Provinces.	1885.	1910.
Szechwan	71,100,000	16,400,000
Shantung	36,500,000	29,600,000
Hupeh	33,600,000	24,900,000
Kwangtung	29,700,000	27,700,000
Kiangsi	24,500,000	14,500,000
Fukien	23,500,000	13,100,000
Honan	22,100,000	25,600,000
Kiangsu	21,300,000	17,300,000
Hunan	21,000,000	23,600,000
Anhwei	20,600,000	17,300,000
Chihli	17,900,000	26,900,000
Yunnan	11,700,000	8,500,000
Chekiang	11,700,000	17,000,000
Shansi	10,800,000	10,000,000
Kweichow	7,700,000	11,300,000
Kansu	5,400,000	5,000,000
Kwangsi	5,100,000	6,500,000
Shensi	3,300,000	8,800,000

The provinces that show marked gains are Chihli, Chekiang, Kweichow and Shensi, while those that show marked losses are Szechwan, Shantung, Hupeh, Kiangsi and Fukien. The most striking feature is the drop of Szechwan from 71,100,000 to 16,400,000. This apparent decrease is in part accounted for by the fact that only 125 out of a total of 175 districts in Szechwan returned figures in 1910; that is, five-sevenths only of the province are accounted for, so that its 1910 population should more properly appear as 23,000,000. Even this is far from the estimate of 71,100,000 for 1885 and that of 67,700,000 for 1882. The figures for the years 1812 and 1842 are respectively 21,400,000 and 22,300,000. It would therefore seem that the figures for 1882 and 1885 were overestimated and that 23,000,000 comes nearer to the truth.

Other striking contrasts between the censuses of 1885 and 1910 are the apparent decline in the population of Kiangsi from 24,500,000 to 14,500,000 and in Fukien from 23,500,000 to 13,100,000. Yunnan also decreased from 11,700,000 to 8,500,000. The figures of the 1910 census for these three provinces would seem to be the more correct in the light of the following information adduced from Mr. Rockhill's report of 1905:

"Kiangsi, for which the official returns give a population of more than 24,000,000, is believed by W. J. Clennell, writing in 1903, to have less than 12,000,000. The same writer estimates the population of Fukien in 1903 at 'certainly under 10 millions,' whereas the Chinese figure for 1885 is 23,502,794. As regards Yunnan, the Lyons mission puts the population in 1896 at 7,000,000 to 8,000,000. F. S. A. Bourne, writing from Yunnan in 1896, says that 'according to the best native authority the population is estimated at one-fifth of what it was before the (Mohammedan) rebellion'; while Littou, in 1903, thought it was 'not over 10 millions'; * * * in 1877, General Mesny placed it at 5,600,000."

Since 1885 the following estimates have been made of the population of China proper: Popoff (1894), 421,800,000; Parker, 385,000,000; Rockhill (1905), 270,000,000; Chinese Imperial Customs, 422,000,000.

While the figures contained in the 1910 census are no more than approximated, "they are worthy," reports Minister Calhun, "of a considerable amount of credence, and, in fact, form the only returns available for the entire Empire. Compared by some estimates made by foreigners, Mr. Rockhill, among others, having instituted an inquiry into the population of China in 1905, it (the 1910 census) may be said to be tolerably trustworthy."

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CHINA'S CABINET.

News from Peking states that the organization of the new Cabinet and Advisory Board was formally passed by the Government Council on April 27, and later made public officially on May 8. Many schemes had been proposed and rejected, but the old situation apparently remains unchanged, for notwithstanding all the shuffles and revisions, the Grand Council idea is still preserved, and instead of a real Cabinet responsible to the National Assembly, the new body will for all purposes be the same as the old council, responsible to the throne for its actions, and presided over by the same old office holder and leader, Prince Ching. Until such time as the empire has an established parliament with full powers over legislation, it is natural some one leader must dominate the affairs of the country, and so long as the prime occupation of the Grand Council or Cabinet consists in shuffling officials around from one post to the other, and collecting the proceeds of the sales of office, some one strong member of the Imperial Clan must hold the reins to insure the full share of the spoils for the imperial coffers. As there are only two or three members of the imperial family whose age and experience in public affairs qualify them for this most important post, it is again natural that one of them should continue to direct the politics and government of the empire. So the list of eligible princes qualified to head a responsible cabinet narrowed down to Prince Ching, Duke Tsai-Tse and Prince Yu Lang.

There are other princes of the Pu generation, such as Prince Kung and Pu-lun who, while capable and intelligent, lack the age and experience to cope with the astute old officials who have climbed step by step the ladder of Chinese official life. Duke Tsai-Tse, the Minister of Finance, loomed large on the horizon as a candidate for the mantle of Prince Ching and the post of premier. A strong party had gathered around this capable and efficient official, and his chances of being called to preside over the cabinet seemed favorable. Prince Yu Lang, one of the eligibles, was finally offered the post of vice-president of the cabinet, which he refused, preferring to devote his whole attention to the army, and the selection narrowed down to Prince Ching and Duke Tsai-Tse. The former, fearing that the responsibility would be too great, followed the customary tactics of all Chinese officials when they feel certain of a high appointment, and begged to be excused and permitted to retire. After a decent interval of time, certain of his declining, the formality of tendering the honor to Duke Tsai-Tse was duly performed. The regent then sent the colleagues of Prince Ching to call at his residence and announce the throne's decision that if he again refused to accept this office the cabinet system would never be promulgated. And to save the country the Prince of Ching consented to reconsider the matter and finally accepted the post of premier of the new cabinet.

The main idea prevailing throughout the entire scheme seems to have been guided by the desires of the Grand Council to retain its power and prerogatives. The former Grand Council consisted of Prince Ching, Prince Yu Lang, Hsu Shih Chang and Natung, and the new cabinet scheme provides for a president and two vice-presidents, and the ministers of the eleven boards. Prince Ching has been made president and Natung and Hsu Shih Chang the vice-presidents, while Prince Yu Lang has been appointed minister of the Military Advisory Board with Prince Tsai Tao.

The cabinet scheme as accepted is as follows, though some modifications were made: A president—only princes of the three classes, or dukes, or those with other high hereditary ranks, were eligible for the position.

Two vice-presidents.—Only grand secretaries of the Six Halls and Palaces to be appointed.

Ministers of State.—Number uncertain; they were to be filled by the president or ministers of the ministries and boards.

Four secretaries and councillors (two each), only sub-chancellors and readers or compilers of the grand secretariat and the Hanlin College are eligible to occupy such posts. The rest consists of five departmental directors, ten managers and ten compilers.

When there are important affairs, officials specially appointed by the throne may attend or assist the cabinet.

(1) The cabinet ministers shall assist their sovereign and assume responsibility for him in the government of the empire; (2) the president shall ascertain imperial wishes and perform duties of the state; (3) the vice-presidents shall render assistance to the president in the administration of the government; (4) the eleven ministers shall each attend to the affairs of their respective ministries; (5) when the cabinet ministers are confronted with too much business, officials may be appointed by imperial edicts to the cabinet for assistance and consultation, and their number is not limited; (6) cabinet ministers shall not be allowed to hold other appointments or offices of importance concurrently; (7) the president and the vice-presidents shall attend the daily audience; the ministers of the ministries shall meet in conference once in every five days.

(8) Cabinet ministers shall sign their names on all the edicts or decrees and assume responsibility for same. To decrees on affairs of secrecy, only the president and the vice-presidents shall sign their names.

(9) When cabinet ministers submit any memorial affecting the empire's administration as a whole, the president and vice-presidents shall sign their names in conjunction with those of ministers of the ministries.

(10) On occasions of deliberation on matters of weight and importance, the president shall be the chairman.

(11) Regarding affairs within the office of their duties, the presidents and vice-presidents may issue cabinet orders (council orders).

(12) The two secretaries, senior and junior, shall frame the draft of the edicts, publish or read the memorials and telegrams, control the daily routine of business anl appoint and dismiss all officials, in pursuance to the orders of the presidents and vice-presidents.

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It is also said that six departments will be created, viz., Edicts or Decrees, Merits and Services, Law Enactments, Casting of Seals, Audit and Compilation.

The grand council is still the grand council and reserves to itself its old functions of daily audiences with the throne and the power to sign edicts of importance, while all the members must sign the routine edicts and assume their share of responsibility.

Following the appointment of Prince Ching as president of the cabinet and Na Tung and Hsu Shihchang as vice-presidents, the edict proceeds to name the heads of the different state departments.

Foreign Minister—Liang Tun Yen was appointed minister of foreign affairs. The selection of this eminent statesman will surely meet with general approval. He typifies the trend of China's modern policy to regulate her foreign loans so as to avoid encouraging the "spheres of influence" menace. Liang Tun Yen was among the students who returned from America twenty-five years ago. He was right-hand man of the late Chang Chih-tung for many years, and by training is eminently fitted for the position. Chou Chai-lai will be acting minister until the return of Liang Tun Yen from America.

Minister of the Interior—Shan Ch'i (Prince Su), who has been appointed minister of internal affairs, was appointed president of the Board of Interior in 1907 and commissioner of naval reorganization in 1909.

Minister of Finance—Tsai Tse, new minister of financial affairs, is recognized as an official of promise. In 1905 he was chief of the imperial mission to foreign countries, served on the reform commission in 1906, appointed president of the Board of Finance, 1907, and as member of the commission of naval reorganization in 1909.

Minister of Education—Tang-Ching-Chung, minister of education, has served in a number of official capacities, among which was his appointment as vice-president of the Board of Works in 1902, literary chancellor, Kiangsu, 1904; Board of Civil Applicants, 1906; senior vice-president, Board of Civil Office, 1907, and president Board of Education, 1910.

Minister of War—General Yin Chang, the minister of war, is an official eminently fitted for this important portfolio at a time when the important program for the reorganization of the Chinese military forces requires unusual force of character and experience in modern military methods. It will be remembered that he returned from Berlin to accept the presidency of the Board of War last year and has been very active in furthering plans for carrying out a comprehensive military scheme. He served as minister to Germany from 1901 to 1905, when appointed director of the Nobles College. The following year he became provincial commander-in-chief of the Kiangpei forces and was appointed vice-president of the army board in the same year. In 1908 he was reappointed minister to Germany and the same year acted as inspector of the autumn manœuvres at Anhui before proceeding to his post. His latest appointment was that of inspector general of division in the vicinity of Peking.

Minister of Naval Affairs—Prince Tsai Hsun, the minister of naval affairs, brother of the late Emperor Kuang-Hsu, has been one of the most active of the imperial princes in furthering the naval program. In 1909 he was appointed high commissioner of naval reorganization, and proceeded on a naval mission to Europe in October of that year. In July, 1910, he was appointed consulting member of the government council, and in August of the same year proceeded on a naval mission to Japan and America.

Minister of Justice—Shao-Chang, minister of justice, was appointed secretary Board of Foreign Affairs in 1901; sub-chancellor of the grand secretariat with rank of vice-president, Board of Ceremonies in 1905, senior vice-president of the Board of Punishments in 1906 and vice-president Board of Laws, 1906.

Minister of Agriculture—Pu Lun, minister of agriculture, industry and commerce, is a prince of the fourth order, and among his many appointments he served as imperial commissioner to the St. Louis Exposition, president of the Tz'u Cheng Yuan, or Senate, 1907; special service in selecting site for the late Emperor's tomb, and was appointed lieutenant general of the Plain White Banner in 1910.

Minister of Posts and Communications—Sheng Hsuan-Huai, minister of posts and communications, has been identified since 1886 with the development of lines of communication throughout the empire, as director of the Chinese telegraph administration. He was appointed customs taotai of Chefoo (1886), and of Tientsin (1892). In 1896 he was made administrator of the Lu-Han and Southern Railways; in 1901, guardian of the heir apparent; in 1902, senior vice-president of works and commissioner of treaty revision; junior vice-president of the Board of Communications, 1908; president of the Red Cross, 1910, and especially appointed to assist the Board of Finance in currency matters in August, 1910.

Minister of Dependencies—Shou Chi, minister of dependencies, has had an active official career, of which the first appointment leading to his recognition in this department was that of the Mongolian superintendency in 1900.

In 1907 he was advanced to the position of president of the Board of Dependencies, and in the same year became a member of the Government Council. In 1909 he was named as assistant superintendent of the Hatamen Octari.

Minister Military Advisory Council—Prince Tsai Tao, brother of the late Emperor, and Prince Yu Lang, as previously mentioned, were appointed joint ministers of the military advisory council. Prince Tsai Tao has been active in military affairs since 1908, when he was charged with the formation of the new imperial guard. In 1909 he was appointed chief of the general staff and proceeded on a mission to Japan, America and Europe to study military matters in 1910.

Prince Yu Lang has been active in police and military matters since 1905, when he was appointed president of the Board of Police. He assisted Prince Tsai Tao in the formation of the imperial body guard in 1908, and was appointed general commander of the Peking Gendarmerie in 1909. He became a grand councillor in August, 1910.

President of the Privy Council—By the same decree Lu Jun Hsiang, former grand secretary and now high commissioner for opium suppression, was named as president

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of the Privy Council, with Jung Ching, president of the Board of Ceremonies, as vice-president.

Besides announcing the appointments the imperial edict reviews the imperial progress toward the establishment of the cabinet council. The original decree of last year, followed by the memorial of the commision of constitutional reform presenting a preparatory program to that end; then in due course followed the joint memorial of the commission of constitutional reform and the council of state affairs setting forth in detail the new cabinet council system and as the edict reads:

"We have perused it carefully and found that its provisions are based on the constitutions of the foreign constitutional monarchies and revised to conform to the conditions at present prevailing in China, and that they have been very carefully compiled and are fairly satisfactory. They have also submitted that as the cabinet system is a new thing introduced into the Chinese system of government for the first time, it should be enforced cautiously and considered as an experiment, and have with that object in view drawn up fourteen provisional regulations for the management of public affairs by the cabinet. The said regulations in some respects increase and in others curtail the power of the cabinet and are acceptable. We have received the princes and ministers of the council of state affairs in audience and personally asked them to express their opinions, which are practically all the same. We hereby order that the cabinet official system be promulgated and carried into effect and that the same be enforced and a cabinet council be established in accordance with the aforesaid provisional regulations as an experiment. With the exception of the privy council system, which is promulgated at the same time as the cabinet official system, the official systems of the offices subsidiary to the cabinet and the metropolitan and provincial official systems and regulations are hereby ordered to be speedily drawn up in accordance with the program of constitutional reform, and submitted for our approval for the promulgation and enforcement, so that our intention for carrying out constitutional reforms and making the country strong and powerful may be realized.—*The Far Eastern Review.*

RAILWAY CONSTRUCTION AND RECEIPTS IN CHINA.

(*From Vice Consul Alvin W. Gilbert, Nanking.*)

The southern terminus of the Tientsin-Pukow Railway is at Pukow, just across the Yangtze River from Nanking, in Kiangsu Province. A construction-train service was opened on January 20, 1911, which makes a daily run between Pukow and Linhwaikwan, 93 miles to the northwest, in about twelve hours.

The rails are laid to Pengpu, 10 miles farther than Linhwaikwan, where the road crosses the Hwai River and where, according to the engineers, is located the largest task on the southern section, viz., the construction of the bridge. This work is being done by an American engineer, who is one of the three Americans thus employed on the southern section, and it is expected that this division will be ready for traffic by November, 1911, giving train service from Pukow to Hsuchowfu, in the northern part of Kiangsu.

One of the greatest obstacles to rapid construction has been the tardy delivery of the supplies, most of which have been transported via the Grand Canal from Chinkiang and the rivers tributary to the canal. Another prominent obstacle has been the opposition of native landowners. Two-thirds of the force at Nanhsuchow were laid off last fall because of lack of material. The cloudburst in the first week of August, 1910 (which caused the destruction of the crops and the resulting famine, now in a most distressing stage), greatly retarded the work, and, as a result, the grade was raised above the level charted by the original survey and several additional culverts have been constructed.

The work of construction is accomplished by small contracts, each contractor being under the direct supervision of the foreign engineer who hires him and pays him the price agreed upon per man. Unskilled labor is availble for grading, but skilled labor is used for construction work, much of this coming from North China. American, British and Japanese firms are supplying the roadbed materials for this section. Ninety thousand pieces of American creosoted bridge ties and timbers and crossing ties were delivered during the last six months of 1910 and seem to be giving satisfaction. All the bridges and crossings are constructed with these American timbers where wood of any kind is used.

Of the rolling stock now on hand, all the hand cars and eight of the engines are of American manufacture.

Ample provision for freight and passenger transfer between the Shanghai-Nanking terminus at Nanking and the terminus across the river are said to be included in the general terminal plan. Berths for three steamers on the Pukow side have already been constructed in addition to two cargo hulks. At present there are no up-to-date hotel accommodations either at Nanking or Pukow, but there are respectable houses near the bend on the Nanking side, where a limited number of transients can be cared for, and which will probably fill the need until the line has a patronage that will warrant the erection of something better.

Immediately inside the gap in the city walls of Pukow through which the railway enters are the workshops, which are thus described in the North China Mail:

"These shops are compactly planned and so designed as to be capable of extension to any desired size. They are thoroughly up to date, possess the most modern machinery, and are capable of turning out any class of work required on a railway. At present the erection of locomotives, wagons and carriages require so much attention that actual manufacture of rolling stock is not being seriously taken up. A start has, however, been made with eight brake vans and four private cars, which are being manufactured complete, including the under frames. Plate layers' trolls, auto-cranes and similar articles required for the construction of the railway are all manufactured in these works, the object being not only to economize in first cost, but to give as much employment to Chinese workmen as possible and to spend money in the country instead of sending it abroad."

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THE "FOUR NATIONS" LOAN.

The conclusion of the currency loan negotiations brings to an end the first skirmish of one of the most stubbornly contested diplomatic struggles of the last decade, with the honors of victory to the American Secretary of State and his lieutenants in the field, Minister Calhoun and Willard D. Straight. The stake at issue has been the integrity of China, menaced by the aggressive policies of Russia and Japan, involving another clash between these two powers in which the neutrality of China would again be violated, and Manchuria subjected to the horrors and ravages of another war for its possession. We pointed out over a year ago that there was no good or legitimate reason why a war between Russia and Japan should be fought on Manchurian soil unless the possession of that territory was the objective prize. Russia has been making strenuous endeavors to strengthen her forces east of Baikal and regain her lost position, compelling Japan in self-defense to adopt aggressive measures in Manchuria to safeguard her hard won fruits of victory. There can be no doubt if events had been allowed to take their course another year would have witnessed a renewal of hostilities between the two powers, with Russia in a more favorable position to win the victory on land. In this event, Japan would be compelled to vacate Manchuria, relinquish Korea and revert to her old position, with Russia threatening the very existence of the Island Empire, and Manchuria irretrievably lost to China.

It was this condition of affairs which influenced Mr. Knox, the American Secretary of State, to propose the neutralization of the Manchurian railways, as the most effective means of preserving the peace of the East and the integrity of China's Three Eastern Provinces. The firm refusal of Russia and Japan to consider a proposal emanating from the highest motives on the part of America served to create the feeling thorughout the world that despite their oft repeated assurances to the contrary both powers had ulterior designs on China's territory.

This doubt became a firm conviction when the same powers, supported by their allies, Great Britain and France, opposed the construction of the Chinchow-Aigun Railway, a line which would have enabled China to defend the neutrality of Manchuria in the event of hostilities between Japan and Russia. China was bulldozed into temporarily relinquishing her undisputed rights to construct railways within her own territory without first consulting the wishes of her neighbors, thus creating a dangerous and iniquitous precedent, boding ill for the progress and peace of the empire, and reasserting in no uncertain manner a reversal to the old sphere of influence policy and the utter collapse of the open door doctrine.

This railway line was to have been financed by America, and constructed under contract by a British firm. The attitude of the British Government, in refusing to support their own nationals on the grounds that the contract conflicted with the Scott-Muravieff sphere of influence agreement of 1898, which had not be abrogated, only intensified the situation, and isolated America at the outset of her reentrance into the world of Far Eastern politics. The situation revealed America standing apparently alone for the maintenance of the open door principle, and its application to Manchuria, incurring the deep resentment of Russia and Japan, who professed to see selfish motives in her attitude.

It is perhaps unfair to Russia and Japan to impugn their good intentions toward China, and concentrate the fierce light of publicity on their policy in Manchuria, and ignore similar conditions in other parts of China where European powers have the same rights and spheres of influence. The only answer to this lies in the fact that the press of other countries refrain from commenting on the shortcomings of their own national policies and magnify the situation in Manchuria to divert attention from their own spheres. Germany in Shantung, France in Yunnan and Great Britain in Hongkong hold the same relative position to China as Russia and Japan do in Manchuria. The efforts of the Chinese to build the Chefoo-Weihsien Railway and develop the port of Chefoo, as an offset to Tsingtau, has, according to Chinese official reports, met with the decided opposition of German interests, though the incident has never been permitted to reach the acute diplomatic stage. China is barred from connecting her central provinces with the sea by a direct railway outlet through Shantung, without strengthening Germany's hold on the province, and she is now seeking to offset this advantage by the construction of the Kaifeng-Haichow line and a deep water port at the latter place. In principle the situation is identical with the one in Manchuria. Deprived of Port Arthur and Dairen, her best harbors in the north, China intends to create a new ice free port at Halutao, and construct the Chinchow-Aigun Railway for strategic and commercial reasons, but Japan and Russia have temporarily blocked these measures to preserve their hold on the territory and insure a profitable return on their railways. The attention of the world is skillfully focused on Manchuria, while the identical situation in Shanghai is never discussed.

In the Pekin Agreement of 1905 China bound herself not to construct railways in Manchuria parallel to or competing with the Japanese South Manchuria line, and when the Fakumen line was proposed Japan insisted on her interpretation of a very indefinite clause to prevent its construction.

But a similar clause exists in the Shanghai-Nanking and Canton-Kowloon Loan Agreements entered into with Great Britain, prohibiting the construction by China of competing lines between these points.

France in Yunnan holds the same relative position. Her Yunnan railway makes Haiphong in Indo-China the port of the Upper Yangtsze region, and she has also opposed the construction of any lines in South China which might weaken her influence over this sphere. Here also China is at present engaged in surveying a line from Yunnan to the sea by the way of the West River valley as an offset to the French line and to divert trade into her own port at Canton or some other outlet at the delta.

As Russian influence predominates in northern Manchuria and Japanese in the south so does Germany exert

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her influence in Shantung and France in Yunnan. While no direct charges of violations of the open door principle in these other spheres have been advanced, the trade is firmly in the hands of the countries holding the advantage, and the German merchants in Shantung and French in Yunnan outnumber those of all other nationalities, the same as the Russians and Japanese do in Manchuria. With the same intense international competition for the control of the Yunnan or Shantung markets as exists in Manchuria, the same conflict of national interests and charges of preferential treatment must inevitably develop.

The principle underlying the opposition of Russia, Japan, France and Great Britain to the construction of the Chinchow-Aigun line if admitted as a precedent meant a complete breakdown of the open door policy, a reversal to the spheres of influence, denial of China's sovereign rights to build lines within her own territory, effectively blocking her progress, with partition as the inevitable sequel. The establishment of the principle gave to Germany the right to block the construction of the Kaifong-Haichow line, to France the proposed Yunnan-Kwangsi project and Great Britain the westward trend of the Yunnan or Szechuan-Tibet roads, while Russia could check any move on the part of the victim to develop or defend Mongolia or Sinkiang by the extension of railways.

Japan had consented to the construction of the Chin-Ai line with certain concessions, but Russia stubbornly rejected every modification of the scheme as threatening her strategical position on the Amur. The principle seemed in a fair way to be established and the work of years of constructive diplomacy set at naught. Knox's statesmanship was ridiculed as having brought no prestige to America, and the American group of financiers, who had patriotically entered the field at the earnest solicitation of the Government, were charged with endangering the peace of the country through desire for private profit by the exploitation of China. There seemed little hope of altering the situation, except through friendly diplomatic negotiations with Russia, with no certainty of overcoming her opposition.

It was at this juncture that the present currency loan was broached, and a preliminary agreement drawn up by the Chinese authorities and the American Minister at Peking, which was duly signed and accepted by the temporary representative of the American group. This agreement stipulated that the loan was to be purely American in character and employed for the reform of the currency and certain industrial developments in Manchuria. The American group in signing this preliminary agreement were fully aware of the difficulty of successfully floating the bonds on the American market, and were prepared to take up the entire issue out of their resources if necessary to support their own Government and preserve the confidence of China.

The fact that a New York City loan of a few millions was difficult to float in the American market has been used by the opponents of the Administration and rivals of the group to indicate their inability to handle this loan successfully. And as usual this story has circulated around the world and nearly every paper in the East enlarged on it without any knowledge of the peculiar conditions surrounding the floating of a 4 per cent. municipal loan in America, when other more profitable railway and industrial issues are on the market. It is self-evident that when a combination of Morgan, Rockefeller and Kuhn, Loeb & Co. affix their name to an agreement of $50,000,000, their immense resources fully enable them to carry it through, even though the entire issue be locked up in their own vaults as their own investment.

The purely American character of the loan isolated still further that country, and, with the application of $15,000,000 to Manchurian industries, placed the sole responsibility of maintaining the neutrality of the province on America, and placing her in direct conflict with the terms of the recent Russo-Japanese Agreement. Followed to its logical end, it meant that America must assume, unaided, the task of preserving the neutrality of China against the alleged designs of Russia and Japan.

There were many good and sufficient reasons why the other powers through their financial groups should be invited to participate in this loan. As they would be the greatest losers by the establishment of a stable currency in China, common equity demanded they be allowed a share in the profits of the loan. But higher political reasons made it almost imperative that the European groups should participate on equal terms, so as to effectively bring about the partial neutralization of Manchuria.

Had the American Government been actuated by the mercenary spirit charged by its critics and William J. Bryan, and if the so-called dollar diplomacy was only a disguise for advancing the special interests of Wall Street, regardless of future national entanglements, the $50,000,000 loan would have remained purely American and the profits kept at home.

The agreement signed in London last October between the four groups to participate equally in all future loans to China, included in its provisions the purely American currency loan for $50,000,000 and also the American-Chinchow-Aigun loan for $30,000,000. And here at the outset the Americans demonstrated to the world that they were faithfully adhering to their traditional policy of equal opportunity in China. For a while it looked as though the Chinese Government would decline to admit the participation of the other groups and would hold to the letter of the preliminary agreement, providing for a purely American loan. This temporary opposition, however, disappeared when the full significance of the move was made apparent to the high Chinese authorities, and the negotiations then settled down to a discussion of minor points for the guarantee and supervision of the loan.

The final agreement stipulates that the revenues on tobacco, spirits, produce and the consumption tax in Manchuria, amounting to 2,500,000 tls., and the salt surtax of all the provinces of China, amounting to 2,500,000 tls., are pledged as security for the loan. And the neutralization scheme of the American Secretary of State, which was rejected by Russia and Japan and ridiculed and condemned by Europe, has been recognized and accepted in a modified form. Instead of America alone assuming the responsibility for the neutrality of Manchuria, Great Britain,

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France and Germany are now equally interested with her in this province, and the sphere of influence tendency has received another setback by the hypothecation of revenue from all the provinces. It is natural that the terms of the loan should call forth sharp criticisms from the jingoistic Japanese press, who profess to see in the hypothecation of the Manchurian revenues a menace to their trade and political expansion in their peculiar sphere of influence. There is, however, little danger of foreign interference in Manchuria while the revenues of the province are sufficient to meet the interest. So long as Manchuria is permitted to peacefully develop its enormous natural resources, its wealth and revenues will increase by leaps and bounds, and the occasion will never arise to justify foreign control of the revenues as a safeguard for the bondholders. The real menace to the prosperity and progress of this rich territory lies in the possibility of a conflict arising out of the ambitions of Russia to retrieve her defeat. If Japan's oft repeated declarations of friendship for China are sincere, and she harbors no designs on China's territory or sovereign rights, the Island Empire has every reason to feel well satisfied with the creation of a situation which effectively ties Russia's hands and creates a buffer state between the Amur and the Yalu. The neutrality of Manchuria, which seemed such an idle dream, is brought within the realms of reality, and with this as an accomplished fact the peace of the East is assured.—*G. B. R., in The Far Eastern Review.*

EXPORTS OF MANUFACTURES AND FARM PRODUCTS DURING THE FISCAL YEAR 1911.

The farmer and the manufacturer shared about equally in the remarkable growth in exports which characterized the fiscal year just ended. The total increase in exports was 304 million dollars, when compared with the immediately preceding year, being a larger gain than ever before shown in a single year of our export trade. Of this gain of 304 million dollars, manufactures as a whole supplied 140 million dollars; cotton about 135 millions; meat and dairy products about 19 millions; corn approximately 10 millions; food animals 1½ millions; flour about 2½ millions, while wheat shows a marked decline.

Cotton is king in the exports of products of agriculture, the value exported during the year being 585 million dollars, by far the largest total ever shown in the cotton export trade, against 450 millions in 1910 and 481 millions in 1907, the former high record year. Meat and dairy products show a total of approximately 150 million dollars, against 131 millions last year, but materially less than in certain earlier years in which the total ranged as high as 202 million dollars in 1907 and 211 millions in 1906. Food animals show a total of 12 million dollars, against a little less than 12 millions last year, but much below the figures of earlier years, when the total figures of food animals exceeded 43 million dollars in the high record year 1906. Flour amounted to approximately 50 million dollars in value, against 47½ million last year, but much less than in certain earlier years, the high record in flour exports in 1893 showing a total of approximately 75½ million dollars.

One peculiar feature of the cotton exports trade is found in the fact that although the value exceeded by more than 100 million dollars that of any earlier year the quantity exported was less than in several years. The quantity of cotton exported in the fiscal year 1911 was about 4,029 million pounds, against 4,448 million pounds in 1909 and 4,518 million pounds in 1907, yet the value in 1911 was 585 million dollars, against 417½ millions in 1909 and 481 millions in 1907.

In manufactures the increase in the group "manufactures ready for consumption" is about 100 million dollars, and in the group "manufactures for further use in manufacturing" the increase is approximately 40 million dollars.

THE REVISED ANGLO-JAPANESE TREATY.

PREAMBLE.

The Government of Japan and the Government of Great Britain, having in view the important changes which have taken place in the situation since the conclusion of the Anglo-Japanese Agreement of the 12th of August, 1905, and believing that a revision of that Agreement responding to such changes would contribute to general stability and repose, have agreed upon the following stipulations to replace the Agreement above mentioned, such stipulations having the same object as the said Agreement, namely:

A.

The consolidation and maintenance of the general peace in the regions of Eastern Asia and of India.

B.

The preservation of the common interests of all Powers in China by insuring the independence and integrity of the Chinese Empire and the principle of equal opportunities for the commerce and industry of all nations in China.

C.

The maintenance of the territorial rights of the High Contracting Parties in the regions of Eastern Asia and of India, and the defense of their special interests in the said regions.

ARTICLE I.

It is agreed that whenever, in the opinion of either Japan or Great Britain, any of the rights and interests referred to in the Preamble of this Agreement are in jeopardy, the two Governments will communicate with one another fully and frankly, and will consider in common the measures which should be taken to safeguard those menaced rights or interests.

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ARTICLE II.

If by reason of unprovoked attack or aggressive action, whenever arising, on the part of any Power or Powers, either High Contracting Party should be involved in war in defense of its territorial rights or special interests mentioned in the Preamble of this Agreement, the other High Contracting Party will at once come to the assistance of its ally, and will conduct the war in common, and make peace in mutual agreement with it.

ARTICLE III.

The High Contracting Parties agree that neither of them will, without consulting the other, enter into separate arrangements with another Power to the prejudice of the objects described in the Preamble of this Agreement.

ARTICLE IV.

Should either High Contracting Party conclude a treaty of general arbitration with a third Power, it is agreed that nothing in this Agreement shall entail upon such Contracting Party an obligation to go to war with the Power with whom such treaty of arbitration is in force.

ARTICLE V.

The conditions under which armed assistance shall be afforded by either Power to the other in the circumstances mentioned in the present Agreement, and the means by which such assistance is to be made available, will be arranged by the Naval and Military authorities of the High Contracting Parties, who will from time to time consult one another fully and freely upon all questions of mutual interest.

ARTICLE VI.

The present Agreement shall come into effect immediately after the date of its signature, and remain in force for ten years from that date.

In case neither of the High Contracting Parties should have notified twelve months before the expiration of the said ten years the intention of termination, it shall remain binding until the expiration of one year from the day on which either of the High Contracting Parties shall have denounced it. But if, when the date fixed for its expiration arrives, either ally is actually engaged in war, the alliance shall, ipso facto, continue until peace is concluded.

FORESTS IN KOREA.

The total area of the forests in Chosen is 15,800,000 cho, which is 72 per cent. of the whole area of the peninsula. This is quite unparalleled in the world. In European countries forests occupy but 20 per cent. of their total areas, those in the United States 25 per cent., and even in Canada, which is very rich in forests, only 35 per cent. of the total area is covered with trees. But the greater area of the so-called forests in Chosen has no trees. As a matter of fact, lands which can properly be called forests are about 5,000,000 cho in aggregate area, these being covered with trees more or less. The rest of the forest lands is entirely treeless. The forest lands are mostly owned by the State. The total area of these State-owned forest lands is 14,000,000 cho. In Japan proper these do not exceed four and a half million cho. This comparison would lead people to a supposition that Chosen is richer in forests than Japan proper. But the fact is that forest lands in Chosen, though called by that name, are, as already said, mostly treeless, so that in spite of the great area of forest lands the country possesess it is a very poor country in respect to the quantity of trees growing on them. Now a very serious thing is that those 5,000,000 cho of forests above referred to, which have trees on them more or less, will be made entirely barren in the course of some years, if the present pace of denudation of forests be not arrested. In point of fact, Korean forests have been despoiled of trees at the rate of 170,000 a year in recent days.

The Korean forests were once exceedingly rich and that some good system of forest administration was in vogue admits of no doubt. It is recorded in Korean history that for about 420 years all the forests in this peninsula, which were entirely owned by the Government, were classified into two groups of "forbidden mountains" and "public mountains." The felling by people of trees in the former was strictly prohibited, but people were allowed to exploit the latter, they being required in return to supply the Government with wood needed for the construction of public offices. Afforestation work was paid attention to and all was well with Korean forests. Their denudation owed its origin to the disastrous Japanese invasion of the peninsula about three centuries ago. Many valuable forests were destroyed by fire and cities and towns being laid waste great quantities of wood were taken from forests to rebuild them after the war. A large number of people fled into the mountains and by clearing forests by means of fire opened plantations in order to raise cereals and vegetables from them. Then again, owing to the looseness of the Government, the so-called "forbidden mountains" were invaded and freely despoiled of trees by the people. All these and other minor causes following the war greatly ruined the Korean forests. About 160 years ago some attempt was made by the Government to save them from complete ruin, but it ended without achieving any success. Japan has today the task of remedying the great evil wrought by her people three centuries ago.

Happily, Viscount Terauchi, the Governor General, is a great believer in the good of afforestation work and is doing everything possible for making Korean mountains green. Some measure which will induce people to plant trees on barren mountains with alacrity and willingness will shortly be taken. The State-owned forest lands in Chosen, as already said, are about 14,000,000 cho in extent, which is about the size of the forests in Germany. It is estimated that the German forests are now worth six thousand million yen and yield a yearly profit of at least two hundred million yen. There is no reason why the Korean forests cannot be made as good as the German forests.

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RUSSIAN FAR EASTERN POLICY AS INTERPRETED BY COUNT SERGIUS WITTE.

There has been published in the New York *Times* a translation of an article written by the former Premier of Russia, Count Sergius Witte, in reply to General Kuropatkin's four volume account of the Russo-Japanese War. Its opening paragraphs are as follows:

"The former Minister of War and Commander-in-Chief of all our armed forces against Japan, General Kuropatkin, published in 1906, upon his return from Manchuria, an account of the war in four volumes. The first volume was devoted to a description of the battle of Lio-Yan; the second to the battle on the Shakhe River; the third to the battle of Mukden; the fourth volume was taken up with a summary of the war.

"This publication is regarded in Russia as very confidential, but since its appearance there have been published from time to time in the periodical press outside of Russia extracts from this work, in the form of chapters from these books, and recently the fourth volume was brought out abroad almost without any changes. From the foreign press these extracts have found their way into the Russian press, and thus a large portion of General Kuropatkin's conclusions have become public property.

"His work was submitted to me, with his Majesty's permission, by the former director of the general staff of the army, General Palitzin, and though even the first slight acquaintance with it convinced me that General Kuropatkin ascribed to me views and deeds which do not correspond to my views and acts, I did not consider it necessary to come out with any explanations in view of the confidential character of the publication. But now that this work has, in part, received a more or less wide publicity, and may, owing to the high authority which the author of this work enjoyed before the war, serve as a source for all sorts of erroneous conclusions and suppositions, I consider it necessary to analyze it.

"The first three volumes of General Kuropatkin's account, and the greater portion of the fourth volume, are devoted to a description of the preparations of our forces on land, and particularly to their activities during the war. These portions of the account, because of their special character, I have no right to touch.

"But in some of the chapters of the fourth volume the author takes up general questions, dwelling in detail on appropriations for the war in Russia, and also on our policies in the Far East before the war; expressing his views concerning these questions, frequently contrasting them with my attitude as Minister of Finance.

"I confine myself to these portions of his account, but even here I prefer not to analyze General Kuropatkin's personal views and opinions and estimates concerning the described events. These views and estimates, I find, for the most part, erroneous and marked by one-sidedness and even prejudice, but a controversy with the purely subjective views of the author appears to me at present quite useless.

"But it is altogether different with the facts with which the general deals, and which are of great interest to future historians. In this domain there should be no difference of opinion, just as there is no room for argument as to how facts should be treated by the author who desired, according to his own words, to give material to the historians for the purpose of clearing up the causes of our military defeats. Here, unfortunately, we are confronted almost at every step by inaccuracies as well as by the suppression of facts, and I consider it all the more my duty to establish this because the documents by which General Kuropatkin's conclusions could be checked up are as yet accessible to but very few people. I need not explain the causes of the methods of General Kuropatkin's work.

"It is, of course, inconceivable to correct all the inaccuracies admitted into the work under such conditions; such a thing would require the rewriting of the whole history of our relations with China and Japan since the time of the China-Japanese war. Therefore, only the most important errors are cleared up, and a series of instances is presented to show how far the general's account differed from the truth. Together with official statistical reports I give in this article, to make it more convincing, extracts from documents for the most part bearing the signature of General Kuropatkin himself, so that the reader may judge for himself."

After dealing with a number of controverted topics relating to the preparations for and conduct of the war, Count Witte proceeds:

"Toward the end of 1902 alarming symptoms of a break with Japan appeared. General Kuropatkin does not say in his work what these symptoms were, but he decided that it was essential to secure, in one form or another, the right of control in northern Manchuria. This view conflicted with the views of Admiral Alexeyev and Secretary of State Bezobrazov, who held that it was necessary to occupy southern Manchuria, which General Kuropatkin regarded as dangerous.

"But during the summer of 1903 a compromise was decided upon. It was found that the annexation of Manchuria was undesirable, and General Kuropatkin returned from the Far East hoping that Admiral Alexeyev would be able to maintain peaceful relations there.

"But the situation commenced to grow darker, and General Kuropatkin proposed on November 23 a decisive measure for the purpose of averting the war with Japan: to return the Kvantun Province to China and to sell the southern part of the Chinese Eastern Railway, getting in return for it special rights in northern Manchuria.

"This advice General Kuropatkin considers as specially important.

"But the reports and other documents present quite another picture of General Kuropatkin's attitude toward the Manchurian question.

"Before the Boxer uprising, on March 14, 1900, General Kuropatkin wrote in his report to the Czar:

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"'The influx of Chinese population in the Amur region would no doubt raise the culture of that part of the country and would turn the desert places into blooming settlements. But in this way the unoccupied land would be settled by a non-Russian element; yet we must guard every acre of land in Siberia for the Russians, because in the course of the twentieth century Siberia must inevitably become a land of an enormous population.

"'We must remember that in the year 2000 the population of Russia will reach almost 400,000,000. It is necessary to commence now to prepare land for at least one-fourth of this number.

"'While we do not desire the annexation of Manchuria, we must exert all our efforts to dominate this province economically.'

"In the summer of 1900 the Boxer disturbances broke out and Manchuria was occupied by our troops, while we announced openly that Russia had no aggressive designs upon that country.

"When toward the end of that year the question arose as to the conditions upon which we were to return Manchuria to China General Kuropatkin, in a letter to the Minister of Foreign Affairs, declared on December 3 that it was essential for us to retain a part of our troops at certain points in Manchuria. His motives were as follows:

"'From a military point of view it is of special significance for Russia not to hasten to withdraw the troops from Manchuria.

"'Russia's main problems in Manchuria are: (1) the completion of the railways we are building in Manchuria, and (2) the maintenance of a force to guard these lines after the completion of the railways, which would guarantee Russia's connection with Manchuria on one side as far as Vladivostok, and on the other as far as Port Arthur.

"'I consider it my duty to express my conviction that the defensive guards, even if reinforced, could not cope with these problems without the aid of our troops stationed in Manchuria.

"'In October we had already within the boundaries of China more than sixty battalions of infantry, with a corresponding number of other troops.

"'At the present time twenty-eight battalions are stationed in Manchuria, and six battalions in the Pechilian Province; that is, a force of thirty-four battalions within the boundaries of China. If we take into consideration the demobilization of the armies we may say that our forces there were decreased by one-half during the months of October and November.

"'Toward the summer of next year, if circumstances will permit it, it might be desirable to withdraw more of our troops, but until our railroad is completed we shall hardly be able to get along in Manchuria with less than twenty battalions. Upon the completion of the railroad I suppose it would be possible to limit ourselves to a force of eight battalions in the northern provinces, in Harbin, Girin and Tsitsikar, and four battalions in the Province of Mukden, leaving the railway line to the protection of the military guards.

"'Even under the most favorable circumstances our interests will not be secure if we do not retain the right to have in Manchuria, for an indefinite period, at least eight battalions in addition to the regular force of guards. This would constitute but one-sixth of the forces which we had sent to China.

"'If for certain reasons Russia is compelled to withdraw all her troops from Manchuria, then I, as the representative of the War Department, cannot help expressing my opinion that the sacrifices made now by Russia in Manchuria are unproductive, for in the event of new complications in the Far East Russia's connection with Vladivostok and Port Arthur will remain insecure.

"'I take the liberty of expressing these opinions, for during the coming negotiations with China I, though opposed to the annexation of Manchuria by Russia, nevertheless attach the first importance of all our political economic interests there to the question of our retaining the right to keep our troops in Manchuria.'

"The Minister of War, General Kuropatkin, insisted upon these views also in his letter of January, 1901, in which he enumerated a series of other conditions. The following are the most importane of them:

"'1. China should abandon her right to have her troops, arsenals and armories in Manchuria.

"'2. The Chinese administration in Manchuria should consist only of administrative and judiciary power.

"'3. The number of police guards should be regulated with the consent of the Russian authorities.

"'4. The Chinese railroads should be transferred to our jurisdiction.

"'5. The foreigners in Manchuria should be subject to our surveillance.'

"General Kuropatkin's plan to leave in Manchuria the Russian regular troops, as well as some of the conditions enumerated, met the energetic opposition of the Minister of Foreign Affairs and of the Minister of Finance, and the Minister of War was compelled to yield. Nevertheless, even the modified project of the agreement was not acceptable to the Chinese envoys, and notwithstanding the considerable concessions we made, the agreement with China was not concluded, for Japan, England and the United States interfered in this matter. Then these negotiations were interrupted by us, and a statement to that effect was issued by us in March, 1901.

"In view of the disappearance of the uncertainty of our position the Minister of Foreign Affairs expressed himself in July, 1901, that it was absolutely necessary to settle the question definitely and irrevocably whether it was desirable for the Imperial interests of Russia to hold Manchuria, which had been occupied by our troops, or whether only one of the provinces should be retained.

"In reply to this General Kuropatkin, as Minister of War, in a long letter, dated July 30, 1901, suggested more radical measures than before:

"'Russia should annex in one form or another the northern part of Manchuria, so that the magistral line of the railroad to Vladivostok shall remain secure in our hands,' he wrote.

"His motives were as follows:

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"'The events of the last few years,' wrote General Kuropatkin, 'have sharply changed the position of Russia in the Far East.

"'By way of enormous sacrifices we are at the present time actually occupying all Manchuria and have firmly fortified ourselves in the southern part of Kvantun in the ports of Talienvan and Port Arthur.

"'The secret hopes of many Russian statesmen to come out in the Far East to the always open sea have been realized. In three years Russia has moved from Vladivostok to the southwest about a thousand versts and has occupied such a position in Port Arthur and in Shanghai-Guan that she can bring a swift and strong pressure against Peking.

"'The enormous space of three provinces in Manchuria now occupied by us exclusively.'

"The Minister of War did not consider it possible either to annex Manchuria completely or to leave it altogether. Expressing his opinion of the pre-eminent significance to us of the northern part of Manchuria and not denying some of the inconveniences that may come as a result of the annexation of even that part of Manchuria, the Minister of War wrote:

"'One glance at the map is sufficient to convince that the magistral line of the railroad between the Baikal region and Vladivostok constitutes the only natural way of readjusting the boundaries of the Russian Empire. * * *

"'By occupying only the northern part of Manchuria we will give to our troops a more concentrated position.

"'Thus the new boundary will have, in a military sense, more advantages over the existing boundary.

"'By occupying only the northern part of Manchuria we secure a definite front in the southwest only against China.

"'By occupying in addition to that also the Mukden Province we would secure a rather complicated front against China and Korea.

"'The complete annexation of this portion of Manchuria by Russia presents considerable disadvantages. Therefore such annexation is untimely at present. But it would be most advatageous to Russia to transform the northern part of Manchuria into an independent province, conditionally dependent upon China, but guided by and subjected to Russian influences, along the same lines as the Province of Bukhara, for instance. Just as Bukhara, intersected by a Russian railroad, without any armed struggle, in 1868, became politically and even economically one of the Russian provinces, so the northern part of Manchuria, intersected by the magistral line 1,200 versts long, must sooner or later experience the same fate as Bukhara.

"'Such a solution of the question would at present meet with considerable difficulties; therefore it is necessary during the first few years to confine ourselves to our firm decision: to return to China the Province of Mukden and the southern part of the Province of Kirin, but to maintain for an indefinite period in the northern part of Manchuria the existing order of things, in accordance with the regulations of our supervision in Manchuria as sanctioned by his Imperial Majesty.

"'In the course of the next few years, dependent upon the activities of China and other Powers, our further measures toward annexing the northern part of Manchuria will be determined. Perhaps it will be more advantageous to take a lease from China on these provinces upon the same terms, for instance, as we have leased the territory of the Kwantung Province.

"'By this solution of the Manchurian question we shall secure a firm hold of the railroad to Vladivostok and thereby establish a strong connection between Russia and the Amur region.'

"The plans of the Minister of War found no support on the part of the Minister of Finance and Minister of Foreign Affairs. In view of the failure of the former project the Minister of Foreign Affairs changed these plans completely, eliminating everything that might evoke strong opposition from China and other foreign Powers and including in the project a promise to withdraw all the Russion troops from Manchuria by 1903.

"This project was strongly opposed by General Kuropatkin, who stated in a letter, dated August 12, that he must insist upon his views expressed before, and added that he was unconditionally opposed to the promise to withdraw the Russian army from Manchuria by 1903 for the following reasons:

"'Such a promise I consider as entirely inconsistent with our interests and dangerous, for in 1903 we cannot hope to complete our work on the Manchurian railroads to such an extent that we could commence a regular exploitation of the entire line of 2,200 versts.

"'But even if such exploitation of the railroad commenced, and the force of the guards even reached the number of 25,000 men, the connection between Russia and the Amur region could not be regarded as sufficiently secure, unless the magistral line to Vladivostok were occupied by a portion of our regular troops.

"'Only by having our base in Harbin our troops in Siberia could hope to give timely assistance to our troops of the Kwantung Province in the event they are attacked by Japan. If Japan alone, or together with other Powers, should attack our troops in the southern Ussurian region, aid from our reserve troops in the Baikal and Siberian districts could be guaranteed only in case the magistral line to Vladivostok is firmly occupied by our troops and the places along the line are under the surveillance of the Russian Government.

"'We do not declare war on Japan, but we may be compelled to go to war by the acts of Japan.

"'Japan's interference in our negotiations hindered us from making a separate treaty with China. The treaty was not advantageous to us, and we should be glad that nothing came of it, but, nevertheless, a blow was dealt our self-respect. I see no reasons why we should try to enter into another separate agreement with China. Who can guarantee that we will not meet Japan in our way again, and perhaps even some of the other Powers, too?

"'It would seem that we ought to profit by the failure which resulted from our effort to secure a separate agreement with China and that we ought, as long as possible, to maintain our freedom of action.

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"'Last year we promised officially to return Manchuria to China if the acts of the other Powers will not hinder it.

"'The course of action pursued by Japan at present should constitute for us a natural and legal hindrance in our returning all of Manchuria to China. As long as there exists the danger that Japan may start an armed struggle against us we are obliged, in safeguarding the sacred interests of the 130,000,000 Russian population, to maintain in Manchuria position which would secure for us the connection between the Amur region and Russia and which would make easier for us to aid our troops in the Kwantung Province.

"'The blood shed by 2,000 officers and soldiers and the expenditure of 100,000,000 rubles belonging to the Russian people not only give us the right, but make it our duty not to surrender this position.'

"But the project of the Minister of War was not accepted, and on March 26, 1902, an agreement was made with China by which Russia was obliged to restore in Manchuria the sovereignty of the Chinese Empire and to withdraw all Russian troops. The Chinese Empire, on the other hand, among other obligations, promised to inform the Russian military authorities of any increase or decrease of their troops in Manchuria.

"Although in his book General Kuropatkin now says that that agreement proved a great relief to the War Department, he was apparently dissatisfied at the time. In July, 1902, upon declarations made by the Governor General of the Amur region, General Kuropatkin again raised the question about limiting the number of Chinese troops in Manchuria and about retaining in three provinces the Russian military commissioners who had been appointed at the time of the occupation. Then arose the questions of limiting Chinese colonization in northern Manchuria and of settling Russians along the railroad line.

"The latter questions were the subject of discussions at a special conference in Yalta on October 27, 1902. The report of that special conference reads, in part, as follows:

"'The conference unanimously declared that, beyond doubt, Manchuria must in the future either be annexed to Russia or it must be entirely independent of it.

"'But, according to the opinion of the Minister of Finance, it is necessary to allow this process its historical course without hurrying or forcing the natural trend of events. Every form of force directed against the historical course of affairs must inevitably provoke complications which will lead to enormous hardships for Russia. It is necessary to give an opportunity to balance the state of affairs in the Far East after the three great acquisitions made by Russia within a very brief period—acquisitions which have taxed the Russian forces to the utmost.

"'The Minister of War expressed the opinion that the longer Russia would delay the solution of the Manchurian question, in accordance with Russian interests, the more difficult it would be to solve the problem; that we must above all check the Chinese from settling in Manchuria.'

"In January, 1903, the Minister of War expressed himself, categorically, that it was essential to repudiate our obligation to withdraw our troops from Manchuria. At a special conference on January 25, at which the course of our policy in the Far East, and particularly in Manchuria, was discussed, General Kuropatkin declared that he, 'as Minister of War, obliged to safeguard the interests of Russia, could not look upon Manchuria otherwise than upon a country a certain part of which must in time belong to Russia. From this point of view the magistral railway line from the Siberian boundary to Vladivostok is of the utmost importance to us, as it is the only link between Russia and the coast of the Pacific Ocean, and the possession of this is essential to Russia. * * *'

"The Minister of War thus commenced once more to state his views about the need of a decisive policy with regard to Manchuria, and though his views found no support on the part of the Minister of Foreign Affairs and Minister of Finance, he complicated the situation because General Kuropatkin's intentions were exactly like those of Secretary of State Bezobrazov and Admiral Alexeyev, who believed with Kuropatkin that the agreement with China must not be fulfilled.

"It is true, General Kuropatkin now insists, that his views differed from those of Bezobrazov and Alexeyev concerning the Manchurian question and that their views and acts served as the main cause of the break with Japan. But in reality the difference of opinion concerning the Manchurian question among the above mentioned persons consisted in the fact that General Kuropatkin desired that we retain the northern part of Manchuria under our control, while Alexeyev and Bezobrazov wanted the same control also for the southern part of Manchuria.

"When the so-called 'guarantees' were elaborated General Kuropatkin was perhaps somewhat more moderate in his demands than his direct opponents, but General Kuropatkin signed, together with them, in Port Arthur, the decision that the agreement with China must not be fulfilled.

"Finally, in a report submitted to the Czar on November 23, 1903, General Kuropatkin, referring to the fact that a war might break out at any moment on account of the uncertainty of the situation, nevertheless stated:

"'Since our frontier guards number 25,000 men, and since we have decided to station in Manchuria a corps of troops, it is, of course, out of the question now to speak seriously about our withdrawing all our forces from Manchuria. We can only clear a small number of points occupied by us in Manchuria outside the roadbed of the railway, but along the railroad we shall have about 50,000 troops in Manchuria.

"'Having expended many hundreds of millions of Russian money and compelled to occupy Manchuria by such a terrible power, we thereby settle for the future the fate of Manchuria: it must inevitably be annexed by Russia. It is only a question of when we should do it—at the present time, or should we wait for more favorable circumstances—for instance, a new uprising and another destruction of the railroad. * * * As we cannot stop the Chinese from settling in the northern part of Manchuria as long as the power remains in the hands of China there is but one decisive way left open, and that is the immediate annexation of northern Manchuria by Russia.'

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"Thus the text of the reports signed by General Kuropatkin, as Minister of War, establishes the fact that the accusations made against him were well founded.

* * * * * * * * * *

"In 1903 Count Witte, upon his return from the Far East, reported as follows:

"'In my opinion an armed struggle with Japan in the near future would prove to us a terrible disaster. Starting a war with a comparatively powerful opponent it would be essential for Russia to prepare herself better strategically.'

"Count Witte foresaw the conflict between Japan and Russia over the Korean and Manchurian questions and insisted upon delaying this conflict as far as possible, creating for that purpose a temporary compromise if necessary.

"During the war with Japan, on June 17, 1905, Count Witte wrote the following characteristic letter:

"'I would not at all be inclined to impart to you my views concerning the war if I did not fear that my silence might give you occasion to believe that I agree with the views which you have expressed.

"'To begin with, I would not have dared to say of our army, as you do, that it is beaten, and that it should not return from the battlefield beaten. Our army was not beaten and the whole world knows it. Our orders, our system, were beaten, and the whole world knows that, too. To think that we could re-establish the reputation of our orders and our system by destroying and maiming a hundred thousand more Russians in the fields of Manchuria is, in my humble opinion, brutal.

"'You speak of the battle of Tsushima. I could prove to you, if necessary, that I was always convinced that it would end exactly as it did, and not otherwise. And yet but several days before the battle it was stated that Togo was overpowered and that all Japan was panic stricken.

"'How do you know that I want peace at any cost? I have never said anything about this to you or to anyone else. I was of the opinion that it was necessary to accept the conditions offered by Japan in July, 1903. (Kuroki, by the way, submitted these terms to me personally.) Those conditions were acceptable in every way. They would have averted the war.

"'I was of the opinion that it was necessary to conclude peace before the surrender of Port Arthur—then the conditions, compared with those offered in 1903, were somewhat harder.

"'I was of the opinion that it was necessary to conclude peace before the battle of Mukden—then the conditions would have been still worse than those offered in 1903.

"'I was of the opinion that peace should have been concluded as soon as Rozhdestvensky appeared in the Sea of China—then the conditions would have been almost the same as those after the battle of Mukden.

"'Finally, I am now of the opinion that it is necessary to make an attempt to conclude peace before the new battle between the Japanese and Linevitch's army.

"'But why, "at any cost?" Of course the conditions would have been painful; but of one thing I am certain—after the battle against Linevitch's army they will be still more painful. After the capture of Harbin they will be even more painful, and after the capture of Sakhalin and Vladivostok still more painful.

"'If I wanted to force my views and feelings upon you (as you did it on me) I would be justified in saying: "You believe in deus ex machina of Roman tragedies or you are not courageous enough to look reality straight in the face." But affairs of state are not solved in this manner.

"'You write me: "The Ukraine, the foreigners, the Jews, in a word, all those who are not real Russians, who possess none of the consciousness and feeling of belonging to the imperial body of Russia—want peace at any cost."

"'Do you know that such arguments should not be used? First of all, they have grown trite, for they are daily repeated by the Gringmuts and people of that class, and secondly, how do you know what the ordinary Russians think—not the "real Russian people"—those Russians who, unlike us, sit here in safety and in comfort, the ordinary Russians who are shedding their blood, who are losing their nearest kin, who are starving, and who are ruined by this terrible war.

"'One can prove just as convincingly exactly the reverse of your position—that only those who are usually considered to be the ill-wishers of Russia, the Jews, the foreigners, the anarchists and all sorts of people with evil intentions, have forced Russia upon this unfortunate war with Japan in order to lead her to her downfall, and that they desire the continuation of the war at any cost, foreseeing that every day of war would bring new defeats and disgrace to Russia. * * * Such arguments cannot be used.'"

AFFAIRS IN MANCHURIA.

Consul Roger S. Greene, of Harbin, has sent the translation of an article found in a Russian newspaper published at Harbin, reviewing the progres of events in Manchuria during 1910. Portions of the article dealing with the Manchurian grain trade are of particular interest.

During 1911 the customs exemption allowed by Russia by which goods of Chinese origin are admitted duty free into a 50-verst zone in the Amur territory comes to an end. It is understood that the Russian authorities will take advantage of this to impose high import duties on all Manchurian breadstuffs, in order to replace them with Western Siberian grain until such a time as agriculture in the Amur territory shall, through increased colonization, develop sufficiently to insure a supply of local grain to meet the requirements of the population and the troops in the Amur Province. The prospect of such a change is causing considerable alarm to the flour millers and grain dealers, since the export of flour, wheat and other grain products forms an important part of the Northern Manchurian trade, and it would be difficult for them to find a substitute for the market they now enjoy in the Amur territory.

Up to the present no large demand in transoceanic countries has been found for any other North Manchurian product than the yellow oil bean. It is also feared that the grain trade will be seriously affected by the plague, which is now prevalent about Harbin. In spite of these unfavorable circumstances, however, the grain trade has continued to develop on account of a continued increase in the quantity placed on the market, which in its turn is due to the increased acreage placed under cultivation both by the old and new settlers in Manchuria.

Another favorable circumstance attending the grain trade is that the Chinese Eastern Railway has considerably lowered the freight rates on a number of bulk commodities, among them flour. This reduction has been made with a view to giving the product an outlet into new markets, the need for which is being more and more felt by the milling industry. The reductions are also incident to an

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arrangement which has been completed between the Chinese Eastern Railway and the South Manchurian Railway with a view to harmonizing the commercial activity of the two roads by means of changes in the rates on the principal articles of through freight. The successful economic development of the country which the Chinese Eastern Railway serves has assured that line a continually increasing volume of freight, and this has already had a favorable effect on its financial position. The railway has now begun to cover its operating expenses with its receipts from freight and passenger traffic and other sources of income.

Foreign trade in Harbin expanded during 1910. The number of firms in business increased, principally among the Germans and the Japanese, who opened their own warehouses and stores in the city. The number of foreign exporters also increased, although ill success in the 1909-10 campaign deterred some of them from returning at the beginning of the succeeding season. The credit facilities of Harbin were considerably extended during 1910. The Second Mutual Credit Association began operations, the First Association extended its business, the Russo-Chinese Bank (reorganized in 1910 on its union with the Northern Bank as the Russo-Asiatic Bank) extended its trade credits and the Chinese Bank at Tsitsihar opened a branch in Harbin.

The shipping season of 1910 on the Sungari River was marked by an unprecedented activity. During the season the first trial was made of the Sungari and Amur waterway as a route for the exportation of Manchurian products by way of Nikolaiefsk-on-the-Amur. The experiment was a success, although this success was due, some say, to the fortuitous circumstance of railway construction along the Amur.

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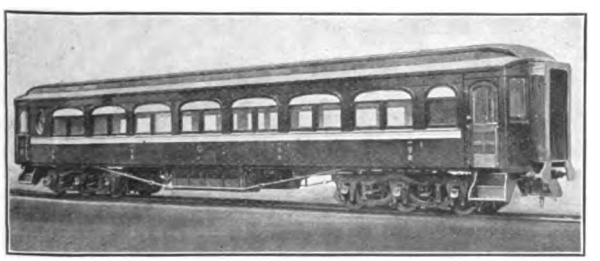

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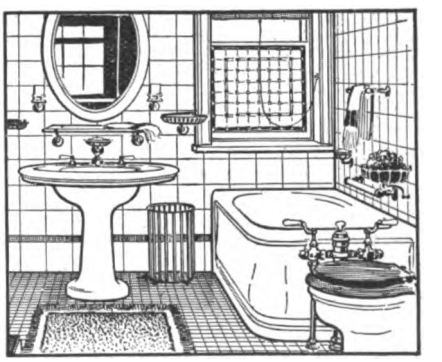

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CONTENTS.

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JOHN FOORD, PUBLISHER,
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OUR readers will hardly fail to remark that more than half the space of this month's issue of the JOURNAL is given over to contributions from Mr. George E. Anderson, Consul General of the United States at Hongkong. Mr. Anderson, who is evidently a man of exceptional industry, as well as exceptional ability, has contributed to the special consular reports issued under the very efficient editorship of Mr. A. H. Baldwin, the head of the Bureau of Manufactures of the Department of Commerce and Labor, two carefully studied monographs on Cotton Goods Trade in China and the Railway Situation in China. He also made a highly comprehensive and interesting report on the commerce of Hongkong. The latter we have republished substantially in full; the second half of the report on the cotton goods trade—that relating to domestic production—we have withheld for future publication, and have given only the introduction to the report on the railway situation. The demonstrated ability of one resident consul to make within six months more valuable contributions to the elucidation of the conditions which govern the expansion of foreign trade and enterprise in China than have been made by all the special commissioners who have investigated the subject under instructions from Congress, the Department of Commerce and Labor or the Department of State, furnishes a new proof of how valuable is the aid which an efficiently manned consular service may render to the promotion of American commerce.

No more important subject can engage the attention of members of this association than that of giving fixity and continuity to the consular service of the United States. A long step was taken in this direction by the law of April 5, 1906, which provides for the classification and grading of consular officers; the appointment of consular inspectors designated and commissioned as consuls general at large, and the substitution of salaries for fees. But it does not embody all that is provided for the government of the service by Executve order, still less does it include all that is needed for the complete protection of American consuls and for the increase of the efficiency of the service. An Executive order of one President is obviously subject to revocation by another, and until the protection of the service against partisan political pressure can be given the force of a statute, there is no reasonable guarantee for its permanence. In the so-called Cullom-Sterling bill, introduced at the first session of the Sixty-first Congress, in April, 1909, an effort was made to supply this need. The bill provided for the filling of vacancies in the higher ranks

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of the service by promotion from the lower grades, and for entrance into the service by appointment of candidates after a prescribed examination; for the rules of examination of applicants and the scope and method of such examination; for the complete Americanization of the service; for the appointment of consuls and consuls general to grades instead of to places, the designation of the place being left to the President.

ALTHOUGH these provisions were mainly in line with the actual practice of the Department of State, the bill never emerged from the Senate Committee on Foreign Relations, to which it had been referred. President Taft took up the cudgels for the elevation of the consular service by urging in his message to the Sixty-first Congress, at the beginning of the second session, that the principles of the existing Executive order be embodied in a statute. No progress having been made at that session, the President returned to the charge, and in his message at the opening of the third session of the Sixty-first Congress, on December 6, 1910, he advanced the indisputable argument that the partial application of civil service reform principles having already worked a notable improvement in the foreign service of the United States, there was no good reason why those principles should not be fully applied and the system governing the service placed under the protection of law. It is hardly doubtful that a similar recommendation will be made by the President next December, and it is obviously necessary that commercial organizations throughout the country should make a united effort to demand from the representatives of the people in Congress due recognition of the necessity of placing the consular service of the country on a permanent basis of proved efficiency.

ANOTHER question which will specially engage the attention of this association on the reassembling of Congress is the provision of suitable buildings for the accommodation of the Consulate Court and Post Office of the United States in Shanghai. In regard to this urgent necessity, President Taft put himself on record, while still Secretary of War, on his visit to Shanghai in 1907. He declared that there was needed a great Government building, to be built by the expenditure of a very large sum of money, so that our court and consulate should be housed in a dignified manner. He added that our Government should give this substantial evidence of its appreciation of the importance of its business and political relations to the great Chinese Empire. In the Orient, more than anywhere else in the world, the effect upon the eye is important, and it must be very difficult for Chinese to suppose that the Government of the United States attributes proper importance to its trade with China when it houses its consulate and its judges in such miserably poor and insufficient quarters as they occupy. All over the United States Congress has provided most magnificent court rooms for the administration of Federal justice, and Secretary Taft asked: "Will it, now that it has created a court whose jurisdiction is coextensive with the Chinese Empire, be less generous in the erection of a building which shall typify its estimate of the importance of its relation to Chinese trade and the Chinese people?" It is to be hoped that, as President of the United States, Mr. Taft is not less conscious of the duty of our Government to provide a suitable building in Shanghai and to wipe out the reproach which Americans there have expressed in the following terms: "While other Powers in general provide sufficient offices in suitable buildings for efficient working, well furnished residences for their consuls general and residential quarters for their assistants, in marked contrast the American Government occupies rented premises of a low class, obscurely located on a back street, and, on a renewal of the lease, is subject to the risk of expulsion or the exaction of an exorbitant rental. It is not too much to say that the position of the United States in Shanghai, in respect of its official equipment, is the fair subject of criticism by Chinese and foreigners alike and the occasion of humiliation to patriotic Americans."

WHILE the exports of American cotton cloths to China for the fiscal year ending with last June has been somewhat less in value than that of the year preceding, our whole export trade with the Chinese Empire shows an increase of about $3,000,000 over 1910, while the imports have increased by over $5,500,000. Of the total exports, $13,000,000 are accounted for by cotton cloths, mineral oils and wheat flour, the remaining $7,000,000 being in miscellaneous articles which, under no single classification, reached the amount of $1,000,000. Of the imports from China, $13,500,000 are accounted for by tea and silk, and with the addition of $3,000,000 each in goat skins and carpet wools, two-thirds of the whole amount of $34,000,000 are easily covered. The increase in our export trade with Japan, which was obvious at the close of the last calendar year, is still more apparent in the returns for the fiscal year. Its advance from $22,000,000 to $37,000,000 is only partially accounted for by a gain of $5,000,000 in our exports of raw cotton, although there is no other single item in which the increase is so well marked, with the possible exception of passenger and freight cars, whose value has advanced from $77,758 in 1910 to $403,790 in 1911. The imports from Japan have increased from $66,000,000 to $78,000,000, of which silk accounts for $47,000,000, and tea for $9,000,000. From one cause or another, our total exports to Asiatic countries in the last fiscal year show an increase of $25,000,000, while our imports have increased by $20,000,000.

IT will be observed that Consul General Anderson estimates the consumption of cotton cloth in China at a value of $1,000,000,000 per annum, or ten times the present imports. China's cotton mills and foreign imports together furnish only about $131,000,000. Even reducing estimates of consumption by a third and of population by a fourth, say, 300,000,000 people at $1.75 per head, it seems to Mr. Anderson to be beyond question that China is now furnishing four-fifths of its annual cotton requirements, independent of modern manufacture either within or without the country. This is a conclusion not essentially different from that reached by the shrewd Lancashire cotton spinners who constituted the Blackburn Commission, which visited China some fifteen years ago. Mr. Anderson also notes that American cloths, marks and brands have been and are now being frankly imitated by Japanese mills, the competition of which is cutting into American trade more than that of any other country, because the Japanese mills are producing goods that in style and appearance are more like the American than the goods of other nations. He accordingly cites the opinion of cotton experts to the effect that a continuance of present conditions will shut American cottons out of markets they have been enjoying for many years, unless there is a complete revolution in American prices—a revolution so complete as to change the whole course of the cotton trade the world over. From such a source the opinion is at least worth considering, that there is really no question that the situation of the American cotton trade in China and the Far East is extremely critical, and that unless there is a complete and immediate change in American mill and sales methods and an awakening to the needs of the moment much American trade in the East will be irretrievably lost.

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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, 1910 and 1911.

EXPORTS TO CHINA.

Months.	Cotton Cloths. Yards.		Mineral Oils (illuminating). Gallons.		Wheat Flour. Barrels.	
1909.						
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
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
November	1,018,400	90,740	5,048,550	298,529	3,691	14,533
December	3,294,806	227,245	7,996,752	583,235	5,308	20,650
1911.						
January	5,667,644	390,359	3,915,380	180,847	58,188	210,766
February	3,854,800	222,309	4,423,824	210,643	124,428	456,053
March	7,857,697	486,439	13,340,540	797,484	34,372	131,015
April	4,443,697	286,346	13,889,920	872,772	49,158	185,742
May	12,837,965	860,882	13,275,702	902,967	11,880	46,483
June	14,000,083	960,016	10,657,551	778,634	645	2,579
Total	80,739,542	$5,293,394	107,167,449	$6,644,346	292,738	$1,089,258

EXPORTS TO HONGKONG.

1909						
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
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
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
November	5,391	819	1,585,000	114,460	61,840	236,943
December	18,821	2,616	191,230	13,099	203,005	798,776
1911						
January	42,917	7,104	1,742,440	142,425	108,727	452,872
February	32,540	2,563	1,714,910	124,331	117,230	453,343
March	29,750	2,033	617,856	60,649	62,649	242,714
April	28,361	5,043	3,095,570	222,167	41,907	164,382
May	56,396	10,924	1,303,000	96,568	91,348	365,586
June	84,834	14,208	75,000	5,625	48,398	183,382
Total	394,939	$61,340	12,074,776	$910,693	1,003,529	$3,946,029

DEPARTMENT OF COMMERCE AND LABOR,
Bureau of Statistics.

WASHINGTON, D. C., August 1, 1911.

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Imports of Tea and Silk into the United States for the twelve months, ending June 30, 1909, 1910 and 1911.

	1909.		1910.		1911.	
TEA.						
Imported from	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom	14,943,576	3,286,409	8,235,698	2,054,454	10,661,552	2,831,824
Canada	4,565,260	1,052,541	2,237,649	517,062	3,003,742	754,873
Chinese Empire	32,219,609	3,501,476	28,043,171	3,275,343	25,148,048	2,951,628
East Indies	9,990,398	1,505,612	8,154,649	1,316,283	9,660,633	1,605,774
Japan	51,910,762	9,000,554	38,187,229	6,334,588	52,998,199	9,272,828
Other countries	1,286,915	216,084	767,974	174,216	1,181,768	196,642
Total	114,916,520	18,562,676	85,626,370	13,671,946	102,653,942	17,613,569
SILK.						
RAW, OR AS REELED FROM THE COCOON.						
Imported from	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France	710,968	2,258,863	589,126	1,612,148	283,743	991,470
Italy	4,979,038	19,091,152	3,523,924	13,268,689	2,635,915	10,057,393
Chinese Empire	4,828,043	12,341,801	4,084,415	9,675,898	5,370,015	13,666,732
Japan	12,694,744	44,689,830	11,957,504	40,103,780	13,886,301	47,248,347
Other countries	120,957	448,922	208,348	764,269	204,024	750,042
Waste.....lbs...free..	1,840,191	1,069,087	3,045,235	1,690,393	4,122,226	2,210,020
Total unmanufactured	25,173,941	79,899,655	23,408,562	67,115,177	26,502,134	74,924,004

COTTON GOODS TRADE IN CHINA.

The following is part of a highly comprehensive and instructive report on the cotton goods trade in China, by Consul General George E. Anderson, of Hongkong:

China, with a population estimated by the Imperial Maritime Customs at 439,000,000, has imported foreign goods to the value of over $300,000,000 annually during the past five years, one-third of which consisted of cotton yarn and cotton goods of various sorts, not including cotton mixtures of any other varieties of textile products. Perhaps no better exposition of the immense, almost illimitable, possibilities of the cotton trade in China can be made than to state that these imports probably represent little if any more than one-tenth of the country's cotton consumption.

However, in spite of the immense possibilities that the bare facts of the situation indicate, the import trade and the cotton industry in the country itself are in a precarious condition.

While official figures covering more than the first half of 1910 are not now available, it is doubted if the total cotton imports during 1910 equaled three-fourths of those in 1909, though the imports in the latter year were less than the average for the past five years. Although there was a decrease of one-fourth to one-third in the imports of all standard goods during the first half of the year, there was, during much of this period, a positive increase in the imports of fancy weaves and fine goods. On the other hand, mills in China, both those owned and managed by the Chinese themselves and by foreigners and foreign interests, ran on short time and some shut down altogether for portions of the year. At best, annual reports of mills indicate most difficult work to realize any profits.

PECULIAR FEATURES OF SITUATION.

The situation is anomalous. China has been taking less and less cotton for the past five years and shows little disposition to buy. Cotton men say that the country needs the goods now in the warehouses or offered from abroad, but the country refuses to purchase. In spite of local financial troubles that have arisen from speculation in a number of lines since the lessening of the demand for cottons set in, there is little reason financially why the usual stocks of cotton should not be purchased. In fact, the country's continued and even increased purchases of fine goods demonstrate that it is perfectly able to buy as much if not more than the customary amounts.

The present state of the trade in China is probably temporary, and the year 1911 may witness improved conditions. Nevertheless, in view of the large annual decrease in imports during the past five years, there is really nothing in the situation to indicate a permanent improvement of trade. Rather, there are reasons to believe that the trade is in a transitional stage; that the demand for standard cottons is likely to remain as it is or decline in time, while that for the finer grade cottons will gradually increase. This has been the experience in other countries, and China shows signs of following the same course.

CHINA'S CONSUMPTION OF COTTON GOODS.

Many features of the cotton trade in China do not admit of easy explanation, but the salient facts are explained by an analysis of the country's cotton consumption. During the past five years China has imported from abroad cotton cloth, cotton yarn and other cotton manufactures to an average annual value of 140,257,462 taels, or, at average exchange for the five years, $100,971,948. It is doubtful if the total annual production of cloth in Chinese cotton mills exceeds $3,000,000, and the total production of cotton yarn in Chinese mills is probably between $25,000,000 and $28,000,000 in ordinary years. The total cotton consumption thus accounted for by mill manufacture in China and by imports is about $131,000,000, or about 30 cents

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gold per capita, which, of course, is wholly inadequate for a people, most of whom depend upon cotton for clothing, cloth and similar requirements.

The actual average per capita consumption in China of cotton in all its forms can be only a matter of speculation, although it is one of great economic moment both to China and to the United States and other nations concerned in its cotton trade. In estimating such consumption it is to be remembered that the Chinese, as a rule, use little or no wool in their clothing. It is made of cotton, or silk—coats made of cotton and lined with fur, or made of cotton stuffed with cotton and quilted; or of silk and fur, the silk quilted with cotton; in short, the Chinese staple under and outer dress is cotton. Almost all cloth used for domestic purposes is cotton—what few floor coverings there may be other than furs; curtains, hangings, table covers, where there are any; what mattresses they have, beds and bedding and coverings, flags, banners, sails where they can be afforded, cloth for industrial purposes like oil cloth, awnings, cloths for carrying books and bundles—in fact, the use of cotton is all but universal.

CONSUMPTION PER CAPITA.

To measure the consumption of cotton, however, is a difficult matter, for the standard must be adjusted to a Chinese basis. The people of the country are exceedingly poor; their wants are few and easily satisfied. Moreover, in the past few years the depreciation of copper currency has worked additional hardship and reduced their purchasing power still further.

Estimates of the per capita cotton consumption secured from Chinese customs commissioners, missionaries and other foreigners who have lived in China or among the Chinese in treaty ports and elsewhere vary from $1 to $8 silver. Chinese middlemen in the cotton business in Hongkong, after a conference on the subject, gave it as their opinion that the average in South China is about $3, while in the north it is $7 to $8 per capita. Allowing for greater population in the north, the average would be at least $6. Investigations made in the country along the Yangtze, which may be considered the average for cotton consumption in China, indicate $6 as a fair average, an estimate considered low rather than high by the best statistical authority in China (the Statistical Secretary, Chinese Imperial Maritime Customs).

ESTIMATES OF TOTAL CONSUMPTION.

Taking $6 silver as a fair estimate, the gold per capita consumption of cotton in China is almost exactly $2.50, and with the 439,000,000 population estimated by the Imperial Maritime Customs in its latest returns, the total annual consumption is $1,097,500,000. Allowing a considerable margin for overestimate of consumption or of population, the total consumption may be valued at $1,000,000,000 gold, or ten times the present imports. China's cotton mills and foreign imports together furnish about $131,000,000. Even reducing estimates of consumption by a third and of population by a fourth, say, 300,000,000 people at $1.75 per capita, it seems beyond question that China is now furnishing about four-fifths of its annual cotton requirements independent of modern manufacture either within or without the country.

China, in the best years of foreign cotton imports, furnishes the great bulk of its cotton supplies from its own small farmers and the hand looms which have supplied its needs for centuries. This home production, so independent of foreign connections in every way, enables the people of the country to protect themselves at all times from cotton famines abroad, from high prices of foreign manufactures, from foreign strikes, foreign disasters; from all things, in short, that raise the price of imported cotton cloth or cotton yarn beyond that for which China can itself produce such supplies. Fluctuations in imports of foreign cotton are not fluctuations in consumption, but rather variations in the amount of cotton called for in addition to that produced in China.

IMPORT TRADE.

COTTON MANUFACTURES.

The first great element in the cotton supply of China is the small farmer and the hand loom; the second is the import of cotton goods and cotton yarn from abroad, which amounts to about one-third of the entire imports into China and which forms the chief object for much of the present international trade rivalry in the Far East.

For purposes of comparison the following trade of imports of cotton manufactures, including yarn, into China during the past five years has been prepared from figures of the Chinese Imperial Maritime Customs, showing the year of maximum imports in 1905 and alternate years since, with the average annual imports during the five years. The values are in gold, conversions being made for the various years on the average rate of exchange prevailing that year.

Articles	1905	1907	1909	Annual average 1905–1909
Shirtings:				
Gray, plain—				
American	$945,834	$66,843	$101,827	$457,816
English	12,368,344	6,755,741	7,772,529	9,029,858
Indian	170,083	11,802	7,802	44,129
Japanese	37,961	89,417	185,557	126,829
Other	10,098	.....	302	2,146
Plain, not dyed	11,475,831	9,690,283	9,663,493	9,651,535
Dyed	1,066,302	1,507,248	527,307	951,929
Sheetings, gray, plain—				
American	20,306,376	1,046,805	6,216,789	8,781,679
English	1,091,432	272,726	676,870	632,504
Indian	322,878	9,520	21,451	77,142
Japanese	958,697	511,624	1,154,907	797,372
Other	45,410	461	2,407	11,886
Drills:				
American	8,854,661	451,686	2,533,640	3,711,030
English	679,811	205,936	280,136	289,847
Indian	152,415	12,197	15,979	40,409
Japanese	240,046	853,684	1,212,284	748,317
Other	153,115	13,514	31,946	59,324
Jeans:				
American	926,297	13,403	220,011	407,745
English	1,679,298	944,819	1,406,566	1,354,863
Indian	2,489	2,105	.....	551
Other	181,384	12,463	63,146	68,993
T cloth:				
American	19,973	.....	.....	4,245
English	2,191,497	1,706,844	1,855,909	1,999,302
Indian	418,126	61,919	110,733	161,768
Japanese	262,654	176,541	127,521	200,367
Other	9,147	17,179	.....	7,603
Cambrics, lawns, and muslins	163,057	156,885	119,883	168,363
Chintzes, lenos, balzarines, plain prints	936,420	1,497,743	684,480	1,024,932
Printed drills, etc	906,432	1,353,761	353,509	813,375
Turkey cottons and dyed T cloths	1,074,638	1,314,494	733,025	1,016,862
Italians	5,492,916	7,426,602	5,282,586	5,312,827

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Lastings:				
Plain	1,653,214	3,779,674	1,593,695	2,320,605
Figured	3,851,296	4,117,229	1,451,728	3,217,861
Cotton flannels and stripes	2,250,177	1,174,389	1,340,345	1,528,685
Fancy weaves, velvets, crepes, etc.	966,959	1,351,007	2,021,836	1,474,904
Cotton blankets	401,610	235,042	157,519	245,786
Towels	451,823	621,857	406,897	483,055
Miscellaneous	612,286	1,046,729	807,560	690,234
Cotton yarn:				
English	595,264	947,397	533,453	714,101
Hongkong	56,741	477,139	268,694	237,794
Indian	34,716,166	31,934,333	26,874,689	30,288,605
Japanese	12,987,699	11,194,840	10,481,961	10,862,680
Other	162,513	280,873	370,594	276,405
Thrad	671,286	598,482	822,525	675,685
Total	$132.460,656	$93,943,846	$86,494,091	$100,971,948

ORIGIN AND DISTRIBUTION OF IMPORTS.

The foregoing table does not include imports of cotton goods other than the articles named, such as cotton underclothing and hosiery, of which considerable amounts are imported, mostly from Japan. However, it indicates better than any other means the nature of China's import cotton trade, the character of the fabrics and the comparative amounts, the variations in the trade from year to year, and the comparative increase or decrease in purchases of particular fabrics or classes of goods. In general, most of the heavier goods are imported in the northern ports of China, and the lighter grades in the southern cities.

Of the imports of gray and plain shirtings, as shown by the figures for last year for which a complete record is available, Shanghai takes about 18 per cent., Hankow 13 per cent., Tientsin 9 per cent., and Chungking, Chinkiang, Kiaochow, Wuhu and others less amounts, in the order named. Great Britain, on an average, furnishes about 93 per cent., the United States about 5 per cent., and Japan most of the remainder.

Of the imports of plain gray sheetings, in which the United States has had so great a part, Tientsin takes nearly 35 per cent., Newchwang 25 per cent., Chefoo 13 per cent., Kiaochow 6 per cent., Hankow 5½ per cent., and Dairen 4 per cent., while ports in the south, like Foochow, Amoy, Swatow, and even Canton with its immense population, take practically none at all. For the past five years the United States has averaged about 86 per cent. of these goods, Great Britain about 6 per cent. and Japan about 7 per cent.

PLAIN SHIRTINGS, DRILLS AND JEANS.

Of the plain white (that is, not dyed) shirtings, including many of the fabrics which are "weighted" as noted hereafter, about 18 per cent. goes to Hankow and about 11 per cent. to Tientsin. All other ports reecive less than 10 per cent. each, but most of them take these goods in comparatively large volume. Canton, unknown in the market for heavier goods, takes about 8 per cent., and all the ports of the south, like Foochow, Amoy, Swatow, Wenchow and Wuchow, take amounts fully proportional to their population. These shirtings are used in more parts of China probably than any other fabrics, and the possible increase in trade is correspondingly great. Great Britain and Hongkong together furnish about 95 per cent.—Great Britain 75 per cent., and Hongkong with British goods 20 per cent. The United States has practically no part in the trade.

Of the drills, in which the United States is greatly interested, Tientsin takes 26 per cent., Newchwang 21 per cent., Hankow 16 per cent., Chinkiang 6 per cent., and Chefoo, Kiaochow, Ningpo and other cities less, in the order named. These goods also are all but unknown in most of the southern ports, although there are limited importations at Canton, Foochow, Wenchow and other port and river places for the use of boatmen. The United States has about 77 per cent. of this trade and Japan about 15 per cent., with its share rapidly increasing. Great Britain has about 4 per cent.

Of jeans, in which American mills have been so successful in many markets of the world, the greater portion also goes to the north. Shanghai takes about 18 per cent. of the goods distributed, Newchwang 19 per cent., Tientsin 13 per cent., Chefoo and Hankow about 9 per cent. each, and Kaochow, Wuhu, Chinkiang and other ports in that portion of China less, in the order named. There are small imports of jeans into South China, but they are not in proportion to the population. Great Britain sells China about 72 per cent. of these goods, the United States about 22 per cent.

T CLOTHS, MUSLINS, PRINTS, FLANNELS, ETC.

Americans exporters have practically no part of the trade in T cloths, although these fabrics have always been a considerable portion of China's imports. Tientsin takes 29 per cent. of the entire imports, Kiachow 21 per cent., Hankow 10 per cent., Chefoo and Foochow about 8½ per cent. each, and other ports less than 4 per cent. However, the goods are well distributed in small quantities all over the Empire, Canton taking about 2 per cent. of the whole. Great Britain furnishes about 82 per cent. of these goods, Japan 9 per cent., and India 8 per cent.

Hankow takes about 17 per cent. of the cambrics, lawns and muslins, Tientsin and Ningpo about 15 per cent., Shanghai 9 per cent., and other cities throughout the north most of the remainder. On the other hand, practically half of the lenos and balzarines of all kinds goes to Canton, and four-fifths of the remainder goes south of Foochow. Great Britain furnishes about 96 per cent. of both lines of goods.

Tientsin takes nearly a third of the chintzes and plain cotton prints, with Hankow and Canton next with about a sixth and a tenth, respectively. All the print goods are well distributed. The Yangtze River district takes an unusually large proportion of the cotton italians, and that valley and the northern provinces take most of the lastings. Great Britain furnishes about 98 per cent. of all these printed goods. Dyed shirtings are well distributed, 93 per cent. of them coming from Great Britain and 2½ per cent. from Japan.

Cotton flannels and stripes, in which the United States is especially interested, go to the north, as usual with goods from America, Shanghai taking about 30 per cent., Hankow 8 per cent., Newchwang a little less, and other cities in proportion. On the whole, American cotton flannels are probably better distributed in China than any other American fabric. Of the entire cotton flannel trade the United States has averaged about 61 per cent., Great Britain 29 per cent., and Japan a little over 3 per cent.,

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with a growing trade. The fancy weaves are more popular in the south, and cotton velvets are well distributed over the Empire. Velvets are popular for outer garments among the Chinese women in all parts of the Empire who can afford them. Great Britain furnishes practically all of the velvets, velveteens and the like. Of the fancy weaves Great Britain averages about 60 per cent., but recently Japan has furnished as much as 28 per cent. France also has some trade.

COTTON YARNS.

The distribution of cotton yarn, the greatest single element in the cotton trade of China, follows, in general, that of the heavier cloths, except that it is more diffuse. Chungking leads with 15 per cent., Hankow takes 12 per cent., Tientsin nearly 10 per cent., and Kiaochow, Kiukiang and Swatow smaller amounts; practically every port takes a portion of the imports. In the past five years India has had about 60 per cent. of the trade, Japan 21 per cent., Great Britain 13 per cent., and Hongkong 4 per cent.

Of cotton manufactures as a whole, fully two-thirds is imported and consumed by provinces in or north of the Yangtze River Valley. Most of this trade enters through Shanghai, with Hankow and Tientsin as auxiliary centres. The southern provinces receive practically all of their cotton imports through Hongkong. Of the total imports of cotton goods and cotton yarn into China in the past five years, Great Britain has furnished about 39 per cent., India 28 per cent., the United States 14 per cent., and Japan 12 per cent.

GREAT FLUCTUATIONS IN TRADE.

It requires only a cursory examination of the statistics to reveal the extraordinary ups and downs in the import cotton trade—changes so radical and so sudden that they can be explained only on the ground that the bulk of China's cotton supply is more or less independent of foreign sources. Several features of the trade, however, are significant, chief of which is the decrease in the imports of certain American goods and the increase in imports of similar Japanese goods.

In shirtings, sheetings, drills, jeans and cotton flannels, the only cloths in which American mills have had a good share of the business and which, in fact, measure America's cotton trade with China, the falling off in imports from the United States and the increase in imports from Japan are almost pari passu. The imports of American plain and gray shirtings in 1905 amounted to $945,834; they fell to $66,843 in 1907, and rose to only $101,827 by 1909. The imports of similar goods from Japan in 1905 amounted to only $37,961; in 1907 they had risen to $89,417 and in 1909 to $185,557. The imports of gray and plain sheetings from the United States in 1905 amounted to $20,306,376; the next year they fell to $1,046,805, and in 1909 had risen to $6,216,789. The imports of these goods from Japan in 1905 amounted to only $958,697; in 1907 they were $511,624, and in 1909 they had risen to $1,154,907. In drills, a product peculiarly American and in which the United States has long had a lead, the imports in 1905 amounted to $8,854,661; in 1907 they had fallen to $451,686, and in 1909 had risen to only $2,533,640. In 1905 Japan sold China $240,046 worth of these goods; in 1907 the amount had risen to $853,684, or nearly twice the American sales, and in 1909 the imports from Japan were $1,212,284. Aside from the general trade advantages which the Japanese have taken and are taking, the Japanese mills are imitating American goods directly, and, in short, are cutting directly into American trade.

GENERAL DECREASE—CAUSES OF FLUCTUATIONS.

Besides these direct and what might be termed personal American losses, there has been a steady decrease in American trade in general. China's imports in 1905 were doubtless abnormal, but since then they have shown a constant decrease, from $132,460,656 in 1905 to $122,182,276 in 1906, another good year; then to $93,943,846 in 1907; then to as low as $72,083,946 in 1908, and rising to only $86,494,091 in 1909, while 1910 shows the greatest loss of all.

Perhaps the most notable feature about these vagaries is the fact, readily explained by China's immense reserve cotton supply in its own fields and the looms of its people, that these great fluctuations have had less economic effect upon China than upon the countries supplying or accustomed to supply the cotton which China imports.

A common explanation of these fluctuations is the speculation in cotton imports carried on by Chinese traders, particularly those in and near Shanghai. Although not an adequate explanation of the fluctuations, this speculation is a feature of the trade, and it is important in that it illustrates and rests upon certain primary principles that are exemplified in China better than anywhere else because of the exceptional conditions obtaining here.

There are certain staple products in China which the Chinese farmer and consumer know and have known thoroughly for hundreds of years. Food products are the first and silk and cotton the second items in this list. The Chinese farmers know what food products can be expected, under normal conditions, from their land from year to year, and they also know what silk or cotton products can be expected. Silk growing is not so adaptable to their needs as cotton growing, for the reason that it requires some time to grow the mulberry trees. Cotton, however, can be grown any season and in some parts of the country can be grown as a sort of catch crop, or at least so as to make another catch crop possible.

EFFECT OF PRICES ON PURCHASES—SPECULATION.

So long as the Chinaman can grow cotton, gin it, spin it and weave and dye it more cheaply, length of wear and all things considered (including the fact that often the work of women and children on cloth is labor that otherwise would be lost), than he can buy foreign cloth, he makes and wears his own cotton goods. The minute the foreign product can be secured at the same or a lower price, all things considered, he takes that, since it is more attractive and has other qualities more acceptable than his own product. The price of foreign goods in China depends upon the price of cotton in the United States and abroad generally, and upon freights to China—in general, upon the foreign price. However, high prices for cotton goods

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in the United States do not mean that the Chinese consumer must or will pay more for such goods. It means he will largely do without foreign cotton goods and make his own. He is more or less independent of foreign cotton goods all the time; he always has a reserve to fall back upon, and this he does persistently and consistently. The result is that in years of low prices for cotton abroad the imports into China are large. The same result is caused by the high value of silver in China, and, under normal conditions, by the high value of copper currency in terms of silver, so that a year of high exchange value for silver and copper is to all intents and purposes in China a year of low prices of cotton abroad. It may be well to add that in adjusting these exchange relations in China itself the value of copper is the more important element.

The fact that there is a well defined level of prices for cotton goods in China above which the Chinese consumer will not go, and another below which cotton goods will be taken in practically unlimited quantities, leads to what has often been called speculation, but which is not so much speculation as buying against a rise with a certainty of a market at the price bought. Whenever Chinese dealers see that prices charged for certain lines of cotton goods are below the price for which such goods can be produced in China, they buy as much as they can conveniently carry. This often leads to overstocking, and interferes with the smooth course of trade, but it is not so dangerous as speculation pure and simple, for the goods are certain to be sold sooner or later in a market always demanding them at living prices. There is, of course, considerable speculation in cotton goods and cotton yarn in China, just as there is speculation in cotton in the United States, and this, too, has some effect upon the Chinese market.

UNSATISFACTORY SALES METHODS.

It is this great reserve of Chinese manufactures of cottons and the great fluctuations in imports due to various causes that have led to unbusinesslike sales methods, which no doubt constitute the greatest impediment to the foreign cotton trade. These methods bear particularly hard upon American cotton interests, though the chief reason for America's decreasing cotton trade in China is to be found in America itself. The chief complaints concern the auction system of sales at Shanghai and unduly long credits. Under the auction system a commission house handling cottons makes up a lot of goods of one or several varieties and offers it for auction to the Chinese dealers. It is one of the mysteries of the trade where and how close the line of no profit is drawn. Much of the time the dealers claim they auction at a loss, particularly when the market is overstocked. Yet sales are continued from time to time and a large amount of European goods is thus disposed of. In general American cottons are not concerned in these auctions, as most of the goods sold are cotton italians and lastings, chintzes, fancy weaves, and goods in general in which the United States cannot, or at least does not, compete in the Chinese market. One ground for complaint in the auction system is that some dealers now allow Chinese buyers to select their own lots and then bid for them, whereas formerly the custom was for the dealer to make up the lot and offer it.

EXCESSIVE CREDIT ALLOWANCES.

The chief complaint, however, is in regard to credits, particularly in South China. In sales of gray shirtings and sheetings, drills, jeans and T cloths it is said the average credit in Hongkong now runs six months. Some of the standard grades that have a high reputation among the Chinese are sold only for cash, or thirty days' credit at most. Grades and marks not so well known are sold on thirty days' to three months' time. Unknown goods, which form the bulk of the sales, are sold at six months, and dealers complain that buyers even then are not pushed for payment. Most of these sales on time are discounted by the banks of the countries whose firms are concerned, which is particularly to the advantage of the German and English dealers.

There are many complaints from importers and others concerning present conditions; the market is so overworked that dealers now demand many unreasonable concessions, and few Chinese of substance and capital are now engaged in the trade. The dealers are smaller men financially, with the result that not only are credits the rule, but when credit limits are reached there can be little pushing. Some contracts have been made so loosely that the entire trade has been demoralized.

ILLUSTRATION OF CREDIT SITUATION.

One native concern in Hongkong, with a paid-up capital of $33,000 local currency ($13,860 gold), but operating on the promise of a wealthy capitalist that he would furnish more capital if needed, secured credit for $1,500,000 Hongkong currency, although when the critical point came the capitalist refused to furnish additional funds. Every cotton-selling concern in Hongkong except one was caught by this failure, thus demonstrating the general nature of the credit situation. In short, the Chinese dealers, most of them weak financially and often without knowledge of the business, have secured the upper hand in the situation.

These conditions obtain in a marked manner at Hongkong and its dependent territory, and are being approached more and more every day in the north. And since American goods, because of reasons herein given, are generally the weakest goods in the market, these unfavorable conditions are reflected upon American exports. It should be added, however, that much of the recent cotton goods business of China has been unprofitable to the millmen if not to the commission merchants, and that so far as present results are concerned America may be as well without the business as with it. The fact that present business is to govern in a considerable degree the business of the future is the particularly unfavorable feature of the situation from an American standpoint. The danger is that American goods will be crowded out of the market until American marks and brands lose the position that trade efforts of many years have given them.

SELLING SYSTEMS AND TERMS.

To some extent the business is in the hands of commission houses. Export commission houses, in New

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York mostly, sell to or through import commission houses in Hongkong, Shanghai, Tientsin and other Chinese ports, the bulk of the business in fact being in the control of concerns, which have houses in New York and London or Lancashire centres and houses in all of the principal ports of China and the Far East generally. Some of them act merely as sales agents of mills. The stronger concerns buy goods in the American or European market on their own account, in New York generally buying of the mill agents direct.

The disposition of American mills to insist upon cash against documents or an approved short-time credit before the goods leave their warehouses has thrown the business more and more into the control of strong concerns with ample banking connections. In fact, without ample banking accommodations business is particularly difficult. Sales methods vary greatly in the several parts of China and among various firms. In standard goods, such as white and gray shirtings, sheetings, drills, jeans and T cloths, the larger houses carry stocks of goods and sell direct to Chinese middlemen; other goods they sell on orders. Smaller houses sell almost altogether on orders. Some of the auction sales are on consignment of goods from Europe, and some ordinary sales are on consignment, but generally consignment sales represent an emergency.

Ordinarily, business with retailers is done through Chinese middlemen. The foreign and importing firms have that institution known as the "compradore system," described in reports from China from time to time, which in this case is in effect a Chinese merchant, often of as high financial standing as the firm itself, who is attached by contract to the importing firm and who acts as middleman between the firm and its Chinese customers, guaranteeing deliveries to the buyers and collections to the seller, and, of course, making a profit on the transaction. The importing firm, through its compradore, sells to local Chinese middlemen, who buy for local delivery or for shipment to the interior. In many cases imported goods or yarn will pass through at least one other middleman in the interior before reaching the retailer. The profit of each of these middlemen is small, but the sum total is large, and illustrates another unsatisfactory phase of the business as conducted in China at present.

SALE OF AMERICAN GOODS.

The steady decrease in the sale of American cottons is through no unpopularity of the goods or any unfriendliness on the part of the Chinese buyer or consumer. As a rule, American fabrics are too good for the market, and decreased sales are due almost altogether to the refusal of American cotton manufacturers to adapt their goods to the trade, to pack goods according to the market needs, and to meet competition in other ways. American goods stand very high in Chinese markets, possibly too high for continued business at corresponding prices.

DIFFERENCE BETWEEN AMERICAN AND EUROPEAN GOODS.

The first great element of difference between American and European goods is the fact that the latter are heavily weighted and the former are not. In the market here; for example, the comparison is noted of American 4-yard sheeting that approximates English 10-pound sheeting in appearance, weight and selling qualities other than price. The essential differenec is that the English goods are heavily sized, for which reason they can be sold much more cheaply.

As a rule, the Chinese consumer appreciates the difference in wearing quality in grades competing with the rough and heavy native hand loom goods and will choose the American over the European. However, much of the foreign cotton goods purchased by the Chinese is bought for other purposes than long service. Appearance attracts, and for the time being at least the weighted goods are more popular. Moreover, because of general poverty and the depreciated state of their copper currency many Chinese are compelled to buy the cheapest cloth they can get, whatever the quality. Often native-made cloth costs more than imported goods, but it is cheap when its wearing qualities are considered. The prosperous Chinese farmer can consider these qualities and can buy the native cloth or the American, but many others must take the cheap article furnished by most foreign importers, whatever its weakness or defects.

Requests from sales houses that American mills manufacture weighted goods have invariably been met with flat refusals. The American millmen claim that they cannot afford to reduce the quality of their goods and declare they will do without the business if they cannot get it on the basis of present quality. The importing houses insist that if the Chinese consumer wishes to buy clay, the American millmen ought to be willing to sell it to him. As to the comparative merits of the controversy little need be said, but it is a fact that sales of American goods are being reduced from year to year in a most discouraging way.

COMPETITION OF THE JAPANESE.

The most critical feature of the situation is that the reduced sales of American cloth are often equaled, or more than equaled, by increased sales of Japanese cloth of similar style and appearance. In fact, American cloths, marks and brands have been and are now being frankly imitated by Japanese mills, the competition of which is cutting into American trade more than that of any other country, because the Japanese mills are producing goods that in style and appearanec are more nearly like the American than the goods of other nations. Most significant of all, much of this increased Japanese trade is based upon American raw material. The development of Japan's cotton industry has been tremendous. Japanese factories are reaching out for supplies of raw cotton in Asia so far as possible. More than nine-tenths of the total exports of raw cotton from China, averaging about $9,500,000 gold annually for the past five years, has gone to Japan, which also takes practically all of Korea's raw cotton exports. A Japanese company is now undertaking the growing of cotton in Siam. The bulk of Japan's raw cotton comes from India, but still the United States sells Japan about $8,000,000 worth, and this goes into the goods now cutting out American manufactured cottons in China.

Japan's trade is steadily increasing in spite of a general decrease in trade from other nations, and cotton experts

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declare that a continuance of present conditions will shut American cottons out of markets they have been enjoying for many years, and that the trade now being lost will never be recovered unless there is a complete revolution in American prices—a revolution so complete as to change the whole course of cotton trade the world over. These experts agree, and there is really no question about the matter, that the situation of the American cotton trade in China and the Far East is exceedingly critical, and that unless there is a complete and immediate change in American mill and sales methods and an awakening to the needs of the moment much American trade in the East will be irretrievably lost.

SITUATION IN SOUTH CHINA.

There is comparatively little demand for most grades of American goods in South China, for the reason that they are too heavy for the climate. Goods from other countries more suited to the needs of the people are preferred. There is no reason why there should not be an increase in imports from the United States if goods suitable to the market can be offered at prices within reach of competition, but commission men here say that present American quotations make trade impossible. This report is in the face of special friendliness on the part of several firms.

One firm, for example, has its cotton department in charge of a gentleman who spent three years in New York previous to coming to Hongkong. In New York he received special training in American mill and sales methods, was given an opportunity to approach the American trade as to the special needs of China and the special demands of the Chinese market, and was shown the particular advantages American methods of manufacture and sales might have in this and other lines of trade. Since his return to Hongkong this gentleman has made a special effort in behalf of American goods. His report is that not only do American manufacturers refuse to make weighted or other goods suitable for this market, but they refuse also to pack goods in accordance with the demands of the market and in accordance with the customs of other millmen. In response to his repeated efforts to secure better packing, including practical demonstrations in New York warehouses of what is wanted and required to meet conditions in China and the Far East, he has been met by the statement that goods packed as American goods were being packed at that time were being sent to South America without complaint and the exporters saw no reason why Chinese consumers should have things any different. It was not added, as it might have been, that Americans have lost much of their trade in some South American countries, such as Brazil, for precisely the reasons complained of in China.

PROBLEM OF CONCESSIONS.

American cotton men also refuse to adapt themselves to the market in the matter of credits. As already noted, most of the cotton business in China is done on long time. Someone loses the interest on such sales, and the import men say they cannot lose it and the American mill and commision men say they will not. Naturally, American goods are not sold under such conditions.

It is a serious question how far American mills and commission houses should go in meeting the demands. To accede to all of them will probably result in doing business at no profit, for the time being at least. Conditions are doubtless abnormal, and sooner or later some change for the better may be expected. However, at the rate American interests are now losing ground there will be no American trade here by the time the change comes. Apparently American exporters should be able to arrange more convenient financial machinery to look after credits; if not to the extent now demanded, which is likely to be dangerous, at least to the extent of meeting legitimate trade demands. The matter of sales methods generally also merits consideration.

THE RAILWAY SITUATION IN CHINA.

The following are the introductory paragraphs of an elaborate report by Consul General George E. Anderson of Hongkong:

According to the best information available, which represents some months of correspondence with various portions of the country as well as official confirmation of lists thus prepared, the Empire of China now has about 5,404 miles of railway in actual operation or so far advanced in construction that operation is a matter of a few months' time.

There is in course of actual construction and more or less advanced toward completion and operation a total of about 1,702 miles, some of which will come into operation within a few months and some of which probably will not be completed for several years. There is projected, with more or less definite plans of construction, surveyed or unsurveyed, authorized by the Chinese Government or not, a total of 13,434 miles. The latter figure represents principally the lines for which plans have been made and surveys ordered by the Chinese Government, but includes also some roads projected by local capitalists in various portions of China, lines for which concessions have been asked and in some cases obtained of the Chinese Government by foreign interests, and all the various local railway enterprises, some of which are of more or less indefinite backing, but many of which will probably be the railways next constructed in the country.

The preceding figures are based upon lists given later in this report of railways in operation or under construction and those surveyed or seriously projected. While these lists are probably faulty in some respects as a result, first, of indefinite and ill defined plans and uncertain construction work, and, second, of differences in nomenclature and romanization of Chinese names in the several provincial dialects or languages, they are offered as the best information obtainable at this time from official and other sources.

PROGRESS OF WORK DURING PAST YEAR.

In spite of great projects and many promising features, the railway situation in China at the beginning of 1911 does not presage the immediate development of the country along modern lines. Much has been accomplished, but, in spite of the fact that the interest of the entire world has been centred to an unusual degree upon the building of railroads in China, that both Chinese and foreign statesmen well understood that the first requirement in the development of the country's resources and its advancement is railroad construction, and that railway systems aggregating more than 13,400 miles have been planned, of which 5,000 miles have been surveyed in a more or less definite and final manner, the construction during 1910 of railways of all classes, including extensions of existing lines, further work on lines already commenced and operated to a certain degree, and entirely new lines, has not exceeded 500 miles, and at least part of this construction must be credited to the previous year.

Of this construction about 275 miles is accounted for in the work on the Tientsin-Pukow system, of German ownership. The Ichang-Wanhsien line and other Yangtze Valley lines account for about 40 miles; the extension of the Canton-Hankow system north from Canton, including branch lines to various points, and the extension of the same system south near Changsha, including lines to mines, 80 miles; the Canton-Kowloon Railway, the Sunning Railway extension, and work on the Amoy-Changchow and other coast lines, 75 miles; the extension of the French Railway from the south to Yunnan, 60 miles, and apparently about 60 miles of new road were constructed in the Manchuria country during the year. Practically none of this is actually new work, most of it being the continuation of work commenced in other years.

The fact is that, while plans for new railways in China are common, actual development is proceeding slowly. New

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plans are carried out with difficulty, modified or abandoned. For this there are several causes, most of which appear reducible to one or two circumstances—either the people are unwilling that other nations should furnish the money to build the roads, and have not the money themselves, or, if willing to borrow from abroad for such work, other considerations have so far prevented the placing of the necessary loans under admissible conditions and circumstances.

FINANCIAL PROSPECTS UNFAVORABLE.

While these and other influences, and the general poverty of the country, are preventing the realization of these great enterprises, there is little if any actual encouragement for the Chinese public to invest what funds they can raise for such purposes. Of the greater systems under Chinese control, practically none are paying their way, all things considered.

In connection with the retirement of a Chinese official last year it was stated that losses on the several principal roads the previous year had been approximately: Shanghai-Nanking, 1,000,000 taels; Chengting-Taiyuen, 600,000 taels; Tao-Ching, 100,000 taels; Pienliang-Loyang, 600,000 taels; Peking-Kalgan, 150,000 taels; West Mausolea, 15,000 taels. The Pinghsiang line realizes a profit, and the Peking-Mukden and Peking-Hankow lines bring in about 11,000,000 and 9,600,000 taels, respectively. For these two lines, after deducting the expenses and interest, there is a net profit of 9,000,000 taels, of which, after making up the above deficiencies, is left about 6,500,000 taels. The record for 1910 seems to be about the same.

The Ministry of Posts and Communications has memorialized the Throne as to the Shanghai-Nanking Railway, that the income of this line in the last year was about 1,796,000 taels. The contra was 1,214,000 plus 1,662,000 taels interest, thus showing a debit balance of 1,080,000 taels. Of the lines reported as realizing a profit, it is further to be considered that deterioration has not been allowed for, and this, in the case of the Peking-Hankow line, is said to be particularly important. The Japanese lines in Manchuria have been paying dividends of 6 per cent. and all interest charges.

CHINESE RAILWAY ENTERPRISES.

However, most of the smaller lines, particularly along the lower coast, are paying their way, and some are realizing satisfactory profits. These lines are being multiplied, and even some of the larger plans are being carried out. In several portions of the Empire Chinese enterprise and Chinese capital, without the assistance of foreigners, have accomplished something real and tangible. In the far north the Peking-Kalgan Railway extension is an example of what can be done in this line. In the far south the Sunning Railway, a small railway, but one completely Chinese in capital, construction and management, is another example. The work of the German interests in Shantung indicates what foreign interests would do if allowed to work. The Canton-Kowloon Railway is an example of what Chinese and foreign combinations are doing, the foreign section being complete and the Chinese section in the course of completion. Work on the great north and south system of the Canton-Hankow line is exceedingly slow, even under official urging. Construction upon the east and west system of the Hankow-Chengtu line is more promising, though the immediate future is beset with rumor. Work on the east and west system farther north and crossing Shensi is practically nil, and little is promised for the current year.

In spite of the comparatively small volume of actual work, plans are numerous and without limit in their scope. Among lines projected by the Government are two over 800 miles in length, one over 1,200 miles, and another about 2,000 miles. These are of great practical importance to both Europe and Asia, for they mean actual railway service between London and Peking, for example, in less than ten days, or from London to Hongkong, all by rail except the English Channel, in less than fourteen days. The lines are so vast, individually and in the aggregate, that they appear mere dreams of the future, whereas they are lines the early realization of which is demanded by the political and economic position of China. Incidentally, many advantages the United States, even the Pacific Coast, is supposed to have in its proximity and direct steamer connections with China are disappearing in the increasingly rapid communication Europe has with all portions of China and Asia by railways.

GREAT SYSTEMS PLANNED.

The Chinese Government, under the administration of Tang Shao Yi in the Railway and Communications Department, planned a complete system of railways, connecting the various commercial centres of the Empire. This plan included the construction of one or more railways from the present Peking Railway system to connect with the Trans-Siberian Railway near Lake Baikal or farther west, and thus cut off about two days in the journey from Europe to Peking and points south; a railway into Mongolia, another into Tibet, and still another into Kokonor. Tank Shao Yi urged the construction of the system across Shansi and Shensi, the system parallel to the Yangtze River, the connection between the Yangtze and Yunnan, the Canton-Hankow line—in short, he planned railways where they must some day come. The realization of these plans is problematical. Nevertheless, the trend of events seems to indicate that they will be pushed to realization as rapidly as conditions permit.

GOVERNMENT RAILWAY POLICY.

One of the chief features of the present railway policy of the Chinese Government seems to be the disposition to take over all railway enterprises which have been undertaken by private capital, but which have been unduly delayed in execution. For example, the recent troubles in the Chekiang Railway Company led the Government to step in and announce that it would take over the entire enterprise. The company is reported to have sent a representative to Peking to change the determination of the Government, but at last accounts the latter was adhering to its decision. Similar action has been taken in a number of cases, and it has been announced by the Board of Communications at Peking that all railway building privileges granted to private interests must be put into operation during the present year or the Government will take them over. However, the Chinese gentrymen interested in building roads with Chinese capital find it difficult to raise the money. Unfortunately, the fact that some of the railways already in operation have been ill managed or have been operated under conditions that render it impracticable to secure fair returns on the Chinese capital invested in them is a constant discouragement. While the record of actual construction in 1910 is not very promising, considering the railways planned and needed, the prospect for 1911 is still less promising. Almost no new enterprises have been inaugurated or are about to be inaugurated, and enterprises finished in the past year or about to be finished will have little or no part in the current year's record.

That present conditions in the railway situation of China can continue indefinitely is impossible. The pressure from the people in favor of railway construction, taking the country as a whole, is growing. The demands of trade in the interior are becoming more pronounced in favor of rapid, safer and better communication. Throughout China, particularly in the districts accessible to coast ports, improved means of communication are being brought into use, such as motor and steam boat services on the rivers and canals, and in some localities improved roads and automobile service. These improvements are accentuating the need and the advantage of railways, and public sentiment is slowly but surely preparing for great railway development.

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THE TOKYO CELEBRATION OF THE NEW TREATY.

The America's Friends' Association gave a dinner on May 1, at the Imperial Hotel, Tokyo, in commemoration of the new treaty recently concluded between America and Japan. The function was a brilliant success, being attended by more than thirty guests and 120 members, and constituted in its way a most eloquent demonstration of the unchanged friendly relations which bind the great Republic and the Island Empire.

Among the speeches delivered on the occasion were the following:

PRESIDENT KANEKO'S SPEECH.

"We have assembled here tonight to celebrate the conclusion of the new treaty between the United Stats and Japan, and to tender our sincere thanks to the representatives of the two nations. We are informed that the time from the signing of the treaty by the United States Government to the approval of the Senate was only two days; this could never have been done had not the American Government and people entertained cordial feelings toward Japan and the Japanese; and, moreover, the United States was the first of all the powers to conclude this revised treaty.

"In our international history the United States and Japan have had peculiar and felicitous relations. In the past the United States was the first to introduce Japan to the family of nations; in the present, the United Staes is again the first to conclude the new treaty; and, as for the the future, I am quite safe in saying that the United States will be 'the first in the hearts of our countrymen.'

"The object of our association is to make the Japanese and Americans commingle and exchange ideas so as to cultivate a still warmer and more friendly feeling between them, and by so doing to pave the way for the governments to cement the two nations closer and firmer than ever before.

"However, since the United States and Japan have recently assumed important positions on the Pacific, an irritation arises now and then in our international affairs, and such an occurrence is but a national consequence of the status of the two nations.. But such irritation, if it be handled fairly and rightly, will bring to the surface the inner and latent warm feelings in the bosoms of the two peoples. A cloudy day makes the sunshine brighter—so an occasional irritation in international affairs binds together two nations more firmly and more friendly than before.

"Our association is composed of those of us who have either studied or resided in America; therefore, we are loyal subjects of His Majesty by birthright, and true friends of America by residence and education. Within the past four years the people of America and Japan have been much irritated by those groundless—criminal—talks of war between two friendly nations. Every time such rumors were circulated our association has endeavored to stop the pens of mischievous writers and to muzzle the mouths of the peace-breakers.

"America and Japan are territorially separated but are connected by the common water of the Pacific Ocean. To keep peace on the Pacific is the common duty of the two nations. If we are separated, the Pacific will be in danger; if united we stand, its peace is forever maintained! The true grandeur of nations is not only in the glory of war, but in the enjoyment of peace. Let the Stars and Stripes act as guardian of the Pacific at night, and the Rising Sun watch its peace by day. Day and night, hand in hand, let America and Japan perform in harmony their magnanimous duty."

AMBASSADOR O'BRIEN'S ADDRESS.

"It is a gratifying experience to have another opportunity to join with your society on an occasion given up to friendly festivities. It is not my first experience in such hospitality, and while I am deeply thankful for the favors in the past and the present, I hope to have other opportunities of a like kind in the future, for which honors, however, I will reserve my expression of thanks. The present union will be memorable because the occasion which calls you together is not only unusual but an extremely happy one.

"No one needed to be told that Japan expected her outstanding treaties to come to end during the current year, but it had been discovered that through a curious condition attached to the ratification of the existing treaty with the United States, the expiration was postponed to a year later. As it was necessary for Japan to renew existing treaties, if possible,, without delay, and as the parliament of the country had provided for an important change in her commercial system to take effect in July next, it was a bitter disappointment to be confronted with the attitude of the United States that another year must elapse before the treaty with that country could be brought to an end. This situation was embarrassing in the extreme, not merely because of the continuance of the American treaty for the further period, but because of the difficulty of negotiating with other powers under such circumstances. No fault could have been found by Japan if the United States had adhered to her decision—no fault, in fact, was found.

"Under these conditions, so late as in November last, President Taft, as might have been expected from a broad and generous-minded gentleman and a conspicuous and declared friend of Japan, announced to the Secretary of State that the United States stood ready to yield the question of time and to enter into a new treaty in substitution for the old.

"When it is recalled that a commercial treaty of high importance, involving questions of great technical difficulty, was thereupon negotiated, signed and submitted to the Senate for ratification in two months, during a period when unceasing demands were being made upon the President and Department of State in other matters—it will be seen that the business was entered upon and conducted in a friendly and generous spirit and without those technicalities and excuses for delay which are sometime resorted to.

"Beyond this, it should be stated that the Committee of Foreign Relations of the Senate considered and favorably reported the treaty within less than two days, and that the Senate ratified it practically without debate, with no un-

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necessary delay and without a dissenting voice. It proves that the labor and preparation of the President and Secretary of State in advance of the submission must have been earnest, unceasing and sincere, and this, indeed, was the case.

"Since you have adverted to the subject, Mr. President, in so complimentary a way, it will do no harm to have amplified the actual facts as I have just done, and happily in doing so no confidence is violated—in fact, it is a matter of history. That Japan was benefited I need not say—that she is grateful, I firmly believe.

"If there were activities in Washington, let me not fail to proclaim that there was duty well done by the Government of Japan. The burden and active responsibility on the part of His Majesty's Government naturally fell upon His Excellency the Minister for Foreign Affairs, and I would be telling but half the story if I failed to emphasize in this connection his consistent attitude, and his sincerity of treatment, resulting in vast value to his country. And you will all join me in congratulating His Excellency on his promotion in peerage through his sovereign's kindness.

"The good feeling, the promptness, the spirit of concession, displayed by the President and Secretary of State and Senate of the United States were not based upon advantages to follow nor because the new treaty was to them superior to the old; but because of a cheerful disposition to accommodate a worthy and magnanimous neighbor whose friendship has never been the subject of doubt by the Government nor by the great mass of the American people.

"We all know—we have all had ample proof with what ease and facility disquieting rumors may be invented and put in circulation through the press and otherwise concerning the plans and purposes of others—even of nations. If we commence by denying to such other nations honesty and sincerity of purpose,, every design, however well intentioned, may be doubted, every declaration disbelieved and tortured into the exact opposite of the truth, until mean and unjust suspicion will follow every public act. It is not possible for a self-respecting government to advertise and explain its every movement, domestic and foreign, nor to deny that in the ordinary affairs of government there lurks a sinister design.

"If such an atmosphere as between our two nations is injurious, is harmful and in a way dangerous, it is the patriotic duty of every lover of truth and sincerity to allay these evil conditions and to assist in establishing presumptions of an exactly opposite character. What, for instance, could be more conclusive as to the good will of the United States toward Japan than the making of a treaty under the circumstances and for the reasons explained?

"The public press informs us of most friendly declarations coming from both the President and Secretary of State at a late meeting in New York. These indisputable evidences will be followed in the future by candid and friendly relations, both political and commercial, and being supplemented by the activities of this association and of similar bodies here and in America, should soon serve to re-establish that trust which is the sure and lasting basis of friendship."

PRINCE TOKUGAWA'S ADDRESS.

"In participating in this important occasion which is attended by such a large number of representative Americans I feel it a very great opportunity for me to express, first of all, my own personal gratitude toward American friends for courteous hospitalities extended to me during my sojourn in America last year. In saying this, however, I want to assure my countrymen here present that those wonderful courtesies were not in the least anything that I personally deserved, but they were the spontaneous expressions of the sincere feelings of the American people toward this country.

"During my traveling through America, among many other things that have excited my admiration, nothing has more profoundly impressed me than the material development that country has recently made. In few other countries in the world that I have visited have I seen such marvelous concentration of human energy, and the display of the other good qualities in man for the furtherance of commercial, industrial and economic enterprises. The American dominant characteristics in these spheres of human activity unmistakably point to the fact that Americans were the foremost to recognize the dignity of commerce, which unites different peoples for their mutual benefit, and is, therefore, the surest guarantee of the peace of the world.

"It was therefore more than natural that the recent campaign of malicious misrepresentation, which was calculated to produce evil results to gratify the greed of certain interested parties, should have completely failed to interest them. But, to our great satisfaction, it has incidentally served to test the strength of the bonds of our friendship The successful conclusion of the new commercial treaty between America and Japan is another fresh testimony of the solidity of these bonds. I cannot express too strongly the satisfaction we felt when the anouncement was made of the conclusion of the new treaty which, in spite of our previous apprehension that it might be the last in the series of our treaty revisions with different powers, it proved to be the first by reason of the good will which traditionally exists between our two nations. On such a felicitous occasion as this when we gather together to express our appreciation of the efforts which their Execllencies the American Ambassador and our Minister for Foreign Affairs have assiduously exerted on behalf of this new pact, I wish also to express our sincere gratification for the friendly spirit and manner in which the American Government and people have co-operated with us.

"In the telegraphic columns of our papers I notice that at the recent dinner of the Asiatic Society of New York a gathering similar to the pleasant occasion this evening, both the American Secretary of State, Mr. Knox, and Ambassador Uchida dwelt much in their speeches on the question of the sovereignty of the Pacific. I fully agree with them and heartily indorse the sentiment they expressed. With them I truly feel that Japan and the United States, side by side on the Pacific, with their interest so manifestly interwoven, are bound to go hand in hand. Our commerce grows in importance, as sufficiently shown in the past, with

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the growth of American wealth, and reciprocally the American trade with the East naturally expands with our prosperity. It is not therefore for the sentimental reason of traditional friendship alone, although we cherish it as the cause of a peculiar pride and satisfaction to us, that we sincerely desire to foster and perpetuate the mutual regard and attachment that now exists, but the self-interest of both peoples alike demands it.

"I understand that the America's Friends Association is, as the name indicates, no political organization nor a diplomatic assembly. Its prime object is simply to perpetuate the pleasant memories of extremely delightful people that we always bring back from a visit to the United States; and by coming into such close personal contact as at the present occasion, the association tends to increase the better knowledge of each other among Americans and Japanese. After all, a mutual understanding is absolutely essential to real friendship, and therefore I trust that by promoting the interest of the association with such object we shall forge one more link in the chain of cordial friendship which already so happily binds together the peoples of the great republic and the Island Empire on the opposite shores of the Pacific."

ADDRESS BY EX-GOVERNOR FORT OF NEW JERSEY.

"Permit me to express my apreciation at being one of your guests upon this happy occasion. It is a most pleasurable experience to find in Japan an association of Japanese calling themselves 'America's Friends.' It betokens much. No people are more appreciative of friendship, or more loyal to their friends, than are Americans. Evidently to be a friend of America in Japan is a mark of distinction; for I behold about me to-night not only the American Ambassador, whom we, of course, expect to find among the friends of his country, but far more striking and important still, the Minister of Foreign Affairs and other high officials of the Japanese Empire. This, indeed, is a compliment to my countrymen and a demonstration of good will and kindly feeling for my country, which must have a favorable effect, not only in Japan, but especially in the United States.

"Naturally both our countries should rejoice over the treaty. It removes the last vestige of any possible ground of friction between us. There is no reason, founded in either fear or wisdom, for any restriction treaty existing between the United States and Japan; whether it relates to persons or property. If any conditions exist, or should arise, which might result in complications, it is safe to leave them to the honor of each country to control, upon reasonable diplomatic representations. In international intercourse, in our time, much has to be left to a national sense of propriety and a nation's honor. If in this age we have not reached a point where each nation will respect the well being of the others, and by its own act, irrespective of treaty clauses, prevent harm to another; then we are indeed less advanced in civilization than the signs of the times would indicate. But I do not believe there is doubt about this. The whole trend of international intercourse for the last fifty years has been toward open, frank and fair dealing between nations, and the sentiment for such diplomatic relations is constantly growing stronger; and the nations of the earth are finding that better results flow from peace and friendship than from war and enmity. Hence the great movements for arbitration of all controversies between nations. There is no matter pertaining to a nation, whether territorial integrity, humanity or property, which cannot be more honorably settled by a disinterested tribunal than by the spilling of the blood of a half a million of its people in a contest at arms.

"It is rumored, without doubt upon a firm basis of truth, that an arbitration treaty is now about to be concluded between Great Britain and the United States, by which it is hoped that war between them will forever be improbable. This means much. It is almost sure to be the beginning of the end of war and of the maintenance of great and costly armaments. This is a consummation much to be desired. Is it not possible that to this treaty between the United States and Great Britain (the friendly ally of Japan) there can speedily be added a treaty of similar import between the United States and the Empire of Japan? Such a treaty, interchanged by these three nations, would almost certainly assure perpetual peace among all the nations of the earth. It is time to stop talking of war and rumors of war between the United States and Japan. Those who do it are enemies of both countries. Let us rather talk of peace, the extension of trade relations and the strengthening of the ties which bind the two nations together; thus promoting as fully as possible a condition on the Pacific which, to use the language of your Ambassador at Washington, shall cause 'the Pacific Ocean to be filled with the mingled splendors of the Stars and Stripes and the Sun of Japan.' If this shall be we shall see continued the friendship which Commodore Perry established over half a century ago, and which still binds the great Republic of the West to the great Empire of the Rising Sun. Thus shall we make it certain that neither of these great nations shall ever perish from the face of the earth.

"Mr. Taft, the President of our republic, and His Majesty, your Emperor, have exchanged felicitous greetings over the consummation of the new treaty, and have each expressed for their people the most cordial feelings of friendship and good will. From what I have seen and heard I am satisfied those feelings exist here in Japan, and I know that they exist in the United States. Then, what of the future?

"In the progress of the international movements Japan and her interests count for much. In the Far East her government and governmental policy is somewhat parallel with that of the United States in North and South America. In view of the progressive spirit of the Japanese people, so remarkably exemplified in all directions in the past few years, it is evident to all thoughtful people that her policy should be paramount in Eastern matters. All the relations between the United States and Japan should be friendly. It seems impossible that they should be otherwise. That we should have any cause for contention is to me unthinkable. The United States surely can desire nothing that Japan has. We have all the territory that right thinking Americans wish; and more than some of our strongest men think we should have. It is quite certain that there is no sentiment in our country for any additional

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possessions in the East. The United States has greatly prospered in her hundred and thirty-five years of existence by adhering to policies tending to promote her domestic progress. We deem our markets the best the world has to offer and have pursued a policy possibly somewhat selfishly of preserving as far as we could our home markets for our own business interest. In this policy the nations of the earth have, I fear, considered us a little selfish. It may be frankly admitted that we have been. We have now grown to be a great, prosperous and wealthy people. Naturally we are now thinking of trade extension, through ship subsidy and reciprocal trade agreements. Many thoughtful men in our public life are now considering the wisdom of further maintaining a prohibitive tariff wall about us. I do not believe that our people have reached a point where a tariff for protection is unpopular; but there is a strong and constantly growing sentiment for a reasonable modification of our tariff laws, to meet equally reasonable concessions of other nations. Many of our industries once called infant are now strong and lusty and able to stand tariff reductions which will permit of some additional concession in the importation of foreign made goods. The wise modern national policy is found in a flexible tariff system; one that can be controlled through reciprocal trade agreements, and which will permit the industries of each nation to live and let live; a policy which will, through the careful adjustment of tariff conditions, secure an exchange of products on a fair basis between us and other nations; which will result in building up the industries of all without destroying those of any. This is the policy, as I understand it, which will result in building up the industries of all without destroying those of any. This is the policy, as I understand it, which the people of the United States now favor. It is exemplified in the Canadian reciprocity treaty which is now pending before our Congress. This, I think, was the principle underlying the great address of the late President McKinley, delivered at the city of Buffalo, and which I believe the American people then accepted and now approve as the true policy for the future industrial growth of our country.

"President Taft, who is daily more and more demonstrating his great ability as a statesman, is forging ahead along these lines. He knows the people; and they are behind him and approve his course. Ex-President Roosevelt only lately has also voiced his approval of this policy in this strong statement: 'In some way a great nation must think first of its own internal affairs; and yet it cannot substantiate its claim to be a great nation unless it also thinks of its position in the world.'

"In making treaties, for instance, there must be give and take; and yet too often a treaty will fail simply because our people permit a small section of their number to insist that it shall be all take and no give.' The days of the 'all take and no give' nation are gone.

"The speed of communication, the march of invention, the growth of general intelligence, the increase of the spirit of civic honesty, fair dealing and mutual concession in international matters have changed the conditions of a century ago. Every nation is interested, or should be, in the uplift, morally, politically and industrially, of every other nation. Modern mechanical knowledge and inventive genius have eliminated both time and space as factors in international intercourse and trade. Advance in civilization of one nation tends to benefit all. The world is a brotherhood to-day, and the nation which does not realize this is lacking in its appreciation of the true situation. The affair of one is the concern of all. None of the great nations of our time can escape their responsibilities as world powers—they should not if they could; and each should strive to outdo the other in the promotion of universal peace and the general prosperity of all.

"These sentiments may sound Utopian; possibly they are a little ahead of the hour; but the great nations of the future are to be those which follow these principles in their intercourse with one another.

"Japan and the United States are so situated as to be in position to exemplify these cardinal principles of virtue and fairness in their international governmental policy. Shall we not do it?

"Again I thank you for permitting me to be your guest upon this delightful occasion. I wish to close this address by adopting the words of Mr. Roosevelt as my own, when he said: 'I not only have great respect and admiration for the Japanese, but I very strongly feel that we have much to learn from them. I regard a good understanding between Japan and the United States as of capital consequence to my country, and as of the first importance from the standpoint of preserving peace in the Pacific.'

"Long live Japan and the United States!

"Gentlemen, I thank you for your attention."

BARON TAKAHASHI'S ADDRESS.

"It is a great honor and pleasure for me to be given the opportunity of addressing such a distinguished gathering. But, after the excellent speeches to which we have already listened, I feel there is scarcely anything left for me to say. As to the traditional attachment and community of interests between the United States and Japan, I think it is most superfluous for me now to make an exposition of them. For in the first place they are absolutely unequivocal, and in the second I can not think of a more appropriate expression of them than the recent satisfactory conclusion of the new treaty.

"But in such a gathering as this, I feel I cannot refrain from recalling with a sense of heartfelt gratitude the financial support enthusiastically given by the American public in connection with our loans issued during the late war. I know from my own experience at that time how cordial and deep-rooted was the sympathy of the American people for this country, and I have no doubt whatever that the feeling of the United States, as a whole, and especially of the leading classes there, remains now exactly the same as in the time of Japan's hard struggle."

"In regard to China, a vague idea seems to prevail that the interests of the two countries are in conflict. But look at the matter with a common sense view and reduce it to a question of concrete facts. You will see at once that here also is no really serious question, for Japan is by no means in a position to take any undue advantage on account of the development of China. What China needs

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to yen 144,270,000 (£14,777,220). In short, the total revenue most urgently and on the largest scale are doubtless capital, steel and machinery. But Japan cannot hope, for a long time to come at any rate, to compete with Western nations in contributing these elements. Japan will only share in the benefit resulting from the development of China, which is at the first instance mainly dependent upon the enterprise and resources of Western nations. It is, therefore, idle to talk of Japan's discrimination against other nations. We have neither the intention of making such discrimination, nor any interest in doing so. With reference to articles for consumption, America's most important products to be supplied to China are, I believe, petroleum and cotton goods. But Japan is not able to export petroleum, because our product is by far insufficient even for our own consumption. Thus it is only in cotton goods that Japan may compete with America in the Chinese market to any considerable extent. But even in this respect we have no peculiar natural advantage, for we must import raw material for manufacture. If we are able to supply to China a portion of the cotton goods required by her, it is solely by reason of geographical nearness and cheap labor. Is this not merely fair competition, incidental to international trade in all parts of the world? I have too high an opinion of the American people to think that they will ever take an aversion to fair competition. Certainly there is room enough in China for fair competition of all friendly nations.

"Your Execellencies and Gentlemen, I know there is nothing new to you in all I have said. But, as men of the street are often led astray by sensation mongers and mischief makers, I think it is our duty to take every opportunity to dispose of bogies created by them. When they are disposed of, there will stand out clear and unaffected the all-important facts of historical amity and of increasing mutual trade, which had governed, and will ever govern, the relations of the United States and Japan."

MR. D. H. BLAKE'S SPEECH.

"Your Excellencies and Gentlemen—One week ago tonight, a number of the gentlemen who have the honor of being present here this evening, were the recipients of a similar honor at the hands of the Japan Traders' Association in Yokohama. On that occasion it was my privilege to make a few observations bearing on the trade relations between Japan and the United States. I endeavored to show from statistics, which are easily available, that the balance of trade between the two nations is greatly in favor of this country. The position is that, while the United States is by many millions of yen Japan's largest customer, there are a number of our commercial competitors who receive a much larger volume of her purchasing orders.

"This is a condition which we view with no feelings of equanimity, and we are anxious to find a solution of the difficulty. I realize that, as a general principle, there is no sentiment in business, and that the success of an individual or a nation in this direction depends upon their ability to meet whatever competition confronts them While favoritism may occasionally be an important factor in a trade transaction, it must ordinarily be accepted that the cheapest price and the best quality will win the day.

"The United States has succeeded in building up an enormous export trade in the markets of the world, but with Japan it cannot be said that she has attained to that same degree of success that has rewarded her efforts in other territories. Whether this is due to the fact that we have failed to understand the requirements of this market, or that our transportation facilities are inferior to those of our neighbors, or that our high tariff militates against us, or that we are lacking in business acumen, I shall leave for someone more competent than myself to determine, but the fact remains that our position in the import market of Japan leaves much to be desired; however, we are not discouraged, and we have no intention of giving up the race; we shall continue to be as aggressive as conditions warrant and circumstances permit.

"The commercial victories which our compatriots have won in other fields will be an object lesson to us as to what may be accomplished, and inspire us to further efforts in Japan. One thing that we ask for is the cooperation and good will of our Japanese friends, and this, I am confident, we can count on receiving. There is no denying the fact that friendship is an important asset in business, and the more clearly we recognize this, and the more emphasis we lay upon it, the more pronounced will be our success. Any statement on this point seems almost superfluous, since it cannot but be a reiteration of what has been said hundreds of times before; but, nevertheless, the occasion affords the opportunity of again giving the assurance that the American merchants in Japan are actuated by the most friendly feelings toward the Japanese people; and what may be said of us will, I believe, apply with equal truth to the merchants of all other nationalities. We have given unqualified demonstration of this fact in the past, and we shall continue to do so in the future. These sentiments, I believe, are reciprocated by the great majority of the Japanese, and I am convinced that it is their desire, equally with ourselves, to cultivate feelings of mutual respect, confidence and esteem.

"Especially is this the case with such an organization as the one whose hospitality we are this evening privileged to enjoy. The *Beiyu Kyokai,* true to its name, has perhaps done more in the cause of international friendship than any other similar organization in Japan. With untiring energy and unfailing courtesy, its distinguished president, its officers and members extended the hand of welcome to many of our countrymen who have visited these distant shores.

"Our present Chief Executive has experienced the genuineness of your hospitality and the sincerity of your friendship. Our ministers and ambassadors in succession, as they have assumed their duties as our representatives in this country, have likewise been the recipients of your kindly consideration.

"While we have, perhaps, not been able to show our appreciation in any tangible form, I trust you will accept my assurance that we are not unmindful of your favors, nor are we insensible of the honors you have conferred upon us."

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GENERAL CONDITION OF JAPANESE FINANCE AND ECONOMY IN 1910.

I.—A BRIEF ACCOUNT OF THE FINANCIAL CONDITION.

The general financial policy was adopted at the time of the framing of the budget for the preceding financial year that the basis of the annual accounts should be consolidated by maintaining the balance between the revenue and expenditure, the public loans which had so suddenly increased should be readjusted by avoiding the flotation of new loans and augmenting the funds for the redemption of the existing ones, and at the same time the general harmony of the economic world should be promoted. The budget for the financial year 1910-1911 was also framed on the basis of this general policy; and, moreover, plans were made so far as reliable sources of revenue permitted with respect to those undertakings which were absolutely indispensable for national progress and industrial development. The most important of these undertakings were the following:

The necessity being recognized for readjusting the tax laws which were established to meet emergencies in the late war and of making more equitable the incidence of taxes upon the nation, the rate of land-tax was reduced by 8 per mille, and the rate of succession tax was also lowered and the delay allowed for its payment was lengthened; and some alterations were made respecting the business tax, sugar excise, textiles consumption tax and others. In short, as revisions were carried out which were calculated to reduce the receipts by yen 15,000,000 (£1,536,413), it is believed that the decrease in receipts during the financial year 1910-1911 will be about yen 11,000,000 (£1,126,703).

While carrying out administrative readjustment and effecting retrenchment in Government expenses, it was decided at the same time to solve a long standing question by increasing by about 25 per cent. the salaries of Government officials and allowances of non-commissioned officers and privates. Although this would entail an increase of yen 11,000,000 (£1,126,703) in the annual expenditure, an economy of yen 3,600,000 (£368,739) was, on the other hand, effected by retrenchment as a result of administrative readjustment, so that the net amount for which revenue had to be found was yen 7,400,000 (£757,964).

As regards the sum to be transferred to the sinking fund in the financial year 1910-1911, yen 7,500,000 (£768,206) was specially added to the redemption fund, and as a result the sums to be transferred to the fund from the general account and the railway account come altogether to yen 193,900,000 (£19,860,699); and of the total sum, the amount to be devoted to the repayment of the principal will be yen 60,800,000 (£6,227,594).

The total budget for 1910-1911, which, on being framed on these plans, was passed at the twenty-sixth session of the Imperial Diet, reached with the addition of the supplementary budget the sum of yen 534,303,861 (£54,727,-426) for both the revenue and expenditure. If, moreover, to the above is added the supplementary budget amounting to yen 13,946,453 (£1,428.501), which was passed at the twenty-seventh session of the Diet in consequence of the annexation of Chosen, serious inundations in various parts of Japan, and spread of pest throughout Manchuria, which all occurred in the course of 1910, the total revenue and expenditure will each come up to yen 548,250,314 (£56,155,-927); and the carrying out of the budgets happily produced good results both financially and from the point of view of general economy.

The 4 per cent. loans which were issued in March, 1910, and subsequently in home and foreign markets, for the conversion of national loans amounted to yen 556,000,000 (£56,949,708); and the total amount of 5 per cent. loans which were redeemed with the proceeds of the new loans was yen 518,000,000 (£53,057,462). The amount annually saved in interest by these conversions will be yen 3,600,000 (£368,739).

In August, 1910, the annexation of Chosen took place, and many plans were made in regard to the new territory, such as the construction and improvement of railways, establishment of harbor accommodation, road construction, cadastral survey and aid to various industries. It was decided to open special accounts for these undertakings and to make up from the general account in case the revenues on those accounts are insufficient to meet the expenditures. This decision was carried into effect on October 1 last. The sum thus defrayed out of the general account during the six months from October last till the following March was yen 2,800,000 (£286,797); but as a considerable portion of the sum allowed by the budget for the expenses of the late Residency General was set free, the annexation did not entail a marked increase in the expenditure for the past financial year.

In August, 1910, serious inundations causing widespread sufferings took place in Tokyo and several other prefectures, and grants in aid of prefectural engineering works were made out of the national treasury. The amount paid out as grants unprovided for in the budget was yen 4,070,-000 (£416,880), and that allowed by a supplementary budget was yen 3,080,000 (£315,477), making a total of yen 7,160,000 (£733,381).

Upon comparing the actual results of the revenue for the financial year 1909-1910 with the estimates, we find that in the ordinary section, as regards the taxes and duties, while there was a falling off in the receipts from the sugar excise, textiles consumption tax and customs duties, there was an increased yield from the income, business and saké taxes, resulting in a net increase of yen 2,870,000 (£293,-967), and there was an increase of yen 7,960,000 (£815,323) in stamp receipts, and yen 1,780,000 (£182,321) in receipts from Government undertakings and State property, making the total increase in the ordinary section yen 12,780,000 (£1,309,024). In the extraordinary section, as the amount brought over from the preceding financial year exceeded the estimates by yen 140,890,000 (£14,431,015), the excess in the whole section over the budget estimates amounted to yen 144,270,000 (£14,777,220). In short, the total revenue

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was yen 677,540,000 (£69,398,750), being an excess of yen 157,050,000 (£16,086,244) over the budget estimates which had been put at yen 520,480,000 (£53,311,482).

Although it is yet too early to obtain a definite account of the actual revenue for the financial year 1910-1911, it is calculated according to the present estimate that there will be an increase, as regards the taxes and duties, in the receipts from the sugar excise, tax on bourses and traveling and succession taxes; but as exemptions from land tax and delay allowed in payment of the tax on account of the inundations in various parts of the country during the year in question involved heavy losses to the Treasury and the customs receipts were less than had been anticipated, a net deficit in the revenue from taxes is expected to be about yen 5,000,000 (£512,138). Further, although an excess over the budget estimates of yen 1,900,000 (£194,612) in stamp receipts and of yen 1,330,000 (£136,229) in the yield from Government undertakings and State property is anticipated, a decrease is expected in the miscellaneous receipts, so that there will probably be a net decrease in the ordinary revenue of yen 2,390,000 (£244,802). In the extraordinary section, as the amount brought over from the preceding financial year is expected to be yen 117,780,000 (£12,063,915) in excess of the budget estimates, the total increase will probably be yen 119,500,000 (£12,240,090). The total ordinary and extraordinary revenue will, it is accordingly believed, exceed the budget estimates by yen 117,180,000 (£12,002,458).

II.—A BRIEF ACCOUNT OF THE ECONOMIC CONDITION.

The condition of the economic world in 1910 may be briefly described by stating that, through an increase in the national savings and the redemption of national loans, the capital in the market became abundant and both commerce and industry made steady progress.

The arrangements made by the Government since 1908 in regard to the national finance and debt have proved very effective and, together with the general condition of the economic world at the end of 1909, led at the beginning of the following year to a still greater abundance of capital in the financial world and brought on a downward tendency in the rate of interest. The Government took advantage of this occasion to commence the conversion into 4 per cent. loans of those 5 per cent. public loans whose period for remaining unredeemed had expired. Thereupon, anticipations made by the market of the future course of monetary circulation brought interest of all kinds to an almost unprecedentedly low rate, and the stock market which had long lain inert showed some signs of activity, and even upon the coming of the season when there is usually a general demand for capital, hardly any change was perceptible in the slack circulation of money.

Meanwhile, the Government's plan for the conversion and redemption of its loans made gradual progress; and as sources of revenue for the redemption 4 per cent. loans were issued at home and similar loans in French money and in sterling were raised abroad, and with the proceeds of these loans and the sinking fund various 5 per cent. loans and exchequer bonds were redeemed to the value of yen 523,300,000 (£53,600,328) (of which yen 249,800,000 (£25,586,398) was redeemed in cash and yen 273,500,000 (£28,013,930) was exchanged for the low interest loan bonds). Consequently, although very few attempts were made by public corporations or private companies to import foreign capital, there was in the course of last year an increase of yen 37,640,000 (£3,855,372) in the postal savings and of yen 110,670,000 (£11,335,655) in the deposits at the banks in various important places, and on the contrary the loans advanced by the banks showed an increase of only yen 85,700,000 (£8,778,040), so that the circulation of money became still more slack and, notwithstanding a slight briskness at the end of the year, the low rate of interest was always maintained.

In these circumstances, as with this abundance of capital in the financial world, many efforts were made for its investment, the debentures issued by banks and companies were generally welcomed as objects of investment ranking next to the national loans in reliability. The issues of these debentures always produced good results, and those issued during the year amounted altogether to yen 86,070,000 (£8,815,938). As the business world was thus given a suitable stimulus by the supply of cheap capital, together with the rise in the price of silver, annexation of Chosen, reduction of taxes, and revision of the customs tariff, the way was opened for recovery from the stagnation of trade. The traffic on the Imperial railways increased rapidly, and their earnings, the largest on record, reached the total of yen 84,750,000 (£8,680,733). Moreover, although the capital for new enterprises during the year amounted to yen 487,000,000 (£49,882,208), the attitude of business men remained calm; and it was most satisfactory to note that speculative enterprises did not make their appearance in succession, as was the case immediately after the late war.

The results of the foreign trade are worthy of notice. The exports amounted to yen 458,000,000 (£46,911,810) and the imports to yen 464,000,000 (£47,526,375), making the total volume of trade yen 922,000,000 (£94,438,185). Although this sum appears slightly less than the figures for 1907, it should be noted that the trade with Chosen during the last four months of the year is not included in the above figures for 1910. If the volume of the trade with Chosen during the corresponding months of 1907 were deducted from the figures for that year, the amounts for last year would be the highest on record. Although this great increase cannot be attributed solely to any one or two causes, still one of the principal causes of the increase in exports would appear to be the fact that the producers of raw silk, cotton yarn and other articles have of late been able to reduce the cost of production by the use of cheap capital and improved methods of production and to export the manufactured articles at low prices; and as the increase in imports is mainly due to the increased importation of raw materials like raw cotton and wool, the results of the foreign trade may be considered to be satisfactory notwithstanding the excess of imports over exports, amounting to yen 6,000,000 (£614,565).

Thus the market had from the spring of last year a large supply of capital generally from the redemption of a large amount of national loans and increase in savings, and this led to the lowering of the rate of interest and to the extension of enterprise. Moreover, our foreign trade has made suitable progress; and it is most satisfactory to see that our economic capacity is yearly expanding and the nation is by prudence and thrift husbanding its resources. —*From the Eleventh Financial and Economic Annual of Japan, issued by the Department of Finance.*

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COMMERCE OF HONGKONG.

BY CONSUL GENERAL GEORGE E. ANDERSON.

The trade year of 1910 in Hongkong and South China, as represented by Hongkong, on the whole was not satisfactory. During the earlier portion of 1910 there was fair export trade and in the latter part there was enough activity in imports to bring the year's trade close to the average for several years past. However, there was no special activity in either line at any time.

The course of exchange up to September was 1s. 8¾d. to 1s. 9½d., and this low figure naturally stimulated exports, for gold values amounted to higher prices in silver. After September, however, exchange rose and exports fell off, while the imports were stimulated, for China's silver and copper currency bought more in terms of gold. During the latter months of the year the natural improvement in the import trade expected from the course of exchange was interfered with by the tightening of the money market, due to a large number of failures among Chinese houses following the collapse of a boom in rubber stocks in all the cities along the Chinese coast, but notably in Shanghai. For a time conditions were serious, but the situation as a whole was well handled, especially in Hongkong, and the results were less unfortunate than might reasonably have been expected.

The details of the year's trade vary so greatly that general tendencies of trade are obscure. There was an increase in shipments of vegetable oils, Chinese groceries of various sorts, peanuts, human hair, furniture, rice, tin, tea, and other articles, and a decrease in shipments of opium, matting and mats, bristles, cassia, camphor, firecrackers, and silks. In imports there were decreases in cotton piece goods, cotton yarn, sugar, coal and flour, and an increase in kerosene, various machines and machinery, and in sundries. On the whole, the year was one of some profit to dealers but not one of unusual prosperity.

INDUSTRIES OF HONGKONG.

The city and district consume no more goods than may be expected of any community of about 325,000 inhabitants. There are a number of manufacturing concerns in the district which are increasing their output, and the industrial outlook in most lines is particularly good. The manufacture of cotton yarn is an important industry, for which raw cotton is imported. There are large sugar refineries, cement factory, large dock and ship yards, rope factory, distilleries, sawmills, brick and tile plants, and large foreign shipping establishments. Smaller industries include the manufacture of paper, soap, beer, matches, shoes, stockings, underwear, preparing feathers, preparing human hair, dyes and colors like vermilion, tooth-powder factories, foreign carpets, furniture, and other foreign goods, in addition to the purely Chinese industries like the rice mills, preserve factories, Chinese food canneries, oil presses, tin and other smelting plants, and all the establishments serving the tourist and export trade—in short, Chinese industry generally. They represesent modern Chinese manufacture of foreign goods for Chinese use.

HONGKONG AS A DISTRIBUTING POINT.

For all of these industries more or less of the raw materials are imported and some of the products of most are shipped abroad. But the vast mass of the imports and exports are exactly the same goods. Hongkong receives from Europe and America goods which it passes on to China, Indo-China, the Philippines, and East Indian points. It receives from China, somewhat from the Philippines, from Asiatic Russia, and from Indo-China, India, and various portions of the Far East goods which it passes on to America, Japan or to Europe.

What Hongkong is to South China is indicated by the fact that the trade of Canton with foreign countries in 1910 was handled at and generally invoiced out of Hongkong, and the same is true of practically all the ports from Foochow south. In Indo-China most of the trade is with France, but what business there is with other nations is almost exclusively through Hongkong. Much of the trade between the Straits Settlements and even India and the United States is through Hongkong.

What the volume of its trade is cannot be told with any degree of accuracy, for the port has no trade returns and keeps no trade accounts. It ships to China and the Philippines about $100,000,000 worth of foreign goods and takes from them goods to the value of about $63,000,000. Its shipments direct to the Straits Settlements are about $7,000,000 and from the Straits Settlements about twice that amount. Its sugar imports are about $23,000,000 and its exports of sugar are worth more; it is imported to be refined and shipped. Its rice trade will average about $22,000,000 of imports and the same value in exports. Its coal imports run about $8,000,000 a year, and nearly all of it is exported as bunker coal or otherwise. Much of Japan's imports of raw cotton is handled through Hongkong, probably close to $1,000,000 in value.

Then there is the great trade in the goods sent directly from America or Europe to China or other Eastern points and from China and the East to Europe and America, which are bought and sold through Hongkong, but which does not come directly into returns of the port. Its direct total import and export trade will probably reach $275,000,000 gold and may greatly exceed that figure.

SHIP REPAIRING AND BUILDING—SUGAR REFINERIES.

The work done in the colony's dockyards during the year was on the whole successful, two of the larger concerns paying fair dividends. The necessary repair work of practically all ships coming to this part of the world is done in Hongkong. The yards here have also built a large number of vessels of various sizes and grades.

The sugar refineries and shipping and industries depending upon them had an unfavorable season. There were some important changes in the sugar business throughout the East during 1910. One of these was the practical elimination of the Philippine Islands as a source of supply for the sugar market of China for the present, and another

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was the so-called "trust" agreement among the sugar interests of Japan and Formosa, whereby the Japanese importers have agreed to import no sugar except from Formosa, while the Formosa producers have agreed to export only about a third of their crop to Japan.

The imports of raw sugar into Hongkong in 1908 amounted to 250,469 tons, in 1909, 339,684 tons, and in 1910 they were placed at 244,877 tons. About four-fifths of the imports of raw sugar pass through the refineries and out into China and other markets, the remaining fifth being shipped raw or used in local and Canton preserve factories. At present Hongkong is shipping little or no sugar to the United States, although there is no economic reason why there should not be a large trade.

The free admission into the United States of sugar from the Philippine Islands up to 300,000 tons annually offers a good market for the whole of the 240,000 tons of sugar produced in the Philippines for export. In 1908 the Philippines exported to Hongkong 50,492 tons of raw sugar; in 1909, 41,930 tons, and in 1910 about 18,000 tons. However, Java has abundant supplies, but the trade in Hongkong has not prospered because of the failure of the demand from China, due both to unfavorable business conditions and to the unloading of the Formosan crop in China. The Formosan crop for the season is estimated at 3,300,000 bags, and the companies in that island have agreed not to export to Japan more than 1,100,000 bags of this crop, the Japanese sugar merchants, with the exception of one prominent Kobe firm, agreeing in return to import no sugar from any other country, thus maintaining the price in Japan for all sugars. This excess of the Formosan crop has been and is being marketed in China. In a general way the Formosan product is the same as that formerly shipped in large quantities from the Philippines to China.

As a result of such conditions the course of the sugar market in Hongkong during the year was generally downward, and there was little or no profit in the trade. Up to April business was fairly good. Prices at one time reached $10.50 local currency, or about $4.55 gold, per picul of 133⅓ pounds for white sugar; but gradually, after April, prices fell until at one time they reached $3 local currency, or $1.29 gold, per picul, or about 1 cent gold per pound for raw sugar. During the latter part of the year prices gradually recovered and the closing quotation of the year for white sugar was $7.70 local currency, or $3.31 gold, per picul.

THE RICE MARKET.

In rice the year 1910 was a satisfactory one to Hongkong middlemen. A brisk business was done nearly throughout the year, mostly in rice from Saigon and Siam, with the Canton country, the United States, and the Philippines and shipments were larger than the previous year, and to China were overwhelmingly greater. Prices during the first half of the year were stable, and advanced rapidly when it became apparent that there would be a failure of the first rice crop in Kwangtung Province. In the second quarter of the year shipments of rice from Hongkong to Canton amounted to about 14,300 tons, as compared with about 600 tons in the same period of 1909, and during the year the imports of rice into Canton from Hongkong amounted to about 48,000 tons, as compared with about 3,000 tons in 1909. The year closed with strong demand and rising prices.

In spite of the high prices, due to the demand in China, exports of rice from Hongkong to the United States during 1910 were valued at $581,853, as compared with $560,326 in 1909 and $544,689 in 1908. More than half of the total shipments for 1910 were made in the first quarter. The value of rice shipments from Hongkong to the Philippines in 1910 was $1,713,126, as compared with $1,574,474 in 1909 and $1,517,996 in 1908.

The total imports of rice into Hongkong in 1910, which, in fact, practically measure the exports, are estimated at 710,000 tons, as compared with 541,078 tons in 1909 and 721,254 tons in 1908. The price of rice during 1910 was estimated at $36 gold per ton, making the value of the exports of rice from this colony in 1910 $25,560,000 gold. Local brokers estimate that 90 per cent. of the rice imported into China last year was from Hongkong, as compared with 85 per cent. in 1909 and 92 per cent. in 1908.

THE SILK INDUSTRY.

The season of 1910 was a good one for Hongkong and Canton silk men, and the United States was the controlling factor in the situation. The year opened rather doubtfully, and it was only in the latter part that the improvement in trade was marked. The chief factor in the year's trade was the increased demand from the United States for Cantonese silk, which set in particularly strong about June. Demand from the United States ruled the entire South China market from September to the close of the year and was felt in the opening months of the current season. The trade with Europe, shut out of its usual supply by the tendency to manufacture for the United States and by the high prices which this combination and a rise in exchange forced upon the market, languished during the latter part of the year. During 1910 prices increased about $51.60 gold per picul (picul = 133 1-3 pounds) for goods of European grade and $43 per picul for goods of the American grade, as compared with the 1909 prices.

During 1910 shipments amounted to 54,400 bales (112 pounds net to the bale) of silks of all kinds, as compared with 43,700 bales in 1909. Of these the United States took about half, as compared with less than a third in 1909. In the trade, of course, Hongkong is merely the distributing point for Canton and the silk districts near Canton. The principal producing district for Cantonese silks is in the northeastern portion of the delta of the West River, comprised in a district of about 40 miles radius. Lappa exports to the Cantonese markets considerable native raw white silk and large quantities of wild silk, and Wuchow also furnishes a considerable quantity of both. It is probable the total production of the district amounts to about 16,000,000 pounds, of which about two-thirds are exported in one form or another. The average shipments in the past five years amounted to nearly 11,000,000 pounds of silk and piece goods, valued at about 32,000,000 taels, or $23,000,000 gold. The shipments of silk of all kinds, excepting

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piece goods, from Canton to Hongkong, for reshipment at the latter point, were as follows in 1910, in pounds: Raw white, native, 213,328; raw yellow, 4.933; raw wild, 77,998; raw white, steam filature, 5,660,258; cocoons, whole, 269,-860; cocoons, pierced, 261,460; waste or refuse, 4,621,751; total, 11,109,588.

According to the Hongkong Chamber of Commerce report, Europe had taken 20,002 bales, or 2,240,224 pounds, of steam filature silk from June, 1910, to January 21, 1911, as compared with 21,951 bales, or 2,458,512 pounds, in the same period of the previous season, while the United States in the current season to date had taken 15,483 bales, or 1,734,096 pounds, as compared with 7,173 bales, or 803,376 pounds, the previous season. The waste silk shipments from June, 1910, to January 21, 1911, amounted to 26,374 piculs, or 3,516,533 pounds, as compared with 24,499 piculs or 3,266,533 pounds, the previous season.

MATTING INDUSTRY—TEA SHIPMENTS.

Jobbers in matting in Hongkong, both those dealing with the United States and with Europe, report an unfavorable year for 1910. The tendency of the trade is downward. One reason for this appears to lie in the effect of the present tariff law of the United States upon the trade in general, although the change in the law in ordinary operation is favorable to high-grade matting. Another reason is in the deterioration of Chinese mattings, due to a change in demand for various grades, following the tariff change noted. According to the local jobbers, 325,000 rolls of matting were turned over in 1910, as compared with 380,-000 rolls in 1909. Prices were also lower, with a constant tendency to sag, making buying for other than immediate delivery hazardous and unsatisfactory.

The year 1910 was a good one for tea jobbers in Hongkong. The increased demand throughout the world, with the comparative curtailment of the output of India and Ceylon, led to an increased trade in Chinese teas. The bulk of the tea crop of China, of course, goes out of central China, but of the average export of $21,000,000 worth during several years past Hongkong has exported an average of about $1,300,000 worth, almost exclusively black tea. Hongkong exported to the United States $105,253 worth of tea in 1908, $96,967 in 1909, and $117,589 in 1910. The Philippines took $15,304 in 1908, $16,599 in 1909, and $17,-185 in 1910. Hongkong jobbers expect unusually good results from the 1911 season.

THE OPIUM TRADE.

China's efforts to restrict the opium trade have been successful in a marked degree in reducing the volume of the business at Hongkong. In 1909 Hongkong furnished 72 per cent. of the total imports of opium into China and averaged about that proportion for the four previous years. The imports of opium from all sources into Hongkong in 1910 were 4,919,040 pounds, against 5,477,859 pounds in 1909. The total exports of opium from Hongkong during the past three years were as follows, in pounds: 1908, 6,072,000; 1909, 5,515,960, and 1910, 4,560,419. The exports to China for the period were 5,591,004, 5,096,684 and 4,304,-996 pounds, respectively.

It is possible that the restrictions upon the trade in opium in Kwangtung Province reduced the imports into this section of China to a greater extent than such imports have been reduced in other regions, though the figures for customs duties paid for the portions of 1910 already returned agree in general features with the Hongkong returns.

It does not appear likely that the Hongkong business interests concerned in this trade will allow it to disappear without a struggle. The Chinese authorities in several of the provinces, notably in the Canton Province, have established restrictions and additional taxes on the trade, which have been and are the subject of sustained complaints on the part of Hongkong dealers, voiced through the Hongkong Chamber of Commerce, and there is evidence that every effort possible to save Hongkong's trade in this drug will be made as opportunity is offered.

SHIPMENTS OF CASSIA AND CASSIA OIL.

There was considerable increase in trade from Hongkong in cassia or commercial cinnamon and cassia oil both with Europe and the United States last year. Practically the whole of China's exports in this line are shipped from Nanning, Wuchow, Lappa and Canton through Hongkong. The exports of the cassia lignea bark in 1909 were valued at $938,328, with slightly smaller shipments in 1910. The usual shipments out of China of cassia of various sorts in recent years have been about 1,500 piculs (picul = 133⅓ pounds) of buds; 75,000 piculs of lignea; 35,000 piculs of refuse, and 8,000 piculs of twigs—119,500 piculs, with a Chinese customs valuation of $1,143,603. The actual exportable quantity of marketable cassia probably amounts to about 80,000 piculs, the rest being used for oil. The shipments of lignea during 1910 amounted to about 60,000 piculs.

COTTON GOODS TRADE.

The volume of imports and sales of cotton piece goods in the Hongkong market in 1910 was not great, and the constant rise in the price of raw cotton and consequently in the prices of cotton goods resulted in sales made upon constantly rising markets, and the appreciation in prices between the time an order was placed and the goods received often meant considerable profit in itself.

The trade in whites and grays and other standard goods fell off, but until the last three months of 1910 there was an increase in imports of dyed and colored goods and prints. However, this branch of the business is the least profitable. The fact that there was only a slight decrease in the year's business in the finer grades of cotton is of decided significance, for it demonstrates a changing course of trade.

The decrease in imports of whites and grays, of course, affects the United States directly more than any other country. There was left on hand at the beginning of the current season a considerable stock of all lines of goods, particularly white shirtings, muslins, and whites and grays generally.

Many small lines of goods like cotton hosiery and knit underwear are now made both in Hongkong and in various portions of China tributary to Hongkong. The consumption of these goods is increasing, but not the imports in

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proportion. It is probable, however, that as the use of such garments increases, the demand will be greater for foreign made goods because of their general superiority, the Chinese made garments being rough in texture and indifferent in appearance, but having the merit of cheapness.

IMPORTS OF YARN INTO CHINA AND HONGKONG—RAW COTTON.

Of the average imports into China during the past five years of $58,791,090 worth of cotton yarn Hongkong furnished almost exactly one-third, of which a large part was Indian, Japanese and English. A large portion of the balance of China's yarn imports was sold through Hongkong, but is not included in the shipments. Japanese yarn had somewhat of an advantage during the latter portion of 1910.

Owing to the high price of cotton there was a continual decrease in the demand for cotton yarn. Prices were firm during the first half of the year and the business done in that period was generally profitable. The year closed with poor prospects of future business.

The output of the Hongkong mill during 1910 was about 3,000,000 pounds of yarn, or about half that for 1909. The estimates of the best authorities place the imports of yarn into Hongkong in 1910 at about $15,000,000, as compared with $18,000,000 in 1909 and $19,000,000 for the average of the past five years.

During 1910 the market for raw cotton in Hongkong was dull, the general causes being the high prices throughout the world, resulting in restriction of Chinese consumption of foreign cotton, and the watering of cotton produced in China and shipped abroad, particularly to Japan. China's chief supply of imported raw cotton comes from India, a large portion of its imports being handled in Hongkong, but in a general way the Indian prices follow closely those in other portions of the world, and it is seldom that there is any material advantage in the Indian market over American markets other than in differences in quality of staple and in freights.

THE COAL MARKET.

The imports of coal from all points into Hongkong during 1910 amounted to 1,286,330 tons, as compared with 1,219,930 tons in 1909 and 1,087,753 tons in 1908. Of the total for 1910, 932,780 tons were Japanese coal, 110,200 tons Hongayan, 85,000 tons Manchurian, 46,600 tons Cardiff (including patent fuel), and 44,900 tons Kaiping. Excepting 188,600 tons reshipped to Canton and 13,400 tons to Swatow and other northern, including Japanese, ports, the coal was used by the local industries and as bunker coal.

There seems to be no question but that from the coal producers' standpoint the coal market in Hongkong is overworked. It is to a large extent a dumping ground for mines all over the East. The fact that so large a share of the trade is held by Japanese and Chinese concerns, in which more or less of governmental aid or other special conditions enter, renders it doubtful if the market returns here are remunerative upon an ordinary business basis. Most coal sold in Hongkong is placed upon yearly contracts, the steamship companies and large consumers making contracts for the year, which generally fix a maximum price for their coal, the price following the market down. The prices in these yearly contracts naturally are somewhat below the current market quotations, but the average prices for coal may be indicated by the fact that the present prices, considered low but in reality about the average for some time, are as follows, in gold, per ton: Cardiff, $7.74 to $10.32 out of warehouse—the following prices are from the ship: Japanese, Yubari lump, $5.16; Miiki lump, $4.51 to $4.73; Moji lump, $3.33 to $4; Moji unscreened, $2.58 to $3.44; Labuan lump, $3,87.

GINSENG AND LUMBER IMPORTS.

The ginseng season of 1910 in Hongkong and China generally was not a prosperous one, and for that reason there is prospect that the season of 1911 will offer a good market for the American root. Owing to the decadence of the production of ginseng in Korea as a result of former taxation, the United States of late has furnished practically the entire supply of Hongkong, which in turn controls the trade in all China. The imports of the root into Hongkong from the United States in 1910 amounted to 94,000 pounds, as compared with 160,800 pounds in 1909 and 146,933 pounds in 1908, and these figures practically represent the total imports of the port. The close of the year found stocks on hand amounting to 44,200 pounds, as compared with 70,000 pounds in December, 1909, and 31,000 pounds in December of 1908. The season of 1911 opened with low stocks and improved demand, and unless early arrivals are such as to overwhelm the market the prospects are for good prices during the current season.

There was comparatively little done in all lines of lumber and wood in Hongkong in 1910. According to estimates of importing commission houses, the imports of lumber from the United States during 1910 totaled about 4,400,000 feet. The imports of Singapore and other hardwoods amounted to about 26,000,000 feet. Of pine from the United States about four-fifths is transshipped to other South China points, the balance going into Hongkong industries, notably the shipyards. The tendency of the American lumber trade is to lag, its use being limited largely to ship and similar work. Owing to white ants, it is not generally suitable for construction work in this part of the world.

SHOES AND NOTIONS.

An American equipped shoe factory in Hongkong is securing a hold on the local trade and is commencing to supply both foreigners and Chinese in the nearby ports with specially made shoes. There has been a considerable increase in imports of fine leathers for this factory.

The imports of notions of various sorts—mirrors, scissors, yarn, twine, thimbles, pins, needles, small glassware, cheap lamps and light hardware—are larger. There is an increasing use of practically all foreign goods, and the only material interference with the steady growth of trade in such lines arises ordinarily when local factories produce similar goods.

THE YEAR IN SHIPPING.

Probably Hongkong's chief interest in common to all lines of business is its shipping. The shipping business in the Far East is gradually changing from one of complete British dominance to one of mixed interests, in which the Japanese, by reason of a well organized and well arranged subsidy system, are gradually crowding out competition and

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securing an unprecedented advantage in the field, and most of the British and other lines which have been serving the South China coast for many years have, by reason of these and other changing conditions, been slowly crowded to the wall. One of these, the China-Manila Steamship Company, has organized under Philippine law as the Manila Steamship Company and taken the American flag, in the hope of securing benefits from mail contracts and other traffic arrangements in the interisland trade in the Philippines, as well as in the trade of the islands with Hongkong. Another British service, the Douglas Steamship Company, has run its ships for about five years now without a dividend and generally with a clear annual loss. The China Steam Navigation Company is, by reason of its governmental connections, a little more fortunate. Some British lines are continued in service by their owners largely as feeders of other undertakings. Two lines serving the Philippines, the lower Chinese coast, Java and the northern coast of China are supported largely because their respective owners operate large sugar refineries in Hongkong, and their ships have a reasonably steady support in carrying supplies of raw sugar to the refineries and the output of refined sugar to various consuming points in the north.

SUBSIDIZED JAPANESE LINES.

The Japanese lines continued the development which has characterized them during the past five years under the subsidy contract they have with the Japanese Government, the year in Japanese shipping in the South China field having been marked by the addition of a new service between Formosa and Shanghai, connecting more or less directly with the Formosa-Hongkong service. According to the latest information available, Japan now has fourteen lines of steamers under subsidy. Eight of these are local lines in and about Japan and along the Chinese coast, the rest being engaged in over-sea trade. The latter, which serve Hongkong in all cases, and half of which serve the United States, are given as follows::

Routes	No. of Ships.	Gross Tons.	Speed. Knots.	Sailings.
European	11	6,000-9,000	14-16	Fortnightly.
North American:				
Seattle	3	6,000-6,500	13-14	Every 4 weeks.
Tacoma	6	6,000-6,500	13-14	Fortnightly.
San Francisco..	3	13,000-14,000	18-20	Every 4 weeks.
South American..	3	5,000-9,000	12-17	Fortnightly.
Australian	3	3,500-6,000	15-17	Every 4 weeks.

Of the three Japanese shipping companies running to North America, the Toyo Kisen Kaisha has a state subsidy reported at 2,050,000 yen ($1,020,000) and the Osaka Shosen Kaisha and the Nippon Yusen Kaisha 822,000 yen ($410,000) and 388,000 yen ($194,000), respectively, the figures being in round numbers. In addition to these bounties, most of the lines have the benefit of shipbuilding subsidies from which shipbuilders will receive bounties ranging from 11 to 22 yen ($5.48 to $10.96 gold) per ton of gross measurement upon all steel ships of not less than 1,000 tons, with an additional bounty upon the engines of 5 yen, or $2.50, per indicated horse power.

These subsidies and subventions have not only enabled Japanese lines to break down the time-supported British shipping interests along the China coast in a way which is particularly evident at Hongkong, but are leading to notable improvements in trans-Pacific steamship services. In the services to the east and west coasts of the United States there was practically no change in 1910, but notable changes are in preparation.

TRANS-PACIFIC SHIPPING.

The trans-Pacific lines which have served the China-Japanese coast and the Pacific coast of the United States continued their service almost to a ship. The chief mail service consists of the vessels of the Pacific Mail Steamship Company and the Japanese Toyo Kisen Kaisha, running from Hongkong to San Francisco and averaging about a steamer per week, and the steamers of the Nippon Yusen Kaisha and the Canadian Pacific Company, running to Vancouver-Portland-Seattle points. Although the annual balance sheets of the Toyo Kisen Kaisha and the Pacific Mail Steamship Company show losses for the year's working, both lines are preparing to construct new, larger and faster ships, particularly for the San Francisco route. The Japanese line is to place an additional vessel in service under its subsidy contract in August, 1911.

The Pacific Mail Company expects to construct two or more vessels of the George Washington type, that will probably come into service in about two years. The Canadian Pacific Company is to reorganize its service under a new mail contract and put on larger and faster boats, that line now having the fastest trans-Pacific mail and passenger service. The prospects are for a continuation of the present general service to Washington-Oregon points.

THE SUEZ ROUTE.

The service between New York and Hongkong by way of the Suez Canal was practically the same as during the past two years. There are at present about two vessels a month, maintained by a joint traffic arrangement of several lines, between New York and Hongkong and return. The tonnage both to and from New York is reported as good. The tonnage on the Pacific also has been fairly good. In fact, the trouble with shipping in the East is not so much in the lack of tonnage as it is in certain alleged abuses of the business in many lines, which make carrying of freight under present conditions of small or no profit. These abuses are being felt all over the world, but they are especially acute in Hongkong, where, as a great shipping and freight distributing point, the results of the present system are accentuated.

During 1910 there were some notable improvements in the shipping service between Hongkong, representing the Far East generally, and European points. The Blue Funnel Line of steamers has put on additional fine modern steamers and is reported as about to add five or six new vessels to the around-the-world service now operated on a monthly schedule. Forty-nine steamers, forty-one of the Ocean Steamship Company and eighteen of the China Mutual, leave Liverpool at intervals of a few days for Hongkong, Shanghai, North China and Korean ports, Penang, Singapore and Borneo, calling at all ports of any importance between Port Said and Yokohama. One steamer each month continues its voyage to Puget Sound by way of Hongkong.

The Hamburg-Amerika Line is building four large steamers specially designed for the Far Eastern trade, the Preussen having been launched in Germany some time ago. These steamers will be of 8,000 registered gross tons, and of 11½ to 12 knots.

Arrangements have been completed for a direct Austrian Lloyd steamship service to China, via Bombay and Penang, making the journey from Trieste to Shanghai in 31 days, instead of 51 days, as at present.

TRADE WITH THE UNITED STATES.

In 1910 Hongkong and South China sold more goods to the United States than ever before, but the imports into Hongkong from the United States were much reduced as compared with 1909 and previous years. Cotton cloths from the United States nearly disappeared from the Hongkong market, and American lumber hardly held its own. Imports of American foodstuffs other than flour increased slightly. There was a notable decrease in imports of ginseng, which, in fact, measured the decrease in receipts of the root from the United States. There was a large increase in the volume of imports of American kerosene, both in Hongkong and the Far East generally, in line with the movement of American oil interests to widen the market for oil, but the value of the imports was lower than the smaller shipments the year previous.

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THE FLOUR TRADE.

As shown in a report upon the flour trade of the Far East (see Consular and Trade Reports for January 31 and February 23), the United States had practically the whole of the foreign flour trade in China, as far west as the East Indies, Australia shipping to Hongkong in 1910 less than 50,000 bags, but it has been losing its trade in China, even in the southern ports, to Chinese-made flour.

The high price of flour in the United States, the comparative low value of copper and silver, and the competition of the North China and Yangtze Valley flour combined to drive American flour out of many markets it long held. But in the last two months of the year the fall in prices in the United States and the almost total failure of the wheat crop in North China combined to restore some of the trade to the United States, so that the total imports for the year to Hongkong—2,952,000 bags—was not much below the returns for 1909. The increased shipments in the latter part of 1910, however, represent a temporary state of the market, due largely to local conditions, such as the failure of the rice and other crops. Australia at that time furnished a large portion of the increase, and doubtless could and would furnish a considerable amount of flour to China in another similar crisis.

Increasing amounts of American flour are going to the Philippines, and the fall in prices in flour in the United States will stimulate further shipments there and probably shut out much, if not most, of the Australian flour still going to the Philippine market; though, since the Australian crop season and that of the United States are complementary, a continuation of some shipments, when the Australian production is at its maximum and the American production at its minimum, may be expected.

The most promising field for American flour in the Orient, probably, is in the further extension of the market in Indo-China, the Straits Settlements and some portions of the East Indies. The market is now being reached to some extent through Hongkong importations from the United States up to their present volume in spite of decreasing sales to China due to the competition of Chinese flour.

During 1910 the prices of flour in Hongkong averaged $2.30 to $2.40 Hongkong currency, or 96.6 cents to $1 gold, at 42 cents exchange, per 49-pound bag. The recovery in the shipments of flour in the latter part of 1910 into Hongkong extended over into 1911, those for January being far above the average for the same period in 1910, but later shipments fell off.

OIL IMPORTS.

Dominant American oil interests have announced their intention of increasing the world's consumption of oil by lowering the prices. This announcement had the effect of increasing the sale of the American product in the Far East. The imports of oil into Hongkong and the several tributary ports and territories—Canton, Amoy, Swatow, Foochow, Haifong, Saigon, Bangkok and Philippine Islands—in 1910 were 89,104,000 gallons, against 76,351,000 gallons in 1909. The share of the United States in this trade was 51,440,000 gallons in 1910, and 44,200,000 in 1909. The imports of American oil into Hongkong in 1910 were 9,160,000 gallons.

EXPORTS TO THE UNITED STATES.

The declared value of the exports from Hongkong to the United States during 1910, according to consular invoices, was $4,434,639, an increase of $1,354,059 over the previous year. The export trade with the United States was the greatest in its history. The increased shipments of metals consist principally of tin, due in some measure to restored means of transportation out of the Yunnan Province following the flood which interfered with the shipments the previous year. The total exports of human hair from Hongkong and Canton to all countries during 1910 were estimated at about $5,040,000. Those to the United States from Hongkong increased $367,578 over 1909.

EXTENDING AMERICAN TRADE.

There has been a marked decrease in the exports fr the United States to all China and to the territory tri tary in a trade way to Hongkong for several years. far as surface facts indicate, there is no reason why should be the case, except prices of commodities in wh the United States is interested, as in cotton goods, so high as to reduce consumption of such goods in t part of the world.

The greatest element in the decline of American tra in the Far East has been indifference, the refusal American exporters to suit their goods and their busin methods to conditions, and the general disposition American manufactuerrs to give heed to trade abroad o after their markets at home are cared for. If Americ exporters and manufacturers want to sell their goods China they will have to canvass the field they expect occupy. This is the only permanent and satisfactory wa of getting business.

OPERATING THROUGH AGENCIES.

The first requisite is to get in touch with the Chines through agencies established in the open ports, the only localities in which foreigners can engage in trade in China. These open ports, in turn, are reached through several larger ports, practically Hongkong and Shanghai, but to some extent through Tientsin and Hankow. Hongkong ordinarily handles about 40 per cent. of the entire import and export trade of China. To get at the trade, accordingly, agencies must be established in Hongkong and Shanghai first and later the trade gradually extended to other ports as business develops. In both Hongkong and Shanghai the vast mass of the business of the port is in the control of import and export commission houses, most of which have bee nestablished for many years and which generally have branch houses in all the principal ports of the Far East.

For American firms beginning business in the Far East it is probably advisable that they operate through some one of these concerns, unless business conditions warrant sending their own men into the field. This matter of agencies is the most important element in the extension of American trade in the Orient. With it, as elsewhere, must go consideration of the special needs of the market, credits, packing, etc. In spite of all that has been written on this subject, the American manufacturer seeking a foreign market still refuses to meet foreign competition in the matter of credits. For example, in buying an American machine of almost any sort, a buyer in Hongkong is forced to not only pay for the machine before it leaves the United States, but, since it is often bought upon order from catalogue, he is compelled to pay for it before he has seen it, and often before he has seen a machine like it. American cotton goods are sold upon close credits, while the average credit on cotton goods sold by importers to middlemen in Hongkong at the present time is six months.

American packing has improved in several lines of trade during the past five or six years, but there is room for further reform.

BANKING FACILITIES, COST OF TRANSPORTATION, ETC.

In the matter of banking, American interests have better facilities in the Far East than in most parts of the world, but many American firms do not take advantage of the service. Chinese money and banking and its vital relation to foreign trade are unknown in many lines of trade in the United States. There is no appreciation of what a sale made in Mexican dollars, for example, means in loss by exchange before such dollars are changed into taels and then into gold dollars. Often the profit or loss of a transaction depends entirely upon this matter of exchange alone.

The cost of interior transportation in a country where it is done by small boat or on coolie back or, generally, by both water and coolie, and the limitations of a market wherein the mass of the people live upon 15 to 20 cents,

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gold, a day for a head of a family are seldom appreciated. Nevertheless, though there may be limitations, discouragements, losses and many drawbacks, it is always to be remembered that the trade concerned is that of over 400,000,000 people in China alone.

Trade in most American lines, cotton goods, for example, has generally represented little in the way of long, patient, careful word to build up a demand for particular American goods. The trade of other nations in the East and abroad generally, on the other hand, represents years of painstaking labor, of capital expenditure, the study of the market and its needs, of its money, its commodities, of the people upon whom it depends, of the power and nature of consumption, of credits, agency and banking methods, traditions, peculiarities of business methods—of all the facts which go to make up knowledge of business anywhere. It is for this reason that the trade of the United States in China varies so from year to year and is subject to such violent fluctuations, not only in the volume of goods taken but in the prices at which they are bought and the conditions under which they can be sold. There are exceptions to such generalizations as to Ameircan trade, as in oil and tobacco and a few other lines of goods, and it is these few exceptions which have prevented the United States from being entirely without trade in the Far East at the present time. There can be no reasonable hope or expectancy of any improvement in American imports into China or any other country until American business methods are more generally suited to conditions encountered abroad. The field in Hongkong and the Far East offers good and sometimes splendid opportunities for the sale of modern products of almost every description, but in the sale of all such goods the competition of the world must be met and met upon its own terms.

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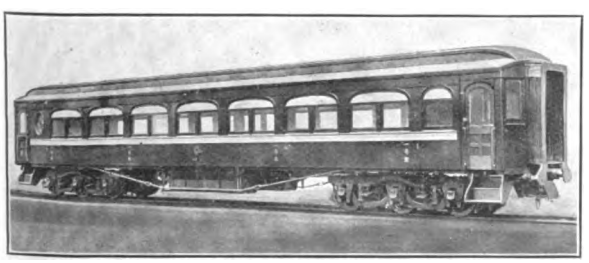

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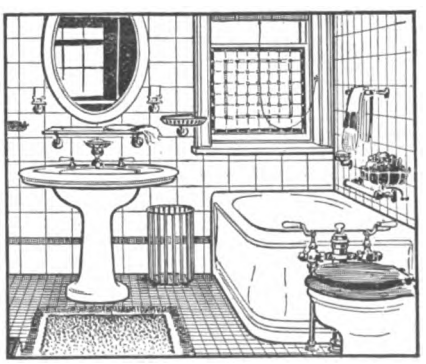

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THERE will be found in this number of THE JOURNAL a series of notes on the trade of the treaty ports of North China, culled from the report of the Imperial Maritime Customs for 1910. In regard to the vexed question of Japanese competition, fair or unfair, with American cotton piece goods, the following items may be regarded as instructive: The collector at Dairen reports that of cotton goods classified by the piece there was landed in the leased territory in 1910 to the amount of 590,912 pieces, as against 267,705 pieces in 1909, and those classified by the yard fell off from 19,371,833 yards in 1909 to 17,433,196 yards in 1910. The railway import rose from 514,135 pieces and 9,761,301 yards in 1909 to 679,354 pieces and 16,578,532 yards. The increase of purchasing capacity in the interior and the high rate of silver exchange is said to have augmented the import of sheetings and shirtings to more than 13 per cent. above that in 1909 and of drills to about three times the figure for the same year. The greater part of these was of Japanese manufacture—considerably coarser and cheaper than piece goods of English and American make. From Newchwang comes the report that there was a big drop in cotton goods of American and English origin and increased arrivals of Japanese manufactures. American shirtings, sheetings and drills decreased from 1,057,122 pieces in 1909 to 633,313 pieces; the same goods of English manufacture decreased from 150,462 to 99,062 pieces; while those of Japanese make increased from 297,660 to 408,554 pieces. American jeans fell from 86,301 to 3,440 pieces, but English jeans rose from 240,157 to 293,033 pieces. The most marked increase in any item took place in Japanese cotton cloth, which during the last four years has risen from 75,383 yards in 1907, 984,089 yards in 1908 and 3,273,802 yards in 1909, to 7,242,800 yards during 1910. This cloth comes in pieces of 20 yards in length, 18 inches in width and 5 pounds in weight, is of strong texture, cheap and growing in popularity every year. The local market price is Hk. Tls. 1.20 per piece, the exchange value of the tael being 66 cents.

REPORTS from the other ports are less specific, but from Tientsin it is noted that excepting an increase of 80,000 pieces of Japanese sheetings, all shirtings and sheetings have declined. American drills have decreased by 119,000 pieces, whereas the corresponding Japanese manufacture has increased by 256,000 pieces. From Chefoo the report is that with the exception of cotton italians, the net importation of all the principal kinds of piece goods fell considerably as compared with the figures of 1909; shirt-

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ings, by 35,000 pieces; sheetings, by 90,000 pieces; drills and jeans, by 10,000 pieces, and T-cloths, by 10,000 pieces. The loss was borne entirely by English and American manufacturers, Japanese cloths in each case maintaining the improvement established in the preceding years. From Kiaochow, which is rapidly assuming prominence as a treaty port, comes the statement that Japanese gray sheetings increased by 8,760 pieces, while there was a decrease in Japanese drills of 11,448 pieces; in T-cloths (English and Japanese) of 50,348 pieces; in English plain gray sheetings of 11,247 pieces, and in American drills of 6,453 pieces. While in the general export figures so far published there is only a faint indication of the turning of the tide which, last year, set so uniformly against American piece goods in China, there has been of late so pronounced a revival of activity in demand, and orders have been placed for so many months ahead, as to warrant the belief that the current calendar year will show a considerable gain over 1910, and that by the close of the fiscal year, which began last July, we shall see a resumption of something like the normal standard of imports of American cotton cloth to the Chinese markets.

THE Customs report from Hankow has an interest of a different kind, being concerned largely with the development of the export trade in ore and pig iron. The production of the latter commodity by the Hanyang Iron and Steel Works last year seems to have aggregated 130,000 tons, of which 29,000 tons went to Japan and 15,000 tons to the Pacific Coast of the United States. The remainder of the product was consumed in China, and it supplied, among other things, the basis for 33,250 tons of rails and fastenings for use on Chinese railways. It will be observed that Consul General Anderson, of Hongkong, credits the low price of silver with having played a very considerable part in the development of the iron and steel industry in China. There can be no question that this constitutes a great and at times a protective balance in favor of native industries competing with the product of foreign manufactures. But the president of one of the steamship lines serving our Pacific Coast and China generalizes somewhat hastily in the statement quoted by Mr. Anderson to the following effect: "The evidence which Sir Thomas Jackson, the chairman of the Hongkong and Shanghai Bank, gave before the Singapore Commission in 1902, is more ominous today than at that time. I venture the prediction with entire confidence, that if the present price of silver continues for thirty years the entire steel and iron industry of Great Britain and the United States will have removed to China. The rate of wages there is one-fifteenth rate at Pittsburgh, the efficiency of the labor, 90 per cent."

ACCORDING to Mr. James S. H. Umsted, the major portion of whose article in the October *Forum* will be found in this number of THE JOURNAL, there is an extreme likelihood that the new Chinese currency system will absorb enough silver not only to check the decline of the white metal, but "to provide a price basis more remunerative to producers than the quotations of the last two decades." Mr. Umsted does not lay special stress on the impetus which the iron and steel industry is likely to receive from the establishment of a reformed currency, but he does regard it as apparent that if China develops manufactures applicable to Occidental use, her manufacturers, so long as they can employ labor on a depreciated silver basis and sell their goods to Europe and the United States on a gold basis, will hold an advantage over Western competitors. He recognizes the fact, however, that in time it is extremely likely that Chinese labor would wrest higher wages from prosperous employers, and so tend to restore measurable international equality of cost. He is probably mistaken in the conclusion that it would be years before the workman would be educated to the point of revolt or acquire the power to drive a better bargain with his master, and that for a long time capital would be able to keep in advance of the share demanded by labor in the profit on the product. There is prevalent belief among those who know China that in the matter of combination and the ability to guard his own interest, the Chinese workman can give points to the Occidental trade unionist.

WE reproduce from the New York *Evening Post* a sympathetic and accurate summary of the career of the late Sir Robert Hart. While Sir Robert, as the author of this sketch remarks, could not claim to be the original organizer of the foreign customs service of China, he found when he took the service in hand, then extending only to five ports, that it was the most despised in the world, and was composed of the worst class of stray adventurers engaged on the spot. He built it into one of the most exclusive of services, eagerly sought after by the sons of consuls and ministers of different countries, difficult to enter, and forming the aristocracy of the foreign settlements in China. His administration lasted forty-five years, and during its course the value of the foreign trade of China was quadrupled, the home trade increased sevenfold and the customs revenue was trebled. But, as a well informed writer in the London *Times* remarks, these figures give only an inadequate notion of the enormous development of the service, "which undertook the lighting of the coast and internal waterways of China, which disposed of a fleet of revenue cruisers, instituted a European University in Peking, and which of late years became the sheet anchor of Chinese finance." While it is true that Sir Robert could not be said to have ever enjoyed a position really commensurate with the exceptional services he rendered to the Chinese Empire, the writer in the *Post* assumes somewhat too hastily that the magnificent results achieved by the administration of the Imperial Maritime Customs have been "hopelessly wasted" on the rulers of China. It is true that only a few years ago there seemed to be a disposition in Court circles at Peking to pursue a policy of meddling with the customs which could have only led to utter confusion. But this was checked before it went very far, and, thanks perhaps to the substantial unity among the Treaty Powers on this subject, the late Inspector General transmits to his successor authority as absolute as his own, and an organization with which native interference is as unlikely as it would be undesirable.

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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, 1910 and 1911.

EXPORTS TO CHINA.

Months.	Cotton Cloths. Yards.		Mineral Oils (illuminating). Gallons.		Wheat Flour. Barrels.	
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	2,0 6
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
1911.						
January	5,667,644	$390,359	3,915,380	$180,847	58,188	$210,766
February	3,854,800	222,309	4,423,824	210,643	124,428	456,053
March	7,857,697	486,439	13,340,540	797,484	34,372	131,015
April	4,443,697	286,346	13,889,920	872,772	49,158	185,742
May	12,837,965	860,882	13,275,702	902,967	11,880	46,483
June	14,000,083	960,016	10,657,551	778,634	645	2,579
July	11,063,600	788,798	15,882,570	1,148,524	1,631	6,490
August	8,680,440	625,749	7,827,602	537,398	21,926	79,752
Total	70,511,600	$4,779,024	83,213,089	$5,429,269	302,230	$1,118,880

EXPORTS TO HONGKONG.

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
1911						
January	42,917	$7,104	1,742,440	$142,425	108,727	$452,872
February	32,540	2,563	1,714,910	124,331	117,230	453,343
March	29,750	2,033	617,856	60,649	62,649	242,714
April	28,361	5,043	3,095,570	222,167	41,907	164,382
May	56,396	10,924	1,303,000	96,568	91,348	365,586
June	63,752	8,250	75,000	5,625	48,398	183,382
July	73,151	10,412	.....	.....	72,283	281,301
August	55,621	10,166	1,539,170	115,438	73,571	287,513
Total	382,488	$56,495	10,087,920	$767,410	659,176	$2,563,183

DEPARTMENT OF COMMERCE AND LABOR,
Bureau of Statistics.

WASHINGTON, D. C., October 6, 1911.

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Imports of Tea and Silk into the United States for the eight months, ending August 31, 1909, 1910 and 1911.

TEA.

Imported from	1909. Pounds.	1909. Dollars.	1910. Pounds.	1910. Dollars.	1911. Pounds.	1911. Dollars.
United Kingdom	9,458,712	2,165,309	6,539,961	1,768,372	6,647,212	1,936,846
Canada	3,699,745	822,567	1,742,340	395,684	2,021,188	500,826
Chinese Empire	16,795,707	1,688,404	10,109,862	1,211,370	10,409,759	1,212,741
East Indies	6,530,110	998,114	6,415,081	1,047,076	6,922,006	1,154,869
Japan	26,004,864	4,722,275	24,484,988	4,599,856	29,071,232	5,305,034
Other countries	826,891	136,510	640,318	132,906	757,856	129,013
Total	63,316,029	10,533,179	49,932,550	9,155,264	55,829,253	10,239,329

SILK.

RAW, OR AS REELED FROM THE COCOON. Imported from	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France	499,203	1,561,692	256,961	745,831	182,357	620,731
Italy	3,156,547	12,282,069	1,892,215	6,922,025	1,462,732	5,622,025
Chinese Empire	2,945,181	7,246,151	2,677,532	6,431,335	3,465,258	8,555,832
Japan	7,651,076	26,803,889	7,299,701	23,887,889	8,243,624	28,420,248
Other countries	93,098	350,558	130,105	458,878	160,578	589,051
Waste.....lbs...free..	1,382,268	779,754	2,257,329	1,138,738	2,616,172	1,413,938
Total unmanufactured	15,727,373	49,024,113	14,513,843	39,584,696	16,130,721	45,221,825

LUNCHEON TO REAR ADMIRAL CHING PIH-KWANG.

Rear Admiral Ching Pih-kwang and the chief officers of the Imperial Chinese cruiser "Hai Chi" were the guests of the Association at a luncheon given at the Engineers' Club, 32 West Fortieth street, New York, on Tuesday, September 19, at 1 o'clock p. m. The president of the Association, Hon. Seth Low, presided, and on either side of him were seated the guest of honor, Lieutenant Liu and Captain Tang Ting Kwang, of the "Hai Chi"; Rear Admiral Leutze, commandant of the New York Navy Yard; Captain Marsh, of the United States steamship "North Carolina"; Commander Cooper, the naval aide assigned to attend the distinguished Chinese visitors; Vice Consol Kuo-Chi Loo; Mr. Silas D. Webb and Mr. Isidor Straus.

At the tables in the body of the room were seated about fifty members of the Association.

The following is the menu:

Cotuit Oysters

Brauneberger

Strained Okra in Cup

Celery Olives Almonds Radishes

Curry of Lobster, Casserole

Breast of Chicken with Virginia Ham

Mumm's Selected Brüt, 1899

Heart of Lettuce, Roquefort Dressing

Peach Melba

Coffee

V. O. Cognac, 1800

Hoyo de Monterey Perfectos Club Cigarettes

The following is the list of toasts which the chairman proposed with his customary tact and felicity:

The President

The Emperor of China

The Chinese Navy

Response by Rear Admiral Ching Pih-kwang

The American Navy

Response by Rear Admiral T. C. H. Leutze

Read Admiral Ching made a very happy response to the toast to the Chinese Navy, and, in the words of the New York *Sun:* "He paid a pretty compliment to the courtesy of New Yorkers, acknowledged with gratitude the reception to himself and his officers in our waters, and closed with as neat a hands across the sea peroration as has been heard in these parts, even at a dinner of the Pilgrims' Society."

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NOTES ON THE TRADE OF CHINESE TREATY PORTS.

From the Report for 1910 of the Imperial Maritime Customs.

DAIREN.

The year 1910 witnessed an increase of 17 per cent. in the net volume of trade at this port, as compared with that for 1909, to which foreign imports contributed 11.5 per cent., native imports 1.5 per cent. and exports 4 per cent. The supposition, recorded in previous reports—that the major portion of the 20,000 souls which annually form the difference between incoming and outgoing native passengers in favor of the former must have settled in Manchuria—may be said to have been confirmed by the general increase of imports. What is especially noticeable and serves to give further confirmation to the theory, is the increase in the quantity of native shoes and boots sent to Manchuria. In 1909, out of some 109,000 pairs landed at Dairen, some 32,000 were forwarded by railway into the interior; while in 1910, out of some 163,000 pairs, about 91,000 pairs were imported into Manchuria. In other words, the demand for native shoes and boots by the natives in the Japanese leased territory remained almost constant, while that in the interior was nearly trebled, a fact which indicates that the population of Manchuria is increasing yearly. It is therefore not unreasonable to entertain the hope that imports will make steady, if slow, progress from year to year.

As stated in the last trade report, "import statements" for the importation of goods into the Japanese leased territory, the whole of which is a "free area," not being absolutely reliable, the figures in the port statistics must be taken as only approximate, so far as such imports alone are concerned. There is another factor which is liable to cause a discrepancy between the statistical figures and those of actual importation. Article 17 of the Dairen Customs Provisional Regulations, issued in June, 1907, by the Kwantung government, enforces the presentation at the custom house of "import statements," but lays down no time limit for handing in these documents, so that goods may be left stored in wharf godowns for months after their arrival without being taken delivery of. The result is that at the end of 1910 the ships "covers"—that is, the collection of applications, etc., covering goods carried by such vessels—for over 50 vessels could not be closed; and, it being therefore impossible to include these applications in the returns of the year in which the goods mentioned in them were actually imported, they had perforce to be carried over to 1911. The value of direct foreign imports rose from Hk.Tls. 12.2 million worth in 1909 to Hk.Tls. 18.7 million, while coastwise foreign imports fell from Hk.Tls. 2.9 million to Hk.Tls. 1.8 million. Japan, including Korea, had naturally the largest share in the direct trade, amounting to Hk.Tls. 14.3 million worth. The railway import of foreign general merchandise into Manchuria was Hk.Tls. 11 million worth, against Hk.Tls. 8 million in 1909. Of cotton piece goods, those classified by the piece were landed in the leased territory to the amount of 590,912 pieces, as against 267,705 pieces in 1909, and those classified by the yard fell off from 19,371,833 yards in the same year to 17,433,196 yards. The railway import rose from 514,135 pieces and 9,761,301 yards in 1909 to 679,354 pieces and 16,578,532 yards. Thus the railway import of cotton piece goods exceeded that to the leased territory alone by 88,442 pieces, which (as was the case in 1909 with a certain description of cotton piece goods) must have been sent from stocks kept over from previous years. The increase of purchasing capacity in the interior and the high rate of silver exchange augmented the import of sheetings and shirtings to more than 13 per cent. above that in 1909 and of drills to about three times the figure for the same year. The greater part of these was of Japanese manufacture—considerably coarser and cheaper than piece goods of English or American make. The importation of kerosene oil fell off by 30 per cent., the main cause being apparently the high rate of railway freight and not any diminished demand for the article. The revised freight rate is very unfavorable when a small quantity of goods is carried from Dairen, so that when less than 750 cases of oil is sent from this port to Liaoyang, the freight is higher by Yen 0.34 per case than from Newchwang. The result is that the oil supply from Dairen may be said to have been confined to Hsinungyüehcheng and the south, while the demand for it is incomparably greater in the regions north of that town. Probably owing to over-importation in 1909, white and refined sugar were found to be reduced by 4,454 piculs in 1910. But a fresh factor in competition presented itself toward the close of the year. As the result of the encouragement given to sugar cultivation in Formosa, the production in that island has become so large that it is more than sufficient for the needs of Japan, and fresh markets have to be sought elsewhere; hence it may be predicted that competition with Hongkong sugar will become somewhat keen.

NEWCHWANG.

The net value of the trade of Newchwang for the year 1910 shows a decrease of about 2 million taels when compared with the figures of the trade of the previous year; but taking into account the fact that the crop of 1909 was said to be 20 per cent. short of the "bumper harvest" of 1908, and the purchasing power of Manchuria therefore necessarily limited in a like ratio, the result of the year's trade should be considered as highly satisfactory. Newchwang again held her own against the powerful competition of Harbin and Dairen; and the fact that she has done so, in the face of adverse railway freight rates, ought to give her merchants and others interested in the welfare of the port renewed confidence in the future.

In the trade report for 1909 attention was drawn to the fact that nothing was being done to conserve that natural asset, the Liao River, the chief trouble being the lack of necessary funds. The resolutions of the Newchwang Chamber of Commerce passed in the autumn of 1909, recommending the adoption of a "one-per-mille" tax on imports and exports and a shipping tax of 2½ candareens per ton on the shipping entering the port, have been taken

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as a basis for providing funds; and during the past year considerable progress has been made in working out a scheme for the improvement of the river, which is of so vital an importance to the continued prosperity of the place. There is now a very good chance of the scheme going through, and the present year (1911) will probably see the establishment of the Liao River Conservancy Board and the inauguration of works to deepen the Outer Bar, to improve the channel from there to the inner harbor, and to strengthen the narrow strip of land between Duck Island and the harbor in the vicinity of the Chinese Railway station.

A great deal has been said and written of late about a new winter port for Manchuria at Hulutao, a promontory running out into the Gulf of Liaotung, and there now seem good prospects of the realization of the scheme. It is stated the Government is prepared to spend 10 million taels in carrying it out. The Hulutao promontory, consisting of a series of small hills (the highest about 600 feet) running east and west, projects into the sea for a distance of 6 li (2 miles). The proposed harbor will be on the south side of the promontory, which affords complete protection from all north gales, while a breakwater is to be erected to protect the anchorage on the south. There will at first be constructed a breakwater of 5,400 feet in length, with a possible extension later on of another 6,000 feet. In the beginning there will be wharf acccommodation for 10 to 12 big ocean steamers, and the depth of water inside the harbor will vary from 18 to 30 feet at low tides. There will be absolutely no danger from sandbanks or bars for vessels entering the harbor. Every effort will be made to create a "model" port, with all latest methods for the loading and discharge of vessels, and suitable godowns will be erected close at hand for the storage of cargo. The Government has already taken the wise precaution of buying up all the land in the immediate vicinity, the idea being to create not only a model port, but also a model town. Hulutao is distant 7½ miles from the Peking-Mukden Railway line, the nearest station being Lienshan, and at present 1,500 coolies are at work constructing a branch line from that station to the proposed harbor. If the much discussed Chinchow-Aigun Railway is ever built, Hulutao will ultimately be the southern terminus of the line.

The harvest of 1910 is reported to be excellent, equaling that of 1908; and should the plague now prevailing in so many places throughout Manchuria be stopped by the time the port opens in the spring, the trade of Newchwang during 1911 ought to beat all previous records.

The value of foreign goods imported aggregated a total of Hk.Tls. 18,946,798, of which Hk.Tls. 8,771,958 represented the direct imports and Hk.Tls. 10,174,840 coastwise arrivals. The direct trade shows an increase over the 1909 figures of a value of Hk.Tls. 1,730,000, and the coastwise trade a decrease of a value of Hk.Tls. 1,956,000, which gives a net decrease in the value of foreign goods imported of Hk.Tls. 226,000, the increased import duty collected being due to the increased amount of direct imports which pay duty here. Japan's share of this direct trade increased from about 45 per cent. in 1909 to over 50 per cent. for the year under review. Coming to the list of the principal articles imported, there has been a big drop in cotton goods of American and English origin, and increased arrivals of Japanese manufactures. American shirtings, sheetings and drills decreased from 1,057,122 pieces in 1909 to 633,313 pieces; the same goods of English manufacture decreased from 150,462 to 99,062 pieces; while those of Japanese make increased from 297,660 to 408,554 pieces. American jeans fell from 86,301 to 3,440 pieces, but English jeans rose from 240,157 to 293,033 pieces. Cotton lastings show about the same importation as in the previous year, and turkey red shirtings and cambrics an increase of 12,890 pieces. Cotton italians decreased by 42,532 pieces, as also did plain white shirtings by 19,626 pieces, velvets and velveteens by 183,055 yards and cotton blankets by 68,132 pieces. The most marked increase in any item took place in Japanese cotton cloth, which during the past four years has risen from 75,383 yards in 1907, 984,089 yards in 1908, and 3,273,802 yards in 1909, to 7,242,800 yards during 1910. This cloth comes in pieces of 20 yards in length, 18 inches in width and 5 pounds in weight, is of strong texture, cheap, and growing in popularity each year. The local market price is Hk.Tls. 1.20 per piece. This cloth is supplanting the native article commonly known as nankeens. In cotton yarn, the English manufacture increased by 1,291 piculs, and the Japanese by 17,666 piculs, while the Indian decreased by 26,129 piculs. Woolen piece goods show a general falling off, the largest, of 13,044 yards, occurring in broadcloth and Russian cloth. The trade in metals was not up to the 1909 figures, only one item in the list—nail rod iron—showing an increase of 5,002 piculs. In foreign sundries, American flour re-enters our list with the small importation of 270 piculs. There can be but little doubt that Manchurian milled flour is destined, sooner or later, to entirely control the Manchurian markets. The importation of kerosene oil took a big jump from 6,480,943 gallons in 1909 to 11,150,970 gallons for 1910—an increase of 4,670,027 gallons. Of this enormous increase 3,860,250 gallons are credited to American oil, 578,667 gallons to Sumatra oil, 221,110 gallons to Russian oil and 10,000 gallons to Borneo oil. The consumption of kerosene oil throughout Manchuria is ever growing, and has been brought about by the increased value of bean oil, formerly used as an illuminant and now much dearer than kerosene.

I am indebted to a large London importing firm for the following hints as to Manchurian beans and other products which find ready sale in the European markets. "The demand for soya beans during the year, at extraordinarily high prices, is due to a small linseed crop in Argentine and a small cottonseed crop in Egypt; these two factors combined to make a market for beans. These beans, containing on the average about 18 per cent. of oil, are used for oil crushing. By the hydraulic press method from 11 to 12 per cent. of oil is extracted, so that about 6 per cent. remains in the residue, which is made into cakes for feeding cattle. By the chemical process (using benzine), 17 per cent. of the oil is extracted, leaving only 1 per cent. in the residue, which is ground into bean meal and also used for feeding cattle. Exporters from China have suffered a good deal through the dishonesty of traders, who

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have made forward contracts and failed to keep them, thus causing heavy losses. Steps should be taken to prevent such occurrences, which injure greatly the Chinese reputation for reliability. The price at which these beans will always find buyers is about £5 per ton f. o. b at the Chinese port of shipments. Ground-nuts ought to be cultivated also in Manchuria. They contain 46 per cent. of oil, and have been sold from £13 to £14 per ton. Cakes made from these are much superior to soya bean cakes. Care must be taken to see that the ground-nuts are thoroughly dry before shipment, as otherwise they arrive in bad condition and have to be sold at much lower prices. Sesamum seed, although already cultivated in Manchuria, ought to be grown to a much larger extent, there being an unlimited demand for the article. Castor bean is an article which should be grown with the utmost care and not allowed to mix with other products. The castor bean is the curse of the Indian trade, so many articles from that country come mixed with it, and the castor bean kills cattle when they eat it. Clover seed: The Chinese, being good cultivators, should try their hand at this crop. The average price of the article is from £40 to £45 per ton. Mustard seed, brown and white, ought also to be tried. It grows well in swampy lands, and for the brown especially there is a big demand."

TIENTSIN.

The conditions of trade in North China at the beginning of the year were considered satisfactory, and the business of this port appeared to have started on a firmer footing than in previous years. On the whole, it is considered that but for the financial crisis in Shanghai, Tientsin would probably have experienced a year of unexampled trade activity, coupled with good profits on the business done. The native merchants are reported generally to have done well both in exports and imports, though some heavy losses are reported in goat skins. Piece goods dealers as a body were not affected by the failures in Shanghai, owing to the fact that they owed money to the southern port; nevertheless, some wealthy dealers are likely to lose heavily, being unable to recover Shanghai advances. The currency difficulty alluded to in the trade report for the year 1908 and again in that for 1909 still remains; but a good deal of debased sycee has been replaced by shoes of the proper touch (0.992). In terms of the Taotai's proclamation of the 7th May, 1910, the debased sycee held by the foreign banks was examined by the Chinese authorities and duly stamped. The difference in value of about Tls. 8,000 claimed by the foreign banks has not yet been paid, although the matter has been repeatedly pressed by the Tientsin General Chamber of Commerce through the Consular Body. The sum raised for the accomplishment of this purpose has up to the present only reached Tls. 3,000. The Commercial Guarantee Bank of Chihli, established during the year under the auspices of the Li Shih Hui—a committee representing the principal Chinese hongs—to finance the indebtedness to foreign merchants of the Chinese community, has made some progress. It opened on May 20, 1910, with a capital of Tls. 150,000, and did an ordinary banking business. The direction is in joint charge of a foreign and a Chinese manager, assisted by a Chinese sub-manager. The indebtedness of the Chinese merchants, originally estimated at Tls. 14,000,000, had been reduced to Tls. 5,000,000 at the end of 1909, as stated in the trade report for that year. Certain very small claims have been settled privately, but practically nothing has been done with regard to the larger claims. Good work, however, has been accomplished by negotiations with the Chinese dealers, which has brought the situation nearer to a practical working basis. In this connection it should be mentioned that the British mercantile community took no part in the arrangements referred to above made with the Li Shih Hui, and were not among the foreign merchants referred to at the beginning of my report for the year 1909. A new Imperial dollar was minted at the Peiyang Mint in the spring, but the issue was deferred at the last moment, and nothing further appears to have been done. The year closed with good prospects for 1911, unhappily to be dissipated only too soon by the outbreak of plague, which, at the time of writing this report, had already spread through Manchuria and the north of China.

The net total value of foreign goods amounted to Hk.Tls. 53,313,037, of which Hk.Tls. 32,644,289 represents direct trade with foreign countries, and Hk.Tls. 20,668,748 foreign goods imported from Chinese ports, chiefly from Shanghai. These figures compare most favorably with those of the two previous years, the direct import exceeding by nearly 8 million taels the value for 1909, and by 11½ millions that of 1908. Excepting an increase of 80,000 pieces of Japanese sheetings, all shirtings and sheetings have declined. American drills have decreased by 119,000 pieces, whereas the corresponding Japanese manufacture has increased by 256,000 pieces. All other categories of cotton piece goods have advanced. The imports of English and Indian cotton yarn have fallen off to the extent of 25,000 piculs, and Japanese yarn has gained by twice that amount, the total import being 169,715 piculs. Woolen goods generally have improved, and metals show an advance. Sundries call for no special remarks, except that kerosene oil has steadily advanced, with a surplus of 1,661,853 gallons of American, 258,230 gallons of Borneo and 628,104 gallons of Sumatra. For the first eight months of the year the trade in oil was normal, the volume being about on a par with the figures for previous years and prices remaining unchanged at previous levels. The autumn season, during which such places of the interior as are not fed by the railways lay in stocks for the winter months prior to the closing of the waterways, was marked by a more active demand than in previous years. The fact that the crops generally were good partly explains the increased demand, since kerosene oil is still regarded as a luxury rather than a necessity, and when a bad year compels economy it is one of the first items to be dispensed with. A further cause of the increased demand—and probably the most weighty one—was the reduction in prices brought about by a revival of competition between the foreign importers during the latter half of the year.

CHEFOO.

Notwithstanding exceptionally full harvests in the Chefoo district and throughout the greater portion of the province, and in spite of the generally favorable results of the previous year's business, the figures for 1910 show a

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disappointing decline under every head. The gross value of the trade of the port fell from 44 millions in 1909 to 36 millions in 1910. Some small share in this decline is due to diminished importations of opium, as well as to the reduced value of staple exports. A good deal, too, is to be ascribed to tightness of money, caused by reckless speculation in rubber shares and forward gambling in beans, roubles and copper cents. Allowance being made, however, for all these factors, there remains to be explained a very heavy net decrease in the volume of both imports and exports. As regards imports, there is not the slightest room for doubt that the main cause is to be looked for in the increasing competition of the Tsingtau-Tsinanfu Railway, which is steadily wearing down the junk coasting trade, on which Chefoo has still mainly to depend for its traffic with the interior. In the case of exports, the influence of the railway, immense as it has been, is less clearly perceived, owing to the fact that two of the staple local industries of Chefoo—wild raw silk and pongees—have undergone marked development of late years and have served to counterbalance in our statistics the entire loss of the trade in straw braid, yellow and white silk, bristles and other products of the province. It is necessary to emphasize the fact that though Chefoo may be able, thanks to its silk and vermicelli industries, to show satisfactory trade figures when the times happen to be favorable—as in 1909—its commercial position is none the less being steadily undermined and the area it serves gradually diminished by the competition of the Tsingtau Railway. It is equally true that to meet this competition, place the commerce of the port on a stable basis, and retain for Chefoo all the natural advantages to which its geographical position entitles it, little is wanting but the much-talked-of railway connecting the port with Hwanghsien and Weihsien. Unfortunately, it has so far been impossible to raise the funds for this not very costly undertaking—necessary even from the strategic point of view alone. Toward the second great need of the port—the breakwater—something, if not very much, has been done.

With the exception of cotton italians, the net importation of all the principal kinds of piece goods fell considerably as compared with the 1909 figures: shirtings, by 35,000 pieces; sheetings, by 90,000 pieces; drills and jeans, by 10,000 pieces; and T-cloths, by 10,000 pieces. The loss was borne entirely by American and English manufacturers, Japanese cloths in each case maintaining the improvement noticed in the report for 1909. The decline in all descriptions of metals is equally noticeable. Among sundries, such as cigarettes, coal and dyes the arrivals were normal. The importation of kerosene fell by nearly 2 million gallons, and there is every indication that districts formerly dependent on Chefoo are now supplied from other centres. After a year's disappearance a small quantity of Sumatra oil was again imported. Seaweed, of which in normal years some 60,000 piculs are imported from Japan, fell to 13,000 piculs. Hongkong sugar shows a considerable decline.

KIAOCHOW.

The year commenced auspiciously. The conspicuous increases in all branches of trade recorded in the previous year's trade report continued unabated during the first half of 1910. The revenue collection for the March quarter (Hk.Tls. 401,983) is the highest on record; on April 20 it topped the half million, and for the half year amounted to Hk.Tls. 704,276, which is also the highest on record. With good harvest prospects, the outlook for an exceptionally prosperous year was the brightest possible, when, in June, the Shanghai monetary crisis, brought on by the collapse of the rubber share market, broke in upon this prosperity and caused a crisis here. The Shanghai firms stopping the customary credit on goods shipped to this port, imports at once declined, and the banks, calling in all advances and credits, the Chinese banks and merchants were soon in a serious plight. Though not involved to any extent in rubber speculation, some of the merchants—being agents of Shanghai and Chefoo firms—became involved through their head firms, and others, none of them wealthy—for the port is still young—had their capital, as mentioned in the preceding year's trade report, locked up in opium, on which foreign banks refused to give an advance. The position remained critical for some time. Eventually, with official assistance, about half a million taels was raised on property and other securities, which eased the situation, and the reshipment at good rates to Shanghai of some 380 piculs of native opium (valued at Tls. 400,000), and last, but not least, opportune increases in exports, especially large shipments of silk pongees, etc., further helped to tide over a crisis which extended over five months and for some time looked like inevitable disaster. It speaks well for the vitality of the trade of this port that, notwithstanding this serious contretemps, a record year has again to be chronicled. The gross value of the year's trade—Hk.Tls. 43,750,411 (exclusive of the value of the junk trade, Hk.Tls. 5,977,757)—shows an increase of 3.5 millions, or about 9 per cent. over that of 1909, the highest on record. The value of imports—Hk.Tls. 26.5 millions—has increased by over a million taels, or about 4 per cent.—foreign imports showing an advance of 1.28 million, and native imports a decline of 0.22 million taels; and the exports, valued at Hk.Tls. 17.17 millions, show an increase of Hk.Tls. 2.44 millions, or about 17 per cent.—entirely in exports abroad, which have risen in value from 4.5 to 7.5 million taels, or over 65 per cent., while the value of exports to Chinese ports shows the small decline of 0.6 million taels. The increases in exports abroad are chiefly in bristles, ground-nuts and pongees. New among exports are native cotton (15,552 piculs), rape seed (2,891 piculs) and sesamum seed (44,369 piculs). Of the seeds, however, only a fraction is Shantung produce, the greater portion being re-exports from Newchawang; but it is a beginning of what is expected to become a big trade, now that trade connections with Western Shantung and Honan have been established and the Tsinan-Taianfu section of the Tientsin-Pukow Railway is about to be opened for traffic. The appearance of 15,552 piculs of Shantung cotton as an export deserves special notice. Already in the 1908 and 1909 trade reports attention had been drawn to the efforts of the Shantung government to reclaim waste land, improve agriculture and encourage afforestation. Considerable quantities of seeds—cotton and other—have been imported by the Government,

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chiefly from the United States. The American cottonseed not proving a full success—the yield is reported to have been about 10 per cent. better in quality, but 30 per cent. less in quantity—Shanghai seed mixed with a small quantity of American seed has been tried in the Enhsien and Siatsinghsien districts and have proved a success—quality and quantity being equal to the Shanghai cotton. It is largely owing to official encouragement that cotton growing has considerably increased during recent years. The principal producing area is the Lintsingchow district in the northwest of Shantung and the adjoining districts of Chihli province. A considerable amount is also grown in the districts at the mouth of the Yellow River. For cotton growers the year has been exceptionally good: the harvest was excellent (nine-tenths) and the prices, in sympathy with the American market, ruled over 20 per cent. higher than in former years. The quantity produced is reported as 300,000 piculs, of which, roughly, four-tenths are consumed in Chihli and six-tenths in Shantung for house industry purposes. The quality, excepting in the two districts mentioned above, is reported two points inferior to Shanghai cotton. The export of 15,552 piculs to Shanghai and Japan, though mainly owing to the high prices ruling there, marks a turning point in the trade in this article, of which formerly some 30,000 piculs were imported annually from Shanghai. The expectations expressed in the preceding trade report, with regard to increased production of ground-nuts in the neighboring districts on the fields formerly planted with the poppy, have been realized, and in consequence the export of ground-nuts has nearly doubled, 669,000 piculs having been exported, against 348,000 piculs during the previous year.

The value of foreign imports, direct (12 million taels) and coastwise (8.8 million taels), amounts to Hk.Tls. 20,887,297. Compared with the previous year's figures, the value shows an increase of 1.28 million taels (direct imports, 1 million, and coastwise, 0.28 million taels), or 6½ per cent., which is due principally to railway materials for the construction of the Tientsin-Pukow Railway and to larger importations of cotton yarn. Of cotton goods, which showed a marked decline during 1907 and 1908 and improved during 1909, cotton yarn has more than recovered its former position, while piece goods, no doubt owing to the higher prices caused by the low gold exchange, have again slightly declined and are still considerably behind the 1906 figures, as will be seen from the following comparative statement:

	1906.	1907.
Cotton yarn.....Piculs	193,316	172,044
Cotton piece goods.....Pieces	1,937,695	1,657,231

	1908.	1909.	1910.
Cotton yarn.....Piculs	158,075	192,482	212,086
Cotton piece goods..Pieces	1,238,750	1,440,155	1,310,815

The value of cotton fabrics imported during 1910 exceeds 10 million taels, which is nearly 50 per cent. of the total foreign imports. Of this amount, 25 per cent. represents imports from foreign ports and 75 per cent. are imported from Shanghai. The exact value figures are as follows:

	From Foreign Ports. Hk.Tls.	From Shanghai. Hk.Tls.	Total. Hk.Tls.
Cotton yarn.....	2,350,000	3,128,000	5,478,000
Cotton piece goods.....	364,000	4,430,000	4,794,000

These figures give an idea of our dependence on Shanghai in this staple article of our trade, and will explain how any disturbance in that market is bound to react on the trade of this port. As regards cotton yarn, it should be noted that the Shanghai (native) cotton yarn shows a decline as compared with the preceding year's figures of 26,000 piculs, and that the increase in foreign yarns is entirely in the Japanese article, of which 150,783 piculs were imported, against 96,943 piculs during 1909, while the Indian variety has declined from 94,915 to 61,228 piculs. In foreign piece goods the increases are few and small: Japanese gray sheetings have increased by 8,760 pieces; dyed cotton italians, by 1,287 pieces; English jeans, by 14,514 pieces; and chintzes and plain cotton prints, by 25,584 pieces. On the other hand, the decreases are considerable: Japanese drills, by 11,448 pieces; T-cloths (English and Japanese), by 50,348 pieces; printed T-cloths, by 22,624 pieces; dyed cotton lastings, by 31,911 pieces; plain gray shirtings, by 35,340 pieces; English plain gray sheetings, by 11,247 pieces; and American drills, by 6,453 pieces. Woolen and cotton mixtures and woolen goods have nearly all declined, more or less. Silk and cotton mixtures have declined from 64,174 to 32,679 yards. Among metals, new iron bars have increased by 26,938 piculs; plain tinned plates, by 3,383 piculs; and copper sheets, by 582 piculs; while decreases are shown in old mild steel, by 4,060 piculs, and in nail rod iron, by 2,677 piculs. Among sundries, the principal increases are in railway plant, which has been imported to the value of Hk.-Tls. 1,397,567 (against Hk.Tls. 768,111 in 1909); cigarettes show an increase in value of Hk.Tls. 29,912; and aniline dyes, of Hk-Tls. 22,892; needles increased by 31,730 mille; hardwood, by 1,008,219 cubic feet; soft wood, by 2,720,826 super. feet; and paper, by 22,350 piculs. The import of Japanese matches has risen from 4,580,802 gross in 1909 to 4,740,041 gross. Decreases are shown in American, Sumatra and Russian kerosene oil, of which 6,741,132 gallons were imported, against 8,716,838 gallons in 1909. Sugar declined from 191,755 piculs in 1909 to 149,862 piculs; coal, to 2,338 tons, against 5,636 tons in 1909; and mining materials, to Hk.Tls. 111,432, against Hk.Tls. 174,072 in 1909.

HANKOW.

The year opened with trade improving in spite of adverse conditions. The weather was phenomenally bad, especially for tea, and the province was suffering severely from famine. Refugees crowded into Hankow and heavily taxed local resources for their relief, until the rice crop came in. Many of these unhappy persons left for down river ports and Shanghai en route for Manchuria, but the greater number have returned, and the rest are expected

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to come back. The price of all foodstuffs rose to a very high point, and on Changsha stopping the export of rice, the Chinese authorities had to import large supplies from abroad, of which a quantity was in the end left on their hands, as when the local rice crop matured it was exceptionally full. The early months of the year were also marked by gambling in native opium. In anticipation of a rise of 100 per cent. men of all classes bought, and as the native banks required a margin of only 10 per cent. for loans on opium, a large sum was invested in this way which would otherwise have gone into general trade, with the result that in the early summer ready money was lacking and business suffered. Much capital continued to be used for land improvement and building purposes. Early summer brought splendid weather, and the promise of a good rice crop was fulfilled by an extraordinary one. This at once changed the conditions completely. The summer was unusually favorable, as the rain fell at intervals instead of coming in a deluge; consequently there was no epidemic, and, in fact, but little sickness. It was early apparent that all crops would be good, and in the result the districts from which Hankow draws its supplies enjoyed an agricultural prosperity which quite made up for the adverse conditions of the first half of the year. Happily, Hankow practically kept out of rubber speculation, so that when the financial collapse occurred the port was only affected by the general depression. Its local liabilities were limited to the failure of a few small local banks and the branches of the Shanghai banks. The total losses of the local banks did not exceed 1 million taels. Debased coinage still militated against trade, and the rise in silver was unfavorable to exports. The net imports, foreign and native, were valued at Hk.Tls. 52,217,418, a decrease of Hk.Tls. 931,447. This result is not to be wondered at considering the bad conditions of the first half of the year. Net foreign imports (37.80 million taels) show a slight gain of 0.019 million taels and net native imports (14.41 million taels) a decrease of 0.95 million taels. Exports are valued at 83.08 million taels (to foreign countries direct, 14.75 million taels; to Chinese ports, 68.33 million taels), as compared with 72.15 million taels in 1909. Some idea of the rapid growth of the export trade of the port can be obtained by comparing this figure with that of 1900, namely, 32.11 million taels, previous to which time the export figures depended upon a declining tea trade. The Ching-Han Railway has been the great factor in this increase; it opens new places of supply and lays produce here at less cost and, above all, in better condition, owing to greater protection from weather and quicker transport. The export trade is capable of indefinite expansion, with resultant effect on the import, if it could be worked on a sounder basis. The great factor against the export trade is buying so far forward. Not only is there no certainty of delivery of the goods, but it leads to higher prices and to poor quality. The price is comparatively a detail if the quality is good, but where that is sacrificed to quantity trade suffers. The question of quality on the home market is a most serious one for the foreign exporter. Claims for bad quality are incessant; the option then is to pay, or submit them to arbitration, which in nearly all cases simply means that there is an arbitrator's fee to be paid in addition, as the reward is said to be almost invariably in favor of the buyer. [In the case of beans the Chamber of Commerce proposed to send a sample each month to the European exchanges, which both sides were to recognize as the quality for shipments during such month. This arrangement would appear to be most equitable and reasonable, but home buyers absolutely refused to accept it.] The injury is not confined to the foreign exporter, but the principal sufferers in the end are the producers, and in this way the provinces suffer. The buyer abroad sells before the arrival of goods, and on the consumer or manufacturer finding the quality to be below the average, distrust in the produce of that particular source of supply is created, with the result that orders go to a more trustworthy quarter, where prices, though higher, are cheaper in the end. Take the instance of tallow. Great demand led to forward sales of far more than the production, and the inland middleman, being perfectly aware of the situation, forced up the price. The result was that the local broker, generally a man with little money, simply said he could not fulfill his contract; claims were so heavy that general trade was affected, and as a result business in the new tallow crop is almost impossible. To "buy forward" in countries where a fair knowledge can be obtained as to the probable yield of the crop is a simple matter compared with doing so in China, where no one has the slightest idea of the prospects of the crop. Sesamum seed, for example, is bought forward when the plant is only in flower, and heavy rains may ruin the crop or injure the roads and railway and prevent delivery; such dealing cannot be anything but detrimental to local interests. There is full scope for reasonable speculation by buying forward in the autumn after the crop is gathered, when there is still the element of inland, river and ocean freight to face—the rate of the inland depending on a single line of railway, the river on the incalculable factor of depth of water, and the ocean on shortage of ships. Tientsin suffered from working imports on a long credit basis, while Hankow worked imports on cash, yet Tientsin export trade is largely a "spot" business. As most manufacturers require to secure stocks of raw material for several months ahead, buyers abroad clamor for forward contracts, and it is almost impossible for the foreign exporters to decline such. They endeavored to come to an agreement, but while it was accepted as necessary in general, those chiefly interested in any particular article declared they could deal with it on the present lines. Any change must come from the Chinese sellers, and they have first to learn that temporary prosperity is dearly bought if non-fulfilment of contracts causes subsequent distrust. The tea dealers had a severe lesson, but since they decided four years ago that no musters might be shown until the "chop" they covered was actually here, there has been an absence of disputes, a certainty of the quality, and general improvement in the trade. In the case of tea it was a forward contract of a few days only, with a sample deposited. Some goods, such as tallow, are naturally standardized, others are not. Sesamum seed is bought on the basis of a percentage of dirt, usually 2 per cent., but is generally delivered at 4 per cent., and the

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result is disputes after cleaning. Even allowing that the seed itself is of good quality, it has generally to be sold free of impurities over 1 per cent. at a loss of 1 per cent. Some exporters assert they can clean it absolutely, but the statement is generally discredited. This 4 per cent. means that packing and transport charges to the port have to be paid on at least 80,000 piculs of dirt, almost all of which is deliberately added. The actual producers are said to have a large amount of sycee buried in their houses as the result of the trade of the last two years, and to be indifferent to business save on their own terms. A sure proof of the unsatisfactory state of the export business is the ever increasing difficulty of obtaining good export compradors and the many failures among such compradors. The Hanyang Iron and Steel Works had a busy year. Another blast furnace was opened in May, but they cannot yet meet demand. 130,000 tons of pig iron was produced, of which 29,000 tons went to Japan and 15,000 tons to the Pacific Coast. Japan desires to obtain a larger supply, and America made, and is continuing, a strong effort to become a big buyer, but it is extremely doubtful whether the American trade can be depended on to be a source of profit rather than loss to the company. It is stated that the steel made from this pig iron in America proved to be of the finest grade. The balance of the pig iron was consumed in China. 33,250 tons of rails and fastenings were made for use on China's railways, an increase of 5,000 tons. They are of such excellent quality that the works voluntarily put them to a much more severe test than that required by the regulations of foreign countries. The output of the Tayeh Ore Mines was 303,000 tons, of which 106,060 tons went to Japan. These works only need a plentiful supply of capital to become a very much greater factor toward China's prosperity, as Mr. V. K. Lee, the general manager, his assistant manager, Mr. V. T. Tsang, and his commercial manager, Mr. Wong Kok Shan, are most capable and energetic men. It is gratifying to record that they show much care for the health and welfare of the workmen, with good results. The Hupeh men unfortunately prove less capable than those from Canton and Ningpo. The Pingsiang Coal Mines output was 640,000 tons; from this 170,000 tons of coke was made. The Ironworks bought 179,000 tons of coke during the year; 19,000 tons were bought by other local industries and 9,000 tons exported abroad. The Ironworks took 78,000 tons of coal, Hankow purchased 215,000 tons, steamers took in their bunkers 48,000 tons, and 5,000 tons went abroad. Quality was not so good, as the screening was less thoroughly done. The Tanshanwan (Singkwochow) Coal Mine recommenced work at the end of the year. The output of 60 tons a day is expected soon to rise to 200 tons. The quality is said to be good, so if the difficulty of controlling the water is overcome the mine should prosper. The Peking Syndicate coal is in great favor for household use, as it is carefully graded and its quality uniformly excellent. The company expect to do a large trade with foreign ports from Hankow. The Yangtze Engineering Works has made immense progress. The prediction that it would become a most important undertaking is being quickly verified, and it is an excellent instance of what efficient Chinese management can do. It has executed a number of big orders for steel tugs and lighters, bridges, general steel structure work and repairs. It has on the stocks a steel tug boat of 120 feet and 600 horse power for the Ironworks, and two of 115 feet and 500 horse power for the Pingsiang Colliery, and several lighters and pontoons. A new slipway for docking vessels up to 125 feet has been built, the workshops have been enlarged, and a general extension of the works is being carried out, as orders have frequently had to be declined. A paper mill, capable of turning out 30 tons a day, is being erected by the Government, at a cost of 2 million taels, near the junction of the railway and the Seven Mile Creek. The machinery is from America and England. The paper is to be made from rags, straw, and bamboo, and a considerable amount of resin and China clay will be needed. It is intended entirely to supply the Government printing establishment in Peking, and a large portion of its product will be bank note paper. In the summer the Hupeh Cement Works put their product on the market. The works are at Tayeh, and are thoroughly up to date. The raw material is most excellent, and the finished article is submitted to severe tests by the foreign chemist. As it can undersell the cheapest imported cement, and is reputed not to be excelled by the best brands, it has met with strong demand, and should do good work in supplying local needs. The nail and needle factory has been a disappointment, as it has been worked at a loss. The electric light is in such demand that the company finds it necessary to erect a second plant. The waterworks provide a full supply of excellent water. Both companies find the greatest difficulty in checking consumption and collecting payment. A scheme is on foot for erecting waterworks in Wuchang. The International Export Company has shipped large quantities of frozen goods to England, and the public interest in its doings has been maintained by the outcry in England against the admission of Chinese pork, made in fear of its competition in providing cheap pork. The specious plea for objecting to Chinese pork is that the pigs are street scavengers, whereas the most careful inquiry shows that these animals are reared under conditions which are perhaps only equaled in model farms in England. Their styes are kept clean and well drained; a part of each is roofed and its floor raised for their sleeping place. In England rings are put in the snouts of pigs on the plea that unless it caused them pain to do so they would root up their styes, but the Chinese do not find this precaution necessary. It is a common remark here that a drove of 40 or 50 pigs is driven to the company's works by a couple of men, and a man driving, or rather directing, one pig is no uncommon sight. Yet the taking of a pig to market is the subject of innumerable jests in England. These are petty details, but they do not point to the Chinese needing to be taught how to rear pigs. Doctor Farrar, of the Local Government Board, Whitehall, sent by the British Government to investigate the conditions under which the pigs exported by the International Export Company are reared and fed in Hunan, spent several days in May over such investigation. He visited about forty farms in different districts, and found that the statements made in the Hankow trade report of 1908 and those of this report were correct; that if

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anything they understated the excellent manner in which these pigs were reared and fed; in fact that model farms in England would not suffer by following the methods of the Hunan pig rearer. It is very doubtful whether the freezing business pays. The chickens and ducks are not good enough for home needs, the game becomes dry, and the home public, having forgotten what snipe are, do not want them. The side products—lard, intestines, feathers, etc.—are probably paying lines, and eggs must always do well. The eggs mostly go on to America, where albumen is practically excluded on account of the chemicals it contains. Chinese and foreigners complain that the cost of living has been raised by the company's operations and that there is a marked decrease in game of all sorts. The company has its agents everywhere, and has doubtless opened a wonderful market for the country folk. Beancake mills have not had a good year. The price asked for beans, and the distrust of quality in Europe, prevented shipment abroad, so there was a plentiful supply to meet the demand for bean oil; but there was no demand for cakes, mainly on account of the floods in Japan, so that quantities were left to spoil; the price fell from 92 cents in the first half of the year to 45 cents for the last half, the new year seeing it rise to Tls. 1. The demand for bean oil promises to be strong. Large as the plant of the British-American Tobacco Company is, it has already proved too small, and the company is erecting drying yards and godowns on the Han. For a great part of the year it turned out 8 million cigarettes a day, and has been adding machines as fast as they could be obtained. Most of these cigarettes are exported, local tastes calling for a blend of foreign tobacco. The company has completely captured the local market by giving away quantities of cigarettes as advertisements and energetically calling attention to its goods. It cures large quantities of leaf for export to its other factories, after storage here for about two years. Its men travel in the tobacco growing districts distributing pamphlets on tobacco growing and giving growers foreign seed, and it is pleasant to note that its efforts are appreciated both by the people and officials. The flour mills have, on the whole, not had a good year, and are confining themselves to making second grade flour, as the first grade needs a better rolling plant and the rollers wear smooth much quicker.

The value of imports from foreign countries direct (Hk. Tls. 18,836,471) is more by 1.79 millions than in 1909; via Shanghai (Hk.Tls. 24,156,049), less by 1.85 millions, the gain in duty being accounted for by the gain in direct trade. Re-exports (Hk.Tls. 5,189,946) deducted, the value of foreign imports remaining for local consumption was 37.80 million taels, practically the same as in 1909. There was a loss of 0.82 million taels in cotton piece goods, due to the bad conditions that existed until the summer was half over, which led to the cheapest qualities only being in demand; of 0.4 million taels in cotton yarn, due first to the above cause and later to the excellence of the cotton crop. Copper gained 0.15 million taels, as the market was depleted by the heavy re-export of 1909. Gunny bags lost 0.23 million taels, due to non-export of beans; cement dropped 52,000 taels in competition with the native product; electrical fittings dropped 150,000 taels, as the city works were completed; locomotives dropped 300,000 taels, new supplies not being needed; Japan coal dropped 15,000 taels only, in spite of the increase in native coal by river and railway, as it is needed for certain purposes. Dyes gained 270,000 taels on account of decrease in better qualities of cottons; railway materials gained 580,000 taels for the supply of lines in course of construction—there was a decrease in number of sleepers, but an increase in their value; sugar gained 112,000 taels as a result of the prosperity during the last half of the year; tea dust dropped 0.16 million taels; Ceylon gained in quantity, but lost in value; while Java and Indian lost heavily, due to the destruction by fire of a big brick tea factory in August. Mild steel rails gained 0.24 million taels, chiefly for the Liaotung and Szechwan railways, but mostly for the former. Casks gained 0.36 million taels to meet the shipment of oils. Rice gained 1.13 million taels to supply the needs of the early summer. Kerosene oil shows considerable change. On the gross import American bulk increased 1.16 million gallons, but los 0.19 million taels in value; Borneo bulk gained 0.32 million gallons; Sumatra bulk lost 0.89 million gallons; American case gained 1.29 million gallons and lost in value 0.14 million taels. Re-export exceeded that of 1909 by 1.73 million gallons, leaving 0.90 million gallons less for local use. It is computed, however, that some 8 million gallons were in stock at the beginning of the year and only about 4 millions at the end, which gives an increased local consumption of some 3 million gallons. The whole trade thus shows an increase of some 6 million gallons. As kerosene is the first luxury to be given up, demand for it died in the first half of the year, but increased month by month until sales surpassed all records in December. It is being used to some extent by the Chinese for cooking and heating purposes, but the chief cause of increase is its reduced price taken with the high price of native oils. The large re-export is due to the keeping of stocks at up-river ports, which has led to increased demand.

EXCHANGE AND CHINA'S FOREIGN TRADE.

(From Consul General George E. Anderson, Hongkong.)

The part that exchange plays in determining the volume of imports and exports into and from China is not generally recognized abroad. Firms all along the China coast have been complaining for several years that trade was dull and was growing duller, while many American concerns interested in the import trade of China have charged to competition their declining trade, which, as a matter of fact, has been due to other causes.

There have been a number of reasons for the decline in China's imports of foreign goods in the past five or six years and for the rise in China's exports, but the relation of the exchange value of copper and silver to gold, and the oversupply of Chinese 10-cash pieces coined to supplement the supply of old 1-cash pieces, in themselves explain most of the decrease and increase, respectively. The general course of things appears in a most striking way from a comparison of the exchange of copper 10-cash pieces to a

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silver dollar, the value of copper and silver in terms of gold, and the value of the imports and exports of China, respectively. This may be seen from the following table:

Year.	No. of 10-Cash Pieces to $1.	Copper Per Pound (Gold, Cents).	Value Haikwan or Customs Tael (Gold, Cents).	Total Imports of China (Gold).	Total Exports of China (Gold).
1905.....	88	13.8	73	$326,383,577	$166,358,384
1906.....	104	16.6	80	328,216,066	189,165,391
1907.....	111	21.4	79	328,957,082	208,860,751
1908.....	115	14.3	65	256,428,561	179,799,262
1909.....	125	13.2	63	263,439,582	213,565,473
1910.....	130	13.0	66	305,556,830	251,249,996

During the period indicated, therefore, China's imports steadily increased as the price of copper increased, and have as steadily decreased in the past four years as the price of copper has decreased. During the past four years there has not only been a decrease in the buying power of copper as measured by the value of the metal, but there has also been a decrease in its buying power by reason of the oversupply of copper coin. These unfavorable conditions have been joined to the depressing influence of the continued fall in the value of silver in terms of gold, a combination of all elements which could have had no other influence than to cumulate and accentuate the depressing influence of each element in the situation.

There are several conflicting factors which enter into the exchange situation in China, and all of them enter into the matter of imports and exports. For example, a bolt of American cloth is priced to the Chinese middleman by the American exporter in terms of gold, so many cents gold per yard, or so many dollars gold to the case of goods. These goods are paid for in silver dollars or in some cases by silver taels at the rate of exchange then current. The goods are then sold by the importing middleman to the trader in the interior for a price in silver taels. The dealer in the interior sells it to the consumer on the basis of copper cash. With copper at a high price and the copper 1-cash and 10-cash pieces at a comparatively high value by reason of restricted volume or otherwise, it requires less of such money to equal the amount in silver taels paid by the local dealer to the importing middleman. With silver at a high price, it requires just that much less silver to equal the price of the goods in gold fixed by the American manufacturer.

Conversely, a Chinese silk grower, for example, grows silk on the basis of a cost price in copper cash. His labor costs him so many strings of 1-cash or 10-cash pieces, his fertilizer so much copper cash, his reeling a sum in copper, transportation to the market a sum in copper—in short, either directly or indirectly, his cost price is based on copper. He sells to the exporting middleman, who offers him a price in silver taels, which in turn is based upon a gold price offered for raw silk by the markets of the world. It is evident that with silver at a low price the price in gold will enable the exporting middleman to offer the producer more silver for his goods, and with a low price of copper the silver ordinarily will exchange into an increased amount of copper cash, the cash and silver in general being worth as much to the producer under such conditions as if their gold values were higher.

In the same way, low prices of silver and copper or an oversupply of copper coins means that more copper and silver are required for the purchase of a standard amount of foreign goods, and the importation of goods is discouraged; while a high value for copper and silver means that less of such Chinese money is required for the purchase of a standard amount of foreign goods, and imports are stimulated. Further, low values of silver and copper mean larger amounts of such money received by the Chinese exporter for a standard amount of goods sold abroad, and exports under these conditions are stimulated for this reason, while high values of such metals mean a reduced amount of such money for the Chinese producer and the retardation of exports.

A comparison of the figures given in the foregoing table indicates most strikingly how important this matter of exchange is in the foreign trade of China. Of course there are complications in the relation of the metals and in the effect of such relations upon either the export or import trade of the country. This is particularly the case with the influence the comparative volume of 10-cash pieces has upon the situation.

These 10-cash pieces were first coined about eight years ago to supply the need of currency among the people. The supply of the old copper cash was so restricted in some places that only about 600 cash were required to make up a string whose theoretical number of cash was 1,000. The coins were worth about par until 1906, when they fell a little below par, i. e., a dollar could buy 104 10-cash pieces, or a tael about 160 instead of about 65 and 100, respectively, which theoretically they are worth. The depression in value has increased ever since, not only in keeping with changes in the metal value of copper, but in obedience to the constantly increasing oversupply of these coins.

As a further example, in 1906 silver was high, while copper ran low, and the result was a good year, but not the maximum year. In 1907 silver came down a cent on the average, but copper came to its maximum, and the maximum imports of the country were reached. And, conversely, the export trade of the country varied in similar ways. The effect of high copper and silver values in some cases is not indicated until the succeeding year.

It is worthy of particular notice that in 1910 copper was further depressed and gold and silver prices for goods sold abroad brought more money in copper, and the exports of the country were the greatest in its history. However, silver, the money first employed in buying foreign goods, recovered somewhat, and there was a fair increase in imports as well. Of course, it is not to be considered that these currency changes have been the only elements in these various changes in the trade of the country, but the general trend of exchange influence is conclusive, and it is well to note that the immense importations of foreign goods by China in 1905, 1906 and 1907, including that great volume of American cotton goods which has hung over the market in China ever since, were due in great measure

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at least to the high value and consequent high buying power in the United States of China's copper and silver currency, and it is well to note also that the low prices obtainable for such goods in China ever since are in most cases substantially the same prices in copper and silver which were had at that time.

This matter of exchange in relation to import and export trade is academic and simple even to the average trader in Chinese foreign trade, and yet its effect both upon Chinese trade at present and in the immediate future is of the utmost practical importance. The first result of the low value of silver, and consequent high cost of foreign goods in terms of silver is a great and at times protective balance in favor of native industries competing with foreign manufacturers in the manufacture in China of foreign goods, such as the flour mills, paper mills and general manufactures of cotton goods, woolen goods, iron, steel and all other foreign products now being manufactured to a constantly increasing extent in China.

This advantage is being enjoyed particularly by the iron and steel industry in China, as shown in the development of the Hanyang Iron and Steel Works at Hankow. The president of one of the steamship lines serving the Pacific Coast of the United States and China, particularly interested in the iron and steel business, writing on this subject, said recently:

"Since we last met here exchange has gradually been going up in China. The effect was immediately felt on this side. Our sale of lumber rose from 18,000,000 in 1909 to 39,000,000 in 1910, and as a natural result more difficulty was experienced in buying from the Chinese to import into this country. However, the rate is more nearly proportioned now than it was before, as it was then all in favor of the Chinese selling and completely against us in our selling.

"The general conditions on this Pacific Coast are quite fair, but we are handicapped by the high cost of labor and manufacturing, so that it is practically impossible to sell any of our manufactured articles in the Orient. We are still importing pig iron from Hankow on quite an extensive scale. This business has already grown to quite large proportions. A new feature has been the importation here of Chinese iron ores. We expect to bring about 50,000 tons a year. It is being manufactured at Irondale, Wash. We are building (in Glasgow) another large steamer of 8,600 tons to engage in this business.

"It is surprising that merchants appear to be quite unconcerned as to this great crisis in exchange, which is closing the door to our exports to Asia and immensely stimulating their exports to Europe. The evidence which Sir Thomas Jackson, chairman of the Hongkong and Shanghai Bank, gave before the Singapore Commission in 1902, is more ominous today than at that time. I venture the prediction, with entire confidence, that if the present price of silver continues for thirty years the entire steel and iron industry of Great Britain and the United States will have removed to China. The rate of wages there is one-fifteenth the rate at Pittsburgh; the efficiency of the labor, 90 per cent."

While there may be room for difference of opinion as to the actual and immediate future in this line, the immense advantage possessed by China in the way of exports is evident. However, it is also evident that China cannot expect to sell goods abroad indefinitely without buying goods from abroad as well. The one-sided tendency of the present will tend to correct itself by increasing the price of exchange against China. It is reasonably to be expected that conditions will be equalized in time, but meanwhile the present course of exchange toward low values of copper and silver, especially the former, which is the real money of the masses of China's population, is such as to promise little increase in China's import trade.

Stimulating the consumption of foreign goods is difficult, if not impossible, in the face of exchange conditions, and only the fixing of exchange between China's purchasing media and gold, and a complete readjustment to the new conditions entailed by such permanent exchange, will prevent constant recurrence of present untoward developments. At best this readjustment will require time.

NEW CHINESE COINAGE AND THE PUBLIC.

In a recent article on the reform of China's currency we discussed the broad issues of the proposed change, and, in particular, the controversy between gold and silver, taels and dollars. These questions, however, are mainly national in aspect. It remains to consider how the new coinage will affect the ordinary public, whose convenience, it will be remembered, was the argument that largely decided the Government in fixing upon a silver, and not a gold, standard. Now, in so far as the Chinese is essentially conservative and has been accustomed from time immemorial to the most extraordinary discrepancies in monetary values between one district and another, he will assuredly take his time in allowing himself to grow accustomed to the new coinage, and no small confusion must prevail while old and new continue to flow side by side. To smooth over the transition, certain rules are to be proclaimed by viceroys and governors, as that, during the first year from the date of the new issue, any transaction not exceeding three dollars in value, according to the market exchange, may be made in copper, but that in the second year not more than one dollar's worth of copper shall be legal tender. This rule was specially framed with a view to the depreciation of copper in recent years due to overminting; and there are others to govern the substitution of new silver for old silver. Yet some further considerations might be pointed out as likely to popularize the new coinage; and these will be based on two main factors: in the first place, that mankind is apt to calculate its daily expenditure, not in numerals or fractions, but in certain symbols or names; and, secondly, that the cost of livelihood in any country depends to a very great extent on whether those symbols have a high or low value.

To be more explicit, it has often been remarked that the coin of the people in China is the copper cash, which is indeed the only national coin recognized by the law of the land. Thus we find transactions, which would in Eng-

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land be effected in shillings or pounds, calculated in China by so many strings of cash, to which, be it observed, the comprehensive name of tiao is given. In the new coinage the tiao will be replaced by the dollar, between which and the cash an absolute decimal ratio is to be maintained. But here, at once, a difficulty is encountered, arising out of the every-day economic habits of the people. The gulf between cash and dollar is too great. Just as the thrifty French housewife continues to calculate her expenditures in sous, and English economy is condensed into the maxim, "take care of the pence and the pounds will take care of themselves," so the Chinese imagination continues to revolve in cash, in spite of the clumsiness of such reckoning due to the tiny value of the coin, and seldom rises to the height of the dollar. To bridge over the wide difference between dollars and cents the convenience of the ten-cent piece, or dime, in modern custom has already been noted. More than one of our outport correspondents has remarked on the growing popularity of this handy little coin which, to the Chinese way of thought, assumes much the same position that, say, a shilling does to the eye of the British public, and there seems no reason why the dime should not be made a feature of the new coinage. In that it can be minted in the same metal as the dollar, there is not that urgent reason, namely, fear of depreciation, for restricting its issue, which has to be observed in respect of the copper coinage; while as regards the dollar, the output might certainly be limited, at least at first, because the large transactions for which it will principally be used will, as in other countries, be effected chiefly by check or notes, against which it is only necessary that there should be a sufficient silver reserve.

But even with the popularization of the dime the difference between it and the dollar is still too great, or perhaps it would be more correct to say that the dollar is too high a standard for economical living. Whatever may be purchased in dimes, there must remain numbers of articles of necessity which will be priced in dollars, and the moral effect of that coin is to increase expenditure. This has nothing to do with the regulation of prices by the general laws of supply and demand. It is the effect on the individual way of thought of the standard unit of a country on which we would lay stress. For example, in England, broadly speaking, it may be said that personal expenditure is about twopence more extravagant in the ordinary medium of calculation than in France, as the shilling is, roughly, worth twopence more than the franc. In Russia it will be twice what it is in England, as the rouble is double the shilling, and in China, again, it is eightpence or ninepence more. In common practice it will, we believe, be agreed that a dollar in Shanghai is looked upon much as a shilling is at home; and this point of view, at present the foreigner's, will assuredly become that of an increasing number of Chinese as the native style of living improves. For this reason the proposed new coin of fifty cents value may be hailed with special satisfaction. But it remains to give it a definite name. While it remains merely a fifty-cent piece it possesses a face value, but nothing more. We do not think of an article costing so many pieces of fifty cents any more than of its costing so many sixpences or half sovereigns. But had either of those pieces a distinct name and sign, articles would be priced in them and the purchaser's whole mental attitude would undergo an alteration in the direction of economy. The like result would, we believe, be attained by the minting and christening of fifty-cent pieces, not necessarily at once, but by process of habituation. To sum up, the value of the coin in which we commonly think has a direct bearing upon the general standard of expenditure; and since changes are to be made it would surely be worth trying any change that might inspire more practical respect for the dollar, and particularly the five-dollar note, than that with which it is at present treated.—*North China Daily News.*

SIR ROBERT HART.

(From the New York Evening Post.)

A cable dispatch from London announces the death in his seventy-seventh year of Sir Robert Hart, the famous inspector-general of Chinese customs, which position he held for forty-five years.

Robert Hart had a genius for organization, his industry never ceased and his honesty was above suspicion. It was these three qualities that made him the trustee of European interests in China. As inspector-general of customs he devoted most of his life to China, and sacrificed even the enjoyment of his domestic circle to the country. During the first forty-one years of his administration he went to Europe only twice. With characteristic Oriental ingratitude China illy repaid Hart for the great work he had done for her. While he was doing that work few saw him; the name of Robert Hart was probably less familiar on the Chinese coast than the names of many of his commissioners; it was never mentioned in the newspapers; he was scarcely thought of as a human being; he was simply "the I.-G." For years he rarely left the standing desk in his little office in Peking. From there he collected the revenues of the largest empire on earth, governed the municipalities of about forty ports over a line 4,000 miles in extent, protected the shipping by a fleet of gunboats and a splendid system of lights, regulated the coming and going of great freight carriers; issued monthly, quarterly and yearly yellow books of statistics and reports which were excelled by no other nation, and controlled a staff of more than 500 Europeans and some 2,000 natives of the best systematized and most efficient civil service known.

Robert Hart was the most modest and least ambitious of men. He never sought self-aggrandizement or riches, but his economy and keen financial instinct must have enabled him to acquire a large private fortune. He received no salary from the Chinese Government. He deducted a fixed

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annual sum from the revenues he collected, from which he paid himself what he pleased after meeting the expenses of the service. The salaries of the thirty or forty commissioners varied from $500 to $800 a month; that of the hundred-odd clerks or assistants from $100 for a beginner to $400 a month; and that of the two or three hundred tide surveyors, examiners, boat officers, tidewaiters, watchmen, etc., from $50 to $300 a month. He also maintained half a dozen or more modern war vessels, or revenue cutters, with native crews and foreign officers, a score or more of lighthouses and lightships, and an admirable system of buoys in all the port entries and river channels.

JOINED CONSULAR SERVICE.

Sir Robert was born on February 20, 1835, in the north of Ireland. He graduated at Queen's College, Belfast, in 1853, and he went out to China in the following year as a student interpreter in the consular service. Employed as secretary to the allied commanders during the Anglo-French occupation of Canton in 1858, he was appointed in 1859 inspector of customs in that city. This was his first connection with the service which was ultimately to become identified with his name.

When young Hart first went out to China, the southern and central provinces were the scene of a great popular upheaval, the Taiping rebellion, a revolt against the Manchu dynasty. The Taipings had in 1854 swept down the valley of the Yangtse and seized the native city at Shanghai, compelling the Chinese superintendent of customs to close his office. But the European settlement held its own, and two months later the Shanghai custom house was reopened in the settlement for the collection of imperial revenue under a joint inspectorate of the three treaty Powers then in relations with the provincial authorities, viz., Great Britain, the United States and France. This was the origin of the great organization which Robert Hart was destined to govern for so many years, and which he first represented at Canton.

In 1861 the collectorate of foreign customs at the treaty ports was formally invested with regular powers from the central government, and the management was placed in the hands of a Mr. Lay, who two years later was succeeded by Hart, then only twenty-eight years of age. He could not claim to be the original organizer of the foreign customs service of China, but when he took it in hand the service, which extended only to five ports, was the most despised in the world, and composed of the worst class of stray adventurers, engaged on the spot. He built it up into one of the most exclusive of services, eagerly sought after by the sons of consuls and ministers of different countries, difficult to enter, and forming the aristocracy of the foreign settlements in China. Candidates had first to obtain a direct nomination from him, and then pass a rigorous examination in classical education; but, unlike the stereotyped civil service elsewhere, mere book knowledge would never pass a man whose appearance, as well as his connections, did not recommend him as likely to uphold the prestige and be equal to the duties of the service.

Although Hart might naturally be supposed to have had a personal predilection for Englishmen and Americans, and although it was impossible for him altogether to avoid the accusation of nepotism, he resolutely adhered to the principle that such a service must be purely cosmopolitan. Among its commissioners and assistants were to be found several French, German, Italian and Scandinavian men, who, however, were scarcely distinguishable from English in their language and habits.

"THE I.-G.'S" PERSONAL SURVEILLANCE.

Once in the service, neither title nor relationship to "the I.-G." availed, nor even seniority. The secret of the efficiency of the corps was entirely due to the chief's watchful personal surveillance in selecting the right men for the right places. And yet not 10 per cent. of the service had ever seen or been within 500 miles of its chief. He ruled by secret reports of the most personal and searching nature, which he weighed with a discrimination approaching clairvoyance. It was a common saying in the junior messes that a man in the service could not flirt with a woman, buy a pony or play a game of cards without a "little bird" at once carrying the tale to Peking, and probably bringing down on him the famous "threatening letter."

These "threatening letters" consisted of printed circulars, which fell like bolts from the sky, and began: "It having come to the ears of the 'I.-G.' that in certain ports there appears to exist a relaxation of that self discipline (or that sense of propriety, or that spirit of diligence and economy, or what not), which every assistant owes to the prestige of the service and to the articles signed on his appointment, commissioners are hereby requested to call the attention of their assistants to paragraphs so and so of circular No. —, vol. —, 18—, and promptly report any dereliction of behavior to the 'I.-G.,' reminding their staff that disobedience to the rules entails immediate dismissal," etc.

In no other country, probably, but China would such magnificent results as those achieved by Robert Hart have been so hopelessly wasted on its rulers. Treated at first with contemptuous indifference, the utility of the customs service as an agency for levying tribute from the foreigner. gradually came to be grudgingly recognized by the central government, but even the few officials of relatively greater intelligence and wider knowledge who were brought into close contact with it never dreamed of applying to their own departments the lessons which it should have taught them. In times of difficulty and stress, when their own shortsightedness had involved them in complications with foreign Powers, the Chinese authorities were never slow to consult Hart and ask for his assistance. But, though they recognized his loyalty, and his influence unquestionably made itself felt in almost every important question with which China was confronted, he could not be said to have ever enjoyed a position really commensurate with the exceptional services he rendered to the Chinese Empire.

Distinctions were showered upon him. He received in turn the Red Button, the Peacock's Feather, the Double Dragon, and even a patent of ancestral nobility for three generations. But in their daily intercourse with him the arrogant mandarins of the capital could seldom bring themselves to treat him publicly as their equal. For instance, when called, as he frequently was, to the Tsung-li-Yamên, he was seldom, if ever, admitted to the presence of the Chinese ministers themselves, who transacted their business with him through one of the secretaries of the board. Of

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a naturally diffident and retiring disposition, Hart accepted these and other anomalies of his position with the same indulgence which he was always ready to extend to the shortcomings of Chinese officialdom.

SACRIFICED A DIPLOMATIC CAREER.

Sir Robert sacrificed his career in the diplomatic world to China. In 1885 he was gazetted British minister plenipotentiary to the court of the Emperor of China; but he retained the appointment just sufficiently long to permit of his resignation to reach Downing Street. Men of his stamp cannot be bound with the red tape of official tradition. The appointment, too, was from the British point of view a foolish one. As the London *Times* said at the time:

"Could anything have been more paradoxical than Sir Robert Hart's position had he been called upon as British minister to proceed to the Tsung-li-Yamên and refute in the name of her Majesty's government all the arguments which he had himself supplied as a Chinese official? Yet the offer was made to him by Lord Granville, and he began by accepting it. But he never actually took up the appointment, and within three months he formally placed his resignation in the hands of Lord Salisbury, who had in the meantime succeeded at the Foreign Office. Whatever may have been the motives which induced him to change his mind, it was unquestionably fortunate, both for his own reputation and for that of Great Britain, that his second thoughts proved wiser than his first, and that he ultimately decided to stick to the work for which he was so preëminently fitted."

So much of Hart's life had been passed in China that in matters of sentiment and patriotism he was more Chinese than the Chinese themselves. He had sacrificed his birthright of communion with his fellows in intellect and in nationality to China. The weary years of his service in Peking had cut him off from almost every intimate expression of the development of civilized humanity throughout two generations. "I do not believe," once remarked one of his friends, 'the I.-G.' would die happy out of sight of the walls of Peking."

No European knew so much of China and the hidden things of its mysterious inner life as "the I.-G.," yet the Boxer rising was to him a surprise. Sir Robert Hart had kept a diary ever since his arrival in China, fifty-two years before. In his will, prior to the outburst of 1900, he expressly stipulated that this monumental record of events should never be given to the world. Then came the atrocities of the siege of the legations. Sir Robert's house was looted, and his library destroyed. The diaries, however, escaped destruction in the vaults of the bank. "The I.-G." changed his will, and some day the world will learn all that one man could tell of the history of an epochal half century in China.

The man was a profound believer in the value of the Confucian philosophy as an educator of Oriental minds. When Yuanshi-kai memorialized the throne in favor of reforming the educational system of China by replacing the traditional literary examinations with examinations in general knowledge, "the I.-G." strongly opposed the suggestion. He advised the retention of the ancient ethical training for the four literary degrees according to the custom in China for more than two thousand years, and then the addition to this curriculum of a fifth and final degree in Western science. He argued that by such means the best brains of the land would be instructed in the high moral precepts which are the theme of the Chinese classics, and would at the conclusion of the course be in a fit state to imbibe and to profit by the teachings of modern science.

"Train your youth in the classics," he said. "Instruct them in the philosophy of Confucius, and then, when their moral education is complete, let them turn to the lessons of modern thought and knowledge. In such way you will possess a well built fire laid beneath a chimney which will insure complete combustion."

MADE SUBORDINATE TO MANDARINS.

One sunny afternoon in May, 1905, Peking was electrified by the publication of an edict appointing two anti-foreign mandarins high commissioners of customs. For forty-two years Sir Robert Hart had enjoyed absolute independence of action in the administration of the customs. Suddenly, without having been called into consultation, without having had the courtesy extended to him of an intimation that a change was in prospect, without having received one word of warning, he read with the rest of the Peking world that he had become subordinate to two officials who represented the worst features of Chinese administration.

The moment was well chosen. The ministers of France, Germany, Austria-Hungary and Great Britain had recently retired from their various legations, and their places had not yet been filled with their successors. Yet Sir Robert, in the Chinese nobility, was of much higher rank than either of the officials who had been placed over him, and he was junior guardian of the heir-apparent. Great Britain immediately protested that this action was a violation of an agreement with China, that the post of inspector of customs should be held by a British subject so long as British trade with China exceeded that of any other Power. The Powers, too, appeared disposed to unite in objecting to the change. Eventually Sir Robert received assurances from the Chinese Government that his status with regard to the customs would not be changed. In 1908 he went to England on a year's leave, the first vacation he had taken in twenty years or more. He was about to return to his post in China, but his physicians forbade his doing so, and in September, 1909, "the I.-G." retired from the Chinese service.

But before this he had rendered another great service to the Chinese Empire. He had in 1896 founded the postal service and was made its inspector general.

Sir Robert Hart was a little man, spare of body, who spoke with a strong Irish brogue. Slow of speech, he considered every point before he made reply, and if embarrassed, a perceptible blush spread over his shrewd, gray face. Caution, of course, he learned in the Oriental school. Once a lady asked him to accept a rose, and he offended her by saying: "I should prefer to consider the matter before answering." But, brought up in Wesleyan traditions, he never absorbed any Eastern fatalism. In 1896 he felt that the road was open for his return home—yet he felt that, half hidden, there were obstacles waiting to be met. He opened his Bible at random and read the text, "Paul said to the centurions and to the soldiers: Except ye abide in the ship, ye cannot be saved." That decided him immediately to remain in China.

Besides his work in the little office, "the I.-G." had another fad. It was his trained orchestra of Celestials. This band, composed entirely of natives, was the only Eastern orchestra ever trained to play Occidental music, and in Peking the highest honor a European visitor could receive in bygone days was an invitation to one of the musical entertainments at the inspector general's residence. Incidentally, the guests found Sir Robert as charming a host as he was picturesque in his Chinese costume—the dress he had long adopted before the world at large had heard much of him. The bitterness of certain factions of Chinese nobles against him increased as his power grew, but he was never in any real danger of personal violence, as he always kept around him a native guard entirely devoted to his interests, and through his secret service he was constantly posted on the trend of affairs at court and elsewhere.

Sir Robert was made a K. C. M. G. in 1882, a G. C. M. G. in 1889, and created a baronet in 1893. He married in 1866 Hester Jane, daughter of Alexander Bredon, M. D., of Portadown, County Armagh, and he leaves one son and two daughters.

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THE HANKOW-SZECHUAN RAILWAY LOAN.

From the American Journal of International Law.

The Hankow-Szechuan loan controversy, which has just been closed by the final ratification of the loan agreement, is typical of the numerous loan questions in China. In order to understand the meaning of the different phases of this controversy, two points must be borne in mind—that a foreign railway loan in China is entirely different from what it would be in the United States, and that the creditors in advancing their capital to China are induced by other than purely commercial motives. In the United States a railway loan is understood to be a commercial transaction between two parties, either private or public; in China it is regarded as a "treaty" between the Chinese Government and many other governments. No matter how a loan is made and who makes it, it invariably becomes mixed up with politics in the end. Loans are concluded only after much tedious diplomatic negotiations. Promises and "undertakings," which might have been made before under exceptional circumstances, often play a more important part in determining the terms of the loan than the merits or demerits of the loan itself.

To show that the creditor Powers have ulterior motives in providing capital themselves or in urging their capitalists to do so, it is only necessary to observe the more minute provisions of the loan contracts, and the jealousies of the foreign governments in making these loans. In nearly every contract there are provisions for special privileges and advantages in addition to those appertaining to the loan proper. In practically no case has a loan been concluded lately, no matter how trifling the character, without involving an international scramble; and loans which hardly deserve the dignity of diplomacy have often been the cause of serious dispute. Publicists on both sides of the Pacific have repeatedly remarked the close connection of Chinese railways with national and international politics.

Keeping this in mind, we can appreciate why a loan of only $30,000,000 could involve so much bitter antagonism between and such prolonged diplomatic negotiations by the seven leading Powers of the world.

The difficulty over the Hankow-Szechuan railroad loan involved both this road and the Canton-Hankow line. The Hankow-Szechuan Railway, like the Canton-Hankow line, is of national importance, and it forms the west arm of the "great railroad cross" which traverses the whole length and breadth of the empire, with Hankow, the Chicago of Asia, as the centre. This line will connect Chengtu, the capital of Szechuan (one of the most populous and rich provinces), with Hankow, and thence, by the other three arms of the system, with Peking and Tientsin in the north, Canton in the south, and Nanking and Shanghai in the east. It is one of the few trunk lines which the Chinese think should be built immediately, as an essential condition to the future prosperity of the most prosperous, progressive and enlightened portion of China.

Moreover, the importance of this line has been long recognized by other Powers. Seven years ago, on October 1, 1903, Sir Ernest Satow, British Minister in Peking, concluded, after long negotiations, coupled with a naval demonstration in the Gulf of Pechili, an agreement with Prince Ching, President of the Board of Foreign Affairs, which provided:

"If China desires to construct a Hankow-Szechuan line, and her capital is insufficient, she will obtain all necessary foreign capital from Great Britain or the United States."

This was in furtherance of the British determination, expressed four years before, to connect India with China, via Burma, Yunnan and the head waters of the Yangtse River.

The Canton-Hankow Railway, for the building of which the loan in question also provides, is the south arm of the great cross. It will be remembered that the original concession for this line was granted to an American company in 1898, to counterbalance the concession of the Peking-Hankow line to a Belgian corporation. The American company, while backed by several prominent American politicians, was in co-operation with British capital. Subsequently the British interests evaporated, and the American rights, contrary to the agreement, passed largely into Belgian hands. The Chinese Government protested against this breach of contract, and the people of Canton made strenuous demonstrations against the chicanery. Finally, China repurchased the concession at a very heavy pecuniary sacrifice. To do this £1,100,000 was borrowed from the Hongkong government, and in return for the accommodation, Chang Chih-tung, then Viceroy of the Liang Hu Provinces, promised that British capital and material would have preference whenever China decided to construct the lines. Thus by dexterity of diplomacy Great Britain secured a preferential right to supply both money and material for the construction of these two important trunk lines.

After several failures at home, China decided to use foreign capital in the construction of the Hankow-Szechuan road, and according to agreement applied, with the tacit approval of the British Legation, first to the English Hongkong and Shanghai Bank, which, in co-operation with some French, were to supply the loan. The security given was the opium revenue of the Provinces of Hunan, Hupeh and Kwangtung. Naturally, other financiers wished to share, and the Germans by special effort secured conference in Europe looking toward a triangular agreement. Such an agreement was reached in Paris on March 1, 1909. However, on April 2, the American Banking Company, addressing the British group, also formally proposed American co-operation in the loan. Moreover, this proposal, as observed by a *Times* correspondent, was made "in terms which clearly suggested that such proposal was agreeable to the policy of the United States Government." The only response that this proposal received was a "curt reply of about two lines * * * intimating that it cannot be entertained."

This act of the British financiers was not only resented by the Americans, but was criticised by the English press as a grave blunder. They were accused not only of keeping

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their own government in ignorance of the situation, but of creating suspicion between the United States and Great Britain.

The Germans, not satisfied with their success in getting a share of the loan, were also determined to obtain some special privileges over the Canton-Hankow line. Immediately after the agreement had been reached in Paris, they made a separate preliminary agreement with Grand Councillor Chang Chih-tung, for this same loan, on terms more favorable to China. The British were at once violently indignant, and an international turmoil followed. The British Legation in Peking at once took up the matter with the Grand Councillor, accusing him of breaking his former agreement. But the Grand Councillor maintained that since the British interests had not seen fit to offer terms similar to those of the Germans, their preferential rights had lapsed by default. Great Britain was not satisfied with this explanation, and strongly protested against China's action on the ground that it was to the British Government and not to the British syndicate that the pledge was made, and that the British Minister should have had notice sufficient to have enabled other British capitalists to have come forward.

The worsted financiers were more practical, and entered into negotiations with the Germans in Berlin, in an effort to effect some compromise. As a result of the meetings the three groups again concluded, on May 15, 1909, an agreement regarding the loan. According to the new terms the Germans secured the right to construct a railroad from Hankow to the border of Szechuan Province, about 800 kilometres, with a German engineer in charge. In return for this concession the Germans withdrew their claim over the Canton-Hankow line, which was to be constructed by an Anglo-French group with an English chief engineer. Having reached this understanding among themselves, the triangular groups again resumed negotiations with the Grand Councillor. As usual, the transaction was protracted. A preliminary agreement was finally signed on June 6, 1909, which was to be shortly confirmed by Imperial edict.

According to this agreement, the contracting parties were Grand Councillor Chang Chih-tung, on behalf of the Chinese Government, and the representatives of the English, French and German banks, which latter were to share equally in a loan of £5,500,000. It was further provided that (1) £500,000 should be devoted to the redemption of the bonds sold to the Belgians by the original American concessionaries of the Canton-Hankow Railway; that £2,500,000 should be spent on the construction of the Hupeh-Hunan section of the Canton-Hankow line, and that the remaining £2,500,000 should be devoted to the construction of the Hankow-Szechuan road; (2) the price to China was to be 95 with interest at 5 per cent.; (3) the period of the loan was to be ten years from the date of signature; (4) wooden materials were to be Chinese, while iron and steel works were to be bought equally from China and Europe, in case the Chinese product was of a quality equal to that of the European; (5) the original agreement concerning chief engineers was to hold; and finally (6) special auditors and comptrollers were to take charge of the finance.

At this point, when everything was going in favor of the European syndicates, and when, as it were, the spoon was touching the lips, certain American interests proposed to participate in the loan, and that proposal had the support of the Washington Government. The amount of the loan was trivial, but, as said the *North China Herald*, "if the immediate interest was small, the occasion was rich in possibilities."

Accordingly, on June 10, 1909, four days after the signing of the preliminary agreement between China and the European bankers, Mr. Fletcher, the American Charge d'Affaires in Peking, lodged with the Grand Councillor a protest against the ratification of the agreement of June 6, on the ground that China was bound by the undertaking of August, 1903, to apply in the first instance for American capital for the Szechuan Railway. He also claimed that the position of the United States had been intimated to the Chinese Foreign Board before the conclusion of the negotiations with the European bankers. And at the same time Mr. Reid, American Ambassador in London, also made formal representations to the British Foreign Office of his Government's desire to participate in the loan. An official statement from Washington also directed attention to the fact that the agreement entered into on October 2, 1905, between the English and French groups made provision for American participation.

China found it difficult to disregard the American protest, especially since the American Legation had warned the Foreign Board of the obligation existing under the agreement between Prince Ching and Sir Ernest Satow, made October 1, 1903. On the other hand, the Americans and English were themselves responsible for the embarrassing situation. In spite of their knowledge of the aforesaid obligations, these governments did not communicate in the earlier stages of the negotiations, nor had America definitely informed China of her desire to participate in the loan. The United States showed no determined eagerness to participate in the loan, so far as it did not affect her formerly secured rights. Except for occasional and indefinite utterances, she had remained quiet, if not indifferent toward the matter, until she learned that the operations were to include the Hankow-Szechuan Railroad. Then she saw a reasonable *locus standi* for intervention, and lost no time in maintaining her position. It was only in regard to this line that the Chinese had made any engagements to the United States, and it was only when these engagements were jeopardized that the United States was in the best position to take action.

Meanwhile an effort was made by the European groups to persuade the United States Government to allow the negotiations to take their course, the American bankers to participate after the loan had been ratified. For a while it was reported in the financial circles of London that "hidden agreements" had been made so that the American bankers would not be openly connected with the operation. But to all such proposals the State Department returned a steady and determined negative. It insisted not merely upon a certain share in the loan, but upon the proper recognition to a right to such share. Mr. Knox made it clear that American interests in the Far East demanded that the American syndicate should be recognized by China as a principal in the transaction, even though serious delay was entailed.

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That the Washington Government was prepared to strongly maintain this position was made clear at every subsequent step.

Matters now assumed a serious appearance. The American Charge d'Affaires continued to assert to the Foreign Board the position of his Government. On the other hand, the European groups brought pressure to bear on the Grand Councillor to induce him to memorialize the Throne in favor of the original contract, on the ground of America's refusal to accept the compromise offered in London. Mr. Fletcher immediately warned the British Minister in Peking that the United States would understand the continuation of the pressure on the Grand Councillor to mean that it was sanctioned by the British Government. "For the first time in many years," as said a French paper, "the British and American Legations at Peking looked askance at each other." At the same time the press in the two countries sided in the estrangement. An American newspaper called English diplomacy dark and devious, saying:

"There is one country particularly discomfited over the closer diplomatic and commercial relations between the United States and China; this is England. * * * England expected China to be exploited by British gold, and considers it a heavy blow to her prestige that America is to take part in financing a great Chinese railroad enterprise."

Then came charges and counter-charges, the newspapers of Europe attempting to make military capital of the affair. And in the midst of the scramble the European bankers were still making persistent efforts to hasten the ratification. The German group in Berlin instructed its representatives to use every means within their power to achieve the desired end.

China realized the American attitude, and in spite of the signing of the preliminary agreement on June 6, assured the American Legation of her postponement of the final ratification. However, the efforts of the bankers were successful in inducing the Grand Councillor, Chang Chih-tung, to write a dispatch to the Foreign Board, urging that unless arrangements were speedily made with America he would proceed with the signing of the final contract in spite of protest, or relinquish the scheme altogether. This dispatch, coupled with the uncertainty of the matter and the aggressions of the Powers, called forth President Taft's telegraphic message to the Prince Regent of China, in which American rights were emphasized in friendly but unmistakable terms.

Upon receipt of President Taft's message, the Prince summoned the Foreign Board to audience. A reply was sent to President Taft, saying that the Foreign Board had been instructed to open negotiations with the American Charge d'Affaires for the admission of American capital on equal terms with the Europeans. Negotiations were begun, and the admission of the Americans was definitely settled on August 17, 1909, by Liang Tunyen, of the Foreign Board, and Mr. Fletcher, the American Charge. The loan was increased from $27,000,000 to $30,000,000, the four groups to take a quarter each. In other words, China was persuaded to borrow more in order that the United States might be added to her list of creditors. By the agreement, the Americans were to have an equal opportunity to supply the material for both of these lines and their branches, and the right of appointing subordinate engineers. Participation to the extent of one-half in any future loans on account of the Szechuan road and branches, with corresponding advantages, was also promised.

The admission of America was generally regarded as an advantage. So far as China is concerned she would be always glad to welcome Americans to a share in the foreign loans. The cordial relations existing between the two countries, which was greatly enhanced by the action of Congress in remitting a part of the Boxer indemnity, gives China more confidence in the United States, perhaps, than in any other country. By this time the English also felt American participation desirable as a counterpoise to German ascendency. Russia, as voiced in the press, also believed that "the American participation coincides with the interest of Europe and is a substantial factor in undermining the selfish designs of individual Powers."

Americans were greatly pleased over their diplomatic success, and the victory was hailed as another step in the consummation of the open-door policy, so steadfastly insisted upon by the State Department.

Just as affairs were apparently settled further discord arose. Russia, who has not sufficient funds to exploit her own resources, and with her own railroads heavily mortgaged to French capitalists, also desired a share in the Chinese loan. Acting upon instructions from St. Petersburg, the Russian Minister in Peking urged a further increase of the loan to accommodate Russia, since her tea interests in Hankow and along the Yangtze River were of large importance, The Russian claim to equal privileges was supported by both Germany and France. This was not all. Japan, with no money of her own to lend, was willing to borrow it from Europe to lend to her neighbor. So she also insisted upon a share in the loan. Whether such generosity on the part of impecunious nations arises from the desire for the prestige and honor of creditors, or from the lust for "rights" and privileges eventually to be grabbed, it is not within our province to judge.

Aside from these difficulties arising from the pretensions of Russia and Japan, there was still considerable haggling over the definite terms made necessary by the American participation. A New York report of October 21, 1909, said that the "negotiations appear to have struck another obstacle in Germany's unwillingness to yield enough to equalize the loss to the three European Powers involved by the American participation." A correspondent in Berlin also stated that it was not disputable that the main difficulty had consisted throughout in the reluctance of Germany to make concessions which simple arithmetic demanded, where three shares had to be redistributed among four claimants. The Germans insisted that the delay was due to Great Britain, who "raised belated objections to the manner of the distribution which had already been arranged." A French report also accused the English of delaying the loan for petty advantage. The United States deemed it impolitic to meddle in the affair, since her position had been made clear and her claims recognized by China.

In spite of the preliminary agreement, the loan was in suspense for several months, and there was a general

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despondency over its successful conclusion. The quarrels, turmoil and threats, coupled with the ridiculous pretensions of Russia and Japan, created through the empire a suspicion of evil motives. Very little was needed to excite the turbulent provinces of Hunan and Hupeh; and when some Chinese students in Japan suggested the importance of these lines and the consequent dangers in the matter of management and control, the populace made emphatic protest. Mass meetings were held in all the larger cities to discuss the loan question; speeches were made by leading gentry and attended by indignant audiences who, in many cases, were moved to tears over the situation. A central railroad association with branches was organized to take subscriptions for the construction of the two lines; and within a short time $5,000,000 silver was raised. Representatives were elected to proceed to Peking to make formal protest against the loan. Telegrams and petitions of protest poured into the capital from all classes of people, and the authorities were warned against signing the contract without first submitting the text for the approval of the people of the two provinces concerned. It was even declared that should the Throne sanction the proposal the edict would not be recognized.

To make matters worse the English Consul at Hankow, the centre of the agitation, endeavored to interfere in the movement. Agents were sent to the mass meetings to keep the consul informed of events, and pamphlets were published and distributed which emphasized the advantages of foreign loans, and charged that the Chinese would be unable to raise the money among themselves.

The position of the four representatives of the provinces, who were sent to Peking to present their case, was set forth in their telegram to the Grand Councillor, Chang Chih-tung, and to the Board of Communications and Posts as follows: (1) foreign loans had always proved detrimental to Chinese political interests; (2) since over eight-tenths of the Chinese railroads were controlled by foreign Powers, further alienation would prove harmful; (3) by the Imperial Edict of 1899, prepared by the Bureau of Control of Mines and Railways, Chinese were to have prior right in the construction of their own railways; and (4) the Provincial Railway Association guaranteed to raise the necessary amount of money, if privileges and allowance of time similar to those granted the foreign Powers were accorded it. The representatives were cordially received by the president of the Board, in whose hands, since the death of Chang Shih-tung, the loan question rested. The president stated that the patriotic spirit shown by the people was a good omen for the country, that the protection of Chinese enterprise should have his serious consideration, but that the international character of the same would require consultation with the Foreign Board before decision.

Thus, in addition to the unpleasant task of negotiating with the foreign Powers, the Peking authorities had to face the opposition of the two provinces. One party demanded an early ratification of the loan, while the other insisted upon its repudiation. Three of the four financing nations, the United States not taking part, addressed an identical note to the Foreign Board, demanding an explanation of China's hesitancy.

It must be observed that the protest of the people was not against American participation. There is every indication that the people of these two provinces, and of all China, would prefer to use American capital rather than that of other foreign countries. "The protest is," as remarked a New York paper, and to whose remark I subscribe, "not because of, but in spite of American participation. * * *"

In this connection it may be asked, since the Chinese keenly feel the need of railroads, why should they so strongly oppose foreign loans, and why should the United States Government be so desirous of participating? It is impossible to answer the first question without digressing too far from the subject. Suffice it to say that the people are not opposed to foreign loans in principle, but are opposed to the nature of this particular loan and the conditions under which it was concluded. They wish to see railroads built, but not to see their building materialize the motives of certain Powers of whom China has just grounds of suspicion.

In answer to the second question, the United States has realized from the beginning the political nature of the transaction. The loan of seven and a half millions of dollars is a trivial matter for an American syndicate. But if the immediate interest is trivial, the occasion is rich in possibilities, and America would ensure participation in future opportunities.

Moreover, the foreign policy called for decisive action. America looks to China for the expansion of both market and influence, and cares after interests in the East more jealously than in any other part of the world. This is well shown by the great weight President Taft placed upon the appointment of the Minister to Peking, it being reported that he was more concerned about this Legation than about any other diplomatic post.

In conclusion, it may be observed that throughout the course of the negotiations the foreign Powers, while combining to get the best out of China, constantly brooded suspicion and jealousy among themselves. Their actions coerced an unwilling nation into sacrifices beyond its strength, and created an abundance of distrust. In marked contrast has been the good will between China and the United States, which has prevailed and remained genuine from the beginning to the end. China wishes sympathy and practical assistance in her regeneration; and she appreciates this assistance when it is tendered.*

CHING-CHUN WANG.

* This railway loan contract was signed in Peking on the 21st of May, 1911, the signatory parties being the Hongkong and Shanghai Bank, the Deutsch-Asiatische Bank, the Banque de L'Indo-Chine, the American group and H. E. Sheng Hsuan-huai, Minister of Communication and Post. The loan will ultimately amount to about $50,000,000 and is to be applied to

(1) The redemption of the unredeemed gold bonds, amounting to about $2,500,000, issued by the original American concessionaires of the Canton-Hankow Railway.

(2) The construction, under a British chief engineer, of a main line of 600 miles from Wuchang, the capital of Hupeh Province, through Changsha, the capital of Hunan, to the southern border of Hunan, where it will make connection with the Canton Railway, now under construction.

(3) The construction, under a German chief engineer, of a main line of 400 miles in Hupeh Province from Ichang on the Yangtze to Kuanshui on the Peking-Hankow Railway.

(4) The construction, under an American chief engineer, of a main line of 200 miles from Ichang westward to the border of Szechuan Province.

The loan is amply guaranteed by the Chinese Government and is secured upon specified revenues.—C. C. W.

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SILVER AND THE NEW CHINESE FACTOR.

(From the Forum for October.)

With the recent conclusion of the Chinese loan, by which $50,000,000 is advanced by American, British, French and German bankers, the reform of the Chinese currency system may be considered to have begun. How rapidly it will be carried out depends upon a most uncertain problem—the Chinese themselves; not because they are temperamentally devoted to the policy of mañana, but because their haste or their deliberateness of action will probably hinge upon their diplomatic or political purposes in dealing with the foreign civilization in regard to general matters. It is not the purpose of this article to discuss the proposed new system itself or the modus operandi of its complete establishment, but rather to suggest some of the consequences which are of high importance to the Western world—both to its traders and its legislators and economists. A brief description of the situation, however, may not be amiss.

From time immemorial the Chinese monetary system has been almost chaotic. Copper, however, has been the interior currency of the vast Empire, and the poverty of the common people and the inequality of the classes have been well reflected in the diminutive value of the circulating medium known as "cash"—small discs with squares holes in them by which they are strung together, 1,000 pieces being required to equal the value of a dollar. In its dealings with the "outer kingdoms" the nation has used silver (which has been its nominal standard), the Mexican dollars having the precedence in favor. But to the great masses of the 325,000,000 of people estimated by the Government itself in the census completed this year to live within the boundaries of the Empire, the copper coins have been the only currency. A domestic silver coinage exists, but it may be called nominal. The minting of "cash" has heretofore been a prerogative of the viceroys of the various provinces, and the privilege has been used—according to competent Western observers—with a view to debasing the currency and robbing the ignorant peasantry by every device that could be invented by unscrupulous mandarins having arbitrary and irresponsible power over the mints. The evils that attached to this monetary system—or, rather, lack of it—obviously were recognized by the Imperial Court and Government, for one of the early steps taken after the "awakening of China" had begun was to investigate the currency and monetary institutions of Western civilization and to decide upon a system based upon silver as the standard and the decimal system in computing the new currency. By the Imperial edict of May 24, 1910, the general principles of the monetary reform were laid down. An Imperial mint was established, the viceroys being shorn of their long-enjoyed coinage "graft," the central powers at Peking to control the currency entirely. The coins authorized are the dollar, equalling 10 dimes; the dime, equalling 10 cents; the cent, equalling to "cash." The new silver dollar will have a larger legal weight than the Mexican, and consequently its exchange value will be slightly higher. The Mexican dollar is quoted in New York around 45 cents. As is common—in order to prevent exportation—the Chinese subsidiary silver coins will be of lower silver quality; this also gives some seigniorage profits to the Government.

It will be some time before the new Chinese silver dollar obtains full circulation, so provision has been made for the valuation of existing Treasury silver in equivalents of the reform coinage. The question of vital interest to the "Barbarian" world is, first, the effect in the near future of the demand for silver to execute the new mintage; second, the ultimate effect of the introduction of system and strength into a condition that was confused and disordered, considering always the populousness of China and its gradual emergence from isolation into the industrial and political adventures of the modern world. Anticipation of the coinage needs of the Empire has been the backbone of the silver market for more than a year past. At Shanghai there has been a large accumulation of sycee silver to sell to the Peking Government. From November 7, 1910, when the supply was 12,038,000 taels (the tael being practically equivalent to an ounce), there has been an increase to about 29,000,000 taels this summer. It is urged by some bankers (especially the British, for reasons that will be considered later) that the interior stocks of the white metal in China (sycee silver being the refined article in commercial bars or other shapes and forms ready for minting) will be ample to keep the Imperial mint and branches busy without drawing heavily upon outside supplies. There is no possibility at present of getting even an approximate idea of the amount of these internal holdings, but this much is self-evident: with the progress of the currency reform and the penetration of its advantages and benefits into the interior trade of the Empire, the demand for the new currency will grow to enormous proportions. Whether the silver be coined or, by subsequent decree, be held in Government custody against certificates issued, like our own silver certificates, the consumption of the white metal by so multitudinous a population as China's must be remarkable in time. Today the total silver circulation in the United States (not counting subsidiary coins) is about $532,000,000 (on August 1, 1911, it was $72,225,849 in silver standard dollars and $460,700,634 in silver certificates), which, on a total coinage, would call for about 412,000,000 fine ounces of silver. Six dollars is our per capita silver circulation. To reach a circulation of only $1 a head in China (say $325,000,000) would bring to the mints about 260,000,000 fine ounces of silver (the amount of pure silver in the new Celestial dollar being a trifle larger than in our own). Now, the world's production of silver in 1909 was only a little more than 200,000,000 fine ounces. The Director of the United States Mint has not yet obtained sufficient data on which to base estimates for 1910. The amount, however, has probably not been much in excess of the 1909 total, in the absence of any exceptionally stimulating influence. Canada's cobalt field is the principal contributor to expansion in output.

A "corner" in silver? The idea seems preposterous, and is, undoubtedly. But less potent stimulii than this factor of growing Chinese demand have at times in the past given

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silver prices a fillip. A long era of depression followed the breakdown of the ill-advised attempt of the American Government to bolster the value of the white metal through the purchases made under the Sherman Act of 1890. May it not be possible that the new addition to the forces of consumption provided by China's currency will serve to provide a price basis for silver more remunerative to producers than the quotations of the last two decades—a basis fixed in response to the economic law of supply and demand? Current silver production and consumption cannot be far apart. In fact, statistics on their face indicate an actual overconsumption. The available data in respect of output and demand are given below. Reasonable accuracy attaches to the figures of production and to the coinage of silver by the different governments of the world. But when we come to the extent to which the metal is used in the arts and manufactures, we enter upon a region still largely unexplored by statisticians. By diligent official circularization of foreign governments and by a thorough domestic investigation, our Mint Office has secured information that serves for the most authoritative calculations with regard to this important economic and commercial factor. Using, therefore, the material prepared by the Director of the United States Mint (in conjunction with the work of the National Geological Survey), herewith are presented the statistics of the world's production and consumption of silver for a series of years:

FINE OUNCES.

Year.	Coinage.	Used in Arts, Etc.	Total Consumption.	Production.
1893.....	106,697,783	21,315,500	128,013,283	165,472,621
1894.....	87,472,523	25,791,700	113,264,223	164,610,394
1895.....	98,128,832	32,017,000	130,145,832	167,500,960
1896.....	123,394,239	29,844,900	153,239,139	157,061,370
1897.....	129,775,082	31,280,200	161,055,282	160,421,082
1898.....	115,461,020	35,022,600	150,483,620	169,055,253
1899.....	128,566,167	40,992,400	169,558,567	168,337,453
1900.....	143,362,948	41,060,200	184,423,148	173,591,364
1901.....	107,439,666	44,067,500	151,507,166	173,011,283
1902.....	149,826,725	48,516,600	198,343,325	162,763,483
1903.....	161,159,508	49,935,500	211,095,008	167,689,322
1904.....	136,518,406	57,377,800	193,896,206	164,195,266
1905.....	134,062,314	50,718,000	184,780,314	172,317,688
1906.....	120,339,501	85,196,100	205,535,601	165,054,497
1907.....	171,434,608	92,568,300	264,002,908	184,194,090
1908.....	150,582,664	91,835,000	242,417,664	203,186,370
1909.....	87,728,951	104,838,200	192,567,151	211,215,633
1910. (est.)	90,000,000	120,000,000	210,000,000	220,000,000

In the last two years the world's coinage has been much below the average. The United States ceased to coin silver dollars in 1906. India's coinage of silver dropped from $84,600,000 in 1907 to $58,800,000 in 1908 and to $9,250,000 in 1909. There have been large decreases in the silver output of the mints of Mexico, Germany, the French Indo-Chinese Colonies, the British Straits Settlements and our own Philippines. The coinage for 1910 may therefore be assumed to be about the amount of 1909. But, as the Director of the United States Mint has, in recent years, been including estimates, long ignored in his statistics, of the consumption of the metal in the arts and manufactures of the Far East, and as the use of silver in photography is enormously increasing (and herein that which is used is actually destroyed), it may be assumed that the figures relating to the industrial use of silver are greatly underestimated rather than exaggerated. In the Mint estimates, only new material is considered. But in the returns under the head of coinage, the recoinages of the world's mints are included. Deduction for this account would reduce materially the amounts given as to coinage. Yet recoinage has gone down *pari passu* with new mint output. The value of the world's silver recoinage in 1907 was $63,400,000; in 1909, only a little more than $20,000,000. But, offsetting this allowance, is the fact that in the process of recoining abraded coin and, to some extent, worn foreign coins converted into domestic circulating media, a loss of about 5 per cent. is involved. Furthermore, to make an additional offset to the recoinage deduction to be made as indicated above, we have the economic disappearance of coined material: the loss by abrasion and the destruction in fires, floods, earthquakes, shipwrecks and like disasters.

Leaving these various cross-currents to partisan estimate, one way or the other, we have in the foregoing table an apparent relation between supply and consumption as follows: The consumption in coinage and the arts fell below production from 1893 to 1896; it rose above production in 1897 by 630,000 fine ounces; it fell below in 1898 by 18,500,000 ounces; it rose above production in 1899 and 1900; it fell below by 21,500,000 ounces in 1901; it rose above the output from 1902 to 1908, and in 1909 it fell below by 18,700,000 ounces. The estimates for 1910 would show an excess of production of 10,000,000 ounces. The aggregate results may be summarized as follows, in fine ounces, the estimates of 1910 being ignored:

	Consumption.	Production.	Excess.
Years excess production, 7	1,019,220,414	1,207,927,514	188,707,100 (P)
Years excess consumption, 10...	2,015,108,023	1,721,750,615	293,357,408 (C)
Total, 17 years..	3,034,328,437	2,929,678,129	104,650,308 (C)

As regards the immediate outlook we have every indication of steady increase in the silver output of the Dominion of Canada, but the probability that the political situation in Mexico will interfere to some extent with mining operations in that country. On the other hand, there are no prospects, judging from recent official statements of the Government of India, that purchases of silver for coinage into the rupee will be resumed in 1911. That great dependency of the British Empire is itself undergoing significant and vital industrial and economic changes. Not only are the silver rupees that have been hoarded beginning to appear in general circulation, but there is a noticeable prominence of the gold sovereign in recent phenomena of the currency media. There is an important development

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of native co-operative credit institutions now going on in India and the use of modern machinery in commercial exchange is bound to increase. Yet even the remarkable prosperity of this Dependency and the material development of the country will call for increased use of silver currency so long as the Far East remains wedded in attitude and practice to the white metal. And now that the fiscal reform of the Chinese Empire has at last been started in earnest, the demand for silver looming up brings into view a most important consideration for the markets. Let it be remembered, also, that with any uplifting of the social conditions of both of the great Eastern beehives of humanity, the use of silver for ornament, common utility and manufacture is bound to reach limits not easily comprehended by the imagination.

As the producer of one-quarter of the annual supply of the white metal, the United States has a large interest at stake in the entire category of influences bearing on its price. But British India is a creditor nation on a large scale. While a small excess of merchandising imports over exports in its trade with the United Kingdom and the other British Colonies has been maintained even in recent years (a late English Blue Book showing an excess of imports into India averaging $35,000,000 a year in the last five years ended March 31, 1910), on her total overseas trade account India holds a large credit balance. Not to overburden ourselves with figures, it may be stated that, ignoring the movements of bullion, the British Empire created in name by Disraeli enjoyed the following excess of merchandise exports over imports in its trade with the world in the fiscal years named, only round numbers being used: In 1906, £39,000,000; 1907, £45,700,000; 1908, £31,600,000; 1909, £21,200,000; 1910, £47,000,000. For the calendar year 1910 this excess of exports was £56,700,000, against £38,000,000 in the calendar year 1909. As the London market is practically the clearing house for the world's transactions in silver, it is to the interest of the British bullion merchant and dealer to buy cheap and sell dear, and hence he is rarely sympathetic with an advance in the white metal. Anyone whose business calls upon him to read the weekly and annual market circular of London's leading bullion brokers can hardly fail to be impressed with the general attitude maintained—that of minimizing the factors of a nature to stimulate the price, and of giving full weight (if not a little more) to such handicaps as silver must assume at times under the rule of life which governs all commodities and all markets. To the British broker, therefore, the new potency of China's currency demands becomes vital: it may put a conservative check-rein on his operations in contracts for future delivery by which he has frequently balked a rising tendency developed by the condition of the New York market or those of Bombay and Calcutta.

We may be sure that the acumen of the Chinese Government will prevent the adoption of any course in connection with purchases of silver for the Imperial coinage which will unnecessarily "boom" the silver market or make its reform programme too costly at the start. Yet having entered upon this monetary project of magnitude, it will be contrary to Celestial traditions if its influence in the market for this commodity is not turned to home advantage and in the political relations of the Empire with the outside world in every way possible. Manipulation of markets is a dangerous weapon for any Government to handle, but the temptation sometimes proves irresistible. In the case of China, a non-producer of silver, there is no motive of self-interest to lead her Government to attempt to sustain artificially the silver price, as it was the inspiration for the misguided and disastrous efforts of the United States in the day before the free-silver crisis finally resulted in turning us back to the paths of sound political economy. But the merchants and bankers of the Empire, as they grow in the stature of influence in the trade and politics of the world, will undoubtedly extend their operations into the silver situation and also, without doubt, will direct them with a design to benefit Chinese interests. At times those operations, with a view to accomplishing certain ends, may be launched with a purpose of depressing the price. Even during the last year and a half the Chinese demand for silver has waxed and waned at times with varying stimulating or repressing effects on the London price. The improvement in her finances that must follow the substitution of order and system for the historic benightedness of her mometary position will, in itself, tend to add power and influence to her wealth and capital. Yet, from the circumstances of the case, the natural effect of this great reform in the Far East must make, other things being equal, for the strengthening of the commodity and the benefit of the producer.

* * * * * * * *

Be it remembered that China for months has been wofully smitten with a disastrous plague, and yet, in spite of this, the industrial and commercial activity must have been on an immense scale to permit preparations for the currency reform, involving heavy purchases of silver from the West, to be carried on as they have been. As the Empire makes progress in its rehabilitation, as modern sanitary and curative processes invade the corners now in the darkness of ignorance, the control of such scourges as have devastated the population in the past will become better established. Irrigation, the multiplicity of means of rapid communication which permit rapid transmission of relief, the spread of knowledge among the natives, are reducing the virulence of famine and plague in India. A similar transformation in time will minimize the visitations of the same nature in the neighboring Celestial Empire.

Moreover, can it reasonably be supposed that as her wealth develops, as Western methods and science are adapted to local conditions and racial idiosyncrasies, as resources of the soil are brought more and more into utilization, China will not create manufactures that will become competitive in greater or less degree with the producers of the white races? Will not the experience of British India be repeated, where cotton mills, jute mills and boot factories have sprung up, as Moreton Frewen, the well known English bimetallist says, like mushrooms, since 1880? Mr. Frewen, in the last few years, has been pressing upon the consideration of the thinkers and doers of the Ocidental world this claim: that China possesses an ad-

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vantage in her very position as a silver standard nation dealing with gold standard countries. Mr. Frewen, it is true, was mistaken in his views of a dozen years or so ago as to the economic damage threatened by falling gold production coincident with the demonetized status of silver. He has frankly conceded his error, seeking to justify himself by pointing to the leap in the gold output of the world from less than 10,000,000 fine ounces in 1896 to an annual average of nearly 21,000,000 ounces in 1906-09. But apart from consideration of Mr. Frewen and others of his school as safe guides to follow, it is apparent to any fair-minded man that if China develops manufactures applicable to Occidental use, her manufacturers, so long as they can employ labor on a depreciated silver basis and sell their goods to Europe or the United States on a gold basis, will hold an advantage over Western competitors. In time Chinese labor would wrest higher wages from prosperous employers and so tend to restore measurable international equality of cost; but it would be years before the workman would be educated to the point of revolt or acquire the power to drive a better bargain with his master; for a long period capital would be able to keep in advance of the share demanded by labor in the profit on the product. During the preliminary period the Chinese manufacturer might well be able to bring forth fruit of loom and furnace at so low a cost as to build up a favorable trade balance that would compel the West to pay tribute of many millions of gold to the Cæsar at Peking. Such practical business men as James J. Hill, the chief of the Great Northern Railway, and the late Mr. Harriman, of the Union Pacific, have commented, in recent years, upon the question of the Eastern exchanges and their potency of possible disturbance of the industrial markets of the white race. There is now an urgent and insidious advocacy by British economists and statesmen of the adoption of the gold standard by the Chinese nation. Irrespective of the benefits that would accrue—all things being equal—of universal uniformity in the world's monetary standards, it may be surmised that this advocacy is inspired in part by a realization of the possibility that, once China has doffed the swaddling clothes of isolation and mediævalism and stretched forth all the mighty energies of her multitudinous people and undoubtedly vast resources, she might well become a giant dangerous to British commerce and industry.

To sum up: We have a position in silver that suggests an important reversal of the downward trend of the price of the commodity that has been so pronounced since 1859, when the quotation averaged two and one-half times more than it does today—when the bullion value of a United States silver dollar was a dollar and 5 cents against 40-odd cents today—coupled with the possibility that a new factor of indeterminate consequences will be introduced into the situation by the rehabiliation of the oldest kingdom in the world. There are influences *in posse* that may, in the course of a few years, bring the status of the white metal into the limelight of speculation, statesmanship and legislation as well as trade and industry. To be forewarned is to be forearmed. The sentinels of the white race and the gold standard cannot afford to sleep at their posts when the armies of the yellow race, military and industrial, are arousing themselves to fresh activity and aggressiveness.

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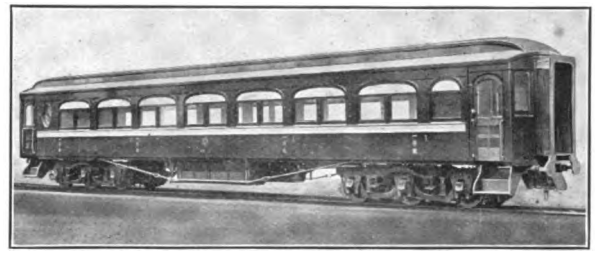

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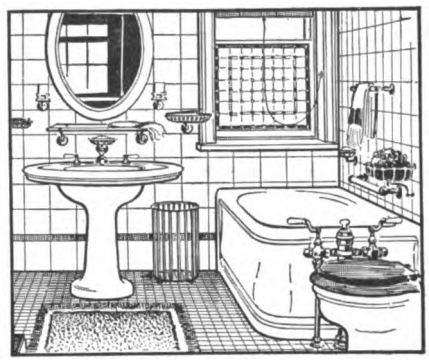

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At the annual meeting of the association a resolution was adopted instructing the secretary to proceed to Washington, and from such sources of information as he might find there available, to try to discover the bearing on American interests of the revolutionary outbreak in China. In a report addressed to the several members of the executive committee, dated October 26, the secretary said:

"There is no reason to fear that foreign interests in China will be endangered by the success of the present rebellion. On the contrary, as the future of foreign trade must depend on the prosperity and progress of China, and as among the results of the present uprising there is likely to be a higher standard of administrative responsibility, and the elimination of much of the corruption that has eaten into the heart of the Government at Peking, the revolt must be regarded as a necessary incident in the process of Chinese regeneration.

"The fact is not ignored that the demand by the National Assembly for the resignation of the Minister of Posts and Communications involves a censure of the policy of placing loans abroad for Chinese railroad construction, of which Sheng has been the chief exponent, and that the rioting in Szechuan provoked by the railroad nationalization edict was the prelude to the present revolt. But neither the action of the Tzu-Cheng-Yuan nor the discontent of the people of the provinces in rebellion, can be regarded as primarily an anti-foreign movement. The Provinces are quite alive to the necessity of enlisting foreign capital in the building of the trunk line railways, but they strongly object to being obliged to furnish security for the repayment of loans of whose proceeds Peking is to have the spending. The fact that throughout the controversy reason has been on the side of the Central Government, does not alter the fact that the corruption of that Government is as notorious as its inefficiency, and that the men who are directing the present revolt have the sympathy of most of the progressive elements in China."

The remark was added that it seemed hardly probable that the plans of the revolutionary leaders contemplated the organization of a republican form of government on our federal system, in spite of declarations to that effect, because the violent conflict of individual ambitions which would attend such a move, would almost inevitably lead to foreign intervention and the ultimate dismemberment of the Empire. It was held to be more likely that the Dynasty would be compelled to submit to the delegation of all real power to a cabinet nominally responsible to the representatives of the people to be elected before the ex-

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piration of even the shortened term of preparation for a Parliament. Thus, barring the unforseen, and assuming the readiness of all the powers to allow China to adjust her troubles in her own way, the prediction was hazarded that the rebellion would end with the complete submission of the throne to terms previously arranged between Yuan Shih-kai-kai and the revolutionary leaders.

THE prediction was substantially verified with remarkable suddenness, since the Imperial decree which marked the surrender of the Manchus to the National Assembly bears date of October 30. Thus, as Mr. Ohl puts the case in his cable to the *Herald,* the Government of China passes from the Imperial Clan whose sway was absolute since 1644, into the hands of the Chinese people. The throne has conceded that Manchu princes and other Imperial relatives shall never again be eligible to high posts in the Government, and the rights of the Chinese people, through their representatives, to have full voice in the making of the laws of the land is solemnly and formally recognized. And so, with comparatively little violence, and singularly little effort on the side either of the attack or the defence, the old order in China disappears, and a new era, big with consequences not only for the Empire, but for the whole world, begins.

THAT Yuan Shih-kai is the man of the hour, is not at all doubtful, and convincing proof of this fact is afforded by the appointment of Chao Ping-chun as Minister of the Interior. With the capital in Chao's hands, and the army under his own command, Yuan becomes as nearly the Dictator of China as any man can be at the present juncture of its affairs. Happily the former Viceroy of Chihli stands for all that is progressive and nothing that is reactionary in China. Most of the men of American education who have come to the front in administrative posts are reckoned among his proteges, and he is the declared foe of inefficiency and corruption. He has long stood for a drastic reform of the civil service of China, for the abolition of Manchu privilege and for the organization of a system of national education. The task before him, as probable Premier in the Government of what has practically become a limited Monarchy, is one of enormous difficulty, whether the absence of any really effective public opinion, the rank and pervasive illiteracy of the people, or the obstinate vitality of venerable abuses be taken into account. But he is apparently the one man in China who has any special equipment in ability and influence to tide over the present crisis and open with any show of promise a new chapter of Chinese history.

How rapidly history has been made in China during the last two years can be best illustrated by recalling the dates of the edicts which finally broke with the old traditions. It was on August 27, 1908, that an Imperial edict announced the convocation of a Parliament in the ninth year from that date. This was confirmed by another rescript of December 3, 1908. On October 31, 1909 there was defined the various classes from which the National Assembly, or House of Peers of the coming Parliament, was to be selected. The Assembly was convened as a kind of preparation for the joint legislature, and was opened by the Regent on October 3, 1910. The proceedings of its first session were calculated to astonish those who assumed that its spirit must necessarily be conservative, and the resolution with which it has addressed itself to the present problems of the Empire is of good augury for the future of representative institutions in China.

That there will gradually come with the development of new policies and methods in Chinese affairs, a readjustment of the relations of the Empire to the rest of the world, hardly admits of doubt. The situation which faces the world today in relation to the future of China, rather accentuates the necessity of broadening the sphere of action of this association, and employing its established influence as an interpreter and reconciler between the Orient and Occident. No better definition could be given of American policy toward China than that offered by Mr. Taft on his visit to Shanghai in 1907—that of seeking her permanent peace and safety, the preservation of Chinese territorial and administrative entity, the protection of all rights guaranteed by her to friendly powers by treaty and international law, and, as a safeguard for the world, the principle of equal and impartial trade with all parts of the Chinese Empire. Mr. Taft further intimated in that memorable speech that he did not think the cry of "China for the Chinese" should frighten anyone, because this merely meant that China should devote her energies to the development of her immense resources, to the elevation of her industrious people, to the enlargement of her trade and to the administrative reform of the Empire, It may fairly be assumed that the new régime in China will have no more steadfast friend or sympathetic helper than President Taft.

IT is a matter of legitimate satisfaction to the members of this association that principles which were very imperfectly recognized at the time of its formation, are now among the commonplaces of American policy. It has from the first been insisted upon by the American Asiatic Association that our commercial interest in China was reinforced by political considerations of acknowledged potency by reasons of policy, which are founded on a due regard for the free and full development of our national greatness. In short, this association has held from the first that the place which the United States occupies in the world and the place which it should occupy in future ages was equally challenged by every step made toward the dismemberment of China. The American people have been gradually brought to see that it would be for them a disaster of the first magnitude to have on the other side of the Pacific Ocean another Europe facing them, with hundreds of thousands of Chinese mercenaries bearing modern arms and trained by European soldiers as a standing army for each of the spheres of European sovereignty. It is plain enough today, if it were not so fourteen years ago, that such a state of things would be a menace to the peace of the world and to the interests of the United States more serious than any other combination of events lying within the limits of probability. The events of the last few days have obviously increased the probability of China being able to claim a place, at no distant date, among the great powers of the world, and to demand recognition as a strong, self-reliant and self-sufficient Empire. The designs of the predatory Powers may not have been wholly abandoned, but every month makes it less likely that a favorable opportunity should arise for carrying them into effect. Under what is virtually a new form of rule, China has doubtless many tribulations still in store for her, but the development of her vast resources under competent and reasonably honest direction must gradually introduce an era of general prosperity under which peace and progress will accomplish their appropriate work of transformation.

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Months.	Cotton Cloths. Yards.		Mineral Oils (illuminating). Gallons.		Wheat Flour. Barrels.	
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
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
1911.						
January	5,667,644	$390,359	3,915,380	$180,847	58,188	$210,766
February	3,854,800	222,309	4,423,824	210,643	124,428	456,053
March	7,857,697	486,439	13,340,540	797,484	34,372	131,015
April	4,443,697	286,346	13,889,920	872,772	49,158	185,742
May	12,837,965	860,882	13,275,702	902,967	11,880	46,483
June	14,000,083	960,016	10,657,551	778,634	645	2,579
July	11,063,600	788,798	15,882,570	1,148,524	1,631	6,490
August	8,680,440	625,749	7,827,602	537,398	21,926	79,752
September	7,671,189	581,168	7,857,040	572,253	61,783	237,040
Total	78,182,798	$5,360,192	91,070,129	$6,001,522	364,013	$1,355,920

EXPORTS TO HONGKONG.

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
September	6,550	707	.....	.....	20,289	84,794
Total	238,059	$29,061	6,642,108	$430,465	335,758	$1,394,769
1911						
January	42,917	$7,104	1,742,440	$142,425	108,727	$452,872
February	32,540	2,563	1,714,910	124,331	117,230	453,343
March	29,750	2,033	617,856	60,649	62,649	242,714
April	28,361	5,043	3,095,570	222,167	41,907	164,382
May	56,396	10,924	1,303,000	96,568	91,348	365,586
June	63,752	8,250	75,000	5,625	48,398	183,382
July	73,151	10,412	.....	.....	72,283	281,301
August	55,621	10,166	1,539,170	115,438	73,571	287 513
September	49,832	7,889	2,040,000	151,980	85,937	333,807
Total	432,320	$64,384	12,127,920	$919,390	745,113	$2,896,990

DEPARTMENT OF COMMERCE AND LABOR,
Bureau of Statistics.

WASHINGTON, D. C., November 1, 1911.

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Imports of Tea and Silk into the United States for the nine months, ending September 30, 1909, 1910 and 1911.

TEA.	1909.		1910.		1911.	
Imported from	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom	9,798,034	2,233,549	7,327,547	1,964,484	8,134,157	2,257,817
Canada	3,807,066	848,981	1,952,038	446,362	2,213,706	552,967
Chinese Empire	20,038,847	2,054,012	13,701,495	1,643,686	11,278,900	1,324,367
East Indies	7,133,058	1,085,871	7,260,784	1,186,634	8,259,175	1,373,324
Japan	32,573,674	5,800,035	33,553,151	6,127,772	36,524,714	6,609,382
Other countries	925,347	161,309	779,759	157,312	831,649	140,392
Total	74,276,026	12,183,757	64,574,774	11,526,250	67,242,301	12,258,249

SILK. RAW, OR AS REELED FROM THE COCOON.						
Imported from	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France	574,644	1,737,925	271,395	801,576	190,982	652,466
Italy	3,514,815	13,657,251	2,139,587	7,864,483	1,573,827	6,048,114
Chinese Empire	3,219,723	7,889,098	3,006,438	7,336,372	3,887,902	9,566,920
Japan	8,679,350	30,459,833	8,391,519	27,284,238	9,756,086	33,333,029
Other countries	98,269	372,123	155,710	547,659	165,568	607,341
Waste.....lbs...free..	1,522,712	858,774	2,421,423	1,227,351	2,997,070	1,527,878
Total unmanufactured	17,609,513	54,975,094	16,386,072	45,061,679	18,571,435	51,735,748

ANNUAL MEETING OF THE ASSOCIATION.

The fourteenth Annual Meeting of the Association was held in the rooms of the Chamber of Commerce of the State of New York on Thursday, October 19, at 3.30 p. m. In the absence of the president, Mr. Seth Low, Mr. Lowell Lincoln, vice-president of the Association, occupied the chair.

The report of the secretary was as follows:

SECRETARY'S REPORT.

With China in the throes of civil conflict, the interest of our members is doubtless more keenly excited by the new problems which may confront this Association, than by a detail of the subjects which have engaged its attention during the past year. It has been obvious for some time, that the purely commercial purposes which the Association was organized to subserve, had ceased to have the significance and importance which they possessed thirteen years ago, and for a number of years thereafter. While in the conflict of international ambitions in Eastern Asia the integrity of the Chinese Empire was being constantly threatened, it was a question of vital import for the United States, politically as well as commercially, how American interest in an undivided China could best be formulated and defended. After an interval of doubt and hesitancy which this Association did much to shorten, it was clearly seen that the place which the United States occupies in the world, and the place which it should occupy in future ages, were equally challenged by every step made toward the dismemberment of China. Briefly, every blow aimed at the independence of that ancient Empire was perceived to be a blow at the prestige of this Republic—part of a deliberate attempt to make the position of the United States in "the world's great hereafter" that of a second-rate Power.

After the victory of Japan over Russia had arrested the process of the dismemberment of China, and the maintenance of the integrity of the Middle Kingdom had been categorically affirmed as a condition of Asiatic peace, in treaties concluded between Great Britain and Japan, Japan and Russia, Japan and France, and indeed by all the Powers having treaty relations with China, the work of this Association became narrowed down to the diffusion of information through the Journal in regard to American commerce and its opportunities in the Far East and to the removal of any obstacles calculated to interfere with its development. The events of the last ten days must have given our members an emphatic reminder that there are larger questions claiming the attention of such an Association as ours.

It has never been doubtful to me who have given the subject careful study that the relations of Asia to the rest of the world constitute the most difficult problem of the Twentieth Century. The somewhat bewildering forms which a new sentiment of nationality has taken in an awakened China do not tend to make the problem any simpler. But it should be obvious that the attitude of arrogant superiority assumed by one-third of the human family toward the other two-thirds, cannot be indefinitely maintained. There must be a readjustment of the relations existing between the Orient and Occident—a better understanding, a reciprocal surrender of suspicion and prejudice—unless the acquisition of modern aptitudes by the teeming populations of Asia is to become a menace to the rest of mankind. As an interpreter between the two; as a reconciler of apparently conflicting interests, there is a great field for the influence of an Association like this, and one of whose responsibilities your Executive Committee have been by no means unmindful.

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It was the recognition of some of these which prompted the selection of the conclusion of the new treaty between Japan and the United States as the dominant theme at the Thirteenth Annual Dinner of the Association on April 25. The Association has probably rendered no single service likely to prove a more valuable contribution to the cause of peace, than it did in furnishing a platform for the authoritative rebuke of the persistent and pernicious rumors of war between Japan and the United States. A fitting keynote for the oratory of the evening was supplied by a letter from President Taft, and Secretary Knox could "think of no more patriotic and laudable ambition than that which this American Asiatic Association has placed before itself, to perpetuate the good-will we have received from the past, to promote the common interests by developing a better mutual understanding, and to frown down any and every attempt to disturb, by calumny and baseless suspicions, the peaceful relations between the two peoples." A week later the America's Friends' Association in Tokyo celebrated the same event by a public dinner at which the sentiments of the President and Secretary of State were cordially echoed, and in which the members of the American Asiatic Association of Japan participated. The organization of a Peace Society largely through the instrumentality of our affiliated organization in Japan was another evidence of how keenly Americans there resent the imputations cast on the good faith of the government of Tokyo—imputations to which the President of the United States offered a public rebuke when he invited Baron Uchida to call at the White House for the purpose of receiving a formal disclaimer of any sympathy on the part of this Government with the talk of Japanese participation in the Mexican troubles for the purpose of securing a coaling station on the Pacific Coast of this Continent. The formation of a branch of the American Asiatic Association of Japan at Kobe gave additional proof of the energy and efficiency with which the elder organizations in Yokohama is conducted and the assurances sent by its founders show that the branch shares with its parent the spirit of common interest and common helpfulness which we have had frequent occasion to recognize.

The report of the Imperial Maritime Customs showed that for the calendar year 1910, the trade of the United States with China, alone among that of the Great Powers, recorded a decrease of Hk. Tls. eight millions. For the fiscal year ending with last June there was some evidence of improvement, our whole export trade with the Chinese Empire showing an increase of about $3,000,000 over 1910, while the imports increased by over $5,500,000. Exports to Japan showed an advance in value from $22,000,000 to $37,000,000, while imports increased from $66,000,000 to $78,000,000. To all Asiatic countries American exports showed in the last fiscal year an increase of $25,000,000, while the imports increased by $20,000,000. In our trade with China, there were further evidences of revival in the first two months of the new calendar year, and the orders which have been placed for cotton piece goods during the six weeks suggest a return to what may be called normal conditions in this branch of our trade with North China.

Substantial evidence has been given of the interest of the United States in the future of China by the participation of American banks in the Four Power Currency and Railroad loans. In regard to the latter the courteous reminder of the President of the United States to the Government at Peking of the existence of an agreement of August, 1903, binding China to apply in the first instance for American capital to build the Szechuan railway, was sufficient evidence of the international importance which our Government attaches to these transactions. Perhaps even more significant of American interest in the progress and welfare of the Empire is the acknowledged primacy of Americans in the field of Chinese education. An English writer on this subject declares the educational conquest of China to be a fact in process of realization and, in answer to the question, "Who has been the conqueror?" he says: "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." Add to this, the successive relays of Chinese students who, assisted by the indemnity fund, are flocking to American colleges, and the position of friendly support and guidance which has been marked out for the United States in its future intercourse with China needs no arguments to bring home.

TREASURER'S REPORT.

The following is a summary of the report of the Treasurer:

The last annual report, dated October 20, 1910, showed funds on hand of....		$883.54
Since that date, receipts have been as follows:		
To dues collected from members.....		2,360.00
To contribution from Mr. Wm. P. Clyde		100.00
Total		$3,343.54
By disbursements to October 19, 1911..	$2,166.41	
Balance in National Bank of Commerce	1,177.13	
		$3,343.54

OFFICERS ELECTED.

The Nominating Committee submitted the following report and on motion the Secretary was directed to cast a single ballot on behalf of those present for the entire ticket:

New York, October 17, 1911.

The undersigned, appointed a Nominating Committee to report a ticket for officers of the Association to be elected for the coming year, beg to submit the following:

For President: Honorable Seth Low, New York.

For 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.

For Treasurer: William S. Brown, New York.

For Secretary: John Foord, New York.

For Executive Committee: Class of 1914—James R. Morse, New York; John W. T. Nichols, New York; A. G. Mills, New York; D. A. Tompkins, Charlotte. N. C.

THOMAS A. PHELAN,
SAMUEL LEE,
ALBERT CORDES,
Nominating Committee.

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EXTRADITION TO AND FROM CHINA.

BY F. E. HINCKLEY, DISTRICT ATTORNEY OF THE UNITED STATES COURT FOR CHINA.

Treaties of extradition between one power and another now include nearly all jurisdictions in the world. China, alone of the powers, has no such treaties. Though her territories are vast and easily accessible and though her intercourse is universal China is without extradition treaties and extradition laws such as apply in all other large territories and to all other considerable nationalities. The foreign capital invested in China is coming to be one of the large elements of the world of finance and the number of foreign residents in China is, with the development of the empire, increasing to many thousands, and much of the foreign capital and most of the foreign residents are, by treaty, exempt from Chinese jurisdiction. Yet with all this peculiarity of jurisdiction established in the treaties with China, when, unfortunately, the extradition to or from China of a foreigner, or even of a Chinese, is requisite, no specific treaty provisions can be looked to, excepting for restricted instances in a few treaties, and China is on the whole dependent upon what action foreign powers, uncoerced by treaty, may or may not take.

The reason China has no general treaties of extradition is that in granting extraterritoriality she has engaged not to assert jurisdiction over the citizens or subjects of the treaty powers within her territories. She has left them to the jurisdictions of their own national courts and to such arrangements as their respective governments choose to make among themselves. Thus it is that until China shall resume autonomy of jurisdiction and, similarly to other powers, exert her sovereignty absolutely and exclusively within her territorial bounds, she cannot fulfil her obligations to prevent her territory from becoming a refuge for law-breakers escaping from other lands and to protect persons and properties within her borders from injury by criminal offenders finding security in flight to other countries.

The event when extraterritoriality shall be abolished and full territorial sovereignty be resumed may be long distant. If so, the more permanent advantage is to be gained by those foreign governments, particularly those having the greater interests in China, that provide for extradition to and from China corresponding to provisions for extradition elsewhere throughout the world. And if extraterritoriality, as has occurred in other eastern countries, is gradually to be restricted and in due course relinquished, which process the treaties since 1902 have assumed, then the treaty powers are under special obligation, as a friendly act towards China, to provide for normal conditions of extradition until China shall do so for herself. And in protection of their own nationals as well as in contributing their part to the maintenance of the general group of extraterritorial jurisdictions in China, it is incumbent upon the treaty powers to take such measures, by further treaties and legislation, as will effectually prevent criminal offenders from finding immunity from trial and punishment by escape to or from China.

China has, however, made certain treaties that include clauses of extradition. These are limited provisions. They provide, for instance, for extradition between China and British Burmah, between China and the British colony of Hongkong and between China and the Russian territories at the northwest. It is probable that similar provisions respecting other territories adjacent to China either have been recently made or are contemplated. As the Chinese are active in trade in these border countries and as the governments of these countries, through having extraterritorial jurisdiction in China, assert a right to extradite their own nationals to and from China, these clauses chiefly affect Chinese subjects, notwithstanding the usual stipulation in western treaties of extradition against the obligation to extradite nationals out of their own country. But the increasing intercourse at boundary points, as with French Indo-China and the countries contiguous to the southwestern provinces of China, recently approached or entered by French and British railways, and with the Russian territories at the north and northwest and the Japanese territory of Chosen now being actively developed, will probably lead to an extension of this class of extradition arrangements and may even bring about a series of general extradition treaties between China and the powers having territories contiguous.

The United States, with so large a Chinese population in the Philippines, the intercourse between Manila and Canton and Manila and Amoy being considerable, and with so large a Chinese population, especially of Cantonese, in San Francisco and other Pacific Coast ports and New York City, has a position not unlike that of the powers with territories contiguous to China. And notwithstanding the United States immigration and nationality laws, and partially in view of them, arrangements for extradition, even if not on the basis of a general treaty of extradition, are important.

Extradition without a treaty is, to be sure, not impossible. Some years ago China returned to the United States, without assurance of reciprocity if reverse conditions should occur, an American citizen charged with land and timber frauds in a Pacific Coast state, no recourse being had to the fact that when he was found at Moukden, China, he was as absolutely under American jurisdiction as if he had been found at Portland, Oregon, near which city, it was alleged, the frauds had been principally committed. The government of China acted in this case on the basis of international comity. But the tendency in administering extradition laws has been strictly to hold within the letter of their provisions, and where no treaties exist, not to make requisition, unless in an extraordinary case. The fact that there are tens of thousands of Chinese subjects residing in American territory with many others of Chinese parentage also residing there who may claim American citizenship through being born in American territory, and the fact that, because there is no legislation covering the matter, the American government does not

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return escaped offenders to its own jurisdiction in China or from that jurisdiction to a jurisdiction in the United States, these facts of themselves make extradition arrangements between the United States and China highly important and immediately urgent.

It is generally known among foreigners residing in China that escapes of criminal offenders of various nationalities both out of and into China have not been infrequent in recent years. Though the importance of extradition arrangements is not to be measured by the frequency of their application, since application to a single desperate offense with a long period of non-application, would be ample justification of the extradition arrangements, yet the repeated difficulties about extradition which arise in China show that adequate provisions remain still to be secured. An offense sometimes, though rarely, involves features which make the fugitive offender liable in the country whither he has fled or which may render justifiable some method of returning the offender independently of extradition. He may also be liable to extradition under a treaty made subsequent to his offense and having retroactive effect. And whatever the inapplication of existing extradition laws, the vigilance of the authorities is due to be exerted for so long a time as the general criminal laws relating to the offense charged are applicable.

As distances in China are great and the number of officers of any one foreign government available to effect the apprehension of fugitives is relatively small, friendly co-operation is necessarily much depended upon. In time the Chinese authorities, having organized police and constabulary systems, will more generally assist. There is an excellent police force for the international municipality at Shanghai. The British government has peace officers in a number of consular cities. There are Japanese and Russian railway guards in Manchuria. These conditions are mentioned so as to show that in any extradition arrangements the consuls located throughout the country should be given specially defined authority and that there should be close connection of their authority with that of the principal court of their nationality in China, the offices of which are likely to be at Shanghai.

The avenues of escape most availed of have been between Shanghai and Japanese ports and Hongkong, and between Manchurian cities, Tientsin and Japanese ports. Fortunately the friendliness and vigilance of the Japanese authorities impede or render futile, so much as the law allows, the easy line of flight to or from Japan.

As to Hongkong, and much the same relation is held by Singapore, both British colonies with fully developed jurisdictions, the general extradition treaties apply. But Hongkong and Singapore have been held by both the British and American governments not to be within application of the general extradition treaties in relation to the extraterritorial jurisdiction in China of either power. It is held similarly as to the China jurisdictions and Hawaii. These rulings are familiar to residents in China because of late cases. Only recently an American embezzler at Harbin escaping to Hongkong was not returned for trial; and two British subjects who had obtained large sums of money from Chinese at Shanghai on false pretenses and were found in Honolulu were not even proceeded against by the British authorities with a view to their extradition. On the other hand, as an act of international comity, an American charged with murder in Hongkong and escaping to Shanghai and Chefoo was apprehended on a warrant issued by the American Consul at Chefoo, acting in co-operation with the United States District Attorney at Shanghai, taken to Manila on an American man-of-war, and thence extradited under regular proceedings to Hongkong and there tried and convicted. And at Singapore the British authorities having initially arrested an American accused of embezzlement at Peking, the American Consul at Singapore accomplished by moral suasion the voluntary and unaccompanied return of the accused to Shanghai whence he was taken to Tientsin, and there tried and convicted, a portion of the embezzled funds also being restored. Such instances, however, but demonstrate the insecurity of the public in China at the hands of criminals who may escape from or into the country immune from prosecution. However alert and astute the officers of the law may be, safety of person and property should obviously not so much depend upon the good qualities, or otherwise, of officials, as upon adequate provisions in the law of extradition.

It would appear entirely practical as between the United States, Great Britain and Japan, acting for the present independently of China, but possibly adding Germany for Tsingtau, Russia for Vladivostock and France for Säigon, with the territories in which these ports are located, to make supplementary extradition treaties extending the operation of their existing treaties of extradition so as to include their respective extraterritorial jurisdictions in China. United States treaties with Japan alone or with Japan and Great Britain, the latter for Hongkong and Singapore, and applying, as they would, to Honolulu, would effect a great improvement.

Another practical measure, equally important as relates to American fugitives from justice, would be an Act of Congress making our extraterritorial jurisdiction in China the same as the jurisdiction in any territory under federal control for application of the statutes providing for interstate rendition. When a fugitive from California, for example, is found in Alaska or, conversely, when from Alaska is found in California, the federal statutes apply for rendering over the fugitive to the jurisdiction where he is due to stand trial. The same statutes have been extended to the Philippines. Why should they not be extended to China where the jurisdiction is as absolute as to American citizens as if these citizens were in California or Alaska or the Philippines?

Our treaties with China appear to permit of it, and we think it is necessary to the proper exercise of the treaty jurisdiction under the conditions that have come about in the long period of years since the main treaties were made. In fact the treaties impliedly favor it as tending to a more complete and satisfactory exercise of the jurisdiction.

The jurisdiction granted by China was not a partial jurisdiction. It was not a jurisdiction that could by further treaty or by acquiescence in customs growing up

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about it, be increased. It has been from its origin, entire and absolute. The responsibility for maintaining and improving the jurisdiction, of developing it abreast of the requirements of the times in China, is with the United States. The treaties not only confer privileges to be enjoyed by citizens of the United States, but also establish an obligation and give an assurance on the part of the United States that the functions of the special jurisdiction over and in behalf of our citizens in China will be impartially and equitably exercised. The obligation specifically includes protection and aid of our own citizens as amongst themselves and towards the Chinese and towards other foreigners in China. Friendly co-operation with the Chinese and other governments for giving efficiency to their respective jurisdictions under the treaties of extraterritoriality is, probably in view of the inherent difficulties of extraterritorial jurisdiction, in several places in the treaties, declared to be the fixed policy of both parties of the treaties. In fact the treaties between the United States and China, in referring to extraterritoriality, are notably considerate of the practical necessities which are to be mutually overcome.

In a leading case on extraterritoriality, *In re Ross*, decided in the United States Supreme Court in 1890, the Court held that treaties of extraterritoriality and statutes enacted in fulfilment of them were not, by construing their meaning too narrowly, to be so restricted as to defeat their purpose, and the Court put much emphasis on the practical nature of the jurisdiction, especially showing its exclusive and absolute nature.

With entirely similar treaties with China, Great Britain has legislated so as to make her Fugitive Offenders Act of 1881 and her Colonial Prisoners Removal Act of 1884 apply to British Jurisdiction in China, the British Minister at Peking and the British Supreme Court for China and Consular Courts in China being substituted for corresponding executive and judicial functionaries in British dominions. It is thus equally impossible for a British fugitive offender to find a secure refuge in China or, having committed his offense in China, to find a secure refuge anywhere in British dominions. As a deterrent to commission of crimes such a law has direct and forceful results.

The full exercise of the jurisdiction stipulated in the treaties is in fact derogatory to China but in furtherance of the mutual interests of China and the treaty powers. The treaties of extraterritoriality operate better under a not too narrow interpretation. This principle is proved in the excellently developed British extraterritorial jurisdiction in China, which, being founded upon treaties similar to those of the other powers, has often been legislated upon, the principal legislation now in force being the Foreign Jurisdiction Act of 1890. This Act declares that "it shall be lawful" for the Crown "to hold, exercise and enjoy" any such jurisdiction "in the same and as ample a manner" as if the Crown "had acquired that jurisdiction by the cession or conquest of territory." These terms of absolute sovereignty are fully warranted by and involved in the terms of the treaties. They relate, of course, solely to the jurisdiction over British subjects. Their justification and necessity are apparent. No lesser jurisdiction could have been intended by China or Great Britain. It is a jurisdiction as absolute as that acquired by the United States in the conquest and cession of the Philippine Islands and in the military occupation of Cuba during and following the war between the United States and Spain. In those periods in the Philippines and in Cuba questions of extradition to and from those territories came to be resolved on the same principles as if they were territories of the United States within the North American continent. The treaty jurisdiction of the United States in China over American citizens therein is absolute, although it is due to be and is exercised with amicable consideration towards China and in expectation of eventual relinquishment to China. But friendship to China as well as treaty obligations toward China demand that the jurisdiction, however briefly outlined in the treaties and legislation of years ago, be developed with changing conditions so as to fulfil the original and permanent object of the treaties.

The United States, we are informed, alone among the powers, negotiated treaties of extradition with Turkey in 1874 and with Japan in 1886, notwithstanding extraterritoriality existed at those dates in those countries. This was in pursuance of a policy to recognize as fully as circumstances permitted certain progress by each of the two powers in resuming territorial sovereignty, each having then recently adopted a constitutional form of government. But there is possible objection to dealing independently with so largely an international matter as extraterritoriality has come to be in China, at least in the prospective general restriction of it. The objection would be less according as the circumstances of the power so dealing differed from those of others. The policy of concerted international action relating to China appears definitely to include extraterritoriality and with it extradition. The development of the several treaty jurisdictions will therefore probably lead to but little, if any, differentiation in the treaties, although it will necessarily lead to differing measures of legislation conforming to the systems of law of the several treaty powers.

The treaties of the United States with China are notably complete in their provisions as to extraterritoriality. The legislation is becoming more so. In the session of Congress that closed March 4, 1911, Mr. Edwin Denby, of Michigan, proposed a bill as to extradition to and from China, the enactment of which in one form or another is greatly to be desired. No arguments for or against the bill and no reports upon it have come to hand, but it is known to have been favorably received although in the pressure of legislation attending a change of Congress, not finally enacted. The main features of Mr. Denby's bill were the two which we have endeavored to show are necessary and desirable: First, extension to the American extraterritorial jurisdiction in China of the operation of the extradition treaties between the United States and such powers as will reciprocally extend the operation of these treaties to their respective extraterritorial jurisdictions in China; second, extension to the American extraterritorial jurisdiction in China of the federal statutes that provide for rendition of fugitives from justice as between states and territories of the Union.

The merits, importance and urgency of such legislation American citizens in China will unanimously attest and support.—*Journal of the American Association of China.*

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KOREA'S COMMERCIAL YEAR.

From Consul General George H. Scidmore, Seoul.

The tranquility that prevailed throughout Chosen (formerly termed Korea) during 1910, especially after annexation in August, together with good crops, equitable taxation, and liberal expenditures by the Japanese Government in the form of pension bonds and appropriations for public works and supplies, gave an impetus to agriculture and other industries and resulted in marked economic development and advance.

Concerning general conditions of agriculture in Korea, Dr. Honda, director of the model farm at Suwon (Suigen), is reported as stating recently:

"It goes without saying that the agricultural outlook in Korea is very promising. Some improvement can be seen in the industry compared with the time when the Residency General was first established. The security of ownership in land having been assured by the annexation of the peninsula, the number of Japanese farmers arriving in Korea is increasing, while the Yangpang and other Koreans are showing a disposition to start new farms with the money granted them by the Government in the form of pensions.

"The rice and bean harvests in Korea during 1910 proved exceptionally abundant, but owing to the continued rainfall the cotton crop was spoiled. The rice harvest, however, is estimated at no less than 10,000,000 koku (51,180,000 bushels).

"The soil of Korea is very suitable for the cultivation of agricultural produce. In southern Korea cotton could be grown, while the center of the peninsula is suitable for beets, and people are beginning to direct their attention to the cultivation of this vegetable, which is being experimented with at various places. The consumption of sugar in Korea has doubled during the last three years, but still does not amount to more than 10,000,000 kin (13,333,333 pounds) per annum. The sugar industry in Korea has a promising outlook.

"The Korean ginseng is superior in quality to that produced in any other country, and the root is being cultivated with special care. Ginseng requires seven years' cultivation before it can be harvested, and the root is liable to attack by worms. This year has been particularly bad in this respect, and the output has been not more than 1,000 kin (1,333 pounds). The soil for about twenty-five miles around Kaisyong is specially adapted to the cultivation of ginseng. In Japan the root is produced in Shimane, Fukushima, and Gumba prefectures, but the product there is inferior in quality to that of Korea."

It is estimated that only about 10 per cent. of the area of Korea is arable, say 5,500,000 acres. Hence each Korean agricultural household, it is calculated, will have a holding of land averaging less than two and one-half acres in area, but it is believed, according to Dr. Nakamura, director of the Bureau of Agricultural Affairs, that seven-tenths of the arable land is owned by great landlords and only three-tenths by independent and small farmers.

The development of the agricultural industry is more easily attained in a country having many independent farmers than in a country where lands are cultivated mainly by tenants. Most of Korea's landlords live in Seoul, and some of them do not even know where their holdings are situate, these being managed by their agents. For this reason the sale or purchase of lands, when of large dimensions, is generally carried on in Seoul. This curious state of things is due to the fact that in former days provincial officials were all men of Seoul. They went into the country from the capital and returned there again after some years of service, investing their money in land. In this way the greater part of the arable lands in Korea came into the hands of the Yangpang, who seldom visit their properties, and the deterioration of these lands has naturally resulted.

Since the year 1906, when an agricultural and industrial model farm and station was established at Suwon (Suigen), the Japanese authorities have greatly increased the number and scope of practical aids to farmers, and there are now thirteen agricultural schools, with fifteen model experimental farms, in the country. The station at Suwon (Suigen) is splendidly equipped and managed and will compare favorably with some of the best of its kind in the United States. From its school ninety-eight graduates have taken a full three years' course and thirty-seven students have completed special shorter courses. In connection with these stations reafforestation has received much attention.

KOREAN GOLD MINES.

Among the most productive and promising industries of Korea are its gold mines, and especially those controlled by American citizens. The geological survey of the country is far from complete and clandestine placer mining is prevalent. Exact statistics under this head are therefore not to be had except in connection with mines operated by foreigners or the Japanese authorities.

The Oriental Consolidated Mining Company, an American enterprise, has, since its beginning of operations under concession from the Korean Government, produced gold ore from the Unsan district to the value of more than $14,000,000. Its report for the year ended June 30, 1910, gives the following items: Total receipts, $1,434,494; operating costs, $780,258; operating profit, $654,236; to reserve, $30,559; net receipts, $623,677.

The Seoul Mining Company, incorporated under the laws of Connecticut and operating in Suan district, in its report for thirteen months ended December 31, 1910, gives the following figures: Total receipts, $230,216; costs of operation, etc., $70,830; royalties and taxes, $22,238; dividends, $40,000; unappropriated balance, $97,148.

Among other American gold-mining ventures may be mentioned the Korean Exploration Company, in Chiksan district, and the concession to Morris & McGary, in Yeng Byen district.

OTHER MINERALS—MARINE PRODUCTS.

The concession at Kapsan held by the Collbran-Bostwick Development Company, covers an area of about fifty

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by eighty-eight miles. Great attention is there being given to the extensive deposits of copper ore and promising indications are also reported of gold placers. This enterprise has not yet progressed much beyond prospecting and developing.

Iron mines are in operation at Anak, Eunyul, and Chairyong. Their total output during 1910 is reported as 129,193 tons, valued at $193,610, while the exports of iron ore were valued at $169,252, almost all of which went to Japan for the use of its Government iron foundry at Yedamitsu.

The only coal deposits of importance thus far worked in Korea are located near Pingyang. They are anthracite and are monopolized for the use of the Japanese Navy in the manufacture of briquets at Tokuyama, Japan. During 1910 their output is reported as 78,835 tons.

Numerous deposits of graphite have been found and for 1910 the value of exports therefrom was $56,874, of which $55,729 worth went to Japan.

The coasts of Korea and outlying waters abound in cod, sardines, lobsters, bream, sharks, beche de mer, herring, ray, sea-ears, mackerel, yellow tail, whale, and seaweed, but primitive and defective methods of capture and frail boats are still in use. The Japanese authorities are taking energetic measures to improve this promising source of income. The annual value of Korean fisheries is estimated at about $3,984,000.

In 1907 experimental salt pans were established near Chemulpo, and the results proving satisfactory, extensions to cover about 6,250 acres were begun in 1909 and are intended to be in complete working order by the end of 1911. This will undoubtedly be developed into a very profitable Government monopoly, producing, it is estimated, an annual net revenue of about $249,000, beginning with the year 1912.

KOREA'S FOREIGN COMMERCE.

Korea's total foreign commerce for the year 1910 aggregated $29,728,906, a gain of $3,385,873 over the total for 1909. Of this increase, imports contributed $1,560,725 and exports $1,825,148.

The progress of the foreign trade of Korea since 1901 is shown by the following statement:

Years.	Imports.	Exports.
1901	$7,359,063	$4,254,271
1902	6,819,035	4,217,314
1903	9,168,534	4,815,227
1904	13,646,490	3,750,296
1905	16,419,982	3,942,452
1906	15,085,140	4,333,389
1907	20,610,995	8,452,840
1908	20,430,710	6,028,428
1909	18,251,087	8,091,946
1910	19,811,812	9,917,094

The great excess of imports over exports, as shown above, is largely due to political and economic relations with Japan. In maintaining its garrison, civil and police administration, railways, posts and telegraphs, and in disbursements connected with new public works, Japan has spent, it is estimated, in round numbers, from $12,500,000 to $15,000,000 annually in excess of revenues derived from Korea.

CHINA'S RAILWAY DEVELOPMENT.

(*From Consul General George E. Anderson, Hongkong.*)

In spite of a considerable degree of opposition on the part of provincial financial interests, the Chinese Government is proceeding with its plans for taking over all railway lines that are projected or in course of construction in various parts of the Empire. The Government is, in fact, now occupied with plans for a settlement with the shareholders in the various enterprises that are to be so nationalized.

What final settlement will be made is yet uncertain. The principle upon which the Government seems to be acting, however, is to pay the shareholders in cash the actual value of their lines as constructed today, and further to repay to them out of the prospective profits of the road any money that may have been wasted or otherwise sunk in the undertaking. In the case of the Canton-Hankow lines, for example, it is understood that the Government will pay shareholders cash to the amount of 60 per cent. of their share scrip, and give them bonds for the other 40 per cent., payable out of future profits. Similar plans are offered with respect to other undertakings.

Further foreign loans by the Chinese Government are expected as an inevitable consequence of this new railway policy. Two proposals for loans are, in fact, now under discussion. The first is one for £4,000,000 sterling for the construction of a section of the Hankow-Szechwan line between Kweichow and Chengtu. The second is for 10,000,000 taels for the building of a line from Kalgan to Kulun. It is understood that the first of these will be subscribed by British financiers, and the second will be underwriten by the syndicate that is financing the Hukuang loan.

It is also announced in both the native and the foreign press in China that the construction of a railway from Aigun to Chinchow is again to be taken up seriously, the financial arrangements to be made at once. Other lines are contemplated for immediate construction in the same portion of China, such as the Fakumen and Tiehling line, though this line is so opposed that its construction in the near future is doubtful. Governor Chen of Kirin is reported as urging the immediate construction of the Kirin-Hunchun line, which would connect the present Manchurian system with the sea between Vladivostok and the north end of Korea. In the south there is improved prospect of the construction of the Wuchow-Nanning line. The report is that the proposed capital has been fully subscribed and that an engineer has been engaged to make the final surveys. The viceroy at Canton also has expressed himself as especially interested in the immediate construction of the Canton-Macao line.

It is evident in many ways that the determination of the Chinese Government to follow a definite policy and secure funds from abroad for the development of the great trunk lines is to lead to immediate action on many schemes and early activity in actual construction work all over the Empire.

In the north the construction of the Kirin-Changchun line has been delayed somewhat, but a line over the mountain involved will be run temporarily, and it is expected that rails will be run into Kirin this year. The earthwork is about 70 per cent. complete. On this line the construction work is being accelerated somewhat by a train of two 34-ton locomotives and ten 30-ton cars and a brake van, all constructed at the Tongshan shops of the Chinese Imperial Railway Administration. Work on this line, too, has been delayed by the lack of labor, due to the plague. The final survey on the Kulun-Changchiakao line has been completed, and preparations for actual construction work are said to be complete.

The construction of the parallel lines of the Manchurian Railway Company from Tsitsihar has commenced, the shipment of rails and supplies from Japan being forced forward rapidly. The bridging of the many streams along the southern portion of the Pukow Railway is rapidly being completed, most of the smaller structures being already in use.

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JAPAN'S FOREIGN COMMERCE.

From Consul General Thomas Sammons, Yokohama.

Japan's population is increasing at the rate of over 500,000 a year. About forty years ago when the population was 17,000,000 the total foreign commerce amounted to less than $22,000.000. At present, with a population of over 50,000,000, Japan's annual business with the outside world aggregates $461,000,000, and the steady increase in both population and foreign trade seems destined to continue. The possibility, therefore, of building up permanent trade relations with Japan is reasonably assured.

During the past ten years, however, Japan has imported from America an average of less than $30,000,000 worth of goods a year, yet in the matter of exports, America continues to be Japan's chief Western customer, as is shown below:

Imports From	1908.	1909.	1910.	Average for Ten Years.
America ...	$39,700,000	$28,350,000	$28,750,000	$29,900,000
Asia	84,150,000	88,400,000	114,000,000	72,750,000
Europe	87,900,000	74,050,000	81,900,000	63,250,000
Exports to				
America	63,000,000	67,850,000	74,250,000	44,250,000
Asia	78,700,000	84,300,000	93,150,000	64,350,000
Europe	42,000,000	48,100,000	54,250,000	31,600,000

It may be well to state that the totals above given are in the aggregate, and that while Canada, Mexico, Peru, and Chile are included under the caption "America," the United States represents the great bulk of trade. Out of customs returns of approximately $58,500,000 of exports from Yokohama to America for 1910, nearly $57,000,000 worth was taken by the United States (and consular records show a still higher value), the balance being divided among the other countries named in amounts ranging from over $1,000,000 for Canada to less than $25,000 for Chile. In imports the same average ratio may be said to obtain.

This condition of affairs results largely from the fact that the United States consumes immense quantities of Japanese raw silk and various Japanese products, while aside from raw cotton, kerosene, and machinery the United States sells little to Japan that aggregates upward of $1,000,000 a year in value. Generally and broadly speaking, the manufacturers of the United States are not actively forcing ordinary lines of knickknack goods into Japanese territory.

Japan's foreign commerce is steadily increasing, 1910 being the record year with a total of $461,331,402, made up of imports $232,116,904 and exports $229,214,498, and the country's balance of trade shows the imports to be slightly in excess ($2,902,406 for 1910) of the exports. Japan's purchases point in the direction of an increase in raw materials, while its sales to the world show that its manufactured goods are finding foreign markets. This is particularly true in the Far Eastern field, in supplying yarns and other products of Japan's cotton mills to Asia.

At present there are excellent opportunities in Japan to prepare a foundation for permanent trade relations, and an examination of the tables showing the various classes of goods purchased by Japan will indicate what lines may be deemed suitable. Various American firms and trading companies already have skilled men in the field, and they naturally seek to secure all the business of whatever nature that can be had. As a rule they find that prices quoted in the United States average high, but the superior quality of the goods usually warrants high prices. As the merchant in Japan has the world's bargain counters to select from, the business may be expected to go without sentiment to the lowest bidder.

This applies more particularly to standard supplies, where proposals are made by telegraph, but in the smaller lines of general merchandise—and these smaller items are of the kind that contribute so largely in bringing up the aggregate sales—many orders are being placed in Europe (1) merely because of the cheap prices quoted or (2) because the American producer apparently does not consider the business worth while. Competition is naturally very keen, and foreign manufacturers usually realize that the prospect of securing large orders through any other method than direct, aggressive representation is not encouraging.

COTTON TRADE OF FAR EAST CENTERS IN JAPAN—RAILWAY IMPROVEMENTS.

In raw cotton, for instance, Japan increased its imports by over 100,000,000 pounds in 1910 as compared with 1909, paying a total of $79,292,460 for 660,426,534 pounds. The total increase in the price paid was upward of $25,000,000, however, owing to the higher price of cotton, and against this Japan advanced its exports of cotton goods $8,000,000. Its increase in cotton-yarn sales alone, mostly to China, was between $6,000,000 and $7,000,000. But, as shown by the following table, Japan's augmented purchases of raw cotton came mostly from British India, while imports from the United States dropped off over 35,000,000 pounds.

Countries.	1909.		1910.	
	Pounds.	Value.	Pounds.	Value.
United States.	95,338,800	$11,612,588	59,293,733	$8,562,178
British India...	309,029,467	30,415,929	412,999,467	50,406,716
China	81,606,933	8,028,299	151,893,467	16,998,244
Dutch India...	9,163,733	251,739	4,621,467	121,076
Egypt	13,708,400	2,705,462	9,895,600	2,063,407
French Indo-China	8,467,867	451,326	5,792,000	266,348
Straits Settlements	8,921,467	247,153	10,040,933	580,643
Other	5,152,933	224,783	5,889,867	293,848
Total	531,389,600	$53,937,279	660,426,534	$79,292,460

The floods of 1910 damaged the rice crop and injured the railways in some instances, but inundations of this serious nature visit Japan only at very long intervals, and the injuries inflicted were therefore merely of a temporary nature. In a measure the floods show that Japan must continue to pay practical attention to reforestization as well as to provide more adequate means of carrying off large quantities of water. Moreover, the floods point out

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the weak spots in railway construction, and in this respect the Japanese Government is planning vast improvements, including the broadening of all of its tracks to the American standard. (See Daily Consular and Trade Reports for June 9, 1911.)

MACHINERY SUPPLIES FOR NEW JAPAN.

This improvement will necessitate large orders for foreign supplies, as will other improvements looking to Japan's advance as a manufacturing country. An abundant water power is being utilized, and machinery for power plants now constitutes one of the chief items of New Japan's world-wide purchases.

One of the most important and inviting trade opportunities in Japan has to do with the problem of water power and hydroelectric enterprises. In this line of trade there are numerous openings, as Japan is not a flat country and there are many desirable waterfalls in the mountain districts. While some promoters insist that 2,000,000 horsepower can be developed in Japan, the conservative American experts reduce this estimate by over 50 per cent. The water power of Japan is not only to be conserved by the authority of the central Government, but every effort is being made to utilize hydroelectric plants for manufacturing purposes.

Competition between the American, German, and British producers of electric machinery is particularly active, and in some cases the anxiety of the Germans to do business seems to have resulted in lowering prices to a point where profits are of small consequence. More recently the English branches of powerful American electrical supply manufacturing plants have been given large orders in preference to the parent establishments in the United States. This unusual procedure results from the fact that these particular products were produced more cheaply in England than in America.

In this connection New Japan is demonstrating that its artisans are capable of successfully reproducing foreign devices of the most complex nature, but has not been able, in most instances, to reduce the cost to a competitive basis. To overcome this disadvantage much effort is now being exerted by Japanese manufacturers.

WORLD COMPETITION IN STEEL PRODUCTS.

In the steel trade, as in the electrical-supply business and in other lines involving large orders, foreign merchants, as well as numerous native firms, have active and trained representatives on the spot to study conditions. While in sales to Japan of steel rails, galvanized wire, and small steel bars the United States did not show a falling off in 1910 (the United States having advanced $50,000, Germany $400,000, and England $265,000, respectively, in this department), in the heavier steel products England, Germany and Belgium have been able to secure the bulk of the orders.

ANALYSIS OF JAPAN'S CHIEF IMPORTS.

Out of a list of forty-seven articles imported by Japan from the United States in 1910, only two—lumber and flour—had practically a monopoly of the trade, although of a total of $1,207,272 of condensed milk imported the United States shipped $734,480. Lumber and flour, however, enjoy exceptionally favorable freight rates, as they are produced on the Pacific coast.

For 1910 cotton imported from the United States reached $8,562,178 in value, while the total aggregate value of American kerosene was $4,957,393 and of machinery, bulked, over $1,000,000.

Japan's increased importation of crude sulphate of ammonia (over $1,500,000) was supplied by England, while its decrease in aniline dyes curtailed Germany's sales. Although Japan brought in less beans from Manchuria, the plague disturbances interfering, other parts of China doubled the business previously transacted. In increasing its importations of condensed milk Japan added to sales of United States brands while decreasing purchases from Switzerland and Norway. The high price of cotton in the United States turned Japanese buyers to British India and China. Japan's supply of glass comes mostly from Belgium, and in hemp and jute increasing purchases are made in British India and also in China. Japan's indigo supply comes mostly from Germany, and the importation of this article showed a falling off of upward of $500,000.

In bar iron Belgium has a large business in Japan and in pig iron Sweden is becoming active, having favorable transportation facilities at the present time. England fills the bulk of Japan's spinning machinery orders, American manufacturers showing no keen interest in this trade. Fertilizers of different kinds reach Japan from various corners of the world, and at present considerable phosphorite rock is supplied from the United States.

Of Japan's increased purchases of kerosene, the United States contributed 13,000,000 gallons. Dutch India oil fell off over 1,500,000 gallons in quantity, but shows a reduction of only $133,199 in value. The increase in purchases from the United States aggregated nearly $1,500,000. Germany, England, Belgium, and Austria-Hungary contribute to Japan's paper supply and Sweden (again largely due to favorable transportation facilities) is increasing its sales of pulp. Only high grades of pulp reach Japan from the United States. While Japan's imports of rice have usually been supplied by its Oriental neighbors, it is possible that American (Texas), rice may yet find a market among the Japanese in their own country. In rubber goods Japan is increasing its purchases and a part of this increase is supplied by the United States.

COTTON AND WOOLEN GOODS—OTHER IMPORTS FROM UNITED STATES.

Japan's shirtings and cotton prints, such as are bought abroad, still come mostly from England. The Philippine sugar trade in Japan is dropping off. In watches the United States shows gains, while Switzerland's sales are declining.

In wool and in woolen yarns, cloths and serges, and mixtures the total increase in value of Japan's imports for 1910 amounted to about $5,000,000, the increase in wool and woolen yarns being approximately 4,000,000 pounds. In wool Australia contributed over $2,500,000 more in 1910 than in 1909, doubling its previous record both in weight and value. China and France, on the other hand, showed a falling off in wool exported to Japan, but in woolen

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yarns France, Great Britain, and Austria-Hungary increased their shipments.

The share of the United States in some other items of Japan's 1910 import trade was: Belting and hose, $22,873; bicycles, tricycles, etc., $23,126; steam boilers, $9,209; caoutchouc and gutta-percha, $122,536; electric cars and parts, $230,995; railway cars and parts, $66,384; drilling and boring machines, $53,205; electrical machinery, $449,256; gas and oil engines, $9,378; steam engines, $96,451; wheat flour, $803,925; hides and skins, $17,384; iron bars, rods, plates, sheets, bands, hoops, galvanized sheets, T angles, etc., $495,574; iron pipes and tubes, $775,694; leather, $790,609; lead pigs, ingots and slabs, $62,133; lifting machines, $20,489; iron nails, $776,426; lubricating and other mineral oil except kerosene and petroleum, $351,767; paper-making machinery, $70,179; pencils, $49,582; Phosphorite, $438,274; pulp for paper, $24,647; pumping machinery, $90,676; rails, $298,128; salted salmon and trout, $85,390; sewing machines, $160,126; spinning machinery, $4,775; soda nitrate, $14,983; sugar, $36,358; round, squared, and sided timber, $335,080; leaf tobacco, $44,435; toilet waters, cosmetics, and perfumery, $17,944; toilet soap, $15,842; steam turbines, $25,107; turning lathes, $19,105; watches, $26,554; paraffin wax, $377,831; wheat, $746,277; wines, $19,126; insulated electric wire, $170,663; wire and small rods, $24,956; galvanized wire, $74,892.

A further analysis of Japan's import trade shows in what parts of the world its purchases increased or decreased during 1919: Increases—United States $326,685, China $10,798,135, British India $20,519,792, Straits Settlements $818,605, Dutch India $124,364, Great Britain $4,219,634, Germany $1,857,013, Belgium $1,434,000, Sweden $515,813; decreases—British Columbia $116,103, French Indo-China $963,289, Philippines $107,316, Switzerland $241,541. Mexico had practically no export trade with Japan in 1909, and in 1910 the returns show a total of $6,359. Peru's sales of nitrate of soda fell off in 1910, but Chile increased its exports to Japan over $400,000.

ANALYSIS OF JAPAN'S CHIEF EXPORTS.

Of an increase of approximately $1,400,000 in straw braid exported by Japan in 1910, the United States took a large share, Germany and England also increasing their purchases. Northern China is, however, now actively competing for this business through the German port of Tsingtau, Shantung Province. Camphor is being exported from Japan in customary quantities, but the Japanese propose to stimulate this industry by the establishment of celluloid factories. This undertaking is, however, still in a somewhat experimental state. Large quantities of coal continue to be shipped from Japan to China, Hongkong and the Philippines, though both China and the Philippines possess undeveloped coal fields. In canned sardines, crabs, etc., Japan bids fair to build up a considerable export trade, which at present amounts to about $1,230,000 a year. Just as soon as the Japanese utilize better methods and better tins in packing this business will advance rapidly. Considerable copper ore is still shipped from Japan to the Pacific coast for treatment, the smelter at Tacoma being resorted to extensively for this purpose.

The Japanese porcelain trade is somewhat at a standstill. Sake shipments decreased. Raw silk, however, advanced to over $70,000,000, the United States taking more than half of Japan's total exports. Silk tissues and silk waste also advanced, France increasing its purchases by nearly $1,250,000, while at the same time reducing its purchases of pure raw silk by more than that amount.

TIES, LUMBER, COTTON MANUFACTURES, ETC.

The United States takes the bulk of the extensive shipments of oak ties exported from Hokkaido, in northern Japan, the American railways being active purchasers. More sugar is being exported from Japan to China, and a large part of Japan's advance of about $690,000 in tea exports in 1910 is represented by the purchases of customers in the United States. Japan's export of lumber continues unchanged, with China as the chief buyer. British India not only supplies Japan with raw cotton, but in turn it purchases immense quantities of cheap cotton underclothing.

In cotton drills Japan is steadily increasing its trade with China, including the districts supplied by Hongkong and Manchuria. Of Japan's $7,000,000 increase in cotton yarns exported during 1910, nearly $6,000,000 worth went to China, the Philippines absorbing $250,000 of the balance. Japan is rapidly advancing its dried and salted fish trade with Australia, Belgium and Germany. The matting trade does not respond so freely as was expected to the efforts that have been made to increase exports, and the United States tariff fixing the duty at three and one-half cents per square yard did not result in stimulating the shipment of the higher priced products. On account of prospective duties, and for other reasons, France increased its purchases of Japanese silks approximately $1,520,000 in 1910; Italy and British India bought more heavily, while sales to the United States also rose in value. The Japanese silk merchants are earnestly desirous of improving this commerce, a trade-mark system that will encourage superior goods being advocated.

It is a curious fact that Japanese paper suitable for bank notes, stock certificates and bonds, such as is manufactured from the bark of the mitsu-mata tree, is not to be had in sufficient quantities to meet the demands of the United States and other countries. This paper trade, including various other varieties, amounts to about $1,500,000 a year. Paper lanterns and other articles manufactured from paper aggregate another $1,000,000.

According to Japanese official statistics, Japan suffered a decrease of $441,648 in its exports to Asiatic Russia in 1910 and of $653,034 in its shipments to Great Britain, but increased its sales to the United States $6,053,245 ($6,132,986 according to the records of the American consulates and agencies when including Dalny and Tamsui), Germany $1,599,931, China $8,440,833, British India $2,134,899, Straits Settlements $442,260, Philippines, $621,334, Hongkong $888,569, Italy $2,408,009, British America $202,348, Mexico $56,780, Peru $77,713, Australia $368,801, France $1,695,567, Belgium $767,354, and Hawaii $195,130 ($262,991 as shown by the declared exports).

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THE FOUR NATIONS' LOAN

From the Journal of the American Association of China.

In article 2 of the Mackay Treaty and in article 13 of the Commercial Treaty with the United States the Chinese Government agreed to take the necessary steps to provide for a uniform national coinage to be legal tender in payment of all duties, taxes and other obligations throughout the Empire. The first of these treaties was signed September 5, 1902, and the second October 8 of the following year, but it was only in October, 1910, by signing the preliminary agreement of the Currency Loan, that the Chinese Government gave any indications of a bona fide intention of acting up to the obligations to which it had been committed by its responsible ministers. It is true that experts were *allowed* to formulate a scheme for monetary reform and that students were sent to investigate the systems of certain foreign countries, but when year after year passed without anything concrete eventuating the good faith of China began to be seriously questioned. The 15th of April, 1911, however, six months after the signature of the preliminary agreement, all doubt was dispelled when it was learned that Mr. Willard Straight, who was thought to be still occupied with the Railway Loan in which he had been so successful in securing for America equal participation with the three European banks, had concluded what will hereafter be known as the Currency Loan.

The full title of the Loan is the *Currency Reform and Industrial Development Loan* and the agreement was made between the Board of Finance, acting under Imperial Edict on behalf of the Imperial Chinese Government, and the American Group, the Hongkong and Shanghai Banking Corporation, the Deutsch-Asiatische bank and the Banque de l'Indo Chine. The American Group is composed of Messrs. J. P. Morgan and Company, Messrs. Kuhn, Loeb & Company, the First National Bank and the National City Bank, all of New York. The amount, £10,000,000, is expressed in sterling, and the loan will bear interest at the rate of five per cent. per annum. In the preamble of the agreement the purpose of the negotiation of the loan is stated to be the reform and the rendering uniform of China's currency system, and the undertaking of certain industrial enterprises in the three Manchurian Provinces. The loan is secured by tobacco and spirit duties and consumption and production taxes in the three Manchurian Provinces, as well as by a newly added surtax on salt in all the provinces of China, provision being made for the substitution of an equivalent, satisfactory to the lenders, in the event of revision of the Customs tariff or the decrease or abolition of likin. In the event of default in payment of principal or interest, their collection will be placed in the hands of the Imperial Maritime Customs. £2,000,000 is the amount to be devoted to Manchuria.

Momentous as is the first part of the loan, in that it marks a milestone in the economic history of the Chinese Empire, the world extended to it little more than a passing glance and fixed its gaze intently upon the political potentialities in the otherwise insignificant prorortion allotted to Manchuria. With this it is unnecessary to deal here, as the reader will be able to form his own estimate of the effect upon the security from foreign aggression of a combination of four of the most powerful nations of the world becoming suddenly possessed of vested interests in the rich and fertile Manchurian Provinces. It is, of course, by no means to be taken for granted that there was any political intent or malice aforethought in the tacking on to the Currency Loan of the Manchurian $10,000,000, but it will not be an easy matter to persuade the majority to accept the theory of coincidence. They are more likely to attribute it to a laudable desire to protect a weak and embarrassed nation from avaricious neighbors, to whom pretexts for interference are likely to be of only too frequent occurrence, and indirectly to safeguard American, English, French and German trade in that part of the Empire.

The price to the Chinese Government is fixed at 95 and the term of the loan is 45 years, with the option of redemption at a premium of two and a half per cent. after the lapse of fifteen years, and without premium after twenty-five years. Repayment of principal will begin with the eleventh year after the date of the Loan by yearly amortization in semi-annual payments. The annual payments for interest and amortization will be in the fixed sum of £610,717.2.0. During the currency of the Loan all bonds and coupons will be exempt from Chinese taxes of every description.

A new departure has been made by the agreement to allow transfers from the funds held by the banks in China to the credit of Currency Reform and Manchurian Development accounts with the Shanghai or Peking branches of such Chinese banks as the Board of Finance may designate as its agents, and provision is made for devoting a proportion of the sterling proceeds of the Loan to meet indemnity payments in gold, by depositing the equivalent in silver with the banks in Shanghai, thus effecting a saving to the Chinese Government of double exchange.

There is no stipulation in the agreement for the appointment of a financial adviser, and there is every exhibition of consideration for the feelings and susceptibilities of the Chinese in the only two clauses where foreign supervision is delicately indicated. The issue of the Loan is, however, dependent upon the Chinese programs of Currency Reform and Manchurian Development being accepted by the banks, who are given a period of six months for their decision; and the wording of the other clause is to the effect that, in its desire to assure the banks and bondholders that loan funds are being expended for the purposes contemplated, the Board of Finance undertakes to furnish reports in Chinese and English showing the disbursements made during each quarterly period.

The Commission which was constituted under the act of March 3, 1903, in compliance with the joint request of the Governments of China and Mexico, for the co-operation of the United States in an effort to bring about a fixed relationship between the moneys of the gold-standard countries and the silver-using countries, recommended a silver currency on a gold basis; but the reform program now submitted by the Board of Finance provides for the unification of the currency on a silver basis. The unit is to be a silver dollar, or Yuen, of a fineness of 90 per cent. and weighing seventy-two hundredths of the Treasury Tael, with silver subsidiary coins in denominations of fifty cents, twenty-five cents and ten cents, or dimes; nickel pieces of five cents and copper coins of two cents, one cent, five mills and one mill. The fifty and twenty-five cent pieces will be of proportionate weight to the Yuen, but the fineness will be reduced to 80 per cent. The dime will weigh 8.64 Candareens of the Treasury Tael and have a further reduced fineness of 65 per cent. The nickel and copper coins are left for future consideration.

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Expressed in grains Troy, the Yuen will weigh about 414½ grains, or nearly one-half of 1 per cent. lighter than the Mexican dollar. During the "introductory period" 150 Yuen will be reckoned as equal to 100 Taels Treasury weight of standard silver of 98½ per cent. fineness, and within a year of the date of Imperial sanction of the new scheme all official receipts and disbursements, all customs, postal, telegraph, steamship and railway accounts, and all private and commercial debts will be reckoned in Treasury Taels and then converted into the new currency at this ratio. One year is apparently considered sufficient for the "introductory period," during which to replace the existing paper money and the heterogeneous collection of coins that have been indiscriminately turned out by the Provincial mints during the last decade or so. But it is only the optimistic mind of the most immature student in economics that could conceive the possibility of an accomplishment of such magnitude in the given time, and from the airy manner in which the subject is treated it is difficult to believe that the currency conditions in the Provinces were appreciated, if indeed they were known. It is of common knowledge that the mints have flooded the country with ten and twenty-cent pieces, containing almost as much alloy as silver, and the Provincial governments and native banks have been issuing notes, some actually payable in copper cash, to an extent only known to themselves, and in many cases without signatures, numbers or other means of distinguishing the genuine from imitations. When, therefore, to these are added the base copper coins that have been forced upon the people, some conception can be formed of the seriousness of the problem to be faced and dealt with in the short space of twelve months. The process of elimination can only be very gradual without resulting in the infliction of untold hardship upon an already long-suffering country, and the people are at the present time hardly in a mood to look with complaisance upon a further drain on their domestic resources.

As a corollary to the scheme it is proposed to establish a convertible paper currency under the control of the Ta Ch'ing Government Bank, supported by a cash reserve of fifty per cent, and the balance in marketable securities. In the former may be included gold and silver bullion, and gold and silver coins other than the national coins now current, and until Government Bonds and marketable securities shall have been issued in sufficient quantities the Ta Ch'ing Bank will be allowed to include in the latter a combination of marketable securities with Bank capital and surplus. The word "convertible" could hardly be made to apply to such an issue, the objections to which are obvious, without the evidence so frequently seen of late of lack of sympathy in the attitude of the people of all classes towards the Government in general and the Ta Ch'ing Bank in particular.

To every merchant, trader and traveller who has experience, or even knowledge, of the vagaries of the Tael and the numerous nondescript silver and copper coins which now flood the country, the urgent necessity for a uniform currency is painfully recognized, and the exhibition on the part of the Chinese Government of a serious intention to take the matter in hand is greeted with enthusiasm, but it is devoutly to be hoped that no makeshift scheme, only to be remodelled at some future date with the attendant inconveniences, will be countenanced. A currency change is not to be undertaken lightly. Examples are not wanting to illustrate the far-reaching consequences attending such a change and the commercial disturbance that usually follows in its wake; but with these before them, those entrusted with the supervision of the reform should be able to ensure to the country a new coinage system which will materially assist and play an important part in the inauguration of a new era in the commercial prosperity of China

Closely following upon the signature of this Loan agreement came the news of the settlement of the *Imperial Chinese Government* Five per cent Hukuang Railways Sinking Fund Gold Loan of 1911. The agreement was signed the 20th of May, 1911, between the same contracting parties.

The first purpose of this loan is the redemption at a premium of two and one-half per cent, with accrued interest, of the unredeemed bonds of the American China Development Company of a total par value of U. S. $2,222,000, and then for the construction of a railway main line from Wuchang, through Yo-chou and Changsha to a point on the boundary of Hunan, connecting with the Kuang-tung section of the Canton-Hankow Railway. The total length of this line, to be known as the Hupei-Hunan section of the Canton-Hankow line, is estimated at 900 kilometres. Another main line from a point at or near Kuang-shui in Hupei, connecting with the Peking-Hankow line and passing through Hsiang-yang and Chingmenchou to Ichang, estimated at 600 kilometres, and from Ichang to Kuichoufu in Szechuan, 300 kilometres, or a total for this section, called the Hupei section of the Szechuan-Hankow line, of 900 kilometres.

It is stipulated that work shall be begun simultaneously at Wuchang, Changsha, Kuang-shui and Ichang within six months of the signature of the agreement, and the period of construction is estimated at three years, but a longer period is allowed for completion of the section from Kueichoufu in consideration of the engineering difficulties to be encountered.

The lines already constructed by the Provinces of Hupei and Hunan, prior to the signature of the agreement, with capital provided by those Provinces, together with the property of the two Provincial Railways, shall be incorporated in the Canton-Hankow and the Szechuan-Hankow Government Railways Administration, and any supplementary funds that may be furnished in the future, on account of a deficiency in the amount required for the construction of the two main lines within the boundaries of the Provinces of Hupei and Hunan, shall also rank as capital of the Canton-Hankow and Szechuan-Hankow Railway main lines within the boundaries of the two Provinces. But the returns due upon such capital shall not in any manner impair the arrangements for payment of interest and repayment of principal of the present loan

Interest at five per cent per annum on the nominal principal shall be paid half-yearly, calculated from the date on which the loan is issued to the public. The term of the loan is forty years, and repayment of the principal shall begin after the expiry of ten years by yearly amortization. But at any time after ten years and up to the end of the seventeenth year, repayment of the whole or part may be made at a premium of two and one-half per cent, and after that time at par, subject to six months' notice. On the annual Loan service the Banks will receive one quarter of one per cent.

The Imperial Chinese Government guarantees payment of interest and principal, and the loan is further secured by a first charge on the following Hupei revenues:—General Lekin, amounting to Haikwan Taels 2,000,000 a year. Additional Salt Tax, for River Defense, Taels 400,000 a year. New additional Two Cash Salt Tax of Sept., 1908, Taels 300,000 a year, and Hupei collection of Hukuang Interprovincial Tax on imported Rice, Taels 250,000 a year. Also Hunan General Lekin, Taels 2,000,000 a year, and Hunan Salt Commissioner's Treasury Regular Salt Lekin, Taels 250,000 a year, all being declared free from other encumbrances. In case of default the administration of these revenues shall be transferred to the Imperial Maritime Customs. Neither the railways nor their receipts shall be hypothecated to any other party so long as the loan is unredeemed.

The fact that this Loan is secured by Lekin shall not interfere with its abolition, provided an equivalent is substituted in the shape of a first charge upon the increase of

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Customs revenue consequent upon the revision. All bonds and coupons shall be exempt from Chinese taxes.

The amount of the Loan is £6,000,000 sterling and the price to the Chinese Government is fixed at 95. If this sum should prove insufficient for the work contemplated the deficiency shall be provided in the first place from such Chinese funds as may be available, and any balance then uncovered shall be supplemented by the issue by the Banks under the terms of the present agreement, of a second series of the present loan for an amount not exceeding £4,000,000 sterling, secured *pari passu* as an equal charge in every respect on the revenues already enumerated. But should still more foreign capital be required it shall be provided by a further loan to be issued by the Banks on terms to be arranged.

The Loan funds when transferred to China shall be deposited in equal amounts with the branches of the three European Banks and with the International Banking Corporation now designated by the American Group. At the discretion of the Ministry of Posts and Communications, one half of the funds may be deposited with the Bank of Communication and/or the Ta Ching Government Bank, which Banks have been designated by the Ministry as its agents for this purpose, and the Chinese Government accepts the responsibility for the funds thus deposited. Such funds shall be withdrawn for construction purposes only, and quarterly statements of the funds held by these Chinese Banks shall be handed to the Banks for the information of the Auditors.

The supervision of expenditure is provided for in Article XIV. The accounts shall be kept in both English and Chinese, and will be supported by all necessary vouchers, all of which will be open at any time to the inspection of Auditors appointed by the Banks. The duties of the Auditors are stated to be to satisfy the Banks that the expenditure of the funds is in accordance with the provisions of the agreement and to certify to the monthly statements of the foreign materials purchased by the Railway Administration. Requisitions upon the Construction Accounts will be passed upon by them before the money is withdrawn, and if they should find any irregularities in the payments to be made, they "*may* in the first place ask the Managing Director for specific information" and if these are not able to be furnished they "*may* refer the matter to the Ministry of Posts and Communications for its instructions."

The construction and control of the lines shall be "entirely and exclusively vested in the Imperial Chinese Government." The selection of a British Engineer-in-chief for the Hupei-Hunan section, a German for the Kuangshui-Ichang section and an American for the Ichang to Kueichoufu section rests with the Government, the Banks simply being informed of the selection made. If the Banks have objections to offer against the engineers appointed "they shall, in stating their objections, give definite reasons therefor." It is also worth quoting verbatim that part of the clause relating to the duties of the Engineers-in-chief. "They shall be under the orders of the Director General and the Managing Directors of the respective lines, or, in their absence, of their duly authorized representatives, and will carry out all the wishes of the Ministry of Posts and Communications with regard to the plan and construction of the lines. In their General conduct they shall pay all due respect to the Ministry of Posts and Communications, the Director General and the Managing Directors." It is further provided that whenever appointments are to be made or functions defined of the technical members of the railway staff, as well as in the case of their dismissal, the Director General, Managing Director or duly authorized representative will act in consultation with the Engineer-in-chief concerned, and "in the case of disagreement the matter will be referred to the Ministry of Posts and Communications, whose decision shall be final." After the completion of construction and during the currency of the Loan the Government will continue to employ European and/or American Engineers-in-chief, their appointments, however, being made without reference to the Banks.

Neither America nor France has any share in the purchase of material. The British and Chinese Corporation are appointed Purchasing Agents for the Hupei-Hunan section and the Deutsch-Asiatische Bank for the Hupei section, which latter embraces the sub-section under the American Engineer-in-chief. To these Agents is delegated the purchase during construction of all materials, plant and goods required to be imported from abroad; but rails and their accesories are excepted, the Ministry of Posts and Communication having "memorialized the Throne recommending that they should be manufactured and supplied by the Hanyang Iron Works." Their price will be settled by the Ministry with the Iron Works "after comparison with the current quotations for rails purchased by other lines from Europe and America." No delay will be allowed, and if the Hanyang Iron Works are unable to supply the requirements in such a manner as to ensure uninterrupted construction, the Purchasing Agents will be instructed to procure from abroad the additional supplies required. Tenders shall be called for all purchases of importance made abroad.

In return for the payment of five per cent commission on all purchases, it shall be the duty of the Purchasing Agents to superintend such purchases, and they shall avail themselves of the services of engineering experts to be selected by the Ministry of Posts and Communications for their inspection. The fees of these Inspectors will be shared equally between the Ministry and the Purchasing Agents.

AT EQUAL RATES AND QUALITIES GOODS OF BRITISH, FRENCH, GERMAN AND AMERICAN MANUFACTURE SHALL BE GIVEN IMPARTIAL PREFERENCE OVER GOODS OF FOREIGN ORIGIN. Preference will, however, be given, at equal prices and qualities, to Chinese materials and goods manufactured in China over those of these foreign countries in order to encourage native industries, and in such cases no commission will be paid.

Should the Government desire to construct extensions in connection with the lines covered by this loan they may be built with funds derived from Chinese sources, but if foreign capital is required preference shall be given to the Banks on as favorable terms as those offered by others.

It will be observed that no provision is made for a French Engineer-in-chief and that in this agreement, like that of the Currency Loan, any reference to foreign supervision is carefully veiled. The railroads are to be essentially under Chinese control and if the agreement is to be taken literally, the authority of the Engineers-in-chief will be so curtailed as to make the position an extremely difficult one.

The Loan, which was offered to the public the 16th June last, at 100½, was an unqualified success, and was so heavily oversubscribed that the lists were closed the same morning very shortly after they were opened. The bonds immediately commanded a premium of one per cent.

The Currency Loan has not yet been offered to the public, but the success of the Railway Loan augurs well for the future of the Four-Nation combination, upon the formation of which the Chinese Nation is sincerely to be congratulated. In the American Group China has secured a financial friend of power and strength unequalled in any other country, which is able to demonstrate in a material and practical manner, when occasion arises, the unfeigned goodwill of the American Government and people, the value of which it is impossible to overestimate under normal conditions, but more particularly in the present day, when the country finds itself with a depleted treasury and beset with internal and external problems of the most complex and difficult nature.

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CONSULAR REORGANIZATION.

The American Asiatic Association of Japan addressed to this Association last April an appeal strongly to urge the passage of a bill then pending in Congress, providing for the reorganization of the Consular Service of the United States, and in which the Consulate General at Yokohama was raised to class two (salary $8,000) from class three where it has been and at present rests. It was explained that the Yokohama branch of the American Asiatic Association of Japan took a great interest in the American Consulate General at that port, and considered that its rating should be at least as high as Shanghai and Hongkong, being equally important and exceeding them in point of fees collected.

The letter, which was signed by Mr. E. G. Babbitt, Honorary Secretary of the Japan Association, went on to say: "While the importance of an office need not necessarily be judged by the amount of revenue it collects, certainly this revenue points somewhat to the amount of business done, the amount of responsibility assumed by the Consul General and his staff and the desirability of having the salary equivalent thereto, that the office may be sought by the best men in the service. * * * In a letter to the Department of State in 1909 it was shown that, in point of importance from a revenue standpoint, Yokohama stood fifth. In the annual report of the auditor of the State Department for the fiscal year ending June 30, 1909, Yokohama was fourth, being exceeded only by London, Paris and Berlin. Later reports of the auditor are not available, but data supplied by the Consulate General in Yokohama show that while the receipts for the fiscal year 1909 were $28,422.79, in the fiscal year 1910 they amounted to $30,743.71, and are steadily increasing. For the present fiscal year, ending June 30, 1911, the fees will no doubt exceed $35,000. * * * From the foregoing you will note the increasing business of the Yokohama office, and the probability that it is already third on the list, exceeded only by London and Paris, offices paying their Consuls-General $12,000."

The bill for which the support of this association is solicited, and which will come up at the regular session in December, is as follows:

62D CONGRESS, 1ST SESSION. H. R. 4423.

In the House of Representatives, April 12, 1911, Mr. Foster, of Vermont, introduced the following bill; which was referred to the Committee on Foreign Affairs and ordered to be printed:

A bill to amend section two of an Act entitled "An Act to provide for the reorganization of the Consular Service of the United States," approved April fifth, nineten hundred and six.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section two of an Act entitled "An Act to provide for the reorganization of the Consular Service of the United States," approved April fifth, nineteen hundred and six, is hereby amended so as to read as follows:

"CONSULS GENERAL.

"Class one, twelve thousand dollars: London, Paris.

"Class two, eight thousand dollars: Berlin, Buenos Aires, Calcutta, Habana, Hamburg, Hongkong, Johannesburg, Ottawa, Rio de Janeiro, Shanghai, Yokohama.

"Class three, six thousand dollars: Constantinople, Mexico City, Montreal, Vienna.

"Class four, five thousand five hundred dollars: Antwerp, Barcelona, Brussels, Budapest, Canton, Frankfort, Marseille, Moscow, Mukden, Panama, Rotterdam, Singapore, Seoul, Sydney (Australia), Tientsin, Valparaiso.

"Class five, four thousand five hundred dollars: Auckland, Beirut, Boma, Callao, Coburg, Dresden, Genoa, Guayaquil, Halifax, Hankow, Monterey, Munich, Sofia, Smyrna, Vancouver, Winnipeg, Zurich.

"Class six, three thousand five hundred dollars: Adis Ababa, Lisbon, Mazatlan, Stockholm, Tangier.

"Class seven, three thousand dollars: Athens, Christiania, Copenhagen.

"CONSULS.

"Class one, eight thousand dollars: Liverpool.

"Class two, six thousand dollars: Cape Town, Manchester.

"Class three, five thousand dollars: Amsterdam, Bremen, Belfast, Dawson, Glasgow, Havre, Kobe, Lourenco Marquez, Lyon, Melbourne.

"Class four, four thousand five hundred dollars: Amoy, Birmingham, Chefoo, Cienfuegos, Foochow, Kingston (Jamaica), Newchwang, Nottingham, Prague, Saint Gall, Santiago (Cuba), Southampton, Veracruz.

"Class five, four thousand dollars: Bahia, Batavia, Bombay, Bordeaux, Colombo, Colon, Dublin, Dundee, Durban, Dusseldorf, Edinburgh, Harbin, Leipzig, Milan, Nanking, Naples, Nuremberg, Para, Pernambuco, Plauen, Reichenberg, Sao Paulo, Stuttgart, Tamsui, Toronto, Tsingtau, Victoria, Warsaw.

"Class six, three thousand five hundred dollars: Alexandria, Bagdad, Barranquilla, Basel, Berne, Bluefields, Bradford, Buena Ventura, Chemnitz, Chungking, Cologne, Cork, Fiume, Geneva, Georgetown, Guadalajara, Mannheim, Maracaibo, Montevideo, Nagasaki, Odessa, Omsk, Palermo, Quebec, Rangoon, Rheims, Rimouski, Rome, Saint Petersburg, Saloniki, Sherbrooke, Tairen, Vladivostok, Zacapa.

"Class seven, three thousand dollars: Aden, Aix-la-Chapelle, Aleppo, Barbados, Belgrade, Calais, Calgary, Cardiff, Carlsbad, Corinto, Florence, Frontera, Ghent, Hamilton (Ontario), Hanover, Harput, Huddersfield, Iquique, Jerusalem, Karachi, Kehl, La Guaira, Leghorn, Liege, Madras, Malaga, Messina, Mombasa, Nantes, Nassau, Newcastle (England), Newcastle (New South Wales), Oaxaca, Plymouth, Port Antonio, Port au Prince, Port Limon, Progreso, Punta Arenas, Riga, Saint John (New Brunswick), Saint Michaels, Saint Thomas (West Indies), Seville, Sheffield, Stoke-on-Trent, Swansea, Sydney (Nova Scotia), Turin, Tabriz, Tampico, Trieste, Trinidad.

"Class eight, two thousand five hundred dollars: Aca-

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pulco, Algiers, Amapala, Antung, Batum, Belize, Bergen, Breslau, Brunswick, Chihuahua, Ciudad Juarez, Ciudad Porfirio Diaz, Cognac, Curacao, Erfurt, Gibraltar, Gothenburg, Guanajuato, Guaymas, Hamilton (Bermuda), Hull, Kingston (Ontario), Leeds, Lemberg, Limoges, Madrid, Magdeburg, Malta, Martinique, Matamoros, Mersine, Nice, Nogales, Nueva Laredo, Orillia, Owen Sound, Prescott, Puerto Cortes, Rosario, Roubaix, Saint Johns (Newfoundland), Saint Etienne, San Luis Potosi, Sarnia, Sault Sainte Marie, Swatow, Tamatave, Tenerie, Torreon, Trebizond, Tripoli (North Africa), Tsinanfu, Valencia, Windsor (Ontario), Yarmouth.

"Class nine, two thousand dollars: Aguascalientes, Asuncion, Bristol, Campbellton, Cape Haitien, Cartagena, Ceiba, Charlottetown, Cornwall, Durango, Ensenada, Fernie, Fort Erie, Fort William-Port Arthur, Grenoble, Guadeloupe, La Paz, Manzanillo, Maskat, Moncton, Niagara Falls, Patras, Puerto Cabello, Puerto Plata, Rouen, Saint Johns (Quebec), Saint Pierre, Saint Stephen, Salina Cruz, Saltillo, Sierra, Leone, Sivas, Tahiti, Tapachula, Turks Island, Venice."

Section forty-three hundred and nine, Revised Statutes of the United States, is hereby amended to read as follows:

"Sec. 4309. Every master of a vessel, belonging to citizens of the United States, who shall sail from any port of the United States shall, on his arrival at a foreign port, deposit the vessel's register, sea letter, duplicate bill of health, and passport with the consular officer of the United States, if any there be at such port; and it shall be the duty of such consular officer, on such master or commander producing to him a clearance from the proper officer of the port where his vessel may be, to deliver to the master all of his papers, if such master or commander has complied with the provisions of law relating to the discharge of seamen in a foreign country, and to the payment of the fees of consular officers: Provided, That whenever the Secretary of State is convinced that conditions prevailing at any port would make the deposit of ship's papers with the consular officer or would make compliance with section forty-five hundred and seventy-six of the Revised Statutes of the United States hazardous or impracticable, he is authorized to waive in whole or in part the requirements of this section with respect to such port."

Section forty-three hundred and ten of the Revised Statutes of the United States is hereby revised to read as follows:

"Sec. 4310. Every master of any such vessel who refuses or neglects to deposit the papers as required by the preceding section shall be liable to a penalty of five hundred dollars, to be recovered by such consular officer, in his own name, for the benefit of the United States, in any court of competent jurisdiction."

Section eight of the Act of April fifth, nineteen hundred and six (Thirty-fourth Statutes, page one hundred and one), is hereby amended to read as follows:

"Sec. 8. That all fees, official or unofficial, received by any officer in the Consular Service for services rendered in connection with the duties of his office or as consular officer, including fees for notarial services, and fees for taking depositions, executing commissions or letters rogatory, settling estates, receiving or paying out moneys, caring for or disposing of property, shall be accounted for and paid into the Treasury of the United States, and the sole and only compensation of such officers shall be by salaries fixed by law; but this shall not apply to consular agents, who shall be paid by one half of the fees received in their offices, up to a maximum sum of one thousand dollars in any one year, the other half being accounted for and paid into the Treasury of the United States. And vice consuls general, deputy consuls general, vice consuls, and deputy consuls, in addition to such compensation as they may be entitled to receive as consuls or clerks, may receive such portion of the salaries of the consuls general or consuls for whom they act as shall be provided by regulation.

"And all such accounts for fees shall be forwarded to the Department of State by the consular officers and transmitted to the Auditor for the State and other Departments by the Deparment of State, under the provisions of section twelve of the Act of July thirty-first, eighteen hundred and ninety-four (Twenty-eighth Statutes, page three hundred and eight). And the Secretary of the Treasury is authorized to direct any consular officer to refund, out of any moneys of the United States in his hands, such fees as the Secretary of State may decide to have been collected by said consular officer by mistake on the part either of the consular officer or of the person for whom the service was performed, the consular officer to take credit in his next account for any such refunds."

Section ten of the Act of April fifth, nineteen hundred and six (Thirty-fourth Statutes, page one hundred and two), is hereby amended to read as follows:

"Sec. 10. That every consular officer shall be provided and kept supplied with adhesive official stamps, on which shall be printed the equivalent money value of denominations and to amounts to be determined by the Department of State, and the par value of all such stamps so delivered to him by the Department of State shall be charged to him.

"Whenever a consular officer is required or finds it necessary to perform any consular or notarial act he shall prepare and deliver to the party or parties at whose instance such act is performed a suitable and appropriate document, as prescribed in the consular regulations, and affix thereto and duly cancel an adhesive stamp or stamps of the denomination or denominations equivalent to the fee prescribed for such consular or notarial act, and no such act shall be legally valid within the jurisdiction of the Government of the United States unless such stamp or stamps is or are affixed and canceled.

"Within twenty days after the end of each quarter every consular officer shall render to the Department of State a stamp account, in which he shall charge himself with the balance of uncanceled stamps on hand at the beginning at the quarter and with all stamps received by him from the Department of State during the quarter, and shall credit himself with all stamps affixed to official or notarial documents during the quarter and canceled by

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him; and said account shall be forwarded by the Department of State to the Auditor for the State and other Departments for audit under the provisions of section twelve of the Act of July thirty-first, eighteen hundred and ninety-four (Twenty-eighth Statutes, page two hundred and nine); and the Department of State shall make to the Auditor for the State and other Departments a quarterly report of all such stamps received by said department and supplied to consular officers."

Section seventeen hundred and twenty-eight, Revised Statutes of the United States, is hereby amended to read as follows:

"Sec. 1728. Every consular officer, in rendering his account, shall furnish, in such form as the President may prescribe, a complete and accurate statement of the total amount of fees collected by him, as shown by the register which he is required to keep, and make oath that, to the best of his knowledge, the same is true and contains a full and accurate statement of all fees received by him, or for his use, for his official and unofficial services as such consular officer during the period for which it purports to be rendered. Such oath may be taken before any person having authority to administer oaths at the port or place where the consular officer is located. If any such consular officer willfully and corruptly commits perjury in any such oath, within the intent and meaning of any Act of Congress now or hereafter made, he may be charged, proceeded against, tried, and convicted, and dealt with in the same manner, in all respects, as if such offense had been committed in the United States before any officer duly authorized therein to administer or take such oath, and shall be subject to the same punishment and disability therefor as are or shall be prescribed for such offense."

Sections seventeen hundred and twenty-six, seventeen hundred and twenty-seven, seventeen hundred and twenty-nine, and forty-two hundred and thirteen, Revised Statutes of the United States, are hereby repealed.

Sec. 2. That this Act shall take effect upon the first of July, nineteen hundred and eleven.

SENATE REPORT.

At the closing session of the 61st Congress the bill above printed was reported from the Senate Committee on Foreign Relations. In the report was reproduced the following letter from the Secretary of State and the appended comments on the necessities of certain Far Eastern Consulates:

JANUARY 7, 1911.

SIR: I have the honor to submit for the consideration of your committee, with a view to the enactment by Congress of the necessary legislation, a number of changes in the grades, salaries, and posts in the Consular Service.

The recommendations are in every instance based upon what appears to the department to be for the best interests not only of the Consular Service itself but of the commerce of the United States with foreign countries. Each recommendation will be found to be explained in detail in the accompanying memoranda, based upon data obtained from inspectors and from other trustworthy sources. For convenience, however, the reasons for the recommendations may be summarized as follows:

1. CHANGES IN TRADE CONDITIONS.

By reason of changes in trade routes, due to new transportation lines, the development of mines, plantations, and other enterprises and the establishment of new industries calling for the services or the supervision of consular officers, existing consulates in some places become no longer necessary, while on the other hand the establishment of offices at other points becomes of the highest importance to the welfare of American interests. If the Consular Service is to be of real value, it must be constantly adjusting itself to changes in the conditions under which the commercial and other activities of our people are being carried on abroad. Moreover, in a number of places it seems to serve no useful purpose, commensurate with the expense involved, to maintain a consular as well as a diplomatic office in the same city. This is particularly true in Central America, where the commercial business is largely carried on outside the capital cities. Now that diplomatic missions are maintained in those cities, it is believed that they should be able alone to deal with such commercial and other matters as may require attention, thus making it practicable to save the amount which the consulates now cost or to expend it in establishing new consulates at points where urgent need for them exists.

For the foregoing reasons it is recommended that a number of offices be closed because changes in conditions have made them no longer necessary or because the diplomatic offices in the cities in which the consulates are now maintained have been found capable of adding to their other functions the duties now devolving upon the consulates, making it entirely practicable to dispense with one of the two separate establishments now maintained.

Under this head attention may be called also to the recommendations for the establishment of 10 new consular offices. The places at which the establishment of new offices is recommended are cities about which much American capital is invested, or which are the centers of regions in which there is good reason to believe American trade can be developed. The three cities in Mexico, for example, at which consulates are recommended are the chief centers of territories in which several thousands of Americans reside and in which over $60,000,000 of American capital is invested. The recommendations have been considered with much care, and it is hoped that they will meet with the approval of Congress.

2. INCREASES IN SALARIES.

Especial attention is invited to the recommendations for increases in the salaries of a number of consulates general and consulates. Now that the Consular Service is becoming more and more an important factor in the development and extension of American trade, it is of the highest importance that the officers should receive such salaries as shall enable them to live in a manner commanding the respect of the persons with whom they have official relations, either in regard to the development of trade or the safeguarding of American interests. It is a matter of common knowledge that the cost of living in many foreign

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countries is as great and in some cases greater than in cities of the same size in the United States. The existing salaries of the consular officers in a number of cities in no sense compare with the importance of their positions, and are not sufficient to defray the expense of living in a creditable manner. It does not seem economy to maintain representatives in those places in such a manner as to make it difficult or impossible for them to avail of the opportunities of meeting and cultivating cordial relations with people whose good will would be advantageous to this country.

In the work of assisting in the development of a large export trade, the manner in which a consular officer lives has a direct relation to his efficiency. It is obviously impossible for an officer to be efficient in aiding our exporters to obtain foreign markets for their products, or in other respects to be an entirely creditable representative of this Government, when his sole income is a salary barely sufficient to meet the expenses of living in such a modest manner as to deprive him of the opportunity to mingle with the principal men in a commercial community. The increases in compensation recommended are few, but they have been selected with much care and with especial reference to their relation to the development of trade, and in no case are they based upon the personal desires of any officer who might benefit from them.

3. AMENDMENTS TO STATUTES.

There are submitted for your consideration several changes in the statutes pertaining to the administration of consular affairs. The present system of accounting in the Consular Service is unduly complicated and unnecessarily expensive. A simple, expeditious, and inexpensive system is needed, but such a system cannot be adopted so long as the law remains unchanged. If Congress should act favorably upon the recommendations submitted, it is proposed to abolish all unnecessary formalities and reduce the accounting system to such form as will require a minimum of clerical work and permit of more prompt and satisfactory transaction of business than is now possible, at the same time providing all safeguards necessary to protect the interests of the Government.

It is confidently believed that the changes in the laws herein recommended would make it possible to issue regulations whereby a saving of many thousands of dollars could be made.

I have the honor to be, sir, your obedient servant,

P. C. KNOX.

HON. SHELBY M. CULLOM,

Chairman Committee on Foreign Relations, United States Senate.

SALARY INCREASES.

Mukden, China, consul general, class 5 ($4,500) *to class* 4 ($5,500).—Mukden is an important railway center, at the junction of four railroad lines—the Dalny, Hsinmintun, Yentai and the Antung lines—which naturally tend to develop it as a large center of distribution and collection. There are no customs statistics published on the inland trade of Manchuria, and it is therefore impossible to state the share the United States has in the import trade of this post, which is, however, constantly increasing. The district at present constitutes an extensive market for American flour, piece goods and petroleum.

The expense of living in Mukden is very heavy, and as everything has to be transferred from the seacoast, this in itself increases the cost of living. There are no hotels at Mukden, and the consul general is called upon constantly to entertain Americans visiting the Manchurian capital. It is also the seat of the viceroy of the three Manchurian Provinces, who is intrusted with the administration of every question of an international character in Manchuria, as well as local matters affecting foreign and Chinese interests. There is also a governor resident at Mukden, and the usual staff of officers connected with the provincial government, all of which makes it an extremely expensive place of residence. It is extremely essential that the American representative resident at Mukden should be in a position financially to hold his own with the German, Japanese, and other consular representatives there. The German consul receives a salary of $6,000, the Russian consul general, $5,407, while the consul general of Great Britain receives $5,109, and all of these officers are furnished with residences in addition to their salaries.

Yokohama, Japan, consul general, class 3 ($6,000), to *class* 2 ($8,000).—Yokohama is the seaport for the city of Yokohama and also for the capital city of Japan—Tokyo. The population immediately surrounding the harbor is approximately 2,500,000. The industrial and commercial development of both Tokyo and Yokohama is very extensive. The inspector, who has inspected Yokohama twice within the last two years, strongly urges that the grade of the office be raised to class 2, and states that the direct import trade into Yokohama from the United States for 1908 was $16,065,530 and the exports from Yokohama to the United States in 1908 were $49,394,704. This amount more than equals the entire direct trade between the United States and the Chinese Empire, which in 1907 (the latest available statistics) amounted to $51,000,000. The fees collected by the consulate general at Yokohama, all of which are turned into the treasury, have been steadily increasing, as is shown by the following table:

Fees collected in:—

1906	$24,888.85
1907	26,967.55
1908	26,494.75
1909	28,442.79
1910	30,640.86

Commercially, Yokohama ranks very high, and the duties of the consulate general are commercial and quasi-diplomatic, and are extremely important, many difficulties of this latter character being constantly brought to the notice of the consul general, who has official relations with the governor, the mayor, the director of customs, the judicial officers, the chief of police, and the harbor master. The consul general, being on the ground, many of these officials prefer to deal direct with him in the adjustment of troubles in their departments, and hence his diplomatic duties are very extensive and varied.

Yokohama undoubtedly ranks with Shanghai and Hongkong in importance and work, and the duties of the three offices are very similar. It is therefore believed that Yokohama should be placed in the same grade with the two offices named.

OFFICE TO BE ESTABLISHED.

Tsinanfu, China, consul, class 8 ($2,500).—The American legation at Peking, the inspector for the Far East, and the consul at Chefoo have all recommended strongly the establishment of a consulate at Tsinanfu, which is the capital of Shantung. There are a great many American missionaries in this section, and the consulate would be of much assistance and a great convenience to them. It is also desirable that an office be established here for commercial reasons, as there are many important American firms having headquarters at this capital, which is the educational and commercial metropolis of the Province and will shortly be the most important railway center in northern China. The bulk of the American cottons and oil entering the Province are distributed from here. Great Britain maintains a consul at Tsinanfu, with a salary of $3,893, and Germany a consul, with a salary of $4,760.

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INTERNATIONAL TRADE-MARK CONVENTIONS.

The conference of the International Union for the Protection of Industrial Property held in Washington from May 15 to June 2, 1911, resulted in three important conventions relating to trade-marks, patents, and designs.

The conference, the fourth of its kind, was opened with Mr. Edward B. Moore, United States Commissioner of Patents, as temporary chairman, the permanent chairman being Hon. Charlemagne Tower. Mr. Georges de Ro, of Belgium, was vice-president, and M. Bernado Frey-Godet, of Switzerland, secretary general. More than 75 delegates, representing 40 nations, were in attendance. The American delegation comprised Mr. Edward B. Moore, chairman; Hon. Charles H. Duell, ex-Commissioner of Patents; Mr. Frederick P. Fish, Boston; Mr. Robert H. Parkinson, Chicago, and Mr. Melville Church, Washington.

The conventions resulting from the Washington conference relate to the protection of industrial property, the international registration of trade-marks, and the repression of false indications of production on merchandise, and were as follows:

INTERNATIONAL UNION FOR THE PROTECTION OF INDUSTRIAL PROPERTY—CONVENTION OF THE UNION OF PARIS MARCH 20, 1883, FOR THE PROTECTION OF INDUSTRIAL PROPERTY —REVISED AT BRUSSELS DECEMBER 14, 1900, AND AT WASHINGTON JUNE 2, 1911.

Article 1. The contracting countries constitute a state of Union for the protection of Industrial property.

Article 2. The subjects or citizens of each of the contracting countries shall enjoy in all the other countires of the Union with regard to patents of invention, models of utility, industrial designs or models, trademarks, trade names, the statements of place of origin, suppression of unfair competition, the advantages which the respective laws now grant or may hereafter grant to the citizens of that country. Consequently, they shall have the same protection as the latter and the same legal remedies against any infringements of their rights, provided they comply with the formalities and requirements imposed by the national laws of each State upon its own citizens. Any obligation of domicile or of establishment in the country where the protection is claimed shall not be imposed on the members of the Union.

Article 3. The subjects or citizens of countries which do not form part of the Union, who are domiciled or own effective and bona fide industrial or commercial establishments in the territory of any of the countries of the Union, shall be assimilated to the subjects or citizens of the contracting countries.

Article 4. (*a*) Any person who shall have duly filed an application for a patent, utility model, industrial design or model, or trademark, in one of the contracting countries, or the successor or assignee of such person shall enjoy, for the purpose of filing application in the other countries, and subject to the rights of third parties, a right of priority during the periods hereinafter specified.

(*b*) Consequently, the subsequent filing in one of the other countries of the Union, prior to the expiration of such periods, shall not be invalidated by acts performed in the interval, especially, by another application by publication of the invention or the working of the same, by the sale of copies of the design or model, nor by the use of the mark.

(*c*) The periods of priority above referred to shall be twelve months for patents and models of utility, and four months for industrial designs and models, as also for trademarks.

(*d*) Whoever shall wish to avail himself of the priority of an anterior filing, shall be required to make a declaration showing the date and the country of this filing. Each country shall determine at what moment, at the latest, this declaration must be executed. This information shall be mentioned in the publications issued by the competent Administration, particularly on patents and the specifications relative thereto. The contracting countries shall require of one who makes a declaration of priority the production of a copy of the application (specification, drawings, etc.) previously filed, certified to be a true copy by the Administration which shall have received it. This copy shall be dispensed from any legalization. It may be required that it be accompanied by a certificate of the date of filing, issuing from this Administration, and of a translation. Other formalities shall not be required for the declaration of priority at the time of the filing of the application. Each contracting country shall determine the consequences of the omission of the formalities prescribed by the present article, unless these consequences exceed the loss of the right of priority.

(*e*) Later other justifications can be demanded.

Article 4½. Patents applied for in the different contracting countries by persons admitted to the benefit of the Convention in the terms of articles 2 and 3, shall be independent of the patents obtained for the same invention in the other countries, adherent or not to the Union.

This provision shall be understood in an absolute manner, particularly in the sense that the patents applied for during the term of priority are independent, as much from the point of view of the causes of nullity and of forfeiture as from the point of view of the normal duration.

It applies to all patents existing at the time of entrance into force.

It shall be likewise, in case of accession of new countries for patents existing on both sides at the time of accession.

Article 5. The importation, by the patentee, into the country where the patent has been granted, of articles manufactured in any of the countries of the Union shall not entail forfeiture.

However, the patentee shall be obliged to work his patent according to the laws of the country into which he introduces the patented objects, but with the restriction that the patent shall not be liable to forfeiture because of non-working in one of the countries of the Union until after a term of three years, from the date of the filing of the application in that country, and only in case the patentee shall fail to show sufficient cause for his inaction.

Article 6. Every trademark regularly registered in the country of origin shall be admitted to registration and protected as that in the other countries of the Union.

However, there may be refused or invalidated:

(1) Marks which are of a nature to infringe rights acquired by third parties in the country where protection is claimed.

(2) Marks devoid of all distinctive character, or even composed exclusively of signs or data which may be used in commerce, to designate the kind, quality, quantity, destination, value, place of origin of the products, or the time of production, or become common in the current language or the legal and steady customs of commerce of the country where the protection is claimed.

In the estimation of the distinctive character of a mark, all the circumstances existing should be taken into account, particularly the duration of the use of the mark.

(3) Marks which are contrary to morals and public order.

The country where the applicant has his principal establishment shall be considered as the country of origin.

If this principal establishment is not located in one of the countries of the Union, that to which the applicant belongs shall be considered as country of origin.

Article 7. The nature of the product on which the trademark is to be applied cannot, in any case, be an obstacle to the filing of the mark.

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Article 7½. The contracting countries agree to admit for filing and to protect marks belonging to associations the existence of which is not contrary to the law of the country of origin, even if these associations do not possess an industrial or commercial establishment.

Each country shall be judge of the special conditions under which an association may be admitted to have the marks protected.

Article 8. Trade names shall be protected in all the countries of the Union without the obligation of filing, whether it be a part or not of a trademark.

Article 9. Any product bearing illegally a trademark or a trade name shall be seized at importation in those of the countries of the Union in which this mark or this trade name may have a right to legal protection.

If the laws of a country do not admit of seizure on importation, the seizure shall be replaced by prohibition of importation.

The seizure shall be likewise effected in the country where illegal affixing shall have been made, or in the country into which the product shall have been imported.

The seizure shall be made at the request of the public ministry, or any other competent authority, or by an interested party, individual or society, in conformity to the interior laws of each country.

The authorities shall not be required to make the seizure in transit.

If the laws of a country admit neither of the seizure or importation nor the prohibition of importation, nor seizure in said country, these measures shall be replaced by the acts and means which the law of such country would assure in like case to its own citizens.

Article 10. The provisions of the preceding article shall be applicable to any product bearing falsely, as indication of place of production, the name of a definite locality, when this indication shall be joined to a fictitious or borrowed trade name with an intention to defraud.

The interested party is considered any producer, manufacturer or merchant, engaged in the production, manufacture or commerce of such product, and established either in the locality falsely indicated as place of production or in the region where this locality is situated.

Article 10½. All the contracting countries agree to assure to the members of the Union an effective protection against unfair competition.

Article 11. The contracting countries shall accord, in conformity with their national laws, a temporary protection to patentable inventions, working models, industrial models or designs, as well as to trademarks, for products exhibited at international expositions, official or officially recognized, organized in the territory of one of them.

Article 12. Each of the contracting countries agrees to establish a special service for Industrial Property and a central office for the communication to the public of patents, working models, industrial models or designs and trademarks. This service shall publish, as often as possible, an official periodical.

Article 13. The international Office instituted at Berne under the name of "Bureau international pour la protection de la Propriété industrielle" is placed under the high authority of the Government of the Swiss Confederation, which regulates its organization and supervises its operation.

The international Bureau shall centralize information of any nature relative to the protection of industrial property, and form it in a general statistical report which shall be distributed to all Administrations. It shall proceed to considerations of common utility interesting to the Union and shall edit, with the aid of the documents put at its disposal by the different Administrations, a periodical in the French language on questions concerning the object of the Union.

Numbers of this periodical, like all the documents published by the international Bureau, shall be distributed among the Administrations of the countries of the Union, in proportion to the number of contributive units mentioned below. Copies and supplementary documents which shall be requested, either by the said Administrations, or by societies or individuals, shall be paid for separately.

The international Bureau shall hold itself at all times at the disposition of the members of the Union, to furnish them special information of which they may have need, on the questions relative to the international service of industrial property. It shall make an annual report of its management which shall be communicated to all members of the Union.

The official language of the international Bureau shall be French.

The expense of the international Bureau shall be borne in common by the contracting countries. They may not, in any case, exceed the sum of sixty thousand francs per year.

In order to determine the contributive part of each of the countries in this sum total of the expenses, the contracting countries and those which later join the Union shall be divided into six classes, each contributing in proportion to a certain number of units, to-wit:

	Units.
Class 1	25
Class 2	20
Class 3	15
Class 4	10
Class 5	5
Class 6	3

These coefficients shall be multiplied by the number of countries of each class, and the sum total of the products thus obtained will furnish the number of units by which the total expenses are to be divided. The quotient will give the amount of the unit of expense.

Each of the contracting countries shall designate at the time of its accession, the class in which it wishes to be ranked.

The Government of the Swiss Confederation shall supervise the expenses of the international Bureau, make necessary advances and draw up annual statements of accounts which shall be communicated to all the other Administrations.

Article 14. The present Convention shall be submitted to periodical revisions with a view to introducing improvements in it of a nature to perfect the system of the Union.

To this end conferences of the delegates of the contracting countries shall be held successively in one of the said countries.

The Administration of the country where the conference is to be held shall prepare, with the concurrence of the international Bureau, the works of such conference.

The Director of the international Bureau will assist at the meetings of the conferences and take part in the discussions without a vote.

Article 15. It is understood that the contracting countries reserve to themselves respectively the right to make separately, between themselves, special arrangements for the protection of industrial property, in so far as these arrangements may not interfere with the provisions of the present Convention.

Article 16 The countries which have not taken part in the present Convention shall be permitted to adhere to it upon their request.

Notice of an adhesion shall be made through diplomatic channels to the Government of the Swiss Confederation, and by the latter to all the others.

It shall entail complete adhesion to all the clauses and admission to all the advantages stipulated by the present Convention, and shall take effect one month after the notification made by the Government of the Swiss Confederation to the other unionist countries, unless a later date shall have been indicated by the adhering country.

Article 16½. The contracting countries have the right

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to adhere at any time to the present Convention for their colonies, possessions, dependencies, and protectorates, or for certain ones of them.

They may, to this end, either make a general declaration by which all their colonies, possessions, dependencies and protectorates are included in the adherence, or expressly name those included therein, or simply indicate those excluded from it.

This declaration shall be made in writing to the Government of the Swiss Confederation and by the latter made to all the others.

The contracting countries can, under like conditions, renounce the Convention for their colonies, possessions, dependencies and protectorates, or for certain ones of them.

Article 17. The fulfillment of the reciprocal obligations contained in the present Convention is subordinated, in so far as need be, to compliance with the formalities and regulations established by the constitutional laws of those of the contracting countries which are bound to secure the application of the same which they engage to do with the least possible delay.

Article 17½. The Convention shall remain in force an indefinite time, until the expiration of one year from the day when the renunciation shall be made.

This renunciation shall be addressed to the Government of the Swiss Confederation. It shall affect only the country giving such notice, the Convention remaining operative as to the other contracting countries.

Article 18. The present Act shall be ratified, and the ratifications filed in Washington, at the latest, April 1, 1913. It shall be put into execution, among the countries which shall have ratified it, one month after the expiration of this period of time.

This Act, with its final Protocol, shall replace, in the relations of the countries which shall have ratified it: the Convention of Paris, March 30, 1883; the Final Protocol annexed to that Act; the Protocol of Madrid, April 15, 1891, relating to the dotation of the international Bureau. and the additional Act of Brussels, December 14, 1900. However, the Acts cited shall remain binding on the countries which shall not have ratified the present Act.

Article 19. The present Act shall be signed in a single copy, which shall be filed in the archives of the Government of the United States. A certified copy shall be sent by the latter to each of the unionist Governments.

In witness whereof, the respective Plenipotentiaries have signed the present Act.

Done at Washington, in a single copy, the second day of June, 1911:

For Germany: Haniel von Haimhausen, H. Robolski, Albert Osterrieth. For Austria and for Hungary: L. Baron de Hengelmuller, Ambassadeur d'Autriche-Hongrie. For Austria: Dr. Paul Chevalier Beck de Mannagetta et Lerchenau, Chef de Section et Président de l'Office I. R. des Brevets d'invention. For Hungary: Elemér de Pompéry, Conseiller ministérial à l'Office Royal hongrois des Brevets d'invention. For Belgium: J. Brunet, Georges de Ro, Capitaine. For Brazil: R. de Lima e Silva. For Cuba: Antonio Martin Rivero. For Denmark: J. Clan. For the Dominican Republic: Emilio C. Joubert. For Spain: Juan Riaño y Gayangos, J. Florez Posada. For the United States of America: Edward Bruce Moore, Melville Church, Charles H. Duell, Robert H. Parkinson, Frederick P. Fish. For France: Pierre Lefèvre-Pontalis, G. Breton, Michel Pelletier, Georges Maillard. For Great Britain: A. Mitchell Innes, A. E. Bateman, W. Temples Franks. For Italy: Lazzaro Negrotto Cambiaso, Emilio Venezian, G. B. Ceccato. For Japan: K. Matsui, Morio Nakamatsu. For the United States of Mexico: J. De las Fuentes. For Norway: Ludwig Aubert. For the Netherlands: Snyder van Wissenkerke. For Portugal: J. F. H. M. da Franca, Vte. D'Alte. For Servia: ——— ———. For Sweden: Albert Ehrensvärd. For Switzerland: P. Ritter, W. Kraft, Henri Martin. For Tunis: E. de Peretti de la Rocca.

FINAL PROTOCOL.

At the time of the proceeding to the signing of the Act concluded on this day, the undersigned Plenipotentiaries are agreed upon the following:

To Article 1. The words "Propriété industrielle" (Industrial Property) shall be taken in their broadest acceptation; they extend to all production in the domain of agricultural industries (wines, grains, fruits, animals, etc.), and extractives (minerals, mineral waters, etc.).

To Article 2. (*a*) Under the name of patents are comprised the different kinds of industrial patents admitted by the laws of the contracting countries, such as patents of importation, patents of improvement, etc., for the processes as well as for the products.

(*b*) It is understood that the provision in Article 2, which dispenses the members of the Union from obligation of domicile and of establishment has an interpretable character, and must, consequently, be applied to all the rights granted by the Convention of March 20, 1883, before the entrance into force of the present Act.

(*c*) It is understood that the provisions of Article 2 do not infringe the laws of each of the contracting countries, in regard to the procedure followed before the courts and the competency of those courts, as well as the election of domicile or the declaration of the selection of an attorney required by the laws on patents, working models, marks, etc.

To Article 4. It is understood that, when an industrial model or design shall have been filed in a country by virtue of the right of priority based on the filing of a working model, the term of priority shall be only that which Article 4 has fixed for industrial models and designs.

To Article 6. It is understood that the provision of the first paragraph of Article 6 does not exclude the right to require of the depositor a certificate of regular registration in the country of origin, issued by competent authority.

It is understood that the use of badges, insignia or public decorations which shall not have been authorized by competent powers, or the use of official signs and stamps of control and of guaranty adopted by a unionist country, may be considered as contrary to public order in the sense of No. 3 of Article 6.

However, marks, which contain, with the authorization of competent powers, the reproduction of badges, decorations or public insignia, shall not be considered as contrary to public order.

It is understood that a mark shall not be considered as contrary to public order for the sole reason that it is not in conformity with some provision of laws on marks except in the case where such provision itself concerns public order.

The present final protocol, which shall be ratified at the same time as the Act concluded on this day, shall be considered as forming an integral part of this Act, and shall be of like force, value and duration.

In Witness Whereof; the respective Plenipotentiaries have signed the present Protocol.

Done at Washington, in a single copy, June 2, 1911:

Haniel von Haimhausen, H. Robolski, Albert Osterrieth, L. Baron de Hengelmuller, Dr. Paul Chevalier Beck de Mannagetta et Lerchenau, Elemér Pompéry, J. Brunet, Georges de Ro, Capitaine, R. De Lima e Silva, J. Clan, Juan Riaño y Gayangos, J. Florez Posada, Edward Bruce Moore, Melville Church, Charles H. Duell, Frederick P. Fish, Robt. H. Parkinson, Emilio C. Joubert, Pierre Lefèvre-Pontalis, Michel Pelletier, G. Breton, Georges Maillard, A. Mitchell Innes, A. E. Bateman, W. Temple Franks, Lazzaro Negrotto Cambiaso, Emilio Venezian, G. B. Ceccato, K. Matsui, Morio Nakamatsu, J. De las Fuentes, Snyder van Wissenkerke, J. F. H. M. Da Franca, Vte. D'Alte, Albert Ehrensvärd, P. Ritter, W. Kraft, Henri Martin, E. De Peretti de la Rocca, Ludwig Aubert, Antonio Martin Rivero.

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INTERNATIONAL UNION FOR THE PROTECTION OF INDUSTRIAL PROPERTY—ARRANGEMENT OF MADRID APRIL 14, 1891, FOR INTERNATIONAL REGISTRATION OF TRADEMARKS—REVISED AT BRUSSELS DECEMBER 14, 1900, AND AT WASHINGTON JUNE 2, 1911. CONCLUDED BETWEEN AUSTRIA, HUNGARY, BELGIUM, BRAZIL, CUBA, SPAIN, FRANCE, ITALY, MEXICO, NETHERLANDS, PORTUGAL, SWITZERLAND AND TUNIS.

The undersigned, duly authorized by their respective Governments, have with one accord, drawn up the following text to replace the arrangement signed at Madrid the fourteenth day of April, 1891, and the additional Act signed at Brussels the fourteenth day of December, 1900, to wit:

Article 1. The subjects or citizens of each of the contracting countries shall be assured, in all of the other countries, of the protection of their trademarks accepted by the Bureau in the country of origin, on condition of the filing of the said marks in the International Bureau, at Berne, made through the medium of the Administration of the said country of origin.

Article 2. The subjects, or citizens of the countries not having adhered to the present arrangement who, in the territory of the restricted Union constituted by the latter, satisfy the conditions established by Article 3 of the General Convention, are identified with the subjects or citizens of the contracting countries.

Article 3. The International Bureau shall register the marks filed, immediately, to conform with Article 1. It shall notify the different administrations of this registration. The registered marks shall be published in a periodical edited by the International Bureau, by means of the indications contained in the application for registration and a stereotype furnished by the applicant.

If the applicant claim the color as a distinctive element of his mark, he shall be required:

1. To state it, and accompany his application for filing with a statement indicating the color or the combination of colors claimed

2. To join to his application specimens of the said mark in color, which shall be annexed to the notifications made by the International Bureau. The number of these copies shall be fixed by the rules of procedure.

In view of the publicity to be given, in the contracting countries, to the registered marks, each administration shall receive gratuitously from the International Bureau the number of copies of the herein mentioned publication which it may demand. This publicity shall be considered, in all the contracting countries, as entirely sufficient, and no other shall be required of the applicant.

Article 4. From the registration thus made at the International Bureau, the protection of the mark in each of the contracting countries shall be the same as if this mark had been directly deposited there.

Every mark registered internationally within the four months following the date of application in the country of origin, shall enjoy the right of priority establishel by Article 4 of the general convention.

Article 4½. When a mark, already applied for in one or more of the contracting countries, has been subsequently registered by the International Bureau in the name of the same titular or of his successor or assignee, the international registration shall be considered as substitute to the anterior national registrations, without prejudice to the rights acquired by the fact of these latter.

Article 5. In the countries where their legislation authorizes it, the administration to which the International Bureau shall give notice of the registration of a mark, shall have the power to declare that protection may not be granted to that mark in their territory. Such a refusal shall be opposed only under the conditions which may be applied by virtue of the general convention, to a mark filed for national registration.

They shall exercise this faculty within the period of time provided by their national law, and, at the latest, within the year of the notification provided by Article 3, by indicating to the International Bureau their reasons for refusal.

The said declaration, so notified to the International Bureau, shall be transmitted by it without delay to the administration of the country of origin and to the owner of the mark. The interested party shall have the same means of recourse as if the mark had been directly applied for by him in the country where the protection is denied.

Article 5½. The International Bureau shall deliver to every person who shall ask it, in consideration of a tax fixed by the rules of procedure, a copy of the inscribed statements in the Register relative to a determined mark.

Article 6. Protection resulting from registration in the International Bureau shall continue twenty years from this registration, but may not be invoked in favor of a mark which shall no longer enjoy legal protection in the country of origin.

Article 7. Registration may always be renewed according to the prescriptions in Articles 1 and 3.

Six months before the expiration of the term of protection, the International Bureau shall give official notice to the administration of the country of origin and to the owner of the mark.

Article 8. The administration of the country of origin shall fix, at will, and collect for its profit, a fee that it may reclaim from the owner of the mark for which international registration is asked. To this fee shall be added an international fee of one hundred francs for the first mark, and of fifty francs for each of the following marks, filed at the same time by the same owner. The annual product of this fee shall be divided in equal parts between the contracting countries through the International Bureau, after the deduction of the common expense necessitated by the execution of this arrangement.

Article 8½. The owner of an international mark can always renounce the protection in one or in several of the contracting countries, by means of a declaration sent to the administration of the country of origin of the mark, to be communicated to the International Bureau, which shall notify it to the countries concerned in this renunciation.

Article 9. The administration of the country of origin shall notify the International Bureau of the annulments, erasures, renunciations, transmissions and other changes which are made in the property of the mark.

The International Bureau shall register these changes, notify them to the Administrations of the contracting countries, and publish them immediately in its journal.

The same procedure shall be made when the owner of the mark shall ask to reduce the list of products to which it is applied.

The later addition of a new product to the list can be obtained only by a new filing accomplished in conformity with the prescriptions of Article 3. To the addition is united the substitution of one product for another.

Article 9½. When a mark inscribed in the international Register shall be transmitted to a person established in a contracting country other than the country of origin of the mark, the transmission shall be notified to the International Bureau by the Administration of this same country of origin. The International Bureau shall register the transmission and, after having received the assent of the Administration to which the new titular belongs by jurisdiction, it shall notify the other Administration and publish it in its journal.

The present provision has not the purpose of modifying the laws of the contracting countries which prohibit the transmission of the mark without the simultaneous assignment or surrender of the industrial or commercial establishment the products of which it identifies.

No transmission of a mark inscribed in the international Register, made to the profit of a person not established in one of the contracting countries, shall be registered.

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Article 10. The Administrations shall regulate by common accord the details relative to the execution of the present arrangement.

Article 11. The countries of the Union for the protection of Industrial Property which have not taken part in the present arrangement shall be admitted to adhere thereto on their demand, and in the form prescribed by the general Convention.

When the International Bureau shall be informed that a country or one of its colonies had adhered to the present arrangement, it shall address to the Administration of that country, in accordance with Article 3, a collective notification of the marks which, at that time, enjoy international protection.

This notification shall assure, of itself, to the said marks the benefit of the preceding provisions in the territory of the adherent country, and the period of time shall run one year during which the interested Administration can make the declaration provided for in Article 5.

Article 12. The present arrangement shall be ratified, and the ratifications shall be filed in Washington at the latest April 1, 1913.

It shall enter into force one month from the expiration of this period of time, and shall have the same force and duration as the general convention.

In witness whereof, the respective Plenipotentiaries have signed the present arrangement.

Done at Washington, in a single copy, June 2, 1911:

For Austria and Hungary: L. Baron de Hengelmuller, Ambassador of Austria-Hungary. For Austria: Dr. Paul Chevalier Beck de Mannagetta et Lerchenau, Chef de Section et Président de l'Office I. R. des Brevets d'invention. For Hungary: Elemér de Pompéry, Conseiller ministériel à l'Office Royal hongrois des Brevets d'invention. For Belgium: J. Brunet, Georges de Ro, Capitaine. For Brazil: R. de Lima e Silva. For Cuba: Antonio Martin Rivero. For Spain: Juan Riaño y Gayangos, J. Florez Posada. For France: Pierre Lefèvre-Pontalis, G. Breton, Michel Pelletier, Georges Maillard. For Italy: Lazzaro Negrotto Cambiaso, Emilio Venezian, G. B. Ceccato. For Mexico: J. De las Fuentes. For the Netherlands: Snyder van Wissenkerke. For Portugal: J. F. H. M. Da Franca, Vte. D'Alte. For Switzerland: P. Ritter, W. Kraft, Henri Martin. For Tunis: E. de Peretti de la Rocca.

INTERNATIONAL UNION FOR THE PROTECTION OF INDUSTRIAL PROPERTY—ARRANGEMENT OF MADRID, APRIL 14, 1891, RELATING TO THE REPRESSION OF FALSE INDICATIONS OF PRODUCTION ON MERCHANDISE—REVISED AT WASHINGTON JUNE 2, 1911. CONCLUDED BETWEEN BRAZIL, CUBA, SPAIN, FRANCE, GREAT BRITAIN, PORTUGAL, SWITZERLAND AND TUNIS.

The undersigned, duly authorized by their respective Governments, have, with one accord, drawn up the following text, which shall replace the arrangement signed at Madrid April 14, 1891, to-wit:

Article 1. Every product bearing a false indication of production in which one of the contracting countries, or a place situated in one among them, shall be directly or indirectly indicated as country or place of origin, shall be seized on importation in each of the said countries.

The seizure shall likewise be made in the country where the false indication of production shall have been affixed, or in that country where the product provided with such false indication shall have been introduced.

If the laws of a country do not admit of the seizure on importation, such seizure shall be replaced by prohibition of importation.

If the laws of a country do not admit of the seizure in that country, such seizure shall be replaced by the acts and means which the law of that country provides in such case to its own citizens.

Article 2. The seizure shall be made at the request of the public Ministry, or by any competent authority, for example, the Customs Administration, or by an interested party, individual or society, in conformity with the interior laws of each country.

The authorities shall not be required to effect the seizure in case of transit.

Article 3. The present provisions are not an obstacle to the indication of the seller's name or address on the products from a different country from that of the sale; but, in such case, the address or the name shall be accompanied by the exact indication, and in plain characters, of the country or the place of manufacture or of production.

Article 4. The courts of each country shall have to decide what are the appellations which, by reason of their generic character, shall be excluded from the provisions of the present arrangement, local appellations of production of vinous products being however comprised in the specified reservation of such article.

Article 5. The States of the Union for the protection of Industrial Property which have not taken part in the present arrangement shall be admitted to adherence thereto upon their request, and in the form prescribed by Article 16 of the General Convention.

Article 6. The present arrangement shall be ratified, and the ratifications be filed in Washington at the latest, April 1, 1913.

It shall enter into force one month from the expiration of this peroid of time, and shall have the same force and duration as the General Convention.

In witness whereof, the respective Plenipotentiaries have signed the present arrangement.

Done at Washington, in a single copy, June 2, 1911.

For Brazil: R. de Lima e Silva. For Cuba: Antonio Martin Rivero. For Spain: Juan Riaño y Gayangos, J. Florez Pasada. For France: Pierre Lefèvre-Pontalis, G. Breton, Michel Pelletier, Georges Maillard. For Great Britain: A. Mitchell Innes, A. E. Bateman, W. Temple Franks. For Portugal: J. F. H. M. Da Franca, Vte. D'Alte. For Switzerland: P. Ritter, W. Kraft, Henri Martin. For Tunis: E. de Peretti de la Rocca.

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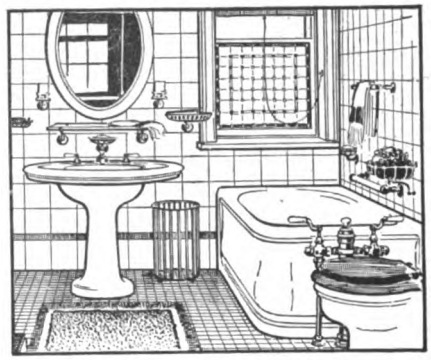

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CONTENTS.

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As we go to press, there is a pervasive note of pessimism in the comments of sympathetic observers on affairs in China. Each day appears to bring a keener apprehension that China is drifting into political chaos. Although the fundamental aims of the revolutionary movement are regarded as worthy, they are apparently being brought to naught by lack of cohesion, lack of funds and lack of a real leader. Both sides are reported as being financially close to bankruptcy and as realizing that their first need is to establish credit. The cost of the struggle thus far has been much greater than can be fully realized. Apart from the losses of the battlefield, it has plunged a majority of the provinces into poverty and famine; it has arrested all trade and commerce, crippled agriculture and industry, and diverted practically every penny of tax revenue from the purposes of peace. The moral effect upon the people at large is, of course, a steadily deteriorating one. Brigandage is almost the only profitable occupation left to millions of people who would otherwise be peaceable and orderly, and the numbers who are starving within a radius of a few hundred miles of Shanghai lend a still deeper tone of gloom to a picture already sufficiently dark.

In such circumstances the pathos of the situation is rather heightened by the statement that the revolutionary juntas in Shanghai are now marking time, awaiting the arrival of Dr. Sun Yat-sen who is expected at any moment, and who it is hoped may prove to be the leader whom every one is seeking. The best information accessible about Dr. Sun is that he is a Cantonese by birth, and that his real name is Sun Wan, Yat-sen being his literary name. He is still comparatively young, being only forty-three; he was trained to be a physician and for a while practiced medicine in Shanghai. But having been seized with the enthusiasm of the liberator, when he saved enough to take him abroad, he went to England to study its political and social institutions. After a sojourn of a few years in London he went to France, where he continued his studies. In 1907 Dr. Sun made an attempt to start a rebellion throughout the entire region south of the Yangtsze, his plan being to capture the city of Canton by a bold stroke and to start a revolt simultaneously in the two provinces of the vice-royalty. Sun unfurled the flag of revolution in Keichou, but his force proving inadequate to cope with the troops sent against him by the Viceroy he fled for his life to Annam, and thence to Japan. Meanwhile a very large reward had been set upon his head, and Sun left the Orient for Europe to organize the Chinese abroad into a revolutionary union. His success in

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England and France is said to have been remarkable, and a similar claim has been advanced in regard to his efforts here. His rather dramatic capture and his subsequent release from the custody of the Chinese Embassy in London constitute the best known episodes of his career. If it be a fact, as credibly stated, that Dr. Sun has selected General Homer Lea as his Occidental adviser, his inadequacy for the role assigned him requires no further demonstration.

THE tone of the President's message in regard to Chinese affairs is decidedly non-committal. Reference is made to the conclusion of the two important international loans, in both of which financial interests in the United States were participants. But there is no allusion to the fact that it was with the popular agitation against the railroad loan that the present revolt began, and that the nationalization of Chinese railways, on which the Hu-Kuang loan was predicated, will almost certainly have to be abandoned. The President refers with satisfaction to the selection of Dr. Vissering, president of the Dutch Java Bank, as financial advisor of the Chinese Government, and proceeds to refer to the civil war with which the ancient Chinese Empire is being shaken as incidental to its awakening and to the many influences and activities of modernization. The President derives a natural satisfaction from the demonstration that co-operation in international loans has given birth to a policy of good understanding and a general sympathy of view among all the powers interested in the Far East. For the rest, while safeguarding the interests of its nationals, this Government is declared to be using its best efforts in continuance of its traditional policy of sympathy and friendship toward the Chinese Empire and its people, with the confident hope for their economic and administrative development, and with the constant disposition to contribute to their welfare in all proper ways consistent with an attitude of strict impartiality as between contending factions.

IT was to be expected that the foreign trade returns for October would not show the results of the revolutionary outbreak in China. As a matter of fact, American exports to China for that month are $500,000 greater than for the same month of last year, while to Hongkong they are over $600,000 greater, or fully double the amount for October, 1910. In the ten months ending with October there has been a gain in American exports for all Asia of $25,000,000, or about 50 per cent. Of this, $5,000,000 is due China, $3,000,000 to British India, $3,000,000 to Hongkong, and $12,000,000 to Japan. On the side of imports there has been an increase of $17,000,000, no part of which is shared by China and Hongkong, but of which the proportion of British India is $7,000,000, of the Dutch East Indies $2,000,000, and of Japan $5,000,000. It is somewhat remarkable to find the imports from Turkey in Asia jump from $5,300,000 to $8,500,000. As will be perceived from the figures elsewhere reproduced, there has been a substantial gain of $2,000,000 in our exports of cotton piece goods to China for the ten months ending with October, although the figures are still $3,000,000 short of the total reached in the same period of 1909. The exports of wheat flour to China and Hongkong combined show a total for the ten months of $5,400,000, against $1,700,000 for the corresponding period of last year. In illuminating oil there has been a gain of $2,000,000 in the exports to the Chinese Empire and of $600,000 in the exports to Hongkong.

A CONSIDERABLE amount of the space of this issue of the Journal is devoted to the preliminaries and purposes of the International Opium Conference now in session at the Hague. This is the outcome of the proceedings of the International Opium Commission which met at Shanghai on the first and adjourned on the 26th of February, 1909. That Commission having arrived at unanimous conclusions as to the best means of solving national and internatioinal opium problems, the American Government took another step forward by proposing to those governments which had been represented in the commission that there should be an international conference with full powers. On September 1, 1909, Secretary Knox issued a circular proposal to the interested Governments in which was conveyed an expression of the satisfaction of the American Government with the results achieved by the International Opium Commission. It was further declared that the United States appreciated the magnitude of the opium problem and the serious financial interests involved in the production and trade in the drug; that it was deeply impressed by the friendly co-operation of the powers financially interested, and joined in the desire as expressed by the resolutions of the Commission that the opium evil should be mitigated in or eradicated from not only Far Eastern countries but also their home territories and possessions in other parts of the world. It was also noted that, as the result of the investigation of the opium problem in the United States by the American Commissioners, it was found that quite apart from the question as it affected the Philippine Islands, a serious opium evil existed in the United States itself. As the United States is not an opium producing country, it was pointed out that to make its anti-narcotic laws in force here and in the Philippine Islands fully effective, there should be control of the amount of opium shipped by opium producing countries to the United States and its possessions, and to this end it would be necessary to secure the international and sympathetic co-operation of such countries.

FROM first to last, the participation of the United States in this movement and the leadreship which it has virtually assumed in making it effective, is one of the most creditable chapters of our diplomacy. Certainly no greater service could be rendered to an awakened and reformed Chinese Empire than to emancipate it from the curse of opium, and to this end the co-operation of the United States has been given for the last few years most persistently and energetically. As for the conference now in session, it is clear that with the two chief parties to the suppression of the opium evil in the Far East working in accord, there can be no doubt that the Powers other than Great Britain and China represented in the Conference will find some means of suppressing or mitigating the opium and allied evils in their Far Eastern possessions and home territories. There is probably no such thing as an evil wholly national in its incidence, and this being so, few evils can be eradicated by national action alone. The suppression of the opium and allied evils has thus been raised from the plane of sporadic national effort to the higher and more certain ground of international co-operation among the following States; America, Austria-Hungary, China, France, Germany, Great Britain, Italy, Japan, Netherlands, Persia, Portugal, Russia and Siam.

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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, 1910 and 1911.

EXPORTS TO CHINA.

Months.	Cotton Cloths. Yards.		Mineral Oils (illuminating). Gallons.		Wheat Flour. Barrels.	
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
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	61,102,893	$3,383,355	70,97A,160	$4,483,504	8,102	$34,784
1911.						
January	5,667,644	$390,359	3,915,380	$180,847	58,188	$210,766
February	3,854,800	222,309	4,423,824	210,643	124,428	456,053
March	7,857,697	486,439	13,340,540	797,484	34,372	131,015
April	4,443,697	286,346	13,889,920	872,772	49,158	185,742
May	12,837,965	860,882	13,275,702	902,967	11,880	46,483
June	14,000,083	960,016	10,657,551	778,634	645	2,579
July	11,063,600	788,798	15,882,570	1,148,524	1,631	6,490
August	8,680,440	625,749	7,827,602	537,398	21,926	79,752
September	7,671,189	581,168	7,857,040	572,253	61,783	237,040
October	6,901,562	484,934	5,660,580	406,178	55,750	216,175
Total	85,084,360	$5,845,126	96,730,709	$6,407,700	419,763	$1,572,095

EXPORTS TO HONGKONG.

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
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
1911						
January	42,917	$7,104	1,742,440	$142,425	108,727	$452,872
February	32,540	2,563	1,714,910	124,331	117,230	453,343
March	29,750	2,033	617,856	60,649	62,649	242,714
April	28,361	5,043	3,095,570	222,167	41,907	164,382
May	56,396	10,924	1,303,000	96,568	91,348	365,586
June	63,752	8,250	75,000	5,625	48,398	183,382
July	73,151	10,412	.....	.....	72,283	281,301
August	55,621	10,166	1,539,170	115,438	73,571	287,513
September	49,832	7,889	2,040,000	151,980	85,937	333,807
October	44,343	7,410	830,000	81,956	251,607	993,047
Total	476,663	$71,794	12,957,920	$1,001,346	906,720	$3,890,037

DEPARTMENT OF COMMERCE AND LABOR,
Bureau of Statistics.

WASHINGTON, D. C., December 4, 1911.

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Imports of Tea and Silk into the United States for the ten months, ending October 30, 1909, 1910 and 1911.

TEA.	1909.		1910.		1911.	
Imported from	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom	10,328,172	2,348,439	8,751,805	2,309,210	9,826,566	2,671,004
Canada	3,957,867	883,327	2,180,651	505,110	2,480,546	634,397
Chinese Empire	24,372,671	2,561,934	17,537,189	2,052,787	13,325,148	1,570,135
East Indies	7,636,754	1,163,472	7,759,989	1,269,236	9,474,973	1,580,264
Japan	37,792,684	6,614,939	40,785,718	7,304,410	43,661,219	7,755,318
Other countries	953,669	165,587	881,086	173,707	936,780	157,487
Total	85,041,817	13,737,698	77,896,438	13,614,460	79,705,232	14,368,605
SILK.						
RAW, OR AS REELED FROM THE COCOON. Imported from	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France	630,810	1,887,782	301,410	908,270	195,882	672,661
Italy	3,892,479	15,132,417	2,376,350	8,760,598	1,685,659	6,480,976
Chinese Empire	3,539,447	8,709,972	3,624,318	8,804,992	4,246,791	10,331,233
Japan	10,012,799	35,015,064	10,178,153	33,206,204	10,755,323	36,718,414
Other countries	128,922	496,993	162,380	570,844	179,740	650,725
Waste.....lbs...free..	1,710,454	972,767	2,795,777	1,432,466	3,696,529	1,776,200
Total unmanufactured	19,914,911	62,214,995	19,438,388	53,683,374	20,759,924	56,644,422

THE MANCHU RENUNCIATION.

From Emperor to People.

PEKING, October 30.

The following Imperial Edict has been issued:

"I have reigned for three years and have always acted conscientiously, in the interests of the people. But I have not employed men properly, not having political skill. I have employed too many nobles in political positions, an act which has contravened constitutionalism. On railway matters some one whom I trusted fooled me. Thus public opinion was opposed to this policy.

OFFICIAL CORRUPTION.

"When I urge reform, officials and gentry seize the opportunity to embezzle. When old laws are abolished high officials serve their own ends. Much of the people's money has been taken, but nothing to benefit the people has been achieved. On several occasions edicts have promulgated laws, but none have been obeyed. The people are grumbling, yet I do not know of it. Disasters loom ahead, but I do not see them.

"In Szechuan trouble first occurrred, the Wuchang rebellion followed: now alarming reports come from Shensi and Honan. In Canton and Kiangsi riots appear. The whole Empire is seething, the minds of the people are perturbed and the spirits of our nine late emperors are not able properly to enjoy the sacrifices made to them, while it is feared that the people will suffer grievously.

"All these things are my own fault. Hereby I announce to the world that I swear to reform and with our soldiers and people to carry out the constitution faithfully, modifying legislation, developing the interests of the people and abolishing their hardships, all in accordance with the wishes and interests of the people.

"Old laws that are unsuitable will be abolished. The union of Manchus and Chinese, mentioned by the late Emperor, I shall carry out.

"As regards Hupeh and Hunan, for their grievances, though precipitated by the soldiers and caused by Jui Cheng, I only blame myself, because I had mistakenly appointed him. The soldiers and people are innocent. If they return to their allegiance I will excuse the past.

"Being a very small person standing at the head of my subjects, I see that my heritage is nearly falling to the ground. I regret my fault and repent greatly. I can only trust that my subjects will support the soldiers in order to support me, to comfort the millions of my people, to hold firmly the eternity of the dynasty and to convert danger into tranquility. The patriotism of the empire's subjects will be appreciated and trusted forever.

"Now finances and diplomacy have reached bedrock. Even if all unite, there is still fear of falling. But if the empire's subjects will not regard nor honor the state, and are easily misled by outlaws, then the future of China is unthinkable. I am most anxious by day and night; I only hope my subjects will thoroughly understand."

This extraordinary edict then promises to cancel the temporary cabinet regulations and to organize a cabinet not to include nobles. Prince Pu Lun is ordered to hand over the articles to the Tszechengyuan for discussion so that the throne can issue them. A separate edict pardons the political offenders of 1898, political revolutionists and those who have been compelled to join the present rebellion.

Finally, Hsih Hsu, the Manchu president of the Tszechengyuan, is allowed to resign, Li Chia-chu, a Chinese, being appointed in his place, while Kuei Chun, the Manchu Minister of the Constabulary, is discharged, Chao Ping-chun, a Chinese, succeeding him.

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THE AMERICAN ASIATIC ASSOCIATION OF JAPAN.

SECRETARY'S REPORT.

YOKOHAMA, JAPAN, October 18, 1911.

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, 234 Yamashita-cho, Yokohama, Japan, on Wednesday, October 25th, 1911, at 4 p. m.

There are now 95 active members on the rolls, of whom 78 reside in Yokohama, 15 in Tokyo, 1 in Hakodate and 1 in Kyoto. According to the last annual report there were 112 active members; during the year under review only 6 new members were added, while 23 were lost, 2 by death, 2 by resignation and the rest by transfer to the "absent" list. Of the last, however, at least 5 are only temporarily absent and will rejoin the active list in the near future, so that the average active membership of the Association can be considered an even hundred.

There have been twelve committee meetings held during the past year, at which, aside from routine matters, the business attended to has included investigation of the alleged statements of a high Japanese official charging American merchants in Japan with being responsible for the anti-Japanese sentiments in the United States; Treaty revision, and communication with the Consulate-General and Embassy relative thereto; the drafting of a petition on behalf of American perpetual-lease-holders, securing signatures of such thereto and presenting same to the Ambassador; representation, in the person of our President, Mr. Smith, at the inauguration of The American Asiatic Association of Japan, Kobe Branch; the "Melville E. Stone Controversy" et cetera.

During its existence the Association has been active in trying to secure the advance of the Consulate-General at Yokohama to a par with Shanghai and Hongkong i. e., from the third to the second grade of Consulate-General. A bill for the reorganization of the Consular Service, which included the regrading of the Yokohama Consulate-General, was introduced into Congress in 1910 but was defeated. A cablegram was at once sent to the American Asiatic Association in New York urging the re-introduction of the bill and while this was done, the measure still failed to pass. The parent Association, however, has indicated its sympathy with our object and assures us of its intention to push the matter in the next session of Congress.

The customary Memorial Day services were held in the "Gaiety" on May 30th, rain preventing the use of the Naval Hospital grounds. His Excellency the American Ambassador presided, Rev. Mr. Good conducted the religious service and Rev. Dr. MacCauley delivered the address. Thanks are due Dr. and Mrs. Bogert for their usual courteous and kindly hospitality and valuable assistance; to the ladies for attending to the details of music and flowers and to Rear-Admiral Murdock, United States Navy, for the attendance of the band of the flagship "Saratoga" and detachment of blue-jackets, marines and firing squad.

"Independence Day" July 4th, was also marred by rain, necessitating the postponing of the fireworks and the foregoing of the customary ball game. Yacht races were held for the "Ambassador's Cup" and two cups presented by the American Residents, through the Association. The fireworks display took place on the evening of July 5th.

The finances of the Association show a satisfactory balance, somewhat larger than last year.

The sum of Yen 57.76 remains in the charity fund in charge of the Consul-General.

Our President, Mr. N. F. Smith, left Japan in May for an extended holiday abroad. Before his departure he tendered his resignation which the Committee unanimously declined to accept, finally persuading Mr. Smith to retain the position he has held so worthily over such an extended period.

The Committee extends its most sincere sympathy to our Vice-President, Mr. B. C. Howard, in his recent illness and hopes for his speedy and complete recovery.

Although the Committee, as such, has attended to various social duties for the Association and been represented at such functions as the reception of the American Asiatic Fleet, the welcome of distinguished visiting Americans, meetings of the Yokohama Economic Society, and the Nippon Trade Association, the departure of our Ambassador, Mr. O'Brien, et cetera, the Association, as a body, has had no social gathering during the past year. At least one banquet is anticipated for the coming season, which it is trusted will be well attended.

The retiring Committee, in tendering its resignation, begs to extend thanks for the co-operation of the members during the past, and solicits for the incoming Committee the same generous support.

E. G. BABBITT,
Honorary Secretary.

Yokohama, Japan, October 16, 1911.

At the annual general meeting, held on October 25th, the following officers were elected for the ensuing year:

President—D. H. Blake.
Vice-President—H. E. Cole.
Hon. Secretary—E. G. Babbitt (American Consulate).
Hon. Treasurer—E. W. Frazar (119 Bluff, Yokohama).
H. W. Andrews.
Rev. E. S. Booth.
R. S. Cole.
J. R. Geary.
S. Isaacs.
N. F. Smith.
Prof. J. T. Swift.

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THE INTERNATIONAL OPIUM CONFERENCE.

The conference which has been called to assemble at the Hague in the first week of December will devote itself to devising means for the definite suppression of the opium evil by international agreement. The general scope and purpose of the session can be best understood by reference to the following documents:

MESSAGE

FROM THE

PRESIDENT OF THE UNITED STATES,

TRANSMITTING

REPORT OF THE SECRETARY OF STATE RELATIVE TO THE CONTROL OF THE OPIUM TRAFFIC.

To the Senate and House of Representatives:

In my annual message transmitted to the Congress on December 7, 1909, I referred to the International Opium Commission as follows:

"The results of the opium commission, held at Shanghai last spring at the invitation of the United States, have been laid before the Government. The report shows that China is making remarkable progress and admirable efforts toward the eradication of the opium evil, and that the Governments concerned have not allowed their commercial interests to interfere with a helpful co-operation in this reform. Collateral investigations of the opium question in this country lead me to recommend that the manufacture, sale, and use of opium and its derivatives in the United States should be, so far as possible, more rigorously controlled by legislation."

Since making that recommendation, I transmitted to the Congress on February 21, 1910, a report on the International Opium Commission and on the opium problem as seen within the United States and its possessions, prepared on behalf of the American delegates to the commission, and I gave my approval to the recommendations made in a covering letter from the Secretary of State regarding an appropriation and the necessity for Federal legislation for the control of foreign and interstate traffic in certain menacing drugs, and requested that action should be taken accordingly. (S. Doc. No. 377, 61st Cong., 2d sess.)

The Congress has so far acted on the recommendations as to appropriate $25,000 to enable the Government to continue its efforts to mitigate, if not entirely stamp out, the opium evil through the proposed international opium conference and otherwise to further investigation and procedure.

I now transmit a further report from the Secretary of State giving cogent reasons why the opium-exclusion act of February 9, 1909, should be made more effective by amendments that will prohibit any vessel engaged in trade from any foreign port or place to any place within the jurisdiction of the United States, including the territorial waters thereof, or between places within the jurisdiction of the United States, from carrying opium prepared for smoking, and that would make it unlawful to export, or cause to be exported from the Unted States and from Territories under its control or jurisdiction or from countries in which the United States exercise extraterritorial rights where such exportation from such countries is made by persons owing permanent allegiance to the United States, any opium or cocaine, or any derivatives or preparations of opium or cocaine, to any country which prohibits or regulates their entry, unless the exporter conforms to the regulations of the regulating country.

The Secretary of State further points out a defect in the opium-exclusion act of February 9, 1909, in that smoking opium may be manufactured in the United States from domestically produced opium, and the pressing necessity for remedying that defect by an amendment to the internal-revenue act of October 1, 1890, that would place a prohibitive revenue tax on all such opium manufactured within the jurisdiction of the United States from the domestically produced material; and he further urges the enactment of legislation which will control the importation, manufacture ,and distribution in interstate commerce of opium, morphine, cocaine, and other habt-forming drugs.

I concur in the recommendations made by the Secretary of State and commend them to the favorable consideration of the Congress with a view to early legislation on the subject.

WM. H. TAFT.

THE WHITE HOUSE,
Washington, January 11, 1911.

THE PRESIDENT:

On February 10, 1910, I had the honor to lay before the President, with certain recommendations, the report of the American delegates to the International Opium Commission, held at Shanghai in February, 1909. These recommendations were approved by the President and the report was transmitted to the Congress on February 21, 1910, and is, with my covering letter and the message of the President, contained in Senate Document No. 377, Sixty-first Congress, second session.

The report contained a full and comprehensive review of the historic attitude of the United States in regard to the opium evil as seen in the Far East and a review of the recent international movement, since its inception by the United States, to solve the problem. Primarily, it seems clear that the United States was compelled by its duty to the inhabitants of the Philippine Islands to secure international co-operation for the control of the production and illicit traffic in opium, which in the Orient had grown to enormous proportions, threatening, during the first few years of the American occupation of the islands to debauch not only Chinese subjects resident there but the natives themselves. Shortly after the American occupation it was found that the vice of opium smoking was rapidly spreading from the resident Chinese to the Filipinos, so that whole communities of the latter were becoming impoverished and rendered unfit for any economic or political life in the islands.

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To better this condition a committee was appointed by the Philippine Government to make a comparative study of the opium problem as seen in China, Japan, Burmah, the Straits Settlements, and Netherlands Indies. This committee, after an exhaustive study, presented its report in June, 1904, making therein certain recommendations which were aimed gradually to reduce and finally prohibit the use of opium in the Philippines except for medicinal purposes. The Congress, however, took a more advanced step, and by the act approved March 3, 1905, provided *inter alia* for the prohibtion of the importation of opium in any form except for medicinal purposes on and after the 1st of March, 1908. This act, with the supplementary legislation of the Philippines Commission, and later of the Philippines Assembly, has been at least 60 per cent effective in preventing the abuse of opium in the islands, and it is hoped that if favorable action is taken in the prospective international opium conference that the exclusion of opium from the Philippine Islands except for medicinal purposes will be accomplished.

The action of the United States and Philippine Government in regard to the opium traffic in the islands appears to have had a profound influence on those Chinese statesmen who felt that the Chinese Government could and ought to destroy the vice of opium smoking in China. It was regarded as a friendly act that a neighboring Government in continuation of its historic attitude against the opium traffic in the Far East should pronounce so firmly against the misuse of opium in its Pacific possessions. At any rate, there was shortly initiated a new antiopium movement in China, out of which grew a direct appeal to the President of the United States from representative missionary societies and from commercial and reform institutions in the United States to the effect that this Government, considering its previous attitude in regard to the opium traffic in the Far East, should take the initiative in assisting China to secure the gradual prohibition of that traffic by the concurrent action of the powers concerned. Thereupon, in the autumn of 1906, the Department of State addressed a circular note to those powers having territorial possessions in the Far East, the object being the investigation of the opium problem by an international commission. The result was a happy one, for twelve of the most interested powers joined with the United States in an International Opium Commission, which met at Shanghai on the 1st of February, 1909. The commission made a thorough study of the opium question, not only as seen in the Far East, but in the home territories of the powers concerned. It developed that, in addition to a serious opium problem in the Far East, the United States had become contaminated by the vice, and that the habit of opium smoking had spread from Chinese subjects resident therein to a large number of Americans. Before adjourning on the 26th of February, 1909, the International Opium Commission unanimously adopted nine fundamental conclusions, which condemned the opium evil on both economic and moral grounds, at the same time making certain recommendations to the interested Governments for the control of the production and traffic in opium, which it was hoped would sooner or later become a part of international law.

This community of opinion on the part of thirteen powers opened the way for the United States to propose that an international conference with full powers should meet to conventionalize the declarations of the International Opium Commission and the essential corollaries derived therefrom. Therefore, on September 1, 1909, the United States, in a circular letter to the interested Governments, proposed that there should be such a conference, to assemble at The Hague, to devise measures for mutual protection against the illegal opium traffic. Since the United States proposed the conference the scope of the latter has steadily broadened and, on the suggestion of several of the co-operating Governments, it has been proposed that the conference include in its discussions the manufacture and traffic in other so-called habit-forming drugs, especally morphine and cocaine, the illict use of which is widespread in the United States and is rapidly spreading throughout Indo-China and other parts of the Far East, threatening to become more baneful than the habit of opium smoking.

Thus, to the great credit of the several powers, a world-wide movement is on foot to control the production and traffic in opium and other habit-forming drugs, and the United States, with small financial interests at stake, having invited the co-operation of the several countries with great financial interests at hazard, has resting upon it a heavy responsibility to see that its own house is in order before the International Opium Conference meets at The Hague in 1911.

Although it may be claimed that the position of the United States in regard to the traffic in opium in far eastern countries and amongst unprotected peoples in the Pacific Islands has from the first been manifestly high; and that under international pacts and Federal statutes citizens of the United States have been effectively restricted from enforcing or encouraging the opium traffic in those countries which desire to restrain it; it is clearly demonstrated that the National Government has failed to realize to the full extent the growth of a serious opium problem in the continental United States. As stated in the report of the American Opium Commission:

"It seems that, as concerns the continental United States, neither treaties, tariff, excise, nor other Federal laws bore so heavily on the opium traffic or on those engaged in it as to regulate the importation and confine the use of crude or medicinal opium to legitimate medical channels. On the contrary, vast amounts of this form of the drug have poured in ever-increasing quantities into the United States, while the opium-smoking habit, outlawed by nearly every State and municipality in the Union, appears to have been encouraged by the tariff and excise laws permitting its importation and manufacture."

The enormous misuse of opium and other habit-forming drugs in the United States may be attributed to several causes—carelessness or ignorance on the part of the people; to ineffective State laws; as well as to the inability of States with good laws to protect themselves against the clandestine introduction of the drugs from neighboring or distant States, and therefore in a large sense to the lack of control by the Federal Government of the importation, manufacture, and interstate traffic in them. And

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it is now certain that to these several may be attributed the steady growth of another deadly vice—that is, the cocaine vice—due to the unrestricted importation of coco leaves and the unregulated manufacture and distribution of its alkaloid, cocaine, a substance of no real use except in the hands of the surgeon.

It is a startling fact that since 1860, when the various forms of opium and its alkaloids were separately enumerated in the tariff schedules, there has been a 351 per cent increase in the importations and consumption of all forms of opium as against a 133 per cent increase in population. This immense importation and use of opium in the United States is cause for serious thought and places this country in an unenviable position compared with certain European countries. For instance, it may be pointed out that in Germany, with a population estimated at 60,000,000, there is an annual consumption of about 17,000 pounds of opium; in Italy, with a population of about 33,000,000, there is an annual consumption of about six thousand-odd pounds of the drug; and in Austria-Hungary, with a population of 46,000,000, there is a small annual consumption of from 3,000 to 4,000 pounds. It has been estimated by the highest medical authorities that 50,000 pounds of opium should suffice for the medicinal needs of the American people; yet during the last 10 years there has been an annual importation and consumption in the continental United States of over 400,000 pounds. Fully 75 per cent of this opium is manufactured into morphine, and it is reliably estimated that at least 80 per cent of such morphine is used by victims of the habit, to their personal detriment, and with appalling effects on general society.

Since the United States proposed the international movement for the control of the production and manufacture of and traffic in habit-forming drugs, every interested country has strengthened, or has intimated its intention to strengthen, such national laws as are aimed to restrict and ultimately confine to proper channels the use of these drugs. While an important international agreement has been made between the Governments of Great Britain and China which has for its object the gradual abolition of the India-China opium trade, the United States has taken but a single step forward, and that is in the passage and approval of the opium-exclusion act of February 9, 1909, by which the importation of opium except for medicinal purposes is prohibited. When this law was enacted, it was recognized on all sides that it was but the first step necessary to be taken by the Federal Government to regulate the introduction of opium into the United States, and its particular aim and object was to exclude from the United States opium that had been prepared for smoking purposes, over 150,000 pounds of which were being annually imported, with evil consequences not only to Chinese resident in the United States but to vast numbers of Americans. But the opium-exclusion act, so far as its prime object is concerned, has proved inadequate in that it is still possible under the act to import for immediate transshipment by sea opium prepared for smoking, with the result that large quantities of this form of the drug reach Pacific ports, are immediately transshipped to neighboring countries, and smuggled into the United States. It would seem therefore necessary so to amend the opium act as to prohibit any vessel engaged in trade from any foreign port or place to any place within the jurisdiction of the United States, including the territorial waters thereof, or between places within the jurisdiction of the United States, from carrying the substance or article known as opium prepared for smoking. Such an amendment to the opium-exclusion act would strike at the root of the matter by preventing ships in the Pacific trade from transporting this form of opium to the United States. Such an amendment would also be of great assistance to the Philippine Government in that it would prevent all vessels trading between Hongkong, Singapore, and Borneo from shipping opium at these ports and bringing it to the islands.

The opium-exclusion act needs still further amendment. One of the chief results attained in the International Opium Commission was a declaration to the effect that it is the duty of opium-producing countries to prevent at ports of departure the shipment of opium and its preparations to countries that prohibit their entry. Not waiting for the international opium conference to conventionalize this declaration, several governments have already made it a part of their law, and this Government has been requested by them to do likewise. It would seem, then, to be necessary to amend further the opium-exclusion act so as to make it unlawful to export or cause to be exported from the United States and from Territories under its control or jurisdiction or from countries in which the United States exercises extraterritorial rights, where such exportation from such countries is made by persons owing permanent allegiance to the United States, any opium or cocaine, or any derivative or preparation of opium or cocaine, to any country which prohibits or regulates their entry, unless the exporter conforms to the regulations of the regulating country.

There is still another defect in the opium-exclusion act which should be corrected. The act provides that opium shall not be imported into the United States except for medicinal purposes, thereby preventing the manufacture within the United States of the substance known as smoking opium from opium that is imported, but it is still possible under the act for persons so disposed to produce within the United States domestic opium of a low grade and from it manufacture the substance known as smoking opium. There is at present on the statute books the internal revenue act of October 1, 1890, which regulates the manufacture of smoking opium within the United States, and imposes thereon an internal revenue tax of $10 per pound. This statute was enacted at a time when there was levied on smoking opium imported into the United States a tax of $10 per pound, and the object of the October act seems to have been to impose a countervailing tax of $10 per pound on all such opium manufactured in the United States. It would seem that the just-mentioned defect in the opium-exclusion act, whereby smoking opium may be manufactured in the United States from domestically produced opium, could be met by so amending the internal-revenue act of October 1, 1890, as to place a prohibitive internal-revenue tax on all such opium manufactured in the United States from domestically produced opium,

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and that a bond might be required from an intending manufacturer that would be prohibitory.

But even with the opium-exclusion act of February 9, 1909, and the internal-revenue act of October 1, 1890, effectively amended, the larger side of the opium problem as it confronts the Nation to-day would remain unsolved. A wide inquiry has developed a consensus of opinion that it is impossible for the States and the municipalities thereof to effectively enforce their antidrug legislation and ordinances until there is some Federal act which will strictly control the importation, manufacture, and interstate traffic in the more menacing drugs. Since the problem of the control of habit-forming drugs first appeared in the United States, 45 States have prohibited the sale of cocaine except on order from a physician. Twenty-four States regulate the sale of opium and its derivatives, and 13 restrict the sale of chloral. Several States have recently enacted legislation making possession of these drugs evidence for conviction, unless the person possessing them can prove to the satisfaction of a jury that his possession is legal. But, in spite of such State legislation, it has been found impossible for the States themselves effectively to enforce their laws, because of the ease with which these menacing drugs can be secretly introduced from State to State.

After looking at the question broadly, the report of the American delegates to the International Opium Commission states:

"It may be said in regard to the traffic in habit-forming drugs within the United States that each State of the Union in its relation to other States is much in the position of China in her relations with opium producing and trafficking countries, for, historically and otherwise, it has been demonstrated that China could not control her internal production and abuse of opium without a large measure of interstate or international assistance. In three years more has been accomplished in the suppression of the Chinese intraprovincial opium traffic than was accomplished in the preceding two centuries, this being entirely due to the interstate or international effort now being made on her behalf for the control of her opium traffic and her abuse of the drug. In ever-increasing proportion the States of the Union have for 50 years, from lack of interstate or Federal aid, been reproducing within themselves the opium problem as it appeared until quite recently in China. Studying by State and municipal laws to control the traffic in opium, morphine, and other habit-forming drugs, they have had to face the fact that the Federal Government, by tariff law, legalized the entry of a vicious form of opium, i. e., smoking opium, as well as an abnormal amount of medicinal opium for which a market was found by the importers and manufacturers. It is now a developed opinion in all of the States that no local law can control the abuse of opium and other habit-forming drugs, and that there must sooner or later be a superior Federal law to assist the States in defending themselves from the menace of these drugs."

In view of the well-ascertained facts, and having in mind the approaching international opium conference, it is a pressing necessity that the Congress enact legislation which will control the importation, manufacture ,and distribution in interstate commerce of opium, morphine, cocaine, and other habit-forming drugs. After a wide consultation with all the legitimate interests likely to be affected by such legislation, there has been drafted a measure known as the Cullom or Foster bill, which is now before the appropriate committees of the Congress. The object of this measure is to place as light a burden as possible on the legitimate importer, manufacturer, and dealer in these drugs, and at the same time to bring the entire business aboveboard and compel every transaction in the drugs from the moment of importation or manufacture to be conducted in the light of day. It is felt that if this object is achieved the good sense of the American people will see to it that the illicit traffic, which is now widespread, shall come to an end.

Shortly, this measure proposes that all importers, exporters, producers or manufacturers of opium and other habit-forming drugs shall be required to register with the collector of internal revenue of his particular district his name, place of business, and place where such business is carried on, and in the case of wholesalers pay to the collector a special tax of $10 per annum, and in the case of retailers $1 per annum. That there shall be levied and collected upon all such drugs received, produced, or manufactured in the United States a small internal-revenue tax which has been calculated at a rate that will not deprive the American manufactures of the protection afforded them by the present tariff law. That all persons importing, exporting, manufacturing, or engaged in the interstate traffic in these drugs shall keep such books, render such returns and give such bonds as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may from time to time perscribe, and that it shall be unlawful for any person to send or transport or carry in interstate commerce any of the named drugs to any person other than the person who has registered and paid a special tax as required by the act; and further it is provided that it shall be unlawful for any person to purchase, receive, sell, transfer, or give away any of the named drugs on which the internal-revenue tax has not been paid, or to which labels or marks imposed by the act have not been affixed; and that, whenever on trial for violation of the act the defendant is shown to have or to have had possession of the mentioned drugs in violation of the act, such possession shall be deemed sufficient evidence of such violation, unless the defendant shall explain the possession to the satisfaction of the jury.

Still further—and this is a most important provision—that all returns required by the act shall be properly filed and recorded in the office of the Commissioner of Internal Revenue, and that, under such regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may make, these returns are to be open to the inspection of and certified copies furnished to the proper officials of any State or Territory, any or all of whom may be charged with the enforcement of State, District, municipal, or other laws or ordinances regulating, prescribing, dispensing the sale or use of the drugs named in the act. It should be stated that the revenue intended to be derived by the act has been calculated at the lowest possible rate—at a rate that will produce sufficient revenue to administer the act—for it would be a most unwise procedure for the Government to attempt to raise a revenue from the traffic in these drugs.

The amendments which I have suggested to the opium-exclusion act of February 9, 1909, and to the internal-revenue act of October 1, 1890, have been introduced into the Senate and House of Representatives, and as in the case of the Cullom and Foster bill, are before the appropriate committees of Congress. The attempt has been made to treat the opium problem of the United States in a comprehensive and effective manner. There are several other bills before the Congress which attempt to deal with the problem. I do not undertake to pass upon the constitutionality or the legal advisability of any particular measure, but I respectfully submit whether the attention of the Congress should not be called especially to the subject, in order that appropriate measures may be enacted for the suppression and control of the opium and allied evils.

Finally, I recommend that the attention of the Congress be called to the fact that the United States is bound by the action of the International Opium Commission to apply an adequate pharmacy law to American citizens resident in China, inasmuch as one of the great evils growing out of the suppression of the opium evil in that country has been the flooding of the country with antiopium nostrums or cures, the use of which threatens to become worse than the disease. A bill having this end in view has been favorably reported by the Committee on Foreign

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Relations of the Senate and is now before the appropriate committee of the House of Representatives.

Respectfully submitted, P. C. KNOX.

DEPARTMENT OF STATE,
Washington, January 7, 1911.

AGREEMENT BETWEEN THE UNITED KINGDOM AND CHINA RELATING TO OPIUM.

Signed in English and Chinese texts at Peking, May 8, 1911.

Together with notes relating thereto exchanged on that day.

Under the arrangement concluded between His Majesty's Government and the Chinese Government three years ago, His Majesty's Government undertook that, if during the period of three years from the 1st day of January, 1908, the Chinese Government should duly carry out the arrangement on their part for reducing the production and consumption of opium in China, they would continue in the same proportion of 10 per cent the annual diminution of the export of opium from India until the completion of the full period of ten years in 1917.

His Majesty's Government, recognizing the sincerity of the Chinese Government and their pronounced success in diminishing the production of opium in China during the past three years, are prepared to continue the arrangement of 1907 for the unexpired period of seven years on the following conditions:

ARTICLE I.

From the 1st day of January, 1911, China shall diminish annually for seven years the production of opium in China in the same proportion as the annual export from India is diminished in accordance with the terms of this agreement and of the annex appended hereto until total extinction in 1917.

ARTICLE II.

The Chinese Government have adopted a most rigorous policy for prohibiting the production, the transport, and the smoking of native opium, and His Majesty's Government have expressed their agreement therewith and willingness to give every assistance. With a view to facilitating the continuance of this work, His Majesty's Government agree that the export of opium from India to China shall cease in less than seven years if clear proof is given of the complete absence of production of native opium in China.

ARTICLE III.

His Majesty's Government further agree that Indian opium shall not be conveyed into any province in China which can establish by clear evidence that it has effectively suppressed the cultivation and import of native opium.

It is understood, however, that the closing of the ports of Canton and Shanghai to the import of Indian opium shall not take effect except as the final step on the part of the Chinese Government for the completion of the above measure.

ARTICLE IV.

During the period of this agreement it shall be permissible for His Majesty's Government to obtain continuous evidence of the diminution of cultivation by local enquiries and investigation conducted by one or more British officials, accompanied, if the Chinese Government so desire, by a Chinese official. Their decision as to the extent of cultivation shall be accepted by both parties to this agreement.

During the above period one or more British officials shall be given facilities for reporting on the taxation and trade restrictions on opium away from the treaty ports.

ARTICLE V.

By the arrangement of 1907 His Majesty's Government agreed to the dispatch by China of an official to India to watch the opium sales on condition that such official would have no power of interference. His Majesty's Government further agree that the official so dispatched may be present at the packing of the opium on the same condition.

ARTICLE VI.

The Chinese Government undertake to levy a uniform tax on all opium grown in the Chinese Empire. His Majesty's Government consent to increase the present consolidated import duty on Indian opium to 350 taels per chest of 100 catties, such increase to take effect as soon as the Chinese Government levy an equivalent excise tax on all native opium.

ARTICLE VII.

On confirmation of this agreement, and beginning with the collection of the new rate of consolidated import duty, China will at once cause to be withdrawn all restrictions placed by the provincial authorities on the wholesale trade in Indian opium such as those recently imposed at Canton and elsewhere, and also all taxation on the wholesale trade other than the consolidated import duty, and no such restrictions or taxation shall be again imposed so long as the additional article to the Chefoo agreement remains as at present in force.

It is also understood that Indian raw opium, having paid the consolidated import duty, shall be exempt from any further taxation whatsoever in the port of import.

Should the conditions contained in the above two clauses not be duly observed, His Majesty's Government shall be at liberty to suspend or terminate this agreement at any time.

The foregoing stipulations shall not derogate in any manner from the force of the laws already published or hereafter to be published by the Chinese Government to suppress the smoking of opium and to regulate the retail trade in the drug in general.

ARTICLE VIII.

With a view of assisting China in the suppression of opium, His Majesty's Government undertake that from the year 1911 the Government of India will issue an export permit with a consecutive number for each chest of Indian opium declared for shipment to or for consumption in China.

During the year 1911 the number of permits so issued shall not exceed 30,600, and shall be progressively reduced annually by 5,100 during the remaining six years ending 1917.

A copy of each permit so issued shall before shipment of opium declared for shipment to or for consumption in China be handed to the Chinese official for transmission to his government or to the customs authorities in China.

His Majesty's Government undertake that each chest of opium for which such permit has been granted shall be sealed by an official deputed by the Indian Government, in the presence of the Chinese official if so requested.

The Chinese Government undertake that chests of opium so sealed and accompanied by such permits may be imported into any treaty port of China without let or hindrance if such seals remain unbroken.

ARTICLE IX.

Should it appear on subsequent experience desirable at any time during the unexpired period of seven years to modify this agreement or any part thereof, it may be revised by mutual consent of the two high contracting parties.

ARTICLE X.

This agreement shall come into force on the date of signature.

In witness whereof the undersigned, duly authorized thereto by their respective governments, have signed the same and affixed thereto their seals.

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Done at Peking in quadruplicate (four in English and four in Chinese) this 8th day of May, in the year 1911, being the 10th day of the 4th month of the 3rd year of Hsuan T'ung.

(L. S.) J. N. JORDAN.
(Signed in Chinese characters),
(L. S.) TSOU CHIA-LAI.

ANNEX.

On the date of the signature of the agreement a list shall be taken by the Commissioners of Customs, acting in concert with the colonial and consular officials, of all uncertified Indian opium in bond at the treaty ports, and of all uncertified Indian opium in stock in Hong Kong which is *bona fide* intended for the Chinese market, and all such opium shall be marked with labels, and on payment of 110 taels consolidated import duty shall be entitled to the same treaty rights and privileges in China as certificated opium.

Opium so marked and in stock in Hong Kong must be exported to a Chinese port within seven days of the signature of the agreement.

All other uncertificated Indian opium shall, for a period of two months from the date of the signature of the agreement, be landed at the ports of Shanghai and Canton only, and at the expiration of this period all treaty ports shall be closed to uncertificated opium, provided the Chinese Government have obtained the consent of the other treaty Powers.

The Imperial Maritime Customs shall keep a return of all uncertificated Indian opium landed at Shanghai and Canton during this period of two months, other than opium marked and labelled as provided above, and such opium shall pay the new rate of consolidated import duty, and shall not be re-exported in bond to other treaty ports.

In addition to the annual reduction of 5,100 chests already agreed upon, His Majesty's Government agree further to reduce the import of Indian opium during each of the years 1912, 1913, and 1914 by an amount equal to one-third of the total ascertained amount of the uncertificated Indian opium in bond in Chinese treaty ports and in stock in Hong Kong on the date of signature plus one-third of the amount of uncertificated Indian opium landed during the ensuing two months at Shanghai and Canton.

Done at Peking this 8th day of May in the year 1911, being the 10th day of the 4th month of the 3rd year of Hsuan T'ung.

(L. S.) J. N. JORDAN.
(Signed in Chinese characters),
(L. S.) TSOU CHIA-LAI.

Sir J. Jordan to Prince Ch'ing.

PEKING, May 8, 1911.

Your Highness,

With reference to the Opium Agreement signed this day and the enquiry which your highness's board addressed to me regarding the taxation to be imposed on certificated opium, I have the honour to state that certificated opium removed from bond at the treaty ports or imported into China after the signature of the agreement will be liable to the new duty of 350 taels per chest of 100 catties.

I avail, etc.,
J. N. Jordan.

Prince Ch'ing to Sir J. Jordan.

PEKING, May 8, 1911.

(Translation.)

Sir,

With reference to the statement in the 6th article of the Opium Agreement which has been signed today to the effect that the Chinese Government will levy a uniform excise tax on all native opium, I have the honour to inform your excellency that the Board of Finance has now decided to levy a tax of 230 taels on every 100 catties of native opium, which is equivalent to the increased rate of duty on Indian opium, such tax to take effect at the same time as the new duty on Indian opium.

I avail, &c.
Prince Ch'ing.

The following is the so-called Cullom-Foster bill referred to in the preceding statements:

62d Congress, 1st Session. S. 8.

In the Senate of the United States, April 6, 1911. Mr. Cullom introduced the following bill; which was read twice and referred to the Committee on Finance:

A bill to amend an Act entitled "An Act to prohibit the importation and use of opium for other than medical purposes," approved February ninth, nineteen hundred and nine.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That an Act entitled "An Act to prohibit the importation and use of opium for other than medical purposes," approved February ninth, nineteen hundred and nine, is hereby amended by adding the following sections:

"Sec. 3. That whoever shall receive or conceal on board of or transport on any vessel engaged in trade from any foreign port or place to any place within the jurisdiction of the United States, including the territorial waters thereof, or between places within the jurisdiction of the United States, the substance or article known or designated as opium prepared for smoking shall be deemed guilty of a misdemeanor and shall be fined not less than five hundred dollars nor more than five thousand dollars, or shall be imprisoned for a period of not less than one year nor more than five years, or both.

"Sec. 4. That whoever shall assist or facilitate the receipt, concealment, or transportation in any vessel of any opium prepared for smoking shall be deemed guilty of a misdemeanor and shall be fined not less than — dollars nor more than — dollars.

"Sec. 5. That if opium prepared for smoking has been received, concealed, or transported as aforesaid, the master of such vessel shall be guilty of a misdemeanor and shall be fined not less than treble the value of said opium, unless he shall prove to the satisfaction of the court that such receipt, concealment, or transportation was without his knowledge and that he exercised due diligence to prevent the receipt, concealment, or transportation of such opium, and caused thorough search to be made therefor, and made diligent inquiry among passengers and crew.

"Sec. 6. That this Act shall apply as well to foreign vessels as to domestic vessels as defined in section three of the Revised Statutes.

"Sec. 7. That hereafter it shall be unlawful to export or cause to be exported from the United States, or from territories under its control or jurisdiction, or from countries in which the United States exercises extraterritorial rights where such exportation from such countries is made by persons owing permanent allegiance to the United States, any opium or cocaine, or any derivative or preparation of opium or cocaine to any country which prohibits their entry, or to any country which regulates their entry: *Provided,* That opium or cocaine and preparations and derivatives thereof may be exported to countries regulating their entry if and when the exporter conforms to the regulations issued by such country so regulating the importation of the aforesaid drugs; and the Secretary of the Treasury shall from time to time issue bulletins listing all countries which prohibit or regulate the entry of the aforesaid drugs, their derivatives, and preparations.

"Sec. 8. That any person who exports or causes to be exported any opium or cocaine, or any derivative or preparation of opium or cocaine, in violation of the preceding section, shall be fined in any sum not exceeding five thousand dollars nor less than one hundred dollars, or by imprisonment for any time not exceeding two years, or both."

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PHILIPPINE COMMERCE.

From the Annual Report of the Chief of the Bureau of Insular Affairs.

The Quarterly Summary of Philippine Commerce has been published throughout the year, giving the current foreign trade movement by countries and commodities in comparison with previous periods. Revised and amplified import and export schedules were submitted to the insular collector and monthly reports have been received thereunder from July, 1910, making possible the presentation in the April-June issue of the summary the trade of the islands for the year in greater detail than ever before. The more complete information furnished is especially shown in the case of the large cotton goods trade, which has thus far yielded the greatest results to the American exporter under the operation of free trade, but other important new details concerning both imports and exports are to be found in the amplified data.

The total exports for the year amounted to $39,778,629 and maintained substantially the high record established in 1910. Imports reached the unprecedented value of $49,833,722, but this amount is not fully comparable with the smaller totals of previous years, since it includes imports of Government supplies and railway supplies heretofore entitled to free entry and excluded from the corresponding totals for previous years. The free-entry privilege extended to these supplies under previous tariffs made possible the identification and practical exclusion of this large and not strictly commercial element, but upon the establishment of free trade with the United States and the imposition of duties on Government supplies from other countries, the effective identification of all these imports became impossible. In the above import total for 1911 is included consignments from the United States to the value of $4,532,379 made direct to supply officers of the United States Army and the Navy and of the insular government, and railway free-entry imports under provisions of act 1566 of the Philippine Commission to the value of $314,965, as well as an unknown volume of railway supplies from the United States and of Government supplies, both foreign and American, not directly consigned, but which should also be excluded in order to make the figures comparable with those of previous years.

IMPORTS.

Imports for fiscal years from 1899 to 1911, exclusive of gold and silver, were as follows:

Fiscal Years.	From— United States	Other Countries	Total
1899[1]	$1,150,613	$11,962,397	$13,113,010
1900	1,657,701	18,943,735	20,601,436
1901	2,855,685	27,423,721	30,279,406
1902	4,035,243	28,106,599	32,141,842
1903	3,944,098	29,027,784	32,971,882
1904	4,633,216	28,587,545	33,220,761
1905	5,761,498	25,114,852	30,876,350
1906	4,333,893	21,465,373	25,799,266
1907	5,155,359	23,630,496	28,785,855
1908	5,079,487	25,838,870	30,918,357
1909	4,691,770	23,100,627	27,792,397
1910	10,775,301	26,292,329	37,067,630
1911[2]	19,483,658	30,350,064	49,833,722

1 Aug. 20, 1898, to June 30, 1899.
2 Figures include Government supplies and railway free entries.

Cotton and manufactures were imported to a value of $10,395,480 and constituted 20 per cent of all imports. The United States repeated the large gains of 1910 and was foremost contributor, with a total of $4,192,849. British goods, after a conspicuous lead throughout American occupation, took second rank, with a value of $3,523,224. The cotton trade with countries other than the United States was as a whole somewhat smaller than in 1910. Imports of cattle greatly increased in 1911 and amounted to $1,490,550, as compared with $871,966 in the previous year. What has heretofore been largely a beef cattle trade for slaughter at Manila was supplemented by draft animals, and heavy shipments of carabao were brought into the islands, chiefly through the port of Iloilo, adjacent to the leading sugar producing section, where active development of the industry is in progress. Fresh beef imports amounted to $851,200, largely for Army supply, and came almost wholly from Australia, as in the past; but the bulk of the cattle trade—both beef and draft—was with the French East Indies, and quarantine regulations are given as the cause of the loss of the market by China after a practical monopoly in earlier years. The material increase in imports of rice, which has been a feature of recent years, continued in 1911, and the quantity was larger than in any year since 1905. The value of these imports was $6,560,630, or $1,238,668 more than in 1910, while the low price prevailing during that year was not maintained, but steadily increased and showed a substantial advance at the close of 1911. Wheat flour was also imported in large quantities, but in consequence of lower prices the value of $1,422,279 was somewhat less than in 1910. While this was largely American flour, the Australian product maintained a competition of some importance in spite of the tariff handicap. Imports of iron and steel and manufactures amounted to $5,887,185, and in the two and a half million increase Government supplies were a factor of some importance. The United States furnished a value of $3,909,519, the United Kingdom $965,982, and Germany $514,407. Imports of coal amounted to $1,548,437, and in the material increase for the year are included Navy coal from the United States, Army contracts from Japan, and Insular Government supplies from Australia. A million-dollar illuminating-oil trade was supplied to the extent of $857,395 by the United States, with reduced competition from the Sumatra product. The value of all imports from the United States was $19,483,658, or practically 40 per cent of the total trade. In addition to this there was imported from Hawaii a value of $335,183, made up chiefly of sugar-mill machinery and partly of coffee, which under free-trade conditions is supplanting the Java product.

EXPORTS.

Exports for the fiscal years from 1899 to 1911, exclusive of gold and silver, were as follows:

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Fiscal years	To— United States.	Other countries.	Total.
1899[1]	$3,540,894	$8,826,018	$12,366,912
1900	3,522,160	16,228,908	19,751,068
1901	2,572,021	20,642,927	23,214,948
1902	7,691,743	16,235,936	23,927,679
1903	13,863,059	19,256,840	33,119,899
1904	11,102,775	19,147,852	30,250,627
1905	15,668,026	16,684,589	32,352,615
1906	11,579,411	20,337,723	31,917,134
1907	12,079,204	21,634,153	33,713,357
1908	10,323,233	22,493,334	32,816,567
1909	10,215,331	20,778,232	30,993,563
1910	18,741,771	21,122,398	39,864,169
1911	16,716,956	23,061,673	39,778,629

[1] Aug. 20, 1898, to June 30, 1899.

In the export total of $39,778,629 for the year manila hemp retained its foremost place, but declined both in actual value and relative importance in the face of substantial gains by copra and sugar, each of which established new high-record values in 1911. The cigar trade suffered a heavy decline from the very abnormal figures created by the first year of free access to the American market, though exports were still much in excess of those of earlier years, while foreign sales of leaf tobacco were unusually large. Exports of hemp were 163,033 long tons, valued at $16,141,340. There was a decline of 5,000 tons from the unprecedented figures of 1910, as well as a further reduction of $5 per ton from the low average price of the previous years, which resulted in a smaller return to the hemp industry by $1,263,582. The close approximation in price between fair current hemp and sisal, which was a feature of the American fiber market coincident with the abnormally large exports to the United States in 1910, was not maintained in 1911, and with the widening difference in prices there were larger purchases of the cheaper Mexican fiber, with a corresponding decline in exports of hemp to the United States. A higher average price prevailed for such exports as went to the American market, but this failed to offset the heavy reduction in quantity from 97,737 to 65,494 tons, and the value of $7,410,373 was the smallest credited to the United States for hemp since the establishment of the direct hemp trade by the act of March 8, 1902. Shipments to the United Kingdom increased from 56,263 to 76,771 tons, but were at a materially reduced price, and averaged $25 per ton below those to the American market. Copra exports were 113,775 long tons, valued at $9,899,457. The increase in quantity was nominal, but the price received was higher, and this important staple added three-quarters of a million dollars to its steadily increasing prominence in the export resources of the islands. The value of these shipments to the United States more than doubled and amounted to $1,030,481, but the French lead in this trade continued, with purchases that amounted to $6,140,343. The encouragement given to the sugar industry by free access to the American market and the favorable price received in 1910 was followed by an increase in exports from 125,699 to 147,016 long tons; 126,889 tons went to the United States and 20,127 tons to other countries—almost entirely to the China-Hongkong market. Though the price average was slightly less, the value of the trade for the year was $8,014,360, or about $1,000,000 more than in 1910. The proportion to the United States was somewhat larger than in the first year of free trade, but even on the basis of total exports not half of the limit fixed by Congress has yet been reached. The great stimulus given to the cigar industry in 1910 by the opening of the American market was not maintained, and exports to the United States, which amounted to 83,931,000 in that year, declined to 22,974,000 in 1911. Exports to other countries also declined to a nominal extent, and the total for the year of 132,217,000, valued at $1,700,712, resulted in a reduced trade return of $1,272,918. Regulations that were inaugurated to improve the quality of exports to the American market and correct the unfavorable impression created by earlier shipments resulted in a materially higher average price in 1911, while improved trade was the indication toward the end of the year. Reduced demand for leaf in the cigar industry was attended by larger exports and at lower prices than in 1910, which resulted in a net gain of $223,248 in exports of unmanufactured tobacco. Of the total of 27,436,494 pounds, valued at $1,842,992, Spain and other European countries took practically the whole. Free trade proved no inducement, and shipments to the United States amounted to only 9,720 pounds. Among the minor products of the islands maguey was marketed in larger quantity, but at a lower price, and yielded $254,053; a three hundred thousand dollar hat trade became more distinctly American; and exports of shells reached the unusual value of $274,540. Larger shipments of sugar and copra were not sufficient to offset the heavy shrinkage in the American demand for hemp and cigars, in consequence of which exports to the United States declined about $2,000,000. Total exports to the United States amounted to $16,716,956, in addition to which there were exports to Hawaii to the value of $96,908, made up almost wholly of cigars.

ANTUNG'S FOREIGN TRADE.

The export figures show best, perhaps, the principal feature of last year's trade, for under normal conditions the shipments from Antung are of first importance. In 1909 the total exports amounted to $2,778,488, while in 1910 they aggregated only $1,701,892. The net imports in 1910 exceeded those of 1909 by $1,752,984. This increase, however, does not represent a true gain in the purchasing power of the Chinese community, for the value of railway equipment imported by the Japanese for their own use amounted last year to nearly $1,145,000.

The share which each country had in the trade of the port is impossible to determine, as many foreign imports are shipped to Antung by an indirect route and are generally entered as coming from Shanghai or Chefoo, where the transshipments are usually made. A partial statement, however, is found in the customs returns headed "Value of trade with foreign countries," and from the figures there given it appears that 79 per cent. of the net foreign imports into Antung are from Japan and Korea (which is now Japanese). This fact is most striking. In this connection, also, a glance at the statistics of foreign shipping is instructive. In 1910 the number and nationality of foreign vessels entered and cleared at Antung were: British, 8; French 8; Geramn 6; Japanese, 658; Korean, 10, and Norwegian, 8.

The advance of Japanese trade and the decline of American trade in China is a subject of frequent comment, and nowhere perhaps can a more striking example of this be found than at Antung. Many explanations are offered, but none is more practical or reasonable than that suggested by the preceding statement of shipping. The Japanese Government is following a definite and comprehensive plan for the extension of Japanese commerce. One important feature of this programme is the granting of shipping subsidies to Japanese steamships, which have thus been able to set up cheap and frequent communication with foreign countries.

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MANCHURIAN TRADE AND COMMERCE.

[*From Consul General Fred D. Fisher, Mukden.*]

The total import and export trade of Manchuria for 1910, as shown by the Maritime and Native Customs returns, amounted to $109,830,706 United States currency, as compared with $102,060,117 for 1909. Of this sum the net foreign imports form $37,480,457, compared with $31,417,297 for 1909, and the native imports $16,189,721, against $16,198,808 in the preceding year, making the total imports $53,670,178, in contrast to a total of $47,616,105 for 1909. Exports were valued at $56,160,528, of which products worth $36,361,811 went to foreign countries and $19,798,717 to Chinese ports. The corresponding figures for 1909 were: Total exports, $54,444,012; shipments to foreign countries, $35,335,310; to Chinese ports, $19,108,702.

According to the above figures more than $6,000,000 of the year's commercial advance is accounted for in the imports from foreign countries, and there was also a gain of over $1,000,000 in the exports to foreign countries. The increase in the value of imports during 1910 over that of the previous year is attributable in a measure to the higher value of the haikwan customs tael. However, a general gain is fairly well distributed over the principal items of imports and is particularly noticeable in kerosene, railway materials, timber, and certain kinds of cotton piece goods. In a general way the increase in the exports may be wholly offset by the higher value of the haikwan tael during 1910 as compared with the previous year. Although an increase appears in the exportation of coal, timber, and various sundries, decreases are shown in beans, bean cake, grain, medicines, etc.

THE SOYA BEAN AND ITS PRODUCTS.

As beans and bean products are the principal items of export from Manchuria, and one of the chief sources from which the majority of the Chinese agricultural population derives its ready cash, the production and the state of the market of these commodities are very important factors in the purchasing power of the people of this district. A comparison of the export of Manchurian soya beans and bean products for 1909 and 1910 through the three principal channels is as follows:

	Beans.		Bean cake.		Bean oil.	
Exported through—	1909	1910	1909	1910	1909	1910
Vladivostok ...tons	256,130	382,039	13,837	11,614	394	8
Dairen (Dalny)..do	512,466	363,664	318,825	177,447	10,850	18,760
Newchwang .....do	238,237	174,563	356,499	327,099	37,875	21,356
Total	1,006,833	920,266	689,161	516,160	49,119	40,124

Of the total bean exportation during 1910, about 350,000 tons went to Europe, as compared with 417,000 tons in 1909. This decrease was probably due to the abundant supply of Indian cotton seed for that year. There was, however, an enormous increase in the export of bean oil to Europe. While the average price of beans per ton at Changchun during 1910 (about $14.50 United States currency) was somewhat under that of 1909 (about $15.50), the farmers, no doubt, realized handsome profits on their crops. With regard to the foreign bean buyers, however, the year was not so successful, as many lost heavily through failure to secure deliveries under contract and other causes.

As a result of excessive rains in certain parts of Manchuria, the production of other farm products during 1910 was somewhat below that of the previous year.

WILD SILK, COAL, AND BRISTLES.

Contrary to the flattering prospects, built upon conditions during 1909, the year 1910 was not a prosperous one for the wild-silk industries of Manchuria. The European and American demand for reeled silk was much below expectations, while considerable stocks were carried from the previous year at the different Chinese ports whence reeled silk is exported.

The output of coal from the Fushun mines during 1910 amounted to 1,200,000 tons, of which about 400,000 tons were exported from Newchwang and Dalny to other ports in China, and the remainder was carried away in ships' bunkers or consumed by the South Manchuria Railway and the local demand. One shaft in each of the new pits known as Togo and Oyama is now in operation, and the daily output is about 500 to 600 tons, respectively. When fully equipped and operated, the daily output will approximate 3,000 tons from each pit. The output during 1910 of the Pen Hsi Hu coal mines was 120,000 tons, which was disposed of locally. While the coal deposits at Pen Hsi Hu are reported to be not very extensive, the mines will in time probably be an important factor in the exploitation of the iron-ore deposits near Chinkeng, some 18 miles distant. These ores are said to contain 70 per cent. of iron of a fine quality.

The amount of bristles collected annually throughout Fengtien Province totals about 200 tons. The prevailing prices per ton are: First quality, $1,600 United States currency; second quality, $1,142; and third quality, $685. Very few direct shipments abroad are made from Mukden.

This district produces annually about 70,000 pounds of horsetails, for which the prices per 100 pounds are about as follows: First quality, length 3 feet, $42.25 United States currency; second quality, length 2 feet, $34.25; and third quality, length 1 foot, $20. The horsetail trade, similarly to that in bristles, is handled chiefly through Newchwang and Tientsin dealers.

FLOUR AND COTTON—IMPORTS BY ARTICLES.

There are two flour mills in the Mukden consular district—one in Tiehling, owned by Japanese, and the other in Kwanchengtzu, owned by a British firm. These mills are equipped with modern machinery and during a working day of 10 hours each has an output of 200 barrels. The price of Tiehling flour is 5 cents higher per bag than that produced in Kwanchengtzu. During the past year the price per bag of 50 pounds obtained for Tiehling flour was $1.04 United States currency. The flour market of this district is almost wholly supplied by these two mills and the Russian mills in north Manchuria. American flour is not now seen on the market.

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The total area under cotton cultivation in Fengtien Province is estimated at 11,500 acres, which are said to produce about 4,000,000 pounds of cotton. Manchurian cotton is reported to be of better staple than that grown elsewhere in China. This production is consumed locally.

COTTON GOODS AND KEROSENE.

An enormous decrease is shown in the importation of American cotton piece goods, and Japanese piece goods now lead in this market. This condition could perhaps be rectified on the part of American cotton-goods manufacturers by doing a direct business, carrying stocks at the principal markets, and building up an effective distributing organization, instead of continuing the old method of distribution from Shanghai. This can be done only by a careful study of local conditions and close attention to the peculiar requirements of the market.

While considerable improvement has been made in the quality of Japanese cotton goods, they are still inferior to American and English manufactures. The relative prices, per piece, of cotton goods in the Mukden market during the year of 1910 was about as follows: Sheeting, 36-inch—Japanese, "2 Crabs," from $2.66 to $2.72 United States currency; American, "Buck Head," from $3.46 to $3.55; British, "Man Holding a Gun," from $3.62 to $3.69. Drills, 32-inch—Japanese, "Dragon Head," from $2.97 to $3.08; American, "Flying Dragon," from $3.58 to $3.68; British, "Jockey on Horseback," from $3.50 to $3.62. Japanese shirting, 36-inch, "2 Fish," from $3.05 to $3.12. British jeans, 32-inch, "3 Deer Heads," from $2.63 to $2.79.

The total imports of kerosene into Manchuria during 1910 amounted to 14,942,144 gallons, as compared with 9,125,769 gallons received during 1909. Purchases of American kerosene increased 75 per cent and Sumatra kerosene increased 418 per cent, while the Russian article declined 21 per cent.

MACHINERY, STOVES AND CONDENSED MILK.

During the past few years considerable advancement has been made in the introduction of electric-lighting plants in Manchuria, and it is probable that this field offers a fair future in this line, as there are a number of towns and cities where such plants could be advantageously installed. It is, however, necessary that any firm wishing to try for this business should have a representative who could occasionally visit the district, keep in touch with local conditions, and be in position to prepare plans and construct lighting plants complete.

Up to the present time the low scale of living of the Chinese farmer and the limited size of his holdings have warranted the use of only the simplest agricultural implements. If the agricultural resources of Manchuria are developed in accordance with schemes which the Chinese Government is reported to have in contemplation, this district will be a favorable field for the development in time of an extensive market for modern agricultural implements and machinery. However, it will be necessary to induce the Chinese farmer to adopt western methods of agriculture and educate him in the use of modern implements and machinery—an undertaking of magnitude that will require much perseverance and patience.

During recent years a moderate demand for heating stoves has grown up in Manchuria. This, however, is being supplied, so far as the cheaper grades of stoves are concerned, by the native-made article, but in the higher grades there has been some call for American stoves.

The sale of American condensed milk appears to be on the decrease, and its place is being taken by a product reported to be put up at Shanghai and bearing a trade-mark somewhat resembling a prominent American brand. American evaporated cream is also giving way to a Swiss product, but the sale of this article is not large, being confined chiefly to the foreign element.

Galvanized iron, cement, nails, and other building materials find a limited market in the larger cities along the railway, where construction under European methods is followed, and there is a growing demand for graphophones, bicycles, photographic materials, etc. In these lines, however, this market is chiefly supplied from Shanghai or other general distributing points.

TRADE EXTENSION—EXPORTS BY ARTICLES.

While many American exporters are energetic in sending out catalogues in English and in writing commercial inquiries, with a few exceptions, they apparently fail to realize the necessity for using as practical means for developing foreign markets as for the home field. In my opinion the time has arrived when the manufacturers and exporters of the United States should have a thorough knowledge of foreign markets and their peculiar features. In lines where the prospects are such as to indicate the possibility of developing an extensive and permanent trade, the American maker should send young, intelligent, and energetic representatives, who would come prepared to learn the language and peculiar commercial traits of these people and to make a career of the work.

For the extension of American trade in this district it is very desirable that a few large American firms establish themselves in the principal Manchurian markets. On account of the fluctuation in the rate of silver exchange, the unfavorable condition of the local currency, and the high banking rates, to conduct a successful business they should be in position to do both exporting and importing. At the present time Manchurian products are not exported direct to the United States. There is, however, a considerable importation into the United States of bean oil from the Manchurian soya beans, expressed in Europe and other parts.

Exports through the native customs during 1909 included 24,716 tons of bean cake, 19,371 tons of beans, 11,181 tons of bean oil, 15,348 tons of coal, 6,501 tons of fish, 18,913 tons of kaoliang, 17,316 tons of maize (corn), 37,190 tons of millet, 1,944 mules, 7,355 straw mats, and 12,776 tons of samshu (Chinese wine).

RAILWAY CONSTRUCTION.

Construction work was carried on during the year on the Antung-Mukden and the Kirin-Changchun Railways.

Under Article VI of the supplemental agreement between China and Japan, signed at Peking, December 22, 1905, Japan obtained the right to improve the then existing narrow-gauge military railway line between Antung

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and Mukden, and is now engaged, in the name of the South Manchuria Railway, in carrying out this work by constructing a new roadbed in many places and standardizing its gauge. The line was to be completed and open to traffic about November 3, 1911, and will have a total length of 186 miles. It is reported that express trains will then run between Changchun, Manchuria, and Fusan, Korea. This will probably divert much of the passenger traffic from Dairen (Dalny).

The Kirin-Changchun Railway is being constructed by the Chinese in accordance with the convention between China and Japan, signed at Peking, April 15, 1907. Its total length will be about 80 miles, and while it was intended that it be completed by the end of 1911, it will probably not be opened to traffic before the end of 1912. Kirin is the capital of Kirin Province and one of the largest cities in Manchuria, having a population estimated at 100,000. The completion of this line will open a new channel of distribution for goods destined to points in north Manchuria, which will then be handled by rail to Kirin and thence sent by river craft down the Sungari River.

Under Article VI of the Manchurian agreement between China and Japan, signed at Peking, September 4, 1909, China is to undertake the extension of the Kirin-Changchun Railway eastwardly to the southern border of Yenchi Prefecture to connect at Hoiryeng, on the Korean border, with the Korean Railway. This extension will open a new trade channel by rail from the Korean seaport of Seishin to the Yenchi district, and will be a very important factor in the development of that region, which, on account of a lack of transportation facilities, is now a virgin country.

NORTHERN MANCHURIA.

HARBIN.

(From Consul Roger S. Greene.)

The year 1910 was the first for which there were available complete customs returns of the traffic carried on over all the important trade routes connecting North Manchuria with the Russian provinces upon which it borders. According to these returns, the total value of the import trade in foreign goods and of the export trade in native goods came to the equivalent of $25,445,312 (when converting haikwan taels at the rate of 64 cents) for the five customs stations of Manchouli, Suiefenho, Harbin, Sansing and Aigun, of which amount $15,981,501 (about 63 per cent.) represented exports and $9,463,811 imports.

Nearly four-fifths of this trade passed through Suifenho and Manchouli, and if the figures for these two stations are compared with the corresponding figures for 1909 an increase of a little over $200,000 is seen. As the statistics for the river stations were not complete in 1909, no comparison is possible in their case, though a slight advance is apparent there also.

The following table shows the value of imports and exports at each customs station in the Harbin consular district during 1910:

Customs Stations.	Imports of foreign goods.	Exports of native goods.	Total.	Re-exports of foreign goods.
Manchouli ...	$5,661,142	$1,297,518	$6,958,660	$255,161
Suifenho ...	3,653,591	9,281,978	12,935,569	490,746
Harbin	121,301	3,486,872	3,608,173	427,151
Sansing	15,945	1,296,008	1,311,953	16
Aigun	11,832	619,125	630,957	29,301
Total	$9,463,811	$15,981,501	$25,445,312	$1,202,365

An increasing quantity of foreign and native merchanrise is now coming into this district from the south, mainly through Dalny. While there are no entirely satisfactory returns of this trade, the railway transportation records give some idea of its volume and character. Thus, 109,677 tons of freight were shipped north from Kwanchentzu in 1910, as against 62,903 tons in 1909 and 40,322 tons in 1908. While most of this increase represented Fushun coal, which is now largely used instead of firewood, a not inconsiderable part was undoubtedly due to the diversion of trade from the Vladivostok-Suifenho route to the Dalny-Changchun line of the South Manchuria Railway. The falling off in the value of imports by the former route amounted to 30 per cent. Cheaper freight rates by the Japanese railway and lower port charges at Dalny are responsible for this diversion of the import trade from Vladivostok, where the charges are high. North Manchurian exports, on the other hand, being cheap, bulky cargo, can not bear transshipment charges at Changechun, and consequently go almost entirely via Vladivostok. The goods transshipped from the Russian to the Japanese line are almost all for consumption in South Manchuria, flour and lumber being the main items.

In 1909 the imports of foreign goods from foreign countries at Manchouli aggregated $3,821,202 in value; those at Suifenho $5,184,276.

The chief foreign goods received at Harbin from foreign countries through the river customs during 1910 were: Bags of all kinds, $5,244; candles, $1,474; fish and fishery products, $76,658; cow and buffalo hides, $4,198; matches, $6,223; iron and mild steel, $7,334; furs, $1,865; with smaller shipments of cotton goods, leather, machinery and fittings, household stores and alcoholic beverages.

The 1910 imports of foreign goods from foreign countries through the Sansing customs, including the Lahasusu Barrier, were made up principally of bags ($3,817), fish and fishery products ($4,662), and cow and buffalo hides ($3,723).

Cotton goods valued at $3,140, matches $1,273, iron sheets and plates $1,634, and Russian kerosene $4,355 were the leading articles imported from foreign countries through the Aigun customs in 1910.

JAPANESE GAINS IN COTTON GOODS.

The quantity of American cotton goods imported through the custom houses in this district has dwindled to an insignificant figure, as will be seen from the table below, which shows the quantity and value of American, British and Japanese drills, jeans and gray shirtings and sheetings imported through Suifenho in 1909 and 1910. Almost no goods of this kind are imported through the other stations.

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Kinds.	1909. Pieces.	1909. Value.	1910. Pieces.	1910. Value.
American	15,057	$34,037	2,021	$4,713
British	18,186	45,742	6,881	16,675
Japanese	26,907	53,872	18,599	39,442
Others	....	....	1,700	3,441
Total	60,150	$133,651	29,201	$64,271

The demand for goods of this type is now supplied almost entirely by the Japanese syndicate which operates from the south and which has permanent representatives at Harbin, Shuanchengpu, Ashiho and Tsitsihar, besides traveling salesmen who cover such important outlying districts as the Sungari Valley below Harbin and the region about Suihua-fu. It is reported to have brought to Harbin in 1910 about 8,800 bales of gray shirtings and sheetings and 1,700 bales of gray drills, the local value of which would come to over $600,000.

It is said, however, that American goods are largely used for the manufacture of the ready-made clothing that is brought here from Chefoo in considerable quantities, the cheap labor in Shantunk making it more profitable to have the clothing manufactured there. The value of such imports is estimated at $150,000 to $200,000, and besides this about $45,000 worth of dyed American and English piece goods were said to have been imported by Chinese dealers during the year. About $70,000 worth of nankeens were imported from Newchwang by merchants in Fuchiatien.

PIECE GOODS TRADE AT SHUANCHENGPU AND ASHIHO.

At Shuanchengpu, 32 miles south of Harbin, the Japanese syndicate is reported to have sold about 4,000 bales of sheetings and drills and 1,600 bales of nankeens, the total value of which came to nearly $300,000 gold, over 60 per cent. of which represents the medium grade of Japanese sheeting known as the Two Crabs brand. Seven hundred bales of American shirting and sheeting were brought up from Newchwang by Chinese merchants, and 480 bales of jeans, besides a quantity of bleached sheeting, the total value of these imports being about $85,000. In addition, approximately $324,000 worth of nankeens and some $28,000 worth of sateens, lusters and Russian prints were brought in during the year, making the total value of the cotton goods business of Shuanchengpu nearly $750,000.

At Ashiho the Japanese syndicate appears to have sold slightly over 1,000 bales of sheetings and drills and a few bales of nankeens, the aggregate value being about $63,000. Half of this quantity of American and English sheetings, drills and jeans was imported from Newchwang during the year by Chinese merchants. Imports of nankeens were valued at about $90,000, and of sateens, lusters and Russian prints at approximately $10,000. The total value of the cotton goods business at Ashiho would thus come to $200,000.

These are the principal trading centres in that part of Kirin Province which falls within the Harbin consular district. The cities of Heilungkiang Province are largely supplied from Harbin stocks. Cotton goods of various kinds imported during 1910 from Russia via Manchouli were valued at $550,813, an increase of slightly over $200,000 as compared with the preceding year. If the imports of cotton goods at all the customs stations in North Manchuria and the estimated imports of foreign cotton goods from the south be added together, a total of more than $2,000,000 will be obtained as the value of the foreign cotton goods business in the Harbin district, not including the large business in Chinese cotton cloth. It will be seen, therefore, that the opportunity in this region is large enough to deserve the serious attention of American manufacturers.

KEROSENE, LUBRICATING OILS, PARAFFIN AND CANDLES.

The increased sales of American kerosene in this district continue to present an example of what can be accomplished by energetic effort. Whereas in 1908 practically none was sold here, in 1909 about 35,000 cases were disposed of, and in 1910 this figure was more than doubled. A considerable quantity of Sumatra oil was also imported during the year, but not more than half as much as of the American kerosene. If the city of Changchun, which formed a part of this district until near the close of the year, is included, the total consumption of American and Sumatra oil must have approached 200,000 cases, judging from the railway statistics. Outside the railway area the American oil has most of the business on account of its superior quality and the excellence of its selling organization. The customs returns give the imports of Russian oil during the year as 1,848,923 gallons, the greater part of which came in bulk through Suifenho. This was an increase of about 45 per cent. compared with 1909.

During the year keen competition existed between all three of the principal companies, but early in 1911 the Russian and Sumatra interests came to an understanding, as a result of which the Sumatra company is retiring from this field as far as illuminating oil is concerned, while remaining for the lubricating oil, paraffin and benzine business.

The Russian oil company still has most of the lubricating oil business in this district, though the Asiatic Petroleum Company is also selling lubricants. The American company has not yet obtained a foothold here in this line. Russian lubricating oil imported in 1910 amounted to about 263,765 gallons, practically the same quantity as in 1909.

The imports of Russian candles fell from $172,315 in 1909 to $72,444 in 1910, this being due to the development of the local candle making industry, which is supplied with wax mainly by the Standard Oil and the Asiatic Petroleum companies. Some European wax is sold also, but it appears to be of inferior quality.

CIGARETTES AND MISCELLANEOUS TRADE INQUIRIES.

The business of the combined British and American tobacco interests made good progress in this neighborhood in 1910, but sales amounted to only about a fourth of the value of Russian cigarettes and tobacco imported at Manchouli. There is gradually developing a small demand for American pipe tobacco on the part of the European population, though it cannot yet be considered of much commercial importance.

As regards the miscellaneous trade in flour bags, sewing machines, typewriters, scales, builders' hardware, roofing materials, motor engines, pumps, clocks and watches,

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photographic supplies, playing cards, arms and sporting goods, and special lines of provisions, such as canned and dried fruits and oatmeal, there is little change to note. A small business in these lines is regularly done.

Inquiries have been made at the consulate during the past year for steam boilers, flour mill and electrical machinery, agricultural implements, motor tractors, tanning materials, sole leather, beds, hardware, refrigerating machinery, slaughter house equipment, automobiles and sporting goods, such as fishing tackle, arms, ammunition, bicycles and tires, skates, etc. In many of these cases no very definite and assured business was in sight, and in others the business that could be done was very small, but these items will serve to give some idea of the kinds of American manufactures in which merchants here are interested.

In exports the year 1910 proved disastrous to nearly all who were interested in the principal staple, the soya bean, owing to the unrestrained speculation in which practically all the exporters indulged. An unusually snowy winter interfered with the delivery of the crop at the railway stations and also caused great loss on account of the dampening of the beans and their consequent spoiling on the long voyage to Europe through the tropics. About 14 per cent. of the shipments via Vladivostok during the 1909-10 season are said to have been condemned on this account.

The market quotation for beans for immediate delivery was about 56 kopecks per pood ($17.89 per long ton) at the beginning of the year, but rose until in April (Russian style) it was as high as 72 kopecks per pood ($23 per ton). During the fall the prices for the new crop varied between $15.01 and $17.56 per ton, and as exporters were more cautious about making future contracts the market was much steadier through the rest of the season. The highest prices quoted are far above what the European demand would justify under normal conditions.

SHIPMENTS OF BEAN PRODUCTS AND GRAIN.

Exports of beans through the five customs stations of the Harbin consular district amounted to 268,333 tons in 1910, against 230,118 tons in the preceding year. Adding the rail shipments to the south from Changchun gives a total of 411,930 tons, in contrast to an aggregate of 454,486 tons in 1909.

The exports of bean cake from the five stations came to only 11,186 tons. In 1909 the amount was also small (12,434 tons). Most of this product goes to Japan via Suifenho. Shipments of bean cake southward from Changchun aggregated only 6,990 tons.

The exports of bean oil from all the stations amounted in round numbers to 11,127,000 pounds, as against 3,193,000 pounds in 1909, the bulk of the business being with the Russian Amur ports.

Exports of grain during 1910 showed a marked increase (about 47 per cent.) over the preceding year, but the incompleteness of the river customs returns in 1909 makes exact comparison impossible. The total for all kinds of local grain exported through the five stations of this district in 1910 was 158,977 long tons, of which wheat accounted for 117,232 tons; barley, 13,670 tons; millet, 11,055 tons; kaoling, 8,188 tons; corn, 3,547 tons; oats, 3,148 tons, and buckwheat, 2,137 tons. If the shipments to the south from the Japanese station at Changchun be added, there results a total of 185,055 tons of grain, including 133,202 tons of wheat, as the surplus cereal output of this district for 1910. Excepting about 10,200 tons bought by various European and Japanese firms, the wheat and most of the other grain exported went to Siberia, mainly to Vladivostok, Habarofsk and Blagovestchensk.

CONDITION OF THE FLOUR TRADE—HEMPSEED.

The total exports of flour through the custom houses of the Harbin consular district amounted in 1910 to 597,632 barrels, probably about 30,000 or 40,000 barrels less than in 1909, though exact figures for the river shipments in that year are not available. The increase in shipments south from Changchun was, however, remarkable the amount being 127,765 barrels in 1910 as against 13,300 barrels in 1909. This new development was brought about by great reductions in the railway rates on flour bound south from Harbin over the Russian section of the line, on which extraordinary high rates had previously been maintained. All this, of course, means additional competition with American flour in South Manchuria and eventually in the eighteen provinces themselves.

The production of flour by the local mills was practically the same as in 1909; that is, about 1,000,000 barrels, but no exact information on the subject could be obtained. While the largest mills are running at only about half their nominal capacity, it is a noteworthy fact that some of the smaller mills, which are more economically equipped, with up-to-date power plants, etc., are being operated to their full capacity. The situation of Harbin on the Sungari River and at the junction of the main southern lines of the Chinese Eastern Railway is very advantageous for flour milling, as regards facilities for securing wheat and for disposing of the finished product. A few small milling outfits have recently been purchased by Chinese merchants for interior cities of this district.

The shipments of hempseed via Suifenho to Vladivostok and beyond, mainly to southern Russia and to England, increased from 3,830 tons in 1909 to 12,266 tons in 1910. There has been some interest shown in Manchurian hempseed in the United States of late, presumably on account of the fact that it is admitted free of duty, and a small shipment went forward to New York early in 1911. The supply is still very limited, however, and no large increase in the stock available for export is expected in the near future by local dealers.

MEAT AND WOOL SHIPMENTS.

The exports in 1909 and 1910 of fresh beef, pork and mutton at the customs stations on the railway, which is the only route by which such shipments can at present be made, were as follows, in pounds:

BEEF.

Stations.	1909.	1910.
Suifenho	8,854,666	7,001,733
Manchouli	115,600	403,200
Totals	8,970,266	7,404,933

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MUTTON.		
Suifenho	1,264,934	505,466
Manchouli	87,866	934,934
Totals	1,352,800	1,440,400
PORK.		
Suifenho	2,341,333	2,393,066

During the winter the meat is frozen by simply exposing it to the air. In the summer shipments are made by only one Harbin firm, which owns a small refrigerating plant.

The price of fresh and frozen beef fluctuated between 3.20 and 5.20 rubles per pood, or about 4.5 to 7.4 cents gold per pound, pork between 4 and 7.1 cents, and mutton between 4 and 8.5 cents gold, the high prices being in the spring and summer, when competition was restricted. As a result of the comparative cheapness of fresh meat, there is very little demand now for the American packing house products that sold so well during and just after the Russo-Japanese War.

Wool exports came to 1,421,066 pounds, of which 384,196 pounds were declared for export to the United States. Most of the remainder went to Russia for use in the manufacture of various coarse woolen goods. According to the customs returns the exports in 1909 were 6,041,333 pounds.

A FAVORABLE OUTLOOK.

To conclude, the commercial outlook in this region is distinctly favorable. Exports and imports are increasing; the development of the Russian Amur Provinces, caused by the construction of the Amur Railway and the Russian colonization policy, is giving Manchuria every year a larger market for its agricultural products; the European demand for Manchurian beans and other oil seeds can now be reckoned as a permanent factor in Manchurian trade; and, besides, Europe stands ready and eager to take whatever surplus of Manchurian grain and lumber may be left after the markets nearer at hand are satisfied.

In these circumstances local industry is always assured a bountiful return on as much as it can produce, and consequently a steady increase in population and in the purchasing power of the people may be looked for. In fact, statistics already show the expansion of the import trade in the staple articles most required by the Chinese population. Connections with South Manchuria and with the rest of the Empire become better year by year, and there are indications that Harbin may become in time a depot for the supplying of some foreign goods to the Russian Amur Provinces.

The foreign trade of a district like this, which, in little more than a decade, has developed from practically nothing to a total annual turnover of $25,000,000 gold, not counting the merchandise from and to the south, is surely worthy the most careful attention of American merchants and manufacturers.

THE DEVELOPMENT OF THE SOUTH MANCHURIA RAILWAY COMPANY.

In August, 1905, the Japanese Government, by virtue of Art. 6 of the Treaty of Peace between Russia and Japan, acquired the Railway main line from Changchun to Port Arthur, together with its branch lines and all the rights, privileges, and properties attaching thereto, including the coal mines formerly owned by the Chinese Eastern Railway. On June 7, 1906, an Imperial Ordinance was issued concerning the establishment of the South Manchuria Railway Company; and on July 13 of the same year General Viscount G. Kodama was appointed President of the Organization Committee, composed of 81 members. But in consequence of the death of Viscount Kodama, which occurred on July 24, Viscount Terauchi, Minister for War, assumed the presidency on July 25. On August 1 the Government forwarded to the committee the conditions pertaining to the establishment of the South Manchuria Railway Company; and after the formation of the company had been prepared by the committee on the basis of the Imperial Ordinance and in accordance with the conditions of the Government, the Articles of Association were approved by the Government on August 18. The subscription for shares took place from September 10 to October 16; and the establishment of the Company was finally sanctioned by the Minister of Communications on November 1.

The Board of Directors is composed of the following officials: 1 President, 1 Vice-President, and at least 4 Directors; besides whom the Company has from 3 to 5 Auditors.

Both the President and the Vice-President are appointed by the Government with Imperial sanction; the Directors are also appointed by the Government from amongst shareholders owning at least 50 shares; whilst the Auditors are elected at the General Meeting of Shareholders.

In accordance with these regulations, on November 13, 1906, Baron S. Goto was appointed President; Mr. Z. Nakamura, Vice-President, and Mr. S. Kunisawa and five other gentlemen, Directors of the Company. At the General Meeting, which took place on the same day, Mr. T. Nakahashi and four other shareholders were elected Auditors. On November 27 the President of the Organization Committee handed over all matters connected with the establishment of the Company to the newly appointed President of the Company; and the registration of the Company was effected on December 7 of the same year. In consequence, however, of the appointment of the President, Baron Goto, to be Minister of Communications, which took place on December 19 following, the Vice-President, Mr. Nakamura, was appointed President, whilst Director Kunisawa was raised to the position of Vice-President.

The Board of Directors at the present time is composed of the following members: President, Mr. Z. Nakamura; Vice-President, Mr. S. Kunisawa; Directors,

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Messrs. C. Seino, K. Kubota, N. Inuzuka, S. Tanaka, M. Kubota, Prof. S. Okamatsu, LL. D., and Mr. K. Nonomura; Auditors, Messrs. T. Nakahashi, K. Kawakami, H. Taki, K. Magoshi, and S. Iwashita.

The authorized capital of the Company is two hundred million yen, which is divided into one million shares of 200 yen (about £20) each. The Japanese Government owns half of the total authorized capital, viz., 100 million yen, which is its share for the handing over to the Company of the complete railway lines in Manchuria with the properties thereto (except the rolling stock and the rails and accessory materials on the Antung-Mukden line) and the coal mines of Fushun and Yentai —altogether of an assessed total value of 100 million yen. The other half, viz., 100 million yen, was made available for subscription to and taken up by Japanese and Chinese subjects only; and the shareholders are guaranteed a dividend of 6 per cent. per annum by the Japanese Government. Owing to the economic conditions in Japan at the time of the establishment of the Company, however, the first issue of shares was limited to the amount of 20 million yen, of which only one-tenth was called up. Hence the shares not yet issued amount to 80 million yen, whilst the share capital subscribed but not yet paid up is 18 million yen.

On April 1, 1907, the Company took possession of, and commenced operations on, the following properties, which constitute the investment of the Government:

(1) The railway lines between Dairen and Changchun; Nankuanling and Port Arthur; Tashihchiao and Yingkou; Yentai on the main line and the Yentai coal mine; Suchiatun and Fushun; and Antung and Mukden.

(2) The machinery, implements, and other material actually in use on the above railways and mines, and also on the railway line between Mukden and Hsinmintun.

(3) The properties in land, buildings, and other establishments, both within and without the Kwantung Leased Territory, belonging to the above railways and mines.

The Mukden-Hsinmintun Railway, with all its appurtenances, was ceded to the Chinese Government by reason of an agreement entered into on April 15, 1907, its actual transfer taking place on June 1 of the same year; and in fulfilment of an agreement entered into in June, 1907, with the Russian Government at St. Petersburg, the railway lines and properties to the south of Kwanchengtzu Station, together with the coal mines of Shihpailing and Taochiatun and their appurtenances, were formally transferred to the South Manchuria Railway Company between July 15 and July 18, 1907.

With the object of raising, largely through debentures, the funds required for the reconstruction of these railways, as well as for the subsidiary undertakings described below, the Company has up to the present time issued in London three separate issues of debentures of a total amount of eight million pounds sterling at the uniform rate of interest of 5 per cent, both capital and interest being guaranteed by the Japanese Government. The following is a list of the debentures issued:

1st Issue: 4 million pounds sterling, issued on July 19, 1907, redeemable within 25 years.

2nd Issue: 2 million pounds sterling, issued on June 1, 1908, redeemable within three years.

3rd Issue: 2 million pounds sterling, issued on December 16, 1908, redeemable on July 23, 1932.

The Industries and Enterprises of the Company. The Railways.—The Railways acquired from the Government on April 1, 1907, are as follows:

The main line between Dairen and Changchun (437½ miles); the Port Arthur branch line (39 miles); the Liuhutun branch line (3½ miles); the Yingkou branch line (13 miles); The Yentai branch line (9¾ miles); the Fuhun branch line (39 miles); the Antung-Mukden line (189 miles).

The gauge of the whole of the above railways when acquired from the Government was 3 feet 6 inches, with the exception of that of the Antung-Mukden line, which was only 2 feet 6 inches. This, however, does not include the line from Mukden to Hsinmintun, which though originally included in the system, acquired by the Company, was ceded to China, as before mentioned.

Immediately after the acquisition of the above railways, the Company commenced, and without the slightest interruption of traffic, executed their reconstruction to the standard gauge of 4 feet 8½ inches—except the Antung-Mukden line—and also the doubling of the track between Dairen and Suchiatun, a distance of 238⅓ miles. So expeditiously was this performed that as early as November, 1907, traffic on the standard gauge was opened on the Port Arthur line, and on June 1, 1908, the entire main line, as well as the Fushun and Yingkou branch lines, has been rebuilt and completed. It was a source of great satisfaction to the Company to have been able to express its hearty approbation of the work done by its engineers on that occasion, for within the short time of one year, and in spite of many adverse cirrcumstances and difficulties of every kind consequent upon the great war, they had succeeded in widening the gauge on more than 500 miles of railway line, at the same time erecting more than 200 locomotives and 2,500 cars newly received, thus making it possible for the Company to effect the change to standard gauge practically without interruption of traffic for a single day and without the slightest obstruction.

In order to improve the through traffic between Europe and the Far East, the Company inaugurated in October, 1908, an express service between Dairen and Changchun, consisting of Pullman sleeping and dining cars of the latest type. The express trains run three times a week, and connect at Changchun with the Siberian trains of the International Sleeping Car & Express Train Co. and Russian State Express, and at Dairen with the steamship service operated by the Company between Dairen and Shanghai twice a week. In accordance with the terms of a provisional convention concluded by the Russian and Japanese Governments on June 13, 1907, respecting the through traffic on the Russian and Japanese Railways in Manchuria, this Company entered into an agreement with the Chinese Eastern Railway Company respecting the passenger and baggage through traffic, which was approved by the Japanese Government on December 1, 1909.

An agreement has also been made with the Imperial

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Japanese Government Railways, the Osaka Shosen Kaisha (Osaka Mercantile S. S. Co.), and the Nippon Yusen Kaisha (Japan Mail S. S. Co.) regarding through transportation of cargo. This was put into effect from the 1st of January, 1911, simultaneously with through goods traffic between Shanghai and the principal stations on this Railway.

By virtue of these arrangements, immense facilities are now obtainable in through cargo transportation at this Company's principal stations with many ports in the East, as well as in Europe, Australia, and the United States of America, regularly touched by the Nippon Yusen Kaisha and Osaka Shosen Kaisha steamers.

The doubling of the railway track on the section between Dairen and Suchiatun also progressed rapidly, and the double line was opened for traffic in its entire length on October 27, 1909.

The reconstruction of the Antung-Mukden narrow-gauge line to standard gauge was commenced in August, 1909, and proceeded so rapidly that the Mukden-Shihchiaotsu section (35 miles) was opened for traffic on November 3 of the same year; the Antung-Chikuanshan section on November 3, 1910; and the Shihchiaotsu-Penhshiu section by the end of December, 1910. With regard to the remaining section, from Penhsihu to Chikuanshan (73 miles), notwithstanding considerable engineering difficulties that are almost constantly being met with, so remarkable a progress is being made that it is expected the work will be completed by March, 1912.

The Yingkou branch line, which formerly had its terminus at Niuchiatun, has been extended as far as the New Japanese town of Yingkou, where a new station was built and opened for passenger traffic in November, 1909, and the old station is being utilized as a goods office.

The reconstruction of the Yentai branch line, which became necessary in consequence of the increased output of the Yentai coal mine, was also completed; and on March 1, 1910, goods trains commenced to run between Liaoyang and the Yentai coal mine.

The Liushutun branch line, though at present not in operation, has also been reconstructed to standard gauge in accordance with an order from the Home Government.

The reconstruction of all the railways enables the company to dispense with the rolling stock of narrow gauge, which was therefore sent back to Japan in 1908. This comprised 217 locomotives, 3,727 goods cars, and 157 passenger cars.

The rolling stock in use at the end of the first half of the working year 1910 was as follows:

On the main and branch lines of standard gauge: 216 locomotives, 2,315 goods cars (2,190 thirty-ton cars and 125 fifty-ton coal cars), and 125 passenger cars.

On the Antung-Mukden light rail line: 82 locomotives, 650 goods cars, and 54 passenger cars.

Originally, a central railway workshop had been erected in Dairen for the construction of rolling stock, repairs, and other works, not only to meet the requirements of the company but also those from outside. Besides this central workshop, small workshops for the repair of rolling stock, machinery, and implements were established in Liaoyang, Kungchuling, and Antung. However, as these workshops soon proved to be altogether too small and insufficiently equipped to cope with the ever-increasing demand, it was decided to erect a new and in every respect modernly equipped workshop on an extensive scale at Shahokou near Dairen; and this is now fast nearing completion. When completed, this workshop will be able to execute repairs at once on 20 locomotives and 46 goods cars of 30 tons each, and at the same time construct and repair other railway materials, mining machinery, etc. The Company also intends to gradually enlarge and improve the other workshops.

The passenger and goods traffic has been steadily increasing since the commencement of the Company's business, as will be seen from the following business returns for half-years. (In this connection, however, it must be observed that beans and bean cakes form by far the greater portion of the goods traffic, and since the transportation of this produce from the interior to the railway and from the railway to the ports must of necessity be mainly done during the winter season it naturally follows that the revenue during the second half of each working year must be greater than that of the first half. In order, therefore, to arrive at a proper conclusion with regard to the financial progress achieved so far, it is necessary to compare winter and summer half-years between themselves.)

Working year.	Term.	Passengers.	Tonnage of goods. (American Tons)	Receipts in yen.	Expenditure in yen.
1907	1st Half	704,300	533,283	4,093,425	2,757,446
	2nd Half	807,931	953,151	5,675,462	3,344,168
1908	1st Half	910,946	1,083,064	4,372,751	2,587,589
	2nd Half	957,194	1,525,972	8,164,391	2,573,818
1909	1st Half	1,029,418	1,756,225	5,858,158	2,609,968
	2nd Half	1,149,644	1,812,302	9,158,040	3,208,365
1910	1st Half	1,324,952	1,670,271	5,594,767	3,015,332

Shipping.—The increasing through traffic from Europe to the Far East, as a result of the reconstruction of the railways, induced the Company to institute a regular steamship service between Dairen and Shanghai by chartering the steamer "Kobe Maru" from the Nippon Yusen Kaisha; and this service was opened on August 10, 1908.

This steamship line connects the shortest and quickest route from Europe to Shanghai, and as an annex to the South Manchuria Railway line is equally important for passenger and goods traffic as well as for mails. As the advantages of this route have become to be generally recognized, this steamship service has gradually expanded, so that it became necessary to charter another steamer from the same steamship company; and the "Saikio Maru," chartered in May, 1909, now runs alternately with the "Knobe Maru" on this twice-weekly service.

The following figures give the results of the passenger and goods traffic during the last five half-years:

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Working year.	Term.	Passengers.	Freight tonnage (American Tons)	Receipts in yen	Expenditure in yen.
1910	1st Half	2,368	20,170	107,377	225,418
1908	1st Half	190	495	5,831	39,553
	2nd Half	1,536	10,264	66,750	164,646
1909	1st Half	1,985	13,735	90,163	230,722
	2nd Half	2,340	17,821	101,075	215,574

The Harbor.—As regards the construction of Dairen Harbor, it is intended mainly to follow the plan originated by the Russians, and to complete the works left unfinished. The principal construction works taken over and executed so far by the Company are as follows:

(1) The construction of the East Breakwater, which stretches out from the northern end of the East Quay toward the northeast, and is 1,221 feet long, 20 feet wide at the top, and 19 feet above the water at low tide. Between the East and the North Breakwater a sea passage 1,200 feet wide is left open. About 70 per cent of all the construction works have been completed up to date (January, 1911).

(2) The wall of the East Quay. The southern part of the quay had been completed and the construction of the northern part commenced by the Russians. It was decided to take down the uncompleted part, and construct in its stead another wall extending from north to south and from east to west. This quay wall is 909 feet long, 540 feet wide, and 30 feet above low water. More than 57 per cent of this work has been completed.

(3) The Northwest Breakwater. Stretching from a point about 1,200 feet distant from the end of the East Breakwater toward northwest, this breakwater is to be 12,500 feet long, from 10 to 20 feet wide at its crest, and from 17 to 19 feet above low water. So far, 16 per cent of this work has been completed.

(4) The dredging of the port. The total quantity of mud to be dredged is estimated at 15 million tons, of which at present only 20 per cent has been removed. But the steam dredger, "Heito Maru," of 573 tons, constructed on the latest plan by Messrs. Ferguson Bros., of Glasgow, at a cost of about £30,000, is now on her way from Europe to Dairen, where she is expected to arrive in April next. The work of dredging the port will then be taken in hand with much greater celerity and thoroughness.

Reclamation work on the east coast of the city of Dairen is also shortly to be commenced; and besides the repair and construction work on the east quay-wall, the construction of an embankment at the Public Wharf (Junk Wharf) on the northern coast of the city is being steadily pushed forward.

The facilities of the harbor have been improved by the introduction of steam launches, warehouses, sheds and several other accommodations calculated to further the convenience of the passenger and goods traffic. The loading and discharging of goods at the port, which had hitherto been entrusted to numerous forwarding agents, was in October, 1907, brought under the direct management of the Company; and this step has been entirely justified by the subsequent improvement in the method and work of transportation. The amount of goods entering and leaving the port of Dairen increases year by year, and during the winter season especially the pressure in the port is enormous, making it utterly impossible for manual labor (the only labor up till now used in the port) to satisfactorily cope with the traffic. With a view to obviate this difficulty, the introduction of grain-elevators is now under consideration. Moreover, attention is also being paid to the introduction of especial loading devices for coal cargoes.

The following are the financial results of the harbor administration since coming under the direct management of the Company:

Working year.	Term.	Number of ships arrived at wharf.	Tonnage of goods loaded and dischargeed (American Tons).	Receipts in yen.	Expenditure in yen.
1907	2nd Half	633	417,315	425,644	496,526
1907	2nd Half	633	417,315	425,644	496,526
1908	1st Half	659	340,737	319,795	328,206
	2nd Half	738	729,393	701,033	518,470
1909	1st Half	673	610,171	637,166	533,590
	2nd Half	703	756,428	743,565	599,702
1910	1st Half	772	604,161	474,080	417,796

On April 1, 1910, the Company was granted a concession by the Government authorizing it to make use of the port of Port Arthur to erect there a pier for the loading of coal, and to dredge part of the port. The completion of these works will constitute an important step toward the expansion of the coal export trade.

Coal Mines.—The Fushun Colliery is situated about 22 miles east of Mukden as the crow flies. The coal field, running about 12 miles parallel with the river Hun, shows an average gradient of about 30 degrees in the direction of the river. The coal deposits are from 80 to 175 feet in thickness, an average of about 130 feet, and contain at least 800 million tons. At the time of the acquisition of the colliery by the Company, the mining arrangements were of a temporary nature, with a daily output of 360 tons, which was all expended to meet the military requirements only. In consequence, however, of the extensive introduction of machinery and other improvements, the total daily output of the seven pits now in operation has been increased to 3,000 tons.

Work has also been taken in hand to sink a pair of shafts about 1,100 feet deep in Chienchinchai and Yangpaipu, of which one is to have an open diameter of 18 feet and the other of 21 feet. The shaft in Chienchinchai has been

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named Oyama Pit, and the one in Yangpaipu Togo Pit. At the first pit, on which the work of sinking was commenced in November, 1907, the coal bed was reached on December 1, 1909, at a depth of 1,160 feet, whilst at the latter pit sinking operations were started on November 19, 1908, and the coal seam was reached at a depth of 1,102 feet. When Oyama and Togo Pits are completed the daily output is expected to reach 2,500 tons per day from each pit.

The following figures show the total output mined during the several business periods:

Working year.	Term.	Tons (English).
1907	1st Half	94,893
	2nd Half	138,432
1908	1st Half	204,529
	2nd Half	386,191
1909	1st Half	335,467
	2nd Half	370,575
1910	1st Half	415,047

Besides mining operations at Fushun, the building of the new Japanese town of Chienchinchai, electricity, gas and water works, school and hospital, etc., call for special notice. The construction of the new town is making satisfactory headway. The electricity works commenced the supply for lighting and industrial power in December, 1908, and the consumption reached 957,451 kilowatts in the first half of year 1910. The distribution of gas and water has also been commenced, and nearly five million cubic feet of gas have already been supplied. The school has now an attendance of 1,380 children, whilst the hospital during the first half-year of 1910 gave treatment to 8,975 cases. It has also been decided to establish a technical school in Fushun, which is to be opened in April, 1911.

The demand for coal in Manchuria shows an increasing tendency. As a result of the efforts made by the Company to promote the introduction and adoption of the use of coal in bean mills and other factories, the total sale of coal during the first half of the working year 1910 amounted to 111,123 tons, whilst the total exported to Shanghai, Canton, Hongkong, Singapore, Tientsin, Hankow, Chefoo, Harbin, Korea (Chosen), and other parts of the world amounted to 182,601 tons. A first trial shipment of coal to Shanghai, made in the second half-year of 1907, met with such success that the Company has since extended the experiment to other places. Since April 27, 1910, the steamer "Buyo Maru" (1,813 net registered tons) has been chartered for the transport of coal chiefly to Hongkong, and another steamer, the "Omuro Maru" (1,779 net registered tons) for the transport chiefly to Canton.

The following figures shows the various quantities sold, and the business results of the mining operations:

Working year.	Term.	Sale of coal in tons.	Mining Receipts in yen.	Mining Outlay in yen.
1907	1st Half	76,949	647,066	348,251
	2nd Half	125,371	837,154	582,963
1908	1st Half	211,308	1,322,503	816,144
	2nd Half	231,705	1,380,119	859,139
1909	1st Half	344,457	1,983,227	1,355,672
	2nd Half	369,593	2,042,538	1,440,098
1910	1st Half	419,248	2,217,807	1,593,570

Electricity.—The Russians had made but a small and crude beginning toward furnishing the city of Dairen with the uses and advantages of electricity. When taken over by the Company from the Japanese Government, the plant was merely an imperfect means of telegraphic and telephonic communication; but thanks to the zealous efforts made by the Company's management a supply of power for lighting and industrial purposes was commenced as early as October, 1907; and as the demand soon exceeded the supply, it was decided to increase the power to 3,000 kilowatts. The work of extension was put in hand in the second half of 1908, and two motor engines with accessory plants of a productive power of 1,000 kilowatts were shortly afterwards put in operation.

The company also resolved upon the construction of electric tramways through the streets of Dairen to an aggregate length of 13 miles, the larger portion of which has been completed and is in use. The tram fares are uniform for the city lines, and are priced on the time limit basis. The cars are divided into first-class and second-class compartments, and the fares are 5 sen (1¼d.) for half-an-hour and 6 sen (1½d.) for an hour for first-class passengers, and a sen (or farthing) cheaper for second-class passengers. The tickets are punched at the time limit by reference to a clock in the car, and are available for any number of rides on any line within the half-hour or hour as the case may be. The erection by the Company of large railway workshops at Shahokou and of a sea-side hotel at Hoshigaura (Star Beach), one of the finest seaside resorts in North China, rendered it necessary to lay a suburban line, which connects with the city lines. The running on the suburban line was commenced on January 1, 1911, the single fare for the whole route being 2½d. and 2d. for first and second classes respectively.

Furthermore, as an accessory to the electrical enterprises, an electric park was laid out and opened for public amusement on September 25, 1909. Though the park management was at first undertaken by a private resident, it is now controlled by the Company itself.

Gas.—In order to meet the demand for gas for lighting, heating, and industrial purposes, the Company decided to establish gas works in Dairen with a productive power of 280,000 cubic feet. The installation, including all building construction and laying of pipes, has almost entirely been completed, and gas has been supplied since March, 1910, the total amount produced during the first

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half of that year being 7,176,400 cubic feet. The coal consumed in the production of the same was 625 English tons. In addition, 434 tons of coke, 8,786 gallons of tar, and 2,251 pounds of sulphate of ammonia were produced as subsidiaries, thus averaging 10,483 cubic feet of gas, 14 cwt. of coke, and 14 gallons of tar per ton of coal.

Hotels.—The Yamato Hotel in Dairen was opened by the Company on August 1, 1908, after having been in course of preparation since the preceding April. But as a result of the largely increased tourist traffic, consequent upon the opening of the Company's steamer service between Dairen and Shanghai and the growing popularity of the Trans-Siberian route as the quickest journey between the Far East and Europe, the original hotel establishment was quickly found to be unable to meet the requirements. In order to obviate this difficulty, it was decided to begin at once with the construction of a new establishment on a large scale. The new hotel, in process of erection with other palatial public buildings around the Central Circle of the city, will, it is said, be one of the finest hotels in the Far East.

On March 21, 1908, the Yamato Hotel in Port Arthur was opened.

In 1907 the construction of a new hotel in Changchun was taken in hand, and at the same time the club-house belonging to the Company was converted into a temporary hotel to make up for the deficiency for the time being. This provisional hotel was thrown open on October 1, 1908. The new hotel was opened on February 1, 1910, on which day it gave hospitality to the Imperial Chinese Prince Tsai Hsun (just returning from a tour in Europe) as its first guest.

The new hotel in Mukden, which forms part of the railway station, was opened on October 1, 1910.

With a view to providing seaside resorts for residents and visitors during summer, it was decided by the Company to establish a pleasantly situated and well equipped hotel, on a point of the sea shore about five miles to the south-west of Dairen called Ho Higaura (Star Beach), noted for its charming scenery and invigorating climate. In addition, there has been built a number of bungalows and villas, in both Japanese and European styles, which are let furnished at moderate rent. These accommodations were opened for use on August 8, 1910; and bathing, boating and sporting facilities have also been generally introduced.

This favorite resort can be reached in about 45 minutes by a direct tram car service operated from Dairen at intervals of about half an hour. Other arrangements to make the place attractive are now in rapid progress.

The Management of the Railway Area.—By virtue of the powers delegated to the Company by the Japanese Government to collect rates and fees from the residents in the railway area, as contributions toward the cost of management of the district, the Company has published an agreement concerning residence in the Railway Area and regulations concerning the rates and fees. According to these regulations, the outlay for buildings and improvements of public utility within the railway area is borne by the Company, whilst the current expenses in connection therewith are paid out of the rates and fees from the residents, the Company making good any deficit.

The following figures show the amounts the Company has defrayed for the management of the Railway Area:

Working year.	Term.	Deficit in yen.
1907	2nd Half	885
1908	1st Half	18,577
	2nd Half	21,982
1909	1st Half	36,818
	2nd Half	47,453
1910	1st Half	74,247

The Company's land management comprises the following branches:

1.—Building and Management of Railway Towns.—The population and housing in the railway area is steadily on the increase. At the end of 1907 there were 8,647 houses and 29,524 residents, while at the end of 1910 there were 14,162 houses and 57,632 residents. Plans of building on up-to-date lines of town-planning have been prepared for the following fifteen places, viz., Wafangtien, Hsiungyuehcheng, Kaiping, Tashihchiao, Haicheng, Liaoyang, Mukden, Tiehling, Kaiyuan, Changtu, Shuangmiaotzu, Szupingchieh, Kungchuling, Fanchiatun and Changchun. In the following places the works taken in hand for the construction of roads and drains have already been completed to allow of their utilization in part, viz., Wafangtien, Tashihchiao, Liaoyang, Mukden, Tiehling, Kaiyuan, Szupingchieh, Kungchuling, and Changchun. Waterworks have been constructed at Wafangtien, Liaoyang, Tiehling, and Kungchuling on a scale sufficient to meet the present requirements. Plans for the construction of waterworks on a larger scale in Mukden and Changchun are still in course of preparation. Parks have been created in Dairen, Wafangtien, Tashihchiao, and Changchun; and agricultural experimental stations established in Dairen, where plants, flowers, and vegetables of various kinds are cultivated. Markets have been established in Liaoyang, Kungchuling, and Changchun; and in Kungchuling there is a slaughter-house under the management of the Company. Cemeteries and crematoriums have been established in Wafangtien, Hsiungyuehcheng, Tashihchia, Liaoyang, Mukden, Tiehling, Kungchuling, and Changchun. The sanitary and fire-extinguishing arrangements also form part of this department.

2.—The Lease of the Land and Buildings within the Railway Area.—The total area of the land belonging to the Railway amounts to 55,638,000 tsubo (or about 46,000 acres), and all this land, together with the house property erected thereon, is offered by the Company on lease, with the exception of that occupied by the military and civil departments of the Kwantung Government. The rent per tsubo for building land is from 5 rin to 10 sen per month, while the rent per tsubo for agricultural purposes is from 1 rin to 3 sen per month (or at the rate of from £1 10s. 0d. £45 per acre per annum). The amount of

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rent is fixed according to the situation and surroundings.

3.—Hospitals.—Before coming under the management of the Company there existed in Dairen a central military hospital, as well as branch hospitals or stations in Wafangtien, Tashihchiao, Liaoyang, Mukden, Tiehling, Kungchuling, Chienchinchai, Tsaohokou, and Antung, all of which were for military purposes. After the acquisition of the hospitals, the Company made special efforts to expedite the completion of the Hospital Department, with the result that there are now central hospitals in Dairen and Chienchinchai (Fushun), with branch hospitals in Wafangtien, Tashihchiao, Liaoyang, Mukden,, Tiehling Kungchuling, and Changchun, and branch stations in Changtu, Chiaotou, Penchihu, Tsaohokou, Chikuanshan, and Antung, and medical stations in Hsiungyuehcheng, Kaiyuan, Szupingchieh, Haicheng, Shihchiaotzu, and Yentai. The treatment in these institutions is not confined to the officers and employees of the Company, but is extended alike to all the residents. Above all, the hospital in Dairen has been made a central institute, comprising the following nine departments, viz., Interclinique, Surgery, Rhino-laryngo-otology, Dentistry, Dermatology, Ginecology and Tocology, Ophthalmology, Kinderclinique and Bacteriology. The hospital has beds for about 150 patients which are almost always occupied, besides a daily consultation attendance of about 700 persons.

4.—Education.—The Company has established primary schools at Wafangtien, Tashihchiao, Liaoyang, Mukden, Changtu, Kungchuling, Changchun, and Fushun, and branch schools at Szupingchieh, Haicheng, Chiaotou, Chikuanshan, Hsiungyuehcheng, Penchihu, and Tsaohokou. There are no schools established by the Company up to the present time at Tiehling, Antung, and Yingkou, but the children in these places are, by special arrangement, attending Japansese schools outside the railway area. In July, 1909, a public school for Chinese children was established at Kaiping, and special classes for the education of Chinese children have recently been attached to the schools at Liaoyang and Hsiungyuehcheng. At most of the above schools continuation classes for technical and industrial education have been instituted. Dormitories have also been added at many of these places. Libraries, playgrounds, and other facilities that are calculated to promote general education have been introduced at several places along the railway line.

The following figures show the increase of school children in the railway area:

Period.	Number attending School.
At the end of 1907	256
" March, 1909	919
" March, 1910	970
" September, 1910	1,380

Experimental Laboratories.—There are two laboratories under the management of the Company: the Central Laboratory and the Geological Laboratory. The Central Laboratory was formely under the control of the Kwantung Government, and was taken over by the Company on May 1, 1910. It is intended principally to conduct industrial and sanitary experiments and investigations. The Geological Laboratory originally belonged to the Mining Department of the Company, but was created into an independent institution under the control of the Company on May 1, 1910. This laboratory has charge of the geological investigations in the whole of Manchuria.

Financial Statistics.—The following gives the Company's capital expenditure up to September 30, 1910:

Railway	46,970,237
Electricity	3,390,707
Gas	705,160
Harbor and Wharves	5,320,238
Mines	6,830,286
Hotels	804,309
Land Improvements	5,696,675
Buildings	8,564,698
Total	78,282,310

The following is the Company's aggregate receipts and expenditure in yen for the working half-years up to September 30, 1910.

Working year.	Term.	Receipts.	Expenditure.	Net Profit.
1907	1st Half	5,002,459	4,073,863	928,496
	2nd Half	7,540,657	6,452,668	1,087,989
1908	1st Half	6,959,342	6,187,549	771,793
	2nd Half	10,656,340	9,314,553	1,341,787
1909	1st Half	9,892,575	8,206,709	1,685,866
	2nd Half	13,221,358	9,135,525	4,085,833
1910	1st Half	9,411,241	8,788,248	632,993

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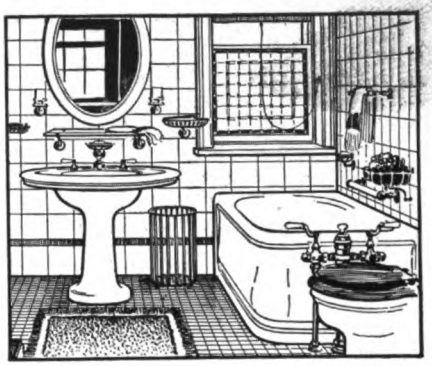

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[Asia & the America]

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CONTENTS.

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JOHN FOORD, PUBLISHER,
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THE ultimate result of the Chinese revolution is as uncertain as it was a month ago. Then, China seemed in danger of drifting into political chaos, and today the situation is described by a journalistic observer in Shanghai as "chaotic." But, as a matter of fact, there has been no such profound dislocation of either the fabric of society or the mechanism of government as to justify such an epithet. The very simplicity of social and political organization in China, as compared with that with which we are familiar, renders it capable of resisting shocks that would be fatal to a more complex system of national life. At this distance it would be absurd to attempt to generalize in regard to the outcome of events about which the best informed obsevers on the spot are frankly puzzled. What is obviously happening is a progressive test from day to day of the character and capacity of the men who have been brought to the front as potential saviors of China. The limitations of Yuan Shih-kai have already been demonstrated, no less than those of Sun Yat-sen, and, curiously enough, Wu Ting-fang has, so far, come out of the ordeal with a higher reputation than those who know him, of either his own countrymen or ours, would have been ready to regard as probable. Nobody doubts the capacity of the ordinary Chinaman to remain a law-abiding and industrious citizen under a republic, any more than his aptitude to make his country one of the greatest and most respected powers of the world, if the government will only give him a chance. It is the conflicting personal ambitions of the "men of light and leading" in China that make the future problematical, and that discourage the hopes of those who recognize the fact that the republican form of government is, after all, the one that divides Chinese the least.

WE have collected from various sources the views of foreign critics on the situation, and surrender to some of these most of the space of this number of the JOURNAL. The impression which Dr. Sun Yat-sen made on the minds of those who knew him in England will be found set forth with sufficient fullness in the article of Mr. Diosy and in that of Mr. Ellis Barker. The views presented under the familiar initials of "R. S. G." will receive the attentive consideration of all who know anything of the long experience and mature judgment of their author. But even Mr. Gundry may have failed to appraise at their full value the forces which have been at work in China during the last ten years, and he may exaggerate the difficulties of organizing a completely new form of

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government for lack of familiarity with the process of transformation that has escaped the notice of some of the shrewdest observers on the spot. None of these fully grasped the significance of the early stages of the present uprising, and onlookers at a distance are constrained to believe that in the Chinese mind the break with the past has been more absolute and irreconcilable than even the most sympathetic of foreign interpreters have fully comprehended. The judiciously guarded utterances of Dr. Hawks Pott need no recommendation of ours to insure their attentive perusal.

THE chairman of the Committee on Foreign Affairs of the House of Representatives in Washington would have done well to imitate the studiously impartial attitude of the head of St. John's University in framing his resolution of sympathy with China. In the form in which he has offered it, Mr. Sulzer's resolution, which seeks to have the American Government extend its sympathy to "the patriotic people of China on the success which has thus far attended their efforts to construct a republic," is certainly premature. At this stage of the conflict formally to offer "our assurances of favoring at the earliest possible moment the recognition of the Republic of China" might be of dubious service to the cause it is meant to promote. There can be no question about the popular sympathy here with the anti-dynastic revolution in China, and it is equally certain that the United States will recognize a Chinese republic which is obviously capable of standing alone just as soon as diplomatic usage will permit. But while the possibility of organizing a republic at all hangs in the balance the best service that foreigners can render to China is to maintain an attitude of the strictest impartiality and neutrality.

CONSIDERING the prevalence of a more or less acute form of Japophobia among the newspaper correspondents who are reporting the successive phases of the Chinese revolution, it is perhaps remarkable that so little has been heard of the sinister designs of Japan. But, early in the new year, comes the statement that certain unnamed Chinese newspapers assert that Japan is lending money to the Imperialists, and this is coupled with "an apparently well authenticated report" that Japan has intimated to the peace delegates that a Chinese Republic would be distasteful to her. It would require much more trustworthy authority than that given for either statement to make it credible. It is in the last degree improbable that Japan should be doing anything to bolster the Imperialists' cause, and even assuming against all evidence that Japan favors the perpetuation of the dynasty, her statesmen are much too shrewd to admit of their declaration of such a preferance as is here imputed to them. The fact cannot be too clearly recognized that Japan has almost as vital an interest as China herself in preventing the dismemberment of the Empire. Whatever ulterior designs she may have on Southern Manchuria they would certainly not be furthered by the division of China into spheres of European influence. That would be equally a menace to Japan's own independence and to any ambitious designs of territorial expansion which her people may still cherish. A strong, self-reliant, self-respecting China may not be all that Japan desires in the way of a neighbor, but nothing could be less desirable than to have in its place a China dominated here by Russia, there by Germany, and elsewhere by Great Britain and France. Such a condition of things might impose on Japan some new and very troublesome responsibilities to which her present resources are by no means adequate, and certainly would place bounds to the expansion of her political and commercial influence that no strength of hers would ever be likely to overcome.

THE statistics of our export and import Asiatic trade for the eleven months ending with November show the results of the spurt of activity in Chinese orders which marked the middle of the year. There has been an increase of over six millions in our export trade to China, and of nearly four millions in the exports to Hong Kong. But perhaps more remarkable than this is the gain of thirteen millions in the exports to Japan and of four millions in the exports to British India. Taken altogether, our Asiatic export trade shows a total for the eleven months of $86,000,000, against $57,000,000 for the corresponding period of 1910. This gain of $29.000,000 in exports is accompanied by an increase of $16,000,000 in imports, the round figures of which for 1911 are nearly $203,000,000. Of course, of the goods going forward to China a considerable proportion must be consigned on arrival to the public godowns, and the financing of these goods must be becoming increasingly difficult. The restiveness of the business community of Shanghai under the protracted uncertainty of the political situation is thus not hard to understand.

THE Philippine commerce for the last fiscal year has already been dealt with in the report of the Bureau of Insular Affairs published in the December number of the JOURNAL. This, however, is supplemented by some remarks in the Quarterly Summary for April-June 1911, which may be worth quoting. It is shown that in the relatively small imports of unbleached cottons the United States supplied the Philippine trade with only minor competition from China and the United Kingdom, while American prints as well as dyed and colored cottons also led in the market, though with the United Kingdom as a considerable contributor of both classes of goods. Bleached cottons were more than half of British origin, with American a close second, while the relatively small trade in embroidered cloths was almost wholly Swiss. Hosiery was chiefly from Germany and to a less extent from the United States and Japan. Knit underwear was very largely Spanish and German, with Japanese and American in decreasing order of importance, while ready-made clothing was conspicuously from the United States. Dyed or colored cloths were the leading feature in the trade, with a value exceeding $2,500,000. Bleached cloths amounted to slightly less, while print goods were valued at $1,852,097, and these three classes of textiles constituted about two-thirds of the ten million dollar cotton trade for the year. Of this amount $4,192,849 was furnished by the United States. The United Kingdom for the first time failed to maintain the conspicuous lead of the past, and was credited with $3,523,224, while Japan took third rank with a total of $875,548.

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Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the eleven months, ending Nov. 31, 1910 and 1911.

EXPORTS TO CHINA.

Months.	Cotton Cloths. Yards.		Mineral Oils (illuminating). Gallons.		Wheat Flour. Barrels.	
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
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
November	1,018,400	90,740	5,048,550	298,529	3,691	14,533
Total	62,211,293	$3,924,095	76,022,710	$4,782,033	11,793	$49,317
1911.						
January	5,667,644	$390,359	3,915,380	$180,847	58,188	$210,766
February	3,854,800	222,309	4,423,824	210,643	124,428	456,053
March	7,857,697	486,439	13,340,540	797,484	34,372	131,015
April	4,443,697	286,346	13,889,920	872,772	49,158	185,742
May	12,837,965	860,882	13,275,702	902,967	11,880	46,483
June	14,000,083	960,016	10,657,551	778,634	645	2,579
July	11,063,600	788,798	15,882,570	1,148,524	1,631	6,490
August	8,680,440	625,749	7,827,602	537,398	21,926	79,752
September	7,671,189	581,168	7,857,040	572,253	61,783	237,040
October	6,901,562	484,934	5,660,580	406,178	55,750	216,175
November	12,544,616	877,394	.....	.....	67,470	266,515
Total	97,628,976	$6,722,520	96,730,709	$6,407,700	487,233	$1,838,610

EXPORTS TO HONGKONG.

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
September	6,550	707	.....	.....	20,289	84,794
October	18,047	4,639	.....	.....	92,673	371,287
November	48,707	6,147	1,585,000	114,460	61,840	236,943
Total	504,813	$39,847	8,227,108	$544,925	490,271	$2,002,999
1911						
January	42,917	$7,104	1,742,440	$142,425	108,727	$452,872
February	32,540	2,563	1,714,910	124,331	117,230	453,343
March	29,750	2,033	617,856	60,649	62,649	242,714
April	28,361	5,043	3,095,570	222,167	41,907	164,382
May	56,396	10,924	1,303,000	96,568	91,348	365,586
June	63,752	8,250	75,000	5,625	48,398	183,382
July	73,151	10,412	.....	.....	72,283	281,301
August	55,621	10,166	1,539,170	115,438	73,571	287,513
September	49,832	7,889	2,040,000	151,980	85,937	333,807
October	44,343	7,410	830,000	81,956	251,607	993,047
November	35,212	3,509	2,455,000	184,827	143,919	550,435
Total	501,875	$75,303	15,412,920	$1,146,173	1,140,639	$4,445,472

WASHINGTON, D. C., December 30, 1911.

DEPARTMENT OF COMMERCE AND LABOR,
Bureau of Statistics.

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Imports of Tea and Silk into the United States for the eleven months, ending November 30, 1909, 1910 and 1911.

TEA.	1909.		1910.		1911.	
Imported from	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom	11,208,591	2,544,222	9,645,939	2,500,050	11,336,011	3,039,576
Canada	4,123,899	927,423	2,395,279	560,775	2,675,579	694,160
Chinese Empire	28,694,655	3,085,346	21,394,893	2,517,800	15,092,897	1,761,208
East Indies	8,098,041	1,241,109	8,876,923	1,450,031	10,510,344	1,758,815
Japan	41,943,973	7,268,058	45,697,619	8,057,202	49,463,661	8,664,277
Other countries	1,013,614	177,783	943,960	184,741	1,035.628	175,990
Total	95,082,772	15,243,961	88,954,613	15,270,599	90,114,120	16,094,026
SILK.						
RAW, OR AS REELED FROM THE COCOON. Imported from	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France	713,220	2,122,199	328,940	1,005,406	101,623	695,707
Italy	4,303,274	16,692,151	2,600,859	9,598,250	1,782,265	6,851,379
Chinese Empire	3,902,186	9,559,881	4,236,719	10,261,141	4,630,833	11,309,603
Japan	11,013,945	38,342,500	11,755,995	38,388,727	12,279,884	41,361,754
Other countries	138,597	533,493	183,924	645,669	189,313	686,400
Waste.....lbs...free..	2,130,087	1,239,820	3,226,708	1,683,749	4,806,910	2,157,526
Total unmanufactured	22,201,399	68,490,044	22.333,145	61,582,942	23,990,828	63,113,378

THE HOPE OF CHINA'S FUTURE.

From the Contemporary Review.

In the Contemporary Review of October, 1910 (reproduced in the Journal of January, 1911), the Rev. W. E. Soothill, ex-Principal of Shansi University, discussed in his usual illuminating way *The Educational Conquest of China.* As the learned sinologue could not find space to descant upon a significant element of this "educational conquest"—the question of educating Chinese students in foreign universities, colleges, and technical institutions—I propose here to amplify his observations, and incidentally to supplement my recent remarks embodied in an adress and read in my absence at Constantinople before the China Society, entitled "The Educational Reform in China."

In the past—sadly enough, this is still true to a considerable extent—the Chinese people as a nation have been much misunderstood in the West, and their ideals and ambitions misrepresented and misinterpreted. The Asiatic Dragon has slumbered for centuries and, it was unversally accepted, he could not be aroused, much less could he be expected to emerge from his "tight-fitting chrysalis case" of a lethargy that was to all intents and purposes drugged and "poisoned." Consequently, he could be maligned and slandered, and, more than that, he could be duped, bullied and made the eternal scapegoat of the world by anybody and everybody who could demonstrate the truth or expediency of "Might is Right." During the last decade, however, the Dragon has awakened, and the erstwhile irresistible charms of the couch have proved too weak to hold him back. The Titan of the Orient is moving and moving rapidly. The wounds he received from his "friends" have cicatrised and fallen off, and when the latter would crow in triumph, lo! he has passed on invulnerable.

"The old order changeth, yielding place to new," Everything that requires improvement or replacement is being attended to, and no stone is to be left unturned. In this general evolution the enlightenment of the people receives its due share of recognition. The old system of education was weighed in the balance and found wanting. Accordingly it was abolished by an Imperial Edict of September 4, 1905, and a new system instituted that was to bring China into line with the other nations. Indubitably in carrying out the new programme there are blunders and wasted energies, but they are inevitable, when it is remembered that the experiment is novel and it takes time to get into it. Discounting all imperfections, however, the outlook is full of encouragement and the results so far achieved go to show that the new system has found a breeding ground both congenial and salubrious. The following statistics compiled by the Ministry of Education are eloquent:

	Before 1908.	1908-1910.
Total number of Students in the Provinces	1,013,571	1,284,965
Total number of Students in Peking alone	11,417	15,774
Total number of Schools in the Provinces	35,597	42,444
Total number of Schools in Peking alone	206	252

One of the most important assets of this new educational era is, perhaps, the sending of young men to complete their studies in foreign institutions. The future of China is bright if the people are enlightened, but its rejuvenation is a fact when those educated in foreign countries lead the vanguard of reform and progress. China has a wealthy literature of its own, but that alone is unable to stand the

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test of the times. This is pre-eminently a scientific age, but the library of Chinese literature is practically devoid of a science catalogue. As yet China can boast of only three universities of its own, while the others, maintained by foreign missions, can be counted with the fingers of one hand. There are many more high schools, but the number of technical schools and colleges is yet small, though these have elicited a spontaneous comment from a Western expert eye-witness: "A very few years ago nothing existed which was worthy of the name (technical education), while now it is not too much to say that in the course of a few years the engineering schools of China will be second only to the best in Europe and America." When the demand exceeds the supply an outlet must be found, and the happy idea was struck upon of sending young men to drink deep from the Pierian Springs of Western knowledge.

In 1898 the late Grand Councillor Chang Chi-tung, the eminent statesman, wrote a famous book, *Chuen Hsueh Pien,* the title of which has been variously rendered as "Learn" or "China's Only Hope." It was sanctioned by the late Emperor, who commanded it to be distributed broadcast throughout the Empire. In these words the great Viceroy prescribed for the cure of China's chronic malady with the instinct and experience of a skilled physician and laid stress upon the indispensability of a foreign education:

"In order to render China powerful, and at the same time preserve our own institutions, it is absolutely necessary that we should utilize Western knowledge. But unless Chinese learning is made the basis of education, and a Chinese direction given to thought, the strong will become anarchists, and the weak slaves. Thus the latter end will be worse than the former. . . . Travel abroad for one year is more profitable than study at home for five years. It has been well said that seeing is a hundred times better than hearing. One year's study in a foreign institution is better than three years in a Chinese. Mencius remarks that a man can learn foreign things best abroad; but much more benefit can be derived from travel by older and experienced men than by the young, and high mandarins can learn more than petty officials. . . . Cannot China follow the *viam mediam* and learn a lesson from Japan? As the case stands to-day, study by travel can be better done in that country than in Europe for the following reasons. . . . If it were deemed advisable, some students could afterwards be sent to Europe for a fuller course."

In view of its far-reaching effects, this *Chuen Hsueh Pien,* despite some of its fallacies, will shine with as much luminosity as such epoch-making treaties as *Uncle Tom's Cabin, The Origin of Species,* and Rousseau's *Contrat Social.*

In the exodus of students from China there are three streams of migration. The first goes to Japan, the second comes to Europe, and the third goes to the United States. Each stream is composed of (*a*) students receiving Government scholarships, (*b*) students supported by their own parents or guardians, and (*c*) students assisted by foreign missionary societies.

I.—It was soon after the ratification of the Treaty of Shimonoseki at the conclusion of the Chinese-Japan War (1894) that the Chinese Government first despatched a body of young men to Japan to be educated in modern learning. As political events during the next ten years moved with kaleidoscopic speed, the floow of the stream was greatly accelerated. The *coup d'état* took place in 1898, the wrath of the late Empress Dowager was upon the land, and the Reformers fled to Dai Nippon. The writings of the latter, especially those of Liang Chi-chao, M.A., fired their countrymen with the spirit of nationalism and patriotism and drew more students to the Island Empire. The Boxer Uprising broke out, the Imperial Court fled to Sianfu, the western capital, and the Allied armies occupied Peking. At the "sack" of the Forbidden City the Japanese troops, unlike some of their European comrades, comforted themselves with restraint and consideration, and the Chinese people were favorably impressed; *ergo,* more students flocked to the "Land of the Rising Sun." Finally, to cap it all, the Russo-Japanese War was fought, but in a neutral cockpit, and Japan issued therefrom a First-class Power. The Chinese people were elated with their neighbors' success and students swarmed into Japan in shoals of hundreds and thousands, until the figure at last stood at 15,000.

The schoolmaster was abroad in the land, especially the modern schoolmaster. As there was a dearth of modern teachers and in order to attain such positions, many men "rushed" to Japan in their eagerness to get through the short-cut courses. "Sheepskins" and other testimonials of "proficiency" were freely bought and sold, and the Japanese educationists reaped a rich harvest. The consequences were anything but satisfactory, and the "graduates" proved mere smatterers and dabblers. Unfortunately, the suspicion was steadily gaining ground that those returned from Japan were more or less anti-monarchists, and the Government stricken with fear and apprehension resolved to send youths to Europe and America instead.

A reaction, however, soon set in, and those who are being educated there now are more serious-minded. They number from 3,000 to 4,000. Unlike their predecessors, they are not carried away by the idea "that a six-months' course in Western subjects is sufficient to make them masters of Western learning," but they are there to remain for several years; and this is being attested by the thoroughness they give to their studies and by the keenness with which they apply themselves to seek for truth.

II.—With reference to the second stream, it comes as a pleasant surprise that even as early as the eighties of the eighteenth century two Chinese students had made their appearance in Paris and that Turgot (the renowned pupil of Physiocrates and friend of Adam Smith), economist and statesman, befriended them and kindly wrote his celebrated *Essai sur la Formation et la Distribution des Richesses* expressly for them. For purposes of convenience students coming to Europe may be classified under four definite periods: (*a*) 1876-1881, (*b*) 1886-1896, (*c*) 1900-1907, (*d*) 1908 *et seq.*

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(*a*) In 1876 the Foochow Arsenal sent out some forty-eight students to study navigation and shipbuilding. Some went to France, two to Germany, but the majority came to England. With the exception of three who were drafted into the Diplomatic Service (one of these three, Sir Lo Feng-luh, K.C.V.O., being afterwards Chinese Minister in London), all completed their courses. Admiral Sah Chen-ping, China's foremost sailor, and Taotai Yen Fuh, the premier Anglo-Chinese scholar, come under this group. Five years after there were some fresh students in England and two in Germany, all pursuing naval or military subjects.

About this period there was also a handful of self-supporting young men in these islands, who have since rendered notable services to their country. H. E. Wu Ting-fang, ex-Minister to Washington for three terms, Senior Vice-President of the Foreign Office, etc., is a Barrister-at-law of Lincoln's Inn. H. E. Ku Hung-ming, the ex-Viceroy Chang Chi-tung's able secretary, Associate Commissioner of the Huangpu Conservancy Bureau, is an Edinburgh Master of Arts.

(*b*) In 1886 the Tientsin and Foochow Naval Colleges sent over here eighteen students to specialize in naval affairs, and between 1893 and 1896 the Peking College of Languages sent five to Germany to study law and modern philology.

(*c*) In 1900 four students were sent here by the Nanyang College, and they were placed under the charge of Prof. J. C. Lambert, of the Greenwich Royal Naval College. Three years after the Nanking Viceroy sent eight to Germany to learn the art of military warfare. In the same year the ex-Viceroy Chang Chi-tung despatched twenty- six to Germany, one-half to be attached to the Prussian Army and the other half to specialize in law, medicine, and modern languages; another twenty-five to Belgium to be educated in natural sciences, particular emphasis being laid upon economics and railways; and still another ten military and naval students to France, and twenty for sciences, law, etc. In the following year the Nanking Viceroy sent another batch of twenty-six military students—sixteen to Germany and ten to Austria. Two years after the Chengtu Viceroy despatched one, the Kiangnan Arsenal two (in addition to a further group of six or seven to this country), and the Canton Viceroy three, to Germany to learn the science and the art of making guns and explosives. In response to an invitation from the French Government to send some students from the Tientsin Peiyang University, and some surgeons from the Chinese Army to complete their studies in France, for which the French Government had appropriated a moderate annual subsidy, the ex-Viceroy Yuan Shih-kai sent over a few students. In addition to these, the Chengtu Viceroy sent fifteen to Belgium to qualify themselves in railway engineering; the Canton Viceroy, some eight to the United Kingdom and some six to France to take up scientific subjects; while the Governor of Shansi sent twenty-three to Great Britain to prepare themselves for undertaking electrical, mining, and railway engineering operations on their return.

Between 1887 and 1902 many Chinese born in the Straits Settlements, including eleven recipients of Queen's Scholarships, were educated here, chiefly in Cambridge, Edinburgh, and London. These include Dr. Wu Lien-teh (better known as G. L. Tuck), Director of the Imperial Army Medical College, Tientsin, and Chairman of the International Plague Conference (Mukden); and Dr. Lim Boon-keng, Medical Adviser to the Sanitary Department of the Home Office (Mincheng Pu), and China's representative both at the International Hygiene Exhibition (Dresden) and at the first Universal Races Congress (London).

(*d*) Beginning with 1908 a Special Educational Mission was appointed with headquarters in London to supervise the whole body of students, as previously there was no uniform system of control. Those provinces that had been rather backward soon fell into line, until there are now some 140 Government students in the United Kingdom, seventy in Belgium, eighty in France, sixty in Germany, thirty in Austria, and fifteen in Russia, representing seventeen out of the twenty-two provinces of the Empire, and six of the Government Departments—Foreign Office, Ministry of Education, Ministry of Posts and Communications, Ministry of War, Admiralty, and Ministry of Agriculture, Works, and Commerce. There are some private students in each country, but the number of those in the United Kingdom alone, which includes twelve young ladies, is greater than that in the Continent itself.

The Special Mission was recalled last year, and in its place a Superintendent of Chinese Students is appointed in each of these countries—the United Kingdom, France, Belgium, Germany and Austria, and Russia. There is now a growing tendency, especially with respect to the United Kingdom, to discontinue the practice of sending out young men from China, but in lieu thereof to endow deserving private scholars already registered in universities and technical institutions of recognized standing under the faculty of either agriculture (or sericulture), or engineering (civil, mining, electrical, railway, etc.), or science (pure or applied), or medicine and its ramifications, with Government grants, or to nominate them to fill up time-expired vacancies.

III.—In many respects the third stream bids fair to wield an enormous influence in re-shaping the future destiny of the Empire, because the flow *is* continuous and its continuity *is* guaranteed for at least another thirty years. For the sake of clearness, students educated in the United States may be treated as falling under six separate groups:

(1) 1844-1861:—

The name of Dr. Yung Wing is as familiar among students in the United States as that of Cecil Rhodes is among Rhodes Scholars, though it may not be for an identical reason. Dr. Yung obtained his education at Yale University. While still an "undergrad." he conceived the idea of "organizing a Chinese Educational Mission, the object of which was to have young men sent to foreign countries to be thoroughly educated, and on their return to regenerate their great but effete mother country." His companion was Dr. Wong Fun, who became the most successful of all foreign-educated physicians, so much so that Europeans themselves along the coast of China would rather confide in him than in their own nationals.

In this group there were men who did not figure as prominently in the public eye, but who, by devoting their lives to the evangelisation of their country, did not a little to uplift and ameliorate the moral and spiritual conditions of their countrymen, and inspired in them lofty and noble ideals, of which their country stood, and still stands, in great need. They were assisted by American missionaries, and subsequently became heads of their churches. The most noteworthy of these was the Rev. Y. K. Yen, M.A. (Ohio), one of the first presidents of St. John's College (now University), Shanghai. In 1894 he paid this country a visit in the interests of the Anti-Opium societies, and addressed numerous gatherings with the fire and spirit of a prophet.

(2) 1872-1880:—

After sixteen years of hard toil and perseverance, Dr. Yung Wing had the satisfaction of seeing his pet scheme realized. An Imperial Decree of 1871 provided for the appropriation of 150,000 pounds for sending one hundred and twenty boys to the United States to be educated for a

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period of nineteen years. The first contingent of thirty boys reached New England in 1872. Four years after, the "Father of Chinese Students" left the boys to take up the post of Associate Minister to the United States, Peru and Spain, and this paved the way to the collapse of the Educational Mission. The new Commissioner, a man conservative to the backbone, getting alarmed at the "Americanization" of these boys, sent home ridiculous and exaggerated reports, and the Peking Government "determined to exterminate the embryo rebels before their full development." (!) The Mission was forthwith disbanded, notwithstanding the fact that the majority of the boys save two were yet "undergrads." Dr. Yung returned to China, and did his utmost to persuade the Government to send back the older boys to complete their studies; but his entreaties fell on deaf ears. Ultimately, however, six out of the hundred odd went back to the United States.

The most conspicuous among this ill-fated Mission are H. E. Liang Tun-yen, present Foreign Minister; Sir Chen-tung Liang Cheng, K.C.M.G., present Minister to Berlin; and H. E. Jeme Tien-yu, C.E., Ph.B. (Yale), M. Inst.C.E. (London), "Father of Railways in China," and builder of the Peking-Kalgan Railway.

(3) 1881-1896:—

This is a remarkable group. Drs. King Ya-mei, Mary Stone, Ida Kahn, and Hu King-eng are the most prominent foreign-educated Chinese ladies. They went to the United States under the guardianship and with the assistance of American missionaries. Dr. King, a native of Ningpo, is the first lady doctor, having obtained her *Doctor Medicus* (Cornell) in 1885, and is an ardent advocate of the advancement of woman's education. Drs. Mary Stone and Ida Kahn are graduates of Michigan University (1896). "Pioneers in this line of work, these two ladies have been most successful, and they are now in charge of a flourishing hospital for women in their own native city" (Kiukiang.) Dr. Hü received her degree from Philadelphia Women's Medical College in 1894, and is now at the head of the Woman's Hospital in her native city, Foochow.

(4) 1897-1904:—

This group constitutes the youngest of Returned Students, and its members are doing good work, some in the teaching profession, some in the medical, but mostly in the Government service. All with one or two exceptions were supported by their own families. The following are the most notable ones: Dr. Chen Chin-tao, Ph.D. (Yale), L.L.D. (Peking), the best Chinese mathematician living, is the Vice-President of the Ta Ching Government Bank, and was recently in London on a tour round the world for the investigation of the gold currency question. Dr. W. W. Yen, B.A. (Virginia), Litt.D. (Peking), son of the above-mentioned Rev. Y. K. Yen, and one of the foremost Anglo-Chinese *savants*, is the Junior Councillor and Chief of the English Department of the Foreign Office. H. E. Sao-ke Alfred Sze (Cornell), Senior Deputy Vice-President of the Foreign Office, Imperial Commissioner at the International Plague Conference (Mukden), is the energetic Taotai of Harbin.

(5) 1905-1908:—

Concurrent with the despatch of young men to Europe, the different Provincial Governments also sent a number to the United States. When in 1905 the Five Travelling High Commissioners entrusted with the task of studying the political institutions of the West visited America, Yale, Harvard and Wellesley Universities promised scholarships to Chinese students. Therefore, by the orders of H. E. Tuan Fang, Viceroy at Nanking, and one of the Five Commissioners, an examination was held in July, 1907, in that city for young men and women desirous of going to the United States to study under the auspices of the Government. Out of some six hundred candidates, including fifty young ladies, hailing from the three provinces under his jurisdiction, only twelve men and three girls were chosen. In August of the following year the Chekiang Competitive Government Scholarship Examination was held in Hangchow for a similar purpose, but only for natives of Chekiang Province; and out of some two hundred contestants twenty secured the coveted laurels. Of these twenty, however, a few came to this country.

These two examinations were a distinct departure from the old rules of procedure, as heretofore the selection of scholars was governed by no fixed rules.

(6) 1909 *et seq.*:—

Here is yet another departure, unique as well as least dreamt of, which is bound to leave its impress in the annals of the Empire.

In 1908 the United States Congress generously waived the balance of the Boxer Indemnity, estimated at £2,400,000 pounds, in favor of the Chinese Government, and the latter discreetly decided to expend the money for educational purposes by sending students annually to the United States. In the summer of 1909 there was held in the Ministry of Education the first examination of those who competed for the honor of being sent to America at the expense of the Government. The test was open to every student in the Empire. There were six hundred candidates, but only forty-seven were "passed." At the examination last year some fifty were selected, and sixty-seven four months ago. The arrangements, however, are as follows: one hundred students to be sent out every year for the first four years and thereafter fifty every year, and this is to continue for a period of twenty-nine years.

To train and prepare aspirants for entering the universities and technical institutions in the United States, the Chinese Government built the Yi Hsueh Kuan School in a suburb of Peking. It was opened at the beginning of this year and under its roof some four or five hundred pupils will receive education when its two departments, the Primary and the Intermediate, are completed.

At present the total number of students in the United States is seven hundred and seventeen, including fifty-two young ladies, of whom two hundred and seventy-four are Government and four hundred and forty-three are private students, and of whom prior to the arrival of the third detachment of sixty-seven Indemnity scholars, three hundred and twenty-three are distributed in thirty-one universities, seventy-two in nineteen professional schools, twenty-three in fourteen colleges, thirty-six in eight preparatory schools, and one hundred and ninety-six in high schools and unclassified.

This sketch is necessarily incomplete, but I trust sufficient testimony has been adduced to demonstrate the fact that China has genuinely and whole-heartedly embarked upon a new, vitalizing educational reform. I propose in a future paper to outline the life and activities of these promising young men and women. It may be said with truth that in matters educational as well as political China was like an infant sea-bather in the act of taking his first plunge, touching the water and then running away, wading out then tearing back. He dared not succumb to the allurements of the fascinating element, and though the sight of adult bathers frolicking and playing "hide and seek" with the waves shot an arrow of envy through him, he never undertook the attempt. To-day, however, he is no longer the timid bather that he once was. He has made his first plunge, also the second, the third, and is no more in dread of water sprites or aquatic monsters. To vary the simile, China has crossed the Rubicon and, come what may, she will not turn back. Already the seeds sown early have borne and are bearing golden fruits, and the same may reasonably be expected of these later efforts. Can the hope of China's future be better assured?

M. T. Z. TYAU.

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THE CHINESE REVOLUTION.

By Arthur Diosy.

To the Western mind the solution of the crisis in China naturally appears to depend on the result of the conflict between the revolutionaries who have risen in arms and the Imperial forces hurriedly sent down from the north to oppose them. Herein the Occidental mind errs, as it is apt to do when considering problems arising in the Far East. Should victory favor the Imperial arms, and be followed by the drastic repressive measures usual in China, the Revolution would be scotched, not killed. It would break out anew at the first favorable opportunity, and, if again suppressed, it would be repeated until it achieved success. In the triumph of the Radical Reformers lies the only hope of a thorough cleansing of the system that blights the life of the Chinese nation. As long as that system endures there will be no real peace within the Empire, for a torch has now been lighted that no repression, however drastic, can put out; no grudgingly conceded half-measures of officially-guided reform can cause it to flicker. The Imperial Government is face to face, this time, with no mere rising of famished peasants, no mere mutiny of discontented soldiers, clamoring for arrears of pay. It is threatened by the greatest danger it has known since the memorable Tai-ping rebellion, the rising that would, in all probability, have hastened by many years the advent of New China, had we not, with lamentable short-sightedness, "backed the wrong horse." A Revolution of the first magnitude is in progress, probably one of the greatest in history.

The war-cry of the Revolutionaries is "Down with the Manchu!" but it would be an error to suppose that racial hatred alone inspires them; although it burns fiercely in the hearts of many of the rank and file, it has no place in the minds of the leaders, who are ready to admit the Manchu to his full share of citizenship in the New China they are striving to create. It is his privileged position they are determined to abolish; the annual dole of rice to which he is entitled, as a descendant of the conquerors, may be but a paltry item in the national budget, the fact that he performs no real service to the State in return for it rankles in the hearts of the Chinese people, amongst whom the Manchus have been so long quartered as an alien garrison, but a garrison that has lost its efficiency, retaining only the outward forms of mediæval military conditions. What the Revolutionaries aim at is the abolition of the Manchu domination, by putting an end to the alien dynasty that has ruled over the Empire, in some reigns with great wisdom, but in others with hopeless incompetence and folly, for more than two centuries and a half. It is no blind hatred of the Imperial family that animates the majority of the leaders, although many of them remember the ruthless vengeance wreaked on their relatives and their friends by order of the late Empress-Dowager. Against the present Emperor—a mere child—none can feel animosity, nor is the Prince-Regent—a mild-mannered, benevolent man—personally unpopular. It is the system to which the Manchu dynasty has, in course of time, become inseparably wedded that must go if China is ever to breathe freely. Of this the Revolutionaries are convinced; moreover, they firmly believe that the system cannot go unless the Manchu dynasty goes with it. It is useless to talk to them of a truly reformed Manchu court, of a really progressive Imperial Clan, marvels of an Utopian future pictured by well-meaning persons interested in maintaining China *in statu quo*, or dreading all sudden changes. The Revolutionaries scout these visions as preposterous. They maintain that the whole fabric of Manchu domination must disappear for ever, that it must be ended because it cannot be mended. They allege that every reform has had to be wrung from the Court Party, that the Court has found means to nullify many of the most useeful measures introduced by the Reformers, and that corruption will continue to exist as long as there will be an Imperial Clan to wax fat on bribes and to set a villainous example to the high officials. Anyone with a knowledge of affairs in Peking can testify to the truth of these allegations. A Chinese high official said to the writer, three years ago, "How can you expect any real progress in my country when I cannot obtain an audience at Court unless I send a number of 'shoes' of silver" (silver ingots) "to an Imperial Prince, whose perquisite it is to levy toll on all who would approach the sacred precincts?"

The power of the anti-dynastic movement may seem almost incredible to Occidentals accustomed to regard the Chinese as a people who venerate their Emperor, the "Son of Heaven, Brother of the Sun and Moon." In reality, the masses do not trouble their heads about His Imperial Majesty. Of personal loyalty, of attachment to the sovereign out of admiration for him as a man, in one word of the monarch's "popularity," as we understand it, there is no trace in China; in Japan it is of recent growth. In China it is replaced, on the part of those who have any feeling on the subject, by an intense respect for the Father of his People, a respect that would, in all probability, be readily transferred to the Head of the State were he a mere elected President, in no way related to the astral bodies. Far otherwise would it be in Japan, where patriotism, the most intense in the world, is synonymous with loyalty to the Emperor, the sovereign descended from the Sun-Goddess, the one hundred and twenty-first monarch "in unbroken line" from the time of Jimmu Tenno, first Emperor of Japan. In sharp contrast to the Japanese dynasty, the only one the Island Empire has ever known, stands the Manchu Imperial House, alien in race, ruling over a conquered people immeasurably superior in civilization to the Manchus, imposing on their Chinese subjects their own Tartar fashion of wearing the hair plaited into a queue, and never ceasing to be looked upon as usurpers by many who sighed for the restoration of the native Ming dynasty. In China dynasties have never been regarded as destined to endure for ever; on the contrary, the Annals of the Em-

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pire, carefully compiled by the Imperial Recorders, are annually deposited in an iron chest, from which they are not to be taken out, for publication, "until the dynasty shall have passed away." Such loyalty as the Chinese may have possessed has been replaced, within the last few years, by an entirely new spirit that now burns fiercely within them: for the first time they are filled with a consciousness of their solidarity as a nation; they are developing, with marvellous rapidity, a strong spirit of patriotism. They have been hustled, much against their will, into contact with other, more powerful, aggressive nations; they have realized their weakness and they have decided, with a great resolve, to be weak no longer. Their clear eyes have seen that only united can they stand, and, for the first time in their history, the men of one province have begun to look upon those of another as brothers. The Sons of Han have, at last, felt the necessity of closing up their ranks towards the restless, aggressive "Outer Barbarians," and it is shoulder to shoulder they now march to the cry of "China for the Chinese!"

The causes that have led, indirectly, to this quickening of the huge, inert mass that was Old China are manifold; foremost amongst them was, and continues to be, the rise of the power of Japan. Her complete and rapid victory over China, by land and sea, had some effect in opening the eyes of such Chinese as witnessed the conflict, a very small number amongst the teeming millions, but it was the admirably just and humane conduct towards civilians of the Japanese troops who took part in the International Expedition which suppressed the so-called "Boxer" rising that convinced the Chinese there was much to be learnt from their whilom foes. So they sent the pick of their young men by hundreds to Japan to learn, with their native avidity, industry and mental alertness, the wondrous knowledge and miraculous arts and crafts of the West, that they could acquire so much more easily and more cheaply from their Japanese instructors than from expensive imported Occidentals. The eager students noted with wonder the patriotism of the Japanese and the great power it gave them; they were soon to have a grand object-lesson of what it could lead to. Japan's victory over China's huge and threatening neighbor, Russia, made a tremendous impression on all the people of Asia. The effect on China was far-reaching. It opened up a prospect of successful resistance to the encroachments of foreign powers, grown absolutely shameless at the game of grab, carving out "spheres of influence," and treating China as a negligible quantity for years past. China pondered awhile, made up her mind with reluctance, engaged a large staff of Japanese instructors, from colonels on the staff to drill-sergeants, and formed an Imperial Army, thoroughly organized, armed, equipped, and trained on the most approved, up-to-date lines. What is more remarkable, young men of good families were induced to become officers in the navy and in the army, professions hitherto despised. China, peace-loving, placid, philosophical China, the Quaker amongst nations, is rapidly becoming military. A distinguished Chinese statesman has apologized for this lapse from virtue: "You Westerners cannot complain," he said to the writer, "you forced us into this course. It was from yourselves we learnt that might prevails over right, and that none but the strong are safe and respected. Look at Japan; you commenced to treat her as an equal only after she had killed a lot of us. Now she has killed many Russians, you are her enthusiastic admirers!"

At the same time that Chinese students were sent to Japan, large numbers of clever young men were despatched to Europe and to the United States to qualify in almost every branch of science, of arts and crafts. Only the other day, one of them obtained a certificate as an aviator at a flying school in England. It is these students, returning from Japan, Europe, or America, saturated with ideas of liberty and progress, who are the most active moving spirits in the Revolution now running its course in the region of the Yang-tse and spreading, gradually and surely, over the Empire.

By what government do the Revolutionaries propose to replace the Manchu Emperor whom they seek to dethrone? Do they intend to seat on the Dragon Throne the lineal descendant of the old Chinese Ming dynasty, who kept, a few years ago—perchance still keeps—a small shop for the sale of "bean-curds" (a sort of cheese made of beans) in Peking? His humble social position would be no bar to his acceptance by the Chinese, who are truly democratic, without the least taint of snobbery. There are, without doubt, some amongst the Revolutionaries who would favor a Ming Restoration, but they are in a minority. The greater number have entirely different intentions, which they have manifested at the very outset of the present campaign. Whilst China was ringing with the news of their threefold initial success, the capture of Wu-chang, of Han-kau, and, most important of all, of the great steel-works and arsenal at Han-yang, the Western world was astonished by the issue of their proclamation, announcing the establishment of a Republic. A Chinese Republic! To the Occidental the very idea seems grotesque. Yet it is the firm resolve of the Revolutionaries to establish the United States of China, a conception of the fertile brain of the Mazzini of China, Sun Yat Sen. In many conversations, this remarkable man, true patriot and arch-conspirator for twenty years of his strenuous life, has explained to the writer, who enjoys his firm friendship, the reasons that have prompted him to select the republican form of government, and especially a Confederation of a most autonomous States, as most suitable for China. The great differences in natural conditions, in local interests, in economic needs, in the language, in some cases in the religion, in others in the race, of the inhabitants, that exist between one province and another, the very large measure of autonomy already enjoyed by each of the Eighteen Provinces, the proven impossibility of a satisfactory centralization in the governance of such a huge empire, and, above all, the notable capacity of the Chinese for managing their own affairs, commercial or philanthropic, by associated efforts, guided and controlled by deliberative assemblies and executive boards, all these points indicate that China would flourish as a Confederation. The revolutionaries, influenced, no doubt, by the numbers amongst them who have studied in America, have taken the Constitution of the United States as their model, with this important exception, that their sound common-sense has made them determined to avoid the glaring defects in that

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antiquated, inelastic charter. They intend to lay before the Constituent Assembly, into which the first National Assembly, China's Parliament (to be opened whilst these lines are being written) may easily transform itself, a draft of a Federal Constitution, providing for the management by a National Congress and a Federal Administration of all interests common to the whole nation. Foreign relations, national defence, national finance and fiscal policy, international and inter-state communications, inter-state commerce, matters affecting the national health, the constitution of a Supreme Court, all these matters would be considered subjects for Federal legislation and administration. In every other respect, each State would, by its own Legislature, elected according to its own Constitution, enact its own laws and carry them out by its own elected Executive.

What are the chances of such a scheme of government, so startling novel, being accepted by the people of China? The reply must be that the nation, weary of the effete and corrupt misrule that has so long drained its life's blood, stunted its growth and frittered away territory and resources, is ready to accept any form of government recommended to it by its deliverers from the yoke. The masses do not count, politically, in China; the teeming millions have too hard a struggle to keep body and soul together to admit of their troubling their heads with political questions. Far otherwise is it in Japan, where artisans and peasant-farmers, all great readers of newspapers, take a keen interest in national, and even in international, affairs. In China it is the opinion of the gentry, and especially of the scholars, that is of importance, for there, as throughout the Far East, the popular impulse comes from above, from those who are looked up to by reason of their superior knowledge or their proved capacity. The gentry of China, more particularly the scholars, most respected of all Chinese, have, until recently, been the ultra-conservative element that was the stumbling-block to all real progress. Now a great change has come over the situation; thousands of the literary class and of the landed gentry have become converts to the new modes of thought. The people, too, are beginning to pay as much respect to the man with an Occidental education as to the ripe scholar of the purely native type, the grave personage, with huge horn-rimmed spectacles, the man full of ancient classical learning, much of it useless, but acquired during a life-time of incredibly laborous study and severe examinations.

As to the mercantile community, so highly, and deservedly, respected by Occidentals in contact with them, they are practically unanimous in their desire for radical reform. Their hope is for a decent, honest administration that will not harry them, for officials that will not exact "squeezes" from every transaction that comes under their cognizance. Not only the enlightened Chinese merchants residing abroad, the rich men who play such a prominent part in the commerce of the Straits Settlements, of the Dutch Indies, and who are to be found also in America and in Australia, have given bountifully of their wealth, some of them to the extent of more than half of their fortune, to the Revolutionary cause. It is, indeed, from them that Sun Yat Sen's untiring efforts have obtained the largest donations to the war-chest; but Chinese merchants and bankers at home have also contributed generously to the fund, to which many a poor laborer in China has added a string or two of "cash" from his hard-earned savings, whilst Chinese working abroad send regular monthly remittances.

Enough has been set forth to show that the movement is a national one, with adherents in every class. Two significant facts must still be mentioned. The Revolution has partisans even within the precincts of the Forbidden City, and amongst the officials of the Manchu dynasty a large number are active, though secret, sympathizers. High officials communicate almost daily with the Republican leaders, often *over the Government wires*. The other fact still to be noted is of the greatest importance, not only for the success of the Revolution, but as an indication of the extraordinary changes taking place in the Chinese social fabric. Many women in China are aiding and abetting the Deliverers, some of them, ladies in high social positions, risking their lives for the cause. Herein lies a powerful element of success. In Old China the power of woman has always been felt, in spite of, perhaps because of, her *apparently* subjected state; in the New China her influence is greater than ever.

All that has been written above tends to demonstrate the causes of the Revolution, its great chances of success, and the aims of its leaders. The question naturally arises, whether the character of these leaders is sufficiently high, their influence over their followers sufficiently great, to warrant the assumption that China will benefit by their eventual victory. Those are not wanting who are of opinion that corruption is ingrained in Chinese official life, that even the much increased salaries advocated by the Reformers will not keep the majority of Chinese officials honest. The only one of the Revolutionary leaders for whom the writer can vouch personally is Sun Yat Sen (commonly known as "Dr." Sun, because of his having graduated at the Medical College at Hong-Kong, and being afterwards in practice at Macao, where a stop was put to his activity by the authorities owing to his not holding a Portuguese diploma). Having known him for a number of years, and watched his romantically eventful career, the writer has no hesitation in expressing his admiration for Sun Yat Sen's high character. A true patriot, he is entirely unmindful of self. His honesty is rigid; with very large sums continually passing through his hands, he leads a most frugal life. His intellect is of the highest order, his mind attuned to high thoughts. His courage is great; with an enormous price on his head, he moves about unconcerned. The hideous danger in which he was placed by the infamous incident of sixteen years ago, when he was kidnapped, in broad daylight, in Portland-place and imprisoned in the Imperial Chinese Legation, preparatory to being sent as an "unfortunate lunatic passenger" to China, there to be carved alive into a thousand slices, has left no trace on his mild, genial nature, save an undying feeling of gratitude to Dr. James Cantlie, his instructor in surgery and medicine at Hong-Kong, who saved him from his awful impending fate. Sun is a Christian, born at Fat-shan, near Canton, about forty-four years ago, the son of a native Evangelist; and it betokens the tolerant spirit of the New China that his Christian belief has been no obstacle to his acquiring the immense influence he possesses over his myriads of followers. Small of stature, very good-looking, irreproachably clad in European dress, he gives the impression of a modest, affable scholar. No one would suspect the dauntless heart that glows under his well-cut frock-coat. The three most promising features of the Revolution are the respect shown by its partisans to the persons and property of foreigners, the attempts to curb the passions of the Revolutionary troops by prohibiting (with what success is still doubtful) the slaughter of Manchu non-combatants, and, lastly, the undertaking to assume responsibility, in the event of success, for all Old China's international engagements, diplomatic and financial. The writer can assert that all three are directly traceable to the influence of Sun Yat Sen. The first and last items were the subject of earnest conversations between Sun and himself two years ago.

If the Revolutionaries have other leaders of the type of Sun, their cause is safe. The events of the immediate future will show. They may lead to the regeneration of China, whose population, one-fourth of the human race, may, at last, have opportunity for the free development of their own great qualities and of the rich resources of their country. They may be—the writer believes they are—on the march towards a splendid future. They deserve it, for they are good people.

Contemporary Review.

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DOCTOR SUN YAT SEN AND THE CHINESE REVOLUTION.

From the Fortnightly Review.

A few days ago we received the news that suddenly, and almost simultaneously, a revolution had broken out in Hupeh, Hunnan and Szechuan. These three provinces are situated in the very heart of China, in the valley of the incomparable Yang-tse-kiang, China's principal high road and trade artery. They have together about 125,000,000 inhabitants. They contain some of the greatest industrial, commercial, and mining centres of China, and they possess an importance comparable with that which Lancashire and Yorkshire have for Great Britain and which the States of Massachusetts, Illinois and Pennsylvania, with the towns of Boston, Chicago, Saint Louis, Philadelphia, and Pittsburg have for the United States. The position in China is extremely serious, and people are asking themselves, What are the causes of this sudden revolution, and what are its aims? What is the character of its organizer, Dr. Sun Yat Sen, and what is his policy? How will the revolution affect China and the surrounding States, especially India? How will it affect the foreigners living in China, European interests, and the balance of power in the Far West? Last, but not least, ought Great Britain, which alone is able to control the situation, to interfere in the struggle, and what should be her policy if other nations wish to intervene?

I have perhaps some qualifications for answering these questions. During many years I have taken a great interest in Chinese history, literature and politics, and especially in the latter. Only a few months ago I visited the great Chinese settlements in New York, Los Angeles, San Francisco, Seattle, Vancouver and Victoria, British Columbia, where I discussed the situation in China with many of the most prominent Chinese citizens. In Victoria I had the good fortune of meeting Dr. Sun Yat Sen himself. I spent several afternoons and evenings in his company, and when he found that I had much sympathy with his country and his countrymen, he told me without reserve of his plans, and allowed me to discuss with him every aspect of the Chinese question. As the character of a revolution depends largely on the character of its leader, I would give a brief account of the impression which I received from my intercourse with Dr. Sun Yat Sen. The doctor is a man of medium height, slight but wiry, and is forty-five years old. He speaks good English. He is very quiet and reserved in manner, and extremely moderate, cautious and thoughtful in speech. He gives one the impression of being rather a sound and thorough than a brilliant man, rather a thinker than a man of action. He does not care to use the dramatic eloquence which appeals to the imagination and the passions of the masses, and which is usually found in political and religious reformers of the ordinary kind. But then the Chinese are perhaps not so emotional as are most Eastern and Western nations. I have heard Dr. Sun Yat Sen addressing a meeting of his countrymen. He spoke quietly and almost monotonously with hardly any gestures, but the intent way in which his audience listened to every word—his speeches occupy often three and four hours, and even then his hearers never tire of listening to him—showed me the powerful effect which he was able to exercise over his hearers by giving them a simple account of the political position in China, of the sufferings of the people, and of the progress of the revolutionary movement.

The majority of the Chinese in America are revolutionaries, and they worship their leader. Chinamen are commonly supposed to be sordid materialists, devoid of patriotism, and interested only in money-making, who are always ready to sell their country to the enemy. The incorrectness of that widely-held belief, and the influence of Dr. Sun Yat Sen, will be seen from the fact that the Chinese living outside China have given enormous sums to the revolutionary movement. According to the Doctor's statements, many have given him their entire fortune. Even the poorest shopkeepers and laundrymen contribute their mite.

Dr. Sun Yat Sen seems to be actuated solely by unselfish motives. He does not "make a good thing" out of his agitation, like so many professional agitators. I found him at a fourth-rate hotel, a kind of lodging-house for working men, occupying a bare and miserable little room. His dress was modest and his luggage scanty. Upon my inquiring he told me smilingly of the many attempts which have been made on his life, and enumerated the rewards which the Chinese Imperial Government, and various provincial Governments, have offered for his head. If I remember rightly, they amount altogether to the enormous sum of 700,000 taels, or about 100,000 pounds. One night, when we had been discussing Chinese affairs till past midnight at my hotel, I wished to accompany him back to his hotel, a distance of about three-quarters of a mile, partly from courtesy, partly in order to protect him if he should be attacked. Although he was alone, he absolutely refused my repeated and pressing offers. At last I told him, "With a reward of 100,000 pounds on your head, you should not go alone through the deserted streets of a strange town. If you have no fear for yourself, you should at least spare yourself for your cause and your country." He replied with a quiet smile which was half sad and half humorous: "If they had killed me some years ago, it would have been a pity for the cause; I was indispensable then. Now my life does not matter. Our organization is complete. There are plenty of Chinamen to take my place. It does not matter if they kill me." That little incident showed the character, spirit, and courage of the man. After saying good-bye at the door of the hotel, I followed Dr. Sun Yat Sen at a distance, feeling responsible for my guest's safety. To my surprise, I found that none of his countrymen were waiting outside to escort him to his hotel. The streets were empty. A Chinaman might easily have earned that night the reward of 700,000 taels. Simple, unaffected, and modest, Dr. Sun Yat Sen gives one the impression of a really great man in the fullest sense of the word. It is ridiculous to compare him with Benjamin Franklin and with Garibaldi, for he stands by himself, and is likely to be classed in history among the world's greatest men. No greater task has ever been attempted than that of reforming the oldest and the most conservative State the world has seen, and of converting it into a republic. The reform of Japan is but a small thing compared with the re-creation of China.

Dr. Sun Yat Sen told me that he had millions of adherents, and described to me the organization of his society, which, with its self-supporting branches, its honorary presidents, etc., may be compared with the great political associations existing in Anglo-Saxon countries. The Doctor has led an agitator's life for more than twenty years. At first he was in favor of reform. He became a revolutionary when, at last, he recognized that all attempts to reform China by peaceful and orderly methods were quite hopeless. He told me that the revolutionary movement had received an enormous impetus when, during the short reform period inaugurated by the late Emperor, many thousands of students belonging to the best families had gone abroad, especially to Japan—in 1905 there were 10,000 Chinese students in Japan—who had come to see with their own eyes the hopeless backwardness of China, the tyranny of its Government, and the necessity of thorough reform in order to save it from utter ruin. Thus, a very large number of

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men belonging to the educated, cultured and privileged classes had become his supporters, and had spread the gospel of revolt all over the country. The Government knew the strength of the revolutionary party and feared it. A revolution would break out within two years. Practically the whole of the modern army, that is, that part of the army which has been drilled by Europeans and Japanese, were patriots, and were on the side of the revolution. The Government, being aware of this, relied for its defence on the ancient and unreformed military forces, hired cut-throats without the sense of patriotism, who fought merely for their pay. These guarded the magazines and arsenals, and were provided with plenty of ammunition. The modern army was left without ammunition. To ensure their harmlessness only five cartridges per man were allowed for firing practice, and only small parties of men were given cartridges at any time. The greatest needs of the revolutionaries were money and arms. By the seizure of the important Hanyang arsenal and treasury, the revolutionaries have obtained both at the outset of their operations, and through their control of mines and factories they can manufacture all the implements, arms, and ammunition which they need.

China has had about twenty dynasties, which have been introduced by as many revolutions, but China has remained unreformed. A change of dynasty is therefore no longer considered a remedy for China's ills. China has hitherto been governed by an absolutism which was supposed to be paternal, but which has become tyrannical. The people are tired of being misgoverned. They wish to govern themselves. The revolutionary party desires to convert China into a republic. China proper is a loose conglomerate of eighteen semi-independent provinces ruled by Viceroys. They are to be replaced by republics having Parliaments of their own. These local Parliaments will look after purely local affairs, while national affairs will be under the control of a supreme National Parliament. The Government of China will be modelled on that of the United States or of Canada, and all has been prepared for effecting such a change. In Dr. Sun Yat Sen's opinion, the Chinese people are able to govern themselves, being industrious, orderly, and docile, especially as they have been trained in the art of self-government and co-operation through their powerful guilds and secret societies. He told me that the Chinese were revolting not against the foreigners but against their corrupt Government, against the Manchus. The Europeans dwelling in China would be safe. A reformed China would be friendly to all nations, but it would expect to be treated as a civilized nation when it had earned the respect of Europe and could no longer be reproached with barbarism.

The Chinese revolution is caused by the misgovernment and corruption which are apparently inseparable from China's present form of government. In China there are about 400,000,000 Chinese and 5,000,000 Manchus. The latter, having conquered the country, reserved to themselves all positions of power and profit. They rule through a host of more or less irresponsible and venal officials, most of whom are Manchus. Self-preservation is the first instinct in men. Owing to their great numerical inferiority it was in the interest of the Manchus that the people should be weak, unwarlike and disunited. Therefore the chief aim of the Manchu policy was not to maintain the integrity of the country and to promote the welfare of the people, but to preserve the power of the ruling caste and to keep the people in subjection. Intercourse with foreign nations would have been profitable to the Chinese traders, and it would have enlightened the Chinese people. However, the enlightenment of the people might become dangerous to the small ruling caste. Therefore the Manchu officials preached hatred to the foreigners, who were excluded from the country. To the Manchus a disastrous war was a smaller calamity than the existence of a national army which might overflow them. So the Chinese army was neglected, and the country was humiliated and despoiled by all nations. Modern industries and railways would have increased the national prosperity, but as both would have increased the power and cohesion of the people, the introduction of both was forbidden. The people prayed for good and honest government. However, as the officials were Manchus they had to be humored to ensure their fidelity and support, and thus they were allowed to prey upon the people. During two and a half centuries the Chinese were ruled by an absolute and corrupt bureaucracy, and their taskmasters were aliens.

Confucianism, the prevailing doctrine of China, is neither a religion nor a system of transcendental or cosmic philosophy. It is an agnostic system of ethics, and a system of practical, and purely temporal, common-sense philosophy which sees no further than this earth. It takes practically no notice whatever of the question of an after-life, of eternity, of future rewards and punishments, of God. It teaches merely that one ought to do good because it is man's duty to do good. Confucianism is entirely concerned with the relations between man and man, and it deals very fully with the question of government, with the administration of justice, and other practical matters. Confucianism is the most democratic of doctrines. It condemns in the most unsparing terms governmental absolutism and favoritism, the appointment of incompetent officials, and official tyranny and extortion—the very evils which exist in China. All Chinese study the Classics as soon as they have mastered the alphabet. Mencius, the greatest pupil of Confucius, wrote 2,200 years ago: "The people are the most important element in a nation. The gods come next. The sovereign is the least important of all." That phrase sums up with the characteristic brevity of Chinese wisdom the political doctrines of Confucianism. We read in the *Shu King*, which was written more than 1,000 years before Christ:

"States and capitals are founded, kings, dukes, nobles and officers are appointed not to minister to the idle vanity and to the pleasure of one but for the good government of the people. Heaven is all-knowing and all-observant. May the King take him as his model. Then ministers will fulfil their duties worthily and the people will be well-governed. The mouth gives occasion for shame and arms give the occasion for war. Whether a government be good or bad depends on the various officers. Offices should be given not out of favor, but to reward ability. Dignities should be conferred

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not on evil men, but on men of worth. Give anxious thought before you act, and act at the proper moment. Admiration of one's virtue will destroy that virtue. Pride in one's ability will destroy that ability. For all affairs let there be due preparation, for due preparation brings success. Do not advance favorites, for they will despoil you. Do not be ashamed of mistakes and thus make them crimes. Occupy your mind worthily and your government will be pure."

The dominating note in Chinese policy under the Manchu rule has been distrust of the people. Yet the venerable Book of Rites says: "When the masses of the people cannot be trusted by those above them, the people cannot be governed successfully." The present rulers of China have forgotten that excellent maxim.

The character of the teachings of the Chinese sages regarding the relations between the rulers and the people will be seen from the following extracts from the works of Mencius. Conversing with King Hwang, Mencius asked:

"'Is there any difference between killing a man with a stick or a sword?' 'There is no difference,' was the answer. Mencius continued: 'Is there any difference between doing it with a sword and with Government measures?' 'There is not,' was the answer. Mencius then said: 'In your stalls there are fat beasts and in your stables there are fat horses, but your people have the look of hunger and in the fields are those who have died of famine. This is making beasts devour men.'"

Conversing with King Seuen, Mencius asked:

"'If one of your Majesty's servants had entrusted his wife and children to the care of a friend whilst travelling abroad, and he would on his return find that they had been neglected and had suffered from cold and hunger—how ought he to deal with him?' The King answered: 'He should cast him off.' Mencius proceeded: 'If your chief judge should not keep his officers of justice in order, what should be done to him?' The King answered: 'He should be dismissed.' Mencius then inquired: 'If within your Kingdom there is no good government, to whom is it due?' The King looked to the right and left in confusion and spoke on other matters."

Official appointments have, until lately, been made solely on the strength of purely literary attainments, although we read in the Confucian Analects, "Though a man be able to recite the three hundred odes but be incapable as an administrator or an ambassador, and cannot work without assistance, of what practical use is then his knowledge?"

Chinese literature is extremely rich in telling proverbs. Many of these insist on the supremacy of the people: "The people's will is the will of Heaven." Others emphasize the authority of the law, and complain of the tyranny of officialdom, the venality of the judges, and the necessity of forming secret societies for the mutual protection of the people. A proverb says: "The mandarin derives his power from the law, the people from the secret societies." Another warns us: "The doors of the law courts stand wide open, but you had better not enter if you are only strong in right, but not strong in cash." Another tells us: "The friendship of mandarins impoverishes; that of merchants makes rich."

The foregoing extracts suffice to show that the tyrannical mis-government, official incompetence and obstructive conservatism prevalent throughout China are not due to the influence of Confucianism as has hitherto been believed in the West. They are opposed to Confucianism, and are condemned by it.

The condition of the Chinese people has been well described by Dr. Sun Yat Sen, in 1897, in the following words, which incidentally show his great literary ability and power and his wonderful command of the English language:

"The form of rule which obtains in China at present may be summed up in a few words. The people have no say whatever in the management of imperial, national, or even municipal affairs. The mandarins, or local magistrates, have full power of adjudication, from which there is no appeal. Their word is law and they have full scope to practise their machinations with complete irresponsibility, and every officer may fatten himself with impunity. Extortion by officials is an institution. It is the condition on which they take office; and it is only when the bleeder is a bungler that the Government steps in with pretended benevolence to ameliorate, but more often to complete the depletion.

"English readers are probably unaware of the smallness of the established salaries of provincial magnates. They will scarcely credit that the Viceroy of, say, Canton, ruling a country with a population larger than that of Great Britain, is allowed as his legal salary the paltry sum of sixty pounds a year; so that, in order to live and maintain himself in office, accumulating fabulous riches the while, he resorts to extortion and the selling of justice. So with education. The results of examinations are the one means of obtaining official notice. Granted that a young scholar gains distinction, he proceeds to seek public employment and, by bribing the Pekin authorities, an official post is hoped for. Once obtained, as he cannot live on his salary, perhaps he even pays so much annually for his post, license to squeeze is the result, and the man must be stupid indeed who cannot, when backed up by the Government, make himself rich enough to buy a still higher post in a few years. With advancement comes increased license and additional facilities for his enrichment, so that the cleverest 'squeezer' ultimately can obtain money enough to purchase the highest positions.

"This official thief, with his mind warped by his mode of life, is the ultimate authority in all matters of social, political, and criminal life. It is a fatal system, an *imperium in imperio,* an unjust autocracy which thrives by its own rottenness. But this system of fattening on the public vitals—the selling of power—is the chief means by which the Manchu dynasty continues to exist. With this legalized corruption stamped as the highest ideal of government, who can wonder at the existence of a strong undercurrent of dissatisfaction among the people?

"The masses of China, although kept officially in ignorance of what is going on in the world around them, are

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anything but stupid people. All European authorities on this matter state that the latent ability of the Chinese is considerable; and many place it even above that of the masses in any other country, European and Asiatic. Books on politics are not allowed; daily newspapers are prohibited in China; the world around, its people and politics, are shut out; while none below the grade of a mandarin of the seventh rank is allowed to read Chinese geography, far less foreign. The laws of the present dynasty are *not* for public reading; they are known only to the highest officials. The reading of books on military subjects is, in common with that of all other prohibited matter, not only forbidden but is even punishable by death. None is allowed on pain of death to invent anything new, or to make known any new discovery. In this way are the people kept in darkness, while the Government doles out to them what scraps of information it finds will suit its own needs.

"The 'Literati' of China are allowed to study only the Chinese classics and the commentaries thereon. These consist of the writings of the old philosophers, the works of Confucius and others. But even of these, all parts relating to the criticism of their superiors are carefully expunged, and only those parts are published for public reading which teach obedience to authorities as the essence of all instruction. In this way is China ruled—or rather misruled—namely, by the enforcement of blind obedience to all existing laws and formalities.

"To keep the masses in ignorance is the constant endeavor of Chinese rule."

Matters have very slightly improved since 1897. Still, the position is in the main as it was then, and the people are worse off than they were fourteen years ago, through the very great increase in taxation, and its constantly growing arbitrariness.

The revolutionary principles of Dr. Sun Yat Sen were laid down in a pamphlet of his entitled "The Solution of the Chinese Question," which was published in 1904. As far as I know there is no English translation of that important pamphlet. Some of its most important passages are as follows:—

"The Chinese have no real Government. The term 'the Chinese Government' is a term without meaning. The Manchus were a tribe of savage nomads who wandered about the deserts of the Amur before they came in contact with the Chinese. Often they made inroads into China and plundered the peaceful inhabitants near the frontier. Towards the end of the Ming dynasty civil war broke out in China and, taking advantage of the confusion, the Manchus conquered Pekin. That was in 1644. The Chinese did not want to be enslaved by foreigners, and offered a desperate resistance. To overcome the opposition the Manchus massacred millions of people, warriors and peaceful inhabitants, old and young, women and children. They burned their houses and forced the Chinese people to adopt the Manchu costume. Tens of thousands of people were killed for disobeying their orders to wear the queue. After terrible slaughter the Chinese were forced to submit to the Manchu laws.

"The first measure of the conquerors was to keep the people in ignorance. They destroyed and burnt the Chinese libraries and books. They prohibited the formation of societies and the holding of meetings for the discussion of public affairs. Their aim was to destroy the patriotic spirit of the Chinese to such a degree that they should in course of time forget that they had to obey foreign laws. The Manchus number 5,000,000, whilst the Chinese number about 400,000,000. Hence the conquerors live under the constant fear that the Chinese should wake up and reconquer their country.

"It is generally believed among the people in the West that the Chinese wish to keep themselves apart from foreign nations and that the Chinese ports could be opened to foreign trade only at the point of the bayonet. That belief is erroneous. History furnishes us with many proofs that before the arrival of the Manchus the Chinese were in close relations with the neighboring countries, and that evinced no dislike towards foreign traders and missionaries. Bhuddism was introduced into China by an Emperor of the Han dynasty, and the people received the new religion with enthusiasm. Foreign merchants were allowed to travel freely through the Empire. During the Ming dynasty there was no anti-foreign spirit. The first minister became Roman Catholic, and his intimate friend, Mathieu Ricci, the Jesuit missionary in Pekin, was held in high esteem by the people.

"With the arrival of the Manchus the ancient policy of toleration gradually changed. The country was entirely closed to foreign commerce. The missionaries were driven out. The Chinese were massacred. Chinamen were forbidden to emigrate. Disobedience was punished with death. Why? Simply because the Manchus wished to exclude foreigners and desired the people to hate them for fear that the Chinese, enlightened by the foreigners, might wake up to a sense of their nationality. The anti-foreign spirit created by the Manchus came to its climax in the Boxer Risings of 1900, and the leaders of that movement were none other than members of the reigning family.

"It is therefore clear that the policy of exclusion practised by China is the result of Manchus egotism. It is not approved of by the majority of the Chinese. Foreigners travelling in China have often remarked that they are better received by the people than by the officials.

"During the 260 years of the Tartar rule we have suffered countless wrongs and the principal are the following:—

"1. The Manchurian Tartars govern for the benefit of their race and not for that of their subjects.

"2. They oppose our intellectual and material progress.

"3. They treat us as a subject race and deny us the rights and privileges of equality.

"4. They violate our inalienable rights to life, liberty, and property.

"5. They promote and encourage the corruption of officialdom.

"6. They suppress the liberty of speech.

"7. They tax us heavily and unjustly without our consent.

"8. They practise the most barbarous tortures.

"9. They deprive us unjustly of our rights.

"10. They do not fulfil their duty of protecting the life and the property of the people living under their jurisdiction. . . .

"Although we have reasons to hate the Manchus we have tried to live in peace with them, but without success. Therefore we, the Chinese people, have resolved to adopt pacific measures if possible and violent ones if necessary in order to be treated with justice and to establish peace in the Far East and throughout the world. . . .

"A new Government, an enlightened and progressive Government, must be substituted for the old one. When that has been done China will not only be able to free herself from her troubles, but also may be able to deliver other nations from the necessity of defending their independence and integrity. Among the Chinese there are many of high culture who, we believe, are able to undertake the

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task of forming a new Government. Carefully thought out plans have been made for a long time for transforming the old Chinese monarchy into a republic.

"The masses of the people are ready to receive a new form of Government. They wish for a change of their political and social conditions in order to escape from the deplorable conditions of life prevailing at present. The country is in a state of tension. It is like a sun-scorched forest, and the slightest spark may set fire to it. The people are ready to drive the Tartars out. Our task is great. It is difficult, but not impossible."

Dr. Sun Yat Sen's assertions, contained in the foregoing, that a reformed China would "establish peace in the Far East and throughout the world," seems at first sight rather exaggerated. However, I think there can be no doubt that a reform of China, a reform which would regenerate the country, would tend not only to establish peace in the Far East but would also tend to diminish the dangers of war threatening Europe and America. The greatest danger to the peace in the Far East lies undoubtedly in China's weakness. As long as China is weak, Russia, Japan, and other nations desirous of expansion will feel tempted to acquire Chinese territory, and as a peaceful partition of China among the numerous claimants is out of the question, a weak China will continue to be a danger, not merely to the peace of Asia, but to that of Europe and America as well. But for China's weakness the Russo-Japanese War would never have occurred. China's weakness has caused in the past dangerous friction between Russia and England, between France and England, between Germany and England, and between the United States and Japan, and it has more than once raised the spectre of war between these countries. The Sick Man of the East is as great a danger to the peace of the world as is the Sick Man of the West.

Dr. Sun Yat Sen states that a reformed China "will not only be able to free herself from her troubles, but may be able to deliver other nations from the necessity of defending their independence and integrity." He evidently refers to the small nations on the frontiers of China, such as Thibet, which used to stand under China's protection, and which at present are unable to defend themselves against the Powers of the West.

How will a successful revolution of the Chinese against the Manchus, and a consequent regeneration of China, affect Great Britain's position in India? Will it not encourage the Indians to overthrow Great Britain's rule?

If British rule in India were as baneful and as corrupt as the Manchu rule has been in China, British rule would deserve to be overthrown. We should have strong reasons for fearing the triumph of liberty over tyranny in China, and for trying to prevent the Chinese freeing themselves of the hateful tyranny under which they live, only if British rule in India was rotten to the core. I do not think it likely that the expulsion of the Manchus from China will lead to the expulsion of the British from India, although it may lead to some risings caused by hot-headed and short-sighted agitators. There is no analogy in the two cases. The conditions prevailing in the two countries are totally different. China is a nation. The country is inhabited by men of the same race, possessing the same written language and the same culture, by men having a common history, a common religion, a common tradition, and common ideals, who suffer from the same grievances. India, on the other hand, is a confused medley of races, tribes, religions and civilisations which have very little in common. China is a nation which, owing to its homogeneity, is capable of combined and sustained action. India is merely a geographical expression. It is as little a nation as is Europe.

Many European officers and other competent observers who have lived in China—I could mention several prominent generals, admirals and administrators, and among them General Gordon—are of opinion that the Chinese, if properly trained and led, will make excellent soldiers. Some believe that the Chinese, owing to their extremely hardy constitution, their great endurance and marching power, and their contempt of death, are the best military material in the world. A country with 400,000,000 inhabitants can of course raise very large armies. The late Sir Robert Hart prophesied that China would create an army of 30,000,000 men. She could undoubtedly do this if she introduced universal and compulsory military service on the model of Germany and France. But let us not forget that large armies provided with modern weapons and the numerous and extremely costly appliances indispensable in modern warfare are very costly luxuries, and that China is, and will for many years remain, a very poor country. Besides the larger an army is, the greater are the difficulties of transporting and provisioning it. The Huns could travel without baggage when invading Europe. Nowadays the transport of the impedimenta of an army offers infinitely greater difficulties than the transport of the men themselves. The idea of a score of millions of Chinamen over-running and overwhelming India, Asiatic Russia, and Europe, cannot be seriously discussed except by those who are ignorant not only of military affairs but also of China's geographical position. The peculiarities of China's geographical position will be clear from the following figures:—

	Area. sq. miles	Population. people.
China proper (18 Provinces)..	1,532,420	407,253,030
Manchuria	363,610	16,000,000
Mongolia	1,367,600	2,600,000
Thibet	463,200	6,500,000
Chinese Turkestan	550,340	1,200,000
Total of the Chinese Empire	4,277,170	433,553,030
United Kingdom	121,391	45,000,000

The foregoing table shows that the eighteen Provinces of China proper, with their 400,000,000 inhabitants, occupy only a little more than one-third of the gigantic territory of all China. If we look at the map we find that China is almost isolated from the outer world, for those parts of China which do not touch the sea are separated from the neighbor nations by an enormous belt of deserts and mountains which make an invasion by large foreign armies across the land frontiers and an attack by large Chinese armies upon her Continental neighbors equally difficult if not impossible. The populous provinces of China proper are separated from British India by the tremendous mountain wastes of Thibet, a country which is almost four times as large as the whole of the United Kingdom, and they are separated from Russia by the enormous deserts of Mongolia and Turkestan, which together are fifteen times as large as the United Kingdom. Yet these countries have together only 10,000,000 inhabitants. We can best represent to ourselves their desolation and the sparsity of their inhabitants by imagining that the whole of the United Kingdom was inhabited by 500,000 people, a number which would correspond to the population of the outlying portions of China.

If a Chinese army should succeed in crossing the enormous, foodless and roadless wastes surrounding China, which are peopled only by wandering tribes of nomads and a small number of mountaineers, it would still have to cross the Himalayas before it could penetrate into India, and the vast Siberian deserts before it could attack Russia. We know the difficulty of penetrating Thibet with a small force, and of providing camel transport for crossing a desert such as the Gobi desert. How many, then, o

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the teeming millions of China would survive the ordeal of a march across the Chinese frontiers? An advance into Burma and thence into India, and an advance through the slightly more populated Manchuria into Eastern Siberia is possible, but it would bring a Chinese army only to Assam in the former case, and to the comparatively valueless Russian Amur and maritime Provinces with Vladivostock in the latter. Besides, the risk run by the Chinese would be very great. It must not be forgotten that China is not an inland, but a maritime, Power and that she is extremely vulnerable on the sea. All her largest towns lie on, or in easy reach of, a hostile navy, and nine-tenths of China's trade is sea borne. China would, therefore, have to secure the rule of the sea before she could invade her neighbor States with impunity. Confucianism is a doctrine of peace and goodwill among men. China is by history and tradition a peaceful nation. It is not likely that the present revolution will alter China's historic character and the character of her people, but even if the character of China should be altered completely by the present revolution; if she should become a war-like and aggressive nation, determined upon attacking her neighbors, her peculiar geographical circumstances would prevent her doing much harm. The expansion of China had ended long before the expansion of England had even begun. It had ended when the Gobi desert and the highlands of Thibet were reached. Nature has set limits to China's expansion. The Yellow Peril is a ridiculous bogey.

The Continent of Asia has been unsettled during many years largely because, owing to China's weakness, Asia lacked a proper balance of power. At one time Russia was the predominating Power, and she strove to absorb China, to the alarm of Great Britain, until she was defeated by Japan. Now Japan is suspected of desiring to dominate China, to the alarm of the United States. Had there been a strong China, the Russian danger would never have arisen in Asia, and the Japanese danger in the East will never arise if there is a strong China which will counterbalance Russia on the one hand and Japan on the other. The immense bulk of China providentially separates Russia from Japan. A powerful China lying between them will prevent Russia and Japan quarrelling and will prevent them becoming too powerful. A powerful China will create a perfect balance of power in the Far East. The regeneration of China will therefore make for peace, and be in the interest of all peaceful nations. Lately there have been rumors that Russia and Japan intended taking advantage of the present position of China, and that these two Powers might intervene with the object of partitioning the country. It is to be hoped that these rumors are without foundation in fact. The partitioning of China might prove as difficult and as sanguinary an undertaking as the partition of Turkey. Russia and Japan would scarcely be allowed to have the game to themselves.

If ever there was a people rightly struggling to be free it is the Chinese. The Chinese deserve the sympathy of the world in their struggle for freedom and for good popular Government. England and the United States, the great protagonists of popular Government in every country, are considered to be the fairest nations by the people in the Far East, who are aware that Great Britain and the United States have in the past invariably shown their active sympathy for all nations struggling for freedom. Many Chinamen have told me that they look to Great Britain and to the United States for sympathy and encouragement in their attempt to rid themselves of an odious tyranny, and that they look for their active support and assistance in the event that other nations should try to occupy Chinese territory at a time when the Chinese are fighting among themselves. Intervention in the present struggle is possible only from the sea. No nation, and no combination of nations, can interfere in this Chinese civil war without England's assent, and her toleration of foreign intervention would be equivalent to her assent. England has a great responsibility in the present struggle, and has a great task to perform.

It is to hoped that the revolutionists will succeed in overthrowing the Manchu *régime* in a very short time. A protracted struggle would undoubtedly seriously damage China's foreign trade, and cause great losses to the foreign trades and to the foreign capitalists who have invested money in Chinese railways and other undertakings. These losses of capital would, no doubt, be very serious to a number of individuals, but they would scarcely affect to a perceptible extent the wealth of the nations to which the individual investors belong, for the sum total of European and American money invested in China is comparatively very small. Hence the losses arising to foreigners through the Chinese civil war would not be an adequate justification for interference on the part of other nations. It would not justify them to treat the revolutionists as rebels and to aid the Manchu Government in the suppression of the revolution. It would be morally indefensible for a European nation to assist the Manchu Government in keeping enslaved 400,000,000 people in order to save a few millions of money to a handful of capitalists who knew the risks they ran when they invested their money in China. Patience will pay the foreign capitalists. A regenerated China will give an infinitely greater scope to European enterprise than China in its present stagnation.

I think China should be allowed to work out her own salvation in her own way. Foreign intervention would not only be unjust, but might also be extremely unwise. The Chinese people have such great qualities—they possess far greater gifts than the Japanese—and their country has such magnificent resources that they are bound to come to the front and to have a great future. China has awakened, and her progress cannot be stopped. The Chinese people have at last awakened to a sense of nationality. They would never forgive a nation which had taken the part of their alien rulers at the present juncture and had tried to perpetuate the misery of the people, or which had robbed China of territory during the present struggle. In the event of foreign nations landing troops, the revolutionaries will probably not resist, but will make all concessions demanded of them; but they will continue the war against the Manchus. They cannot fight simultaneously their Government and the foreigners. The Chinese have recognized that they can create an army sufficiently strong to defend the integrity of their country only when they have overthrown the effete Manchu Government, which is determined to stifle all progress and to prevent the creation of a modern army. As soon as the Chinese have driven out the Manchu dynasty, and have introduced good government, they will create a powerful army, and they would undoubtedly in course of time call those nations to account which had taken an unfair advantage of China's defencelessness during her present troubles. It is as yet too early to form an opinion whether the revolutionary movement will succeed or fail. However, the best authorities agree that the Manchu *régime* has been so seriously discredited in the eyes of the people that it can scarcely last much longer. At the same time, the character of the revolutionary movement and of its leaders ensures the ultimate success of the cause of progress. The regeneration of China is inevitable and it at hand.

J. ELLIS BARKER.

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THE CHINESE POSITION.

From the Saturday Review.

The development of events in China has been so rapid that it needs an effort to realise that it is less than two months since a mutiny at Wuchang gave the signal for an insurrection which has since spread over the Empire; that the capitals and chief cities of nearly every province have since hoisted the Revolutionary flag; that Yuan Shih-kai has been recalled from exile and made Prime Minister with authority as nearly supreme as the conditions admit; that the Regent has resigned after yielding, on behalf of the dynasty, to every demand put forward for constitutional reform; and that a Conference is being held at Shanghai to discuss a future form of Government. The drama gains in interest as it proceeds; but we are in the position of spectators watching from the stalls actions the issue of which not even the actors can yet foretell. Still the situation is defining itself to a certain extent. The old régime at Peking is, we may assume, really extinct, though the future be ever so obscure. Stated in the tersest possible form, the question is between Limited Monarchy and Republic; but very few problems in practical politics offer themselves for decision in terms so net. Yuan Shih-kai is probably right, for instance, in estimating that seven-tenths of the Chinese prefer that there should be an Emperor: the idea of a Republic is foreign to their conception and traditions and contains risks which the more thoughtful are eagerly anxious to avert. Autonomous and semi-independent—whether as principalities or viceroyalties—the provinces have been content always to own fealty to an ideal Emperor who reigned with divine approbation. What would happen if this centripetal power were destroyed? Is there a man whom all China would agree to elect and submit to as President? One might go so far almost as to say that, if there were one such, the problem would be solved. He might be chosen to found a new dynasty as easily as to head a Republic. For one of the difficulties is the absence of alternative. Assuming a preference for monarchy in the abstract, what alternative is there to a dynasty which is regarded with dislike that has found expression in widespread revolution? Great and drastic reforms have been scheduled on paper; but the Chinese have had experience of edicts. A question before the Conference will be what security can be found that the Manchus will not attempt, by-and-by, to regain a measure of the power they have now abjectly surrendered. An oath before the Imperial ancestors—such an oath as the Regent has taken in the Emperor's name—to uphold the nineteen constitutional articles presented by the National Assembly, is too solemn to be lightly broken. The danger would lie, rather, in possible attempts to minimise by artifice and intrigue. The recent provision, for instance, that the Empress-Dowager shall be associated with the Emperor in the promulgation of edicts requiring the Imperial seal, at Imperial audiences, and at State functions, savours too much of a female regency to be accepted without misgiving: the possession of the Imperial seal at critical moments was a potent factor in the late Empress-Dowager's career. Nor is the association of an undistinguished Manchu Court favourite—for the mere sake, apparently, of obtruding a Manchu—with the distinguished Chinese who has been appointed guardian of the Emperor, unlikely to suggest the insertion of a Manchu wedge for future use. Take the case, again, of the Imperial treasure. Millions sterling in gold and silver are believed to be hoarded in the palace, yet the Government is begging for foreign loans to help meet the current expenses and help maintain the dynasty in power. Is it surprising that Wu Ting-fang should protest in the name of the Revolutionists that the provinces will not accept responsibility for a loan destined to be employed in opposing the popular movement? Or that the migration to Jehol of the whole Imperial clique—Emperor, Dowager, and Princes, eunuchs and female inmates of the palace—temporarily, at any rate, while a new régime is being discussed, should be regarded by many as the only safe way of extruding the evils—moral, physical and political—against which the Revolution is a protest? Yuan Shih-kai may reasonably fear that the spectacle of such an exodus would cause dangerous excitement in Peking; but there may be also at the back of his head a thought that it might shatter irretrievably the remnants of a prestige which he is trying to conserve. For it is the Imperial prestige which is in case. Votes which will be cast for prolonging the dynasty would almost certainly be cast otherwise if a peaceful issue from change could be assured. It is because there can be no such assurance; because anarchy, disintegration and civil war loom as alternatives, that a solution consistent with its maintenance is being sought.

It has been often said that the only thing one can predict safely about China is that events will turn out otherwise than as foreigners expect. And certainly under no other assumption can the hypothesis of a Chinese republic be admitted. Is it conceivable that Mongolia, Tibet and Turkestan—to say nothing of Manchuria—would remain members of a State which had lost the emblem of cohesion implied in the Imperial concept? Would not other influences begin almost certainly to make themselves felt? Or are the "United States of China" to consist of the eighteen provinces only, and the great dependencies to be held to their allegiance by force if they demur? But is it likely that even the eighteen provinces would cohere in the absence of the traditional link? The Cantonese might accept Sun Yat-sen as President of a republic, but would the provinces north of the Yangtze agree? Would Sze-chuen—the largest, richest, most populous and self-contained of all? Would Yunnan, which maintained itself as a Mohammedan State so long that the Government of India opened up tentative relations with the Sultan of Tali, in 1869? Would the Mohammedans of Shense and Kansuh, whose rebellion was suppressed a year or two later by Tso Tsung-tang? Would Hunan, the proud province which helped its great provincial noble, Tseng Kwo-fan, to crush the Taiping rebellion and has since maintained a kind of traditional ascendancy in the Yangtze valley, in the persons of successive Viceroys of Nanking? There are always, in every movement, flighty enthusiasts who fail to distinguish between theory and feasibility; but there are also among the Chinese notables who will presumably be present or represented at the Conference wiser men who will try to devise a method of averting the risks we have indicated. If a vigorous republicanism finds ex-

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pression in the candidature of Sun Yat-sen, constitutional monarchism has an ally in Kang Yu-wei, who inspired the late Emperor's reform edicts, in 1898. It is said that the Republicans have offered Yuan Shih-kai the Presidency; but he is committed to the monarchical side. A suggestion has been made that Duke Kung, the descendant and representative of Confucius, should be elected Emperor; but it is, we fear, less practical than picturesque, though it may serve to indicate the supreme difficulty of finding the man. A similar difficulty is involved in the suggestion of a military dictatorship, which even the Republicans are understood to admit as a possible necessity while their régime is being established, but which would be more likely, by historical analogy, to result in the assumption of sovereignty by the dictator.

So that, to the foreign onlooker, the maintenance of the Manchu dynasty, shorn of its objectionable features and under all practicable safeguards against their resuscitation, seems to emerge as the most feasible solution. Failing agreement on that basis, separation between North and South—between the provinces on the north and those south of the Yangtze—which would mean for the North probably adherence to the dynasty, for the South perhaps a temporary republic, is suggested. But it would be a temporary solution only; for the Throne would assuredly try to reunite the Empire when it felt strong enough to make the attempt. The alternative, in fact, to unanimity seems to be almost certainly, sooner or later, civil war; and we have seen in the burning of Hankow and the massacres at Nanking what civil war in China may mean. The Shanghai (Chinese) Chamber of Commerce may justly protest to the National Assembly that during twenty days that the Insurgents occupied Hankow no one suffered, but that massacre, outrage and looting followed the reentry of the Imperialists: the Assembly may make representations to the Throne, and edicts inculcating mercy be issued in response. But is it to be supposed that scenes similar would not be re-enacted? The excesses and subsequent fighting at Nanking were in defiance of an edict ordering surrender which the Viceroy was willing to obey but the Imperialist general professed to disbelieve. Armament and discipline have improved in China since the last great rebellion, but civil war will not be made with kid gloves even now; and the risk of foreign intervention would increase geometrically with its duration. There is always a chance that, when people who have been fighting can be stopped and brought to parley, reason may gain sway; but there is danger also of widespread disorder if the uncertainty is prolonged while the grip of authority—never too strong in China—is loosened. The considerations we have indicated cannot but be present in the minds of the Conference; and every friend of China must hope that they will promote a solution that will avert further conflict, with its immeasurable risks.

R. S. G.

DR. F. L. HAWKS POTT ON THE SITUATION.

As strangers and guests on a foreign soil, it is incumbent upon those who come from Europe and America to adopt a policy of strict neutrality in the troubles now taking place in China. At the same time it is natural that we should have our opinions as to the right and wrong involved in the dispute, and must hope that whichever side proves victorious, the ultimate result will be to make the wheels of progress go round somewhat faster.

Our foreign readers will ask what has led to the unpopularity of the present Manchu Dynasty and why it is now confronted with the danger of being overthrown.

We would in answer to such questions point out briefly some of its mistakes and shortcomings.

In the first place, since the beginning of their rule, the Manchus have never identified themselves thoroughly with the Chinese. Strictly speaking there is no more racial difference between Chinese and Manchus than there was between the Normans and Saxons. After the Norman Conquest we find, however, a complete intermingling of the two peoples through intermarriage and in other ways until they completely coalesced. The royal marriage between Henry I and Matilda, the great grand-daughter of Edmund Ironside, uniting the new line of Kings with the old, was a great stroke of State policy.

In China nothing of that sort has taken place. The Manchus have continued to rule China as a conquered country, and Manchu garrisons are still maintained in various centres. There has been talk about breaking down the barriers of separation, but it has only been talk. This policy has been steadily pursued in spite of the fact that a strong national feeling has been developing in opposition to it on the part of the Chinese.

Another great mistake has been caused by their innate conservatism. For the most part they have been blind to the signs of the times. With the exception of the late Emperor Kuang Hsu, all have been hostile to the new movements in China. The late Empress Dowager adopted a policy of reform from force of circumstances, not from conviction. They have yielded reluctantly to the demands for Constitutional Government, and instead of placing themselves at the head of the people as leaders in accomplishing their national aspirations, they have acted as the dragwheel. It is the same fatal mistake as made by Louis XVI of France, and, as in his case, their yielding to the *vox populi* may come too late to avert the catastrophe with which they are threatened.

In the third place, they have allowed divided counsels to weaken their authority and power. It is well known that there are two factions in the Imperial Court, that of the Prince Regent and that of the present Empress Dowager. For a time one gains the control, and for a time the other. The sudden changes in officials, and the cashiering of men like Yuan Shih-kai, are brought about by the struggle between the factions. This division in the court has made it absolutely impossible for any definite policy to be pursued for any length of time. Division always results in weakness.

As a fourth mistake, we would point out the utter inefficiency of the Government. We have had a striking example of this in the management of the recent famine. Floods may occur and famine may depopulate portions of the Empire. A sop is thrown to the people in the way of a small imperial dole, but they are left to be relieved of their distress for the most part by foreign charity. No attempt is made to remove the causes of the famine, and obstacles are put in the way of those who would deal with the problem in earnest.

Lastly, the Manchus have lost the hearts of the people. In the Chinese Classics we read: "Opportunities of time vouchsafed by Heaven are not equal to the advantages of situation afforded by the Earth, and these are not equal to the union arising from the harmony of the people with the ruler." When a great policy like the nationalization of railroads is proposed, the people rise in revolt. They look upon the proposal as a breach of faith on the part of the Government. They discern in it only selfish motives on the part of the rulers. They have come to the point where it is impossible for them to believe that the Government is really sincere and anxious to promote the best interests of the people. Foreign loans only signify to them the attempt on the part of the Government to get enough money to secure themselves in their own hold on China, and they do not for a moment believe that the money will be used for the real development of the Empire.

Whether it is too late for them to rectify these mistakes, time alone can show. Unless the Manchu Dynasty mends or ends, we can never expect permanent peace and prosperity in China.

F. L. H. P.,
The St. John's Echo.

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NOTES ON CHINESE FOREIGN TRADE.

TIENTSIN.

By Consul General S. S. Knabenshue.

This consular district includes all of China north of the Yellow River and eastern and southern Mongolia. Trade conditions were excellent in the district at 1910, and the business of this port would have been a record-breaking one, in all probability, had it not been for the financial crisis in Shanghai, due to speculation in rubber. Piece-goods dealers in Tientsin were not as a body affected by the failures in Shanghai, but some houses lost heavily, as they were unable to recover advances made to Shanghai houses.

Aside from this, the year marked a return to normal conditions in Tientsin after the disorganized state of affairs which began in 1906 from the extension of undue credit to Chinese firms. The total indebtedness of Chinese merchants, originally estimated at over $7,212,000, had been reduced to about $3,250,000 by the end of 1909. Certain small claims have been settled since then, but the mass of the claims outstanding have been assumed by the Commercial Guarantee Bank of Chihli, which opened business on May 20, 1910. This institution was established to provide for the gradual liquidation of these claims, and this arrangement has brought the situation to a practical working basis.

The question of the debased sycee held by the foreign banks of Tientsin has been practically settled. On May 7, 1910, the customs taotai issued an order that the debased sycee held by the banks should be examined by the Chinese authorities and duly stamped. This was done, and the depreciation in value was ascertained to be about $5,040. It was then arranged that this sum should be paid by the Chinese authorities to the banks, and that the sycee below the proper touch (0.992) should be remelted into shoes of that fineness.

The total exports of local origin in 1910 amounted to $16,511,980. A striking feature was the sudden increase in the exports of raw cotton, due to the crop shortage in the United States. Chinese cotton is of short staple and inferior quality but it found a use in certain manufactures for which cotton waste has hitherto been used. The Chinese farmers raised a much larger crop than usual, owing to the stringent prohibition by the Chinese authorities of the cultivation of the opium poppy.

Another remarkable expansion was in the export of Manchurian walnuts. This nut is called the "English walnut" in the United States. It is found growing wild in the hill country of northern China and in Manchuria. It is thoroughly acclimated to the severe winters there, which are comparable to those of the northern United States. The quality of the nuts varies greatly, possibly on account of the difference in soils. These nuts are either exported in the shells, in which case they are packed in bags for shipment, or they are shelled and the kernels packed in wooden cases, with openings covered with wire gauze, to permit a free circulation of air. The nuts are cracked and the kernels separated from the broken shells by coolies. This labor is so cheap that exporters state that the saving in ocean freight fully equals the cost of shelling and packing in cases.

The export trade in bristles was very firm throughout the year, and the total export of 2,678,800 pounds was an increase of over 10 per cent. above the year 1909, and a record in the bristle trade of this port. There was some dissatisfaction among the exporters of bristles because native dealers failed to carry out contracts for delivery on which advances had been made.

Wool is one of the largest exports from Tientsin. This is practically all third-class wool, and the bulk of the export trade is with the United States. The market was somewhat inactive for the greater portion of the year, due, it is said, to an overstocked market in the United States. Toward the end of the year the demand revived, but the total amount of wool exported, as compared with the previous year, declined nearly a third.

EXPORTS TO THE UNITED STATES.

The values of the declared exports to the United States for 1910 amounted to $6,047,734, as compared with $6,680,581 for 1909. However, an examination of the table of declared exports shows that, excluding the item of wool, the total value for 1910 is greater than for 1909. The drop in wool exports was due to a diminished demand from the United States because of accumulated surplus stocks.

Three items appearing in the 1910 exports that were absent from the returns for 1909 are chestnuts, groundnuts (peanuts), and Manchurian walnuts. The shipments of peanuts were probably for the manufacture of oil, as the Chinese peanut, while much smaller than the variety grown in the United States, is much richer in oil. An effort was made some years ago to introduce the culture of the larger American nut among the Chinese farmers, but it was found that though a given area would produce a larger volume of the nuts, the amount of oil obtained therefrom was less than could be obtained from the Chinese variety grown on the same area.

The straw-braid business with the United States is steadily declining as is shown by the values of the exports for the past four years. These were in 1907, $24,444; in 1908, $11,378; in 1909, $13,411; in 1910, $5,224.

The exports of coal and coke to the United States mark the first time this trade has been attempted. Trial shipments of Honan and Kaiping coal were made to Pacific ports, but they are reported not to have been particularly profitable. The causes of this are said to be removable, and the mining companies feel hopeful that they will be able to do a profitable export trade to the United States.

Under the head of curios are comprised porcelains, bronzes, tapestries, pictures, and other objects of Chinese art. A fairly large percentage of these are the purchases of American tourists; the remainder represent sales to dealers and shipments made to museums and other collections.

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The exports of jute to the United States dropped from $39,760 in 1909 to $682 in 1910. The total exports of this article from Tientsin to all countries for 1910 amounted to $20,298 in value, as compared with $84,780 for 1909.

The import trade of Tientsin for 1910 makes a most favorable showing. The total net value of foreign goods entering the port during the year was $35,186,604. Of this amount the value of goods imported direct from other countries was $21,545,231, and that of foreign goods imported from other Chinese ports, chiefly from Shanghai, $13,641,373. This net total compares favorably with the import figures of the two previous years, being nearly $5,000,000 in excess of the total for 1909 and $7,475,000 in excess of that for 1908.

The special feature in the cotton-goods trade was the decline in the imports of American and European fabrics, attributed to the deficient cotton crop of the United States, which caused such an advance in the price of the raw material that the prices of the manufactured goods were too high for the Chinese market. This gave the Japanese manufacturers an opportunity which they promptly utilized.

The importation of kerosene oil showed a good increase. The trade for the first two-thirds of the year was normal as to quantity, but the four closing months showed a considerably increased demand. In the autumn, places in the interior which are distant from the railway and must obtain their stocks by the rivers lay in their stocks for the period when the waterways are closed by ice. The increased demand for this purpose shows that the crops were good, and the people able to indulge in the luxury of kerosene illumination for their dwellings—for it is still looked on in the interior as a luxury rather than a necessity, and when bad crops demand economy it is one of the first items to be given up. Another factor in the increased demand, and consequently in the increased imports, was the reduction in the retail price, resulting from the revival of competition between the foreign producers.

CHEFOO.

By Consul John Fowler.

A review of the 1910 commerce of the consular district of Chefoo, which includes all the Province of Shantung south of the Yellow River except the German leased territory of Kiaochow, presents no marked features. There were no great typhoons or calamities, and the crops as a whole were good, but official statistics indicate a decline in the net trade of the port, which amounted to $19,702,748, in contrast to a net value of $24,113,411 in 1909.

The Pukow-Tientsin Railway across Shantung Province was pushed forward with vigor and it is now possible to travel from Tsingtau to Tsinan on the German line, thence to Tientsin on the new line, and from Tsinan to Taianfu on the south. During last winter the mails were sent from Shanghai to Tsingtau, thence onward to Peking by this new route. The railway to Weihsien is still only a project, but the Government is beginning to see that unless the road is built the trade of Chefoo will soon be eliminated by the German port of Tsingtau and the Japanese port of Dairen (Dalny). Shipments of straw braid, once the leading item of export to the United States, have been completely shifted to Tsingtau and it is four years since an invoice for that article has been certified at this office. Another great drawback to trade is the condition of the harbor, which is exposed to heavy storms. The local chamber of commerce, after long discussion evolved a plan for the building of a breakwater, and the scheme has been submitted to the Imperial Government.

TRADE WITH THE UNITED STATES.

Among the articles imported into Chefoo direct from the United States during the past two years were: Bicycles, boots and shoes, books and charts, coffee, clocks and watches, confectionery, crockery, household stores, lamp ware, machinery, oils, wall paper, perfumery, photographic materials, provisions, scientific instruments, sheetings, soap, stationery, stoves, toys, wood and wool. Kerosene was the item of chief value, many of the other articles representing only small amounts. As most of the American wares used in the Chefoo district came in by way of Shankhai, Tientsin and Tsingtau, statistics of the direct trade can not be taken as a measure of the annual value of this section's purchases from the United States. Because of this transshipping American imports into Chefoo show a decrease, as do also the exports to the United States.

While there has been great progress in American packing methods, there is still room for improvement in packing to save cost of freight and handling. American exporters have yet to learn how to pack not only securely but in a minimum of space, for transportation charges are as a rule based upon space.

Candies should not be sent to China in fancy boxes covered with ornamental ribbons, etc., on the outside, with more than half the space inside filled with cotton or curled paper and layers of cardboard. This is a pure waste of space and adds greatly to the cost of the candy itself. English and European dealers pack their candies in hermetically sealed tins or bottles, the only covering, if any, of the candy inside being in tin foil or oiled paper. Thus all space is utilized, and there is, of course, more candy in a package from Europe or England than there is in one of the same size from the United States. Confectionery is not generally passed around in fancy boxes in the East, but is taken from the package and displayed in dishes. An English firm that commands the eastern market for chocolates packs in round tins. The servant sells the empty tin, and, of course, will always give the preference to this brand on that account.

Americans are wasteful of space in packing nearly all exports. Boxes of bottled goods arrive half full of sawdust and frequently with many of the bottles broken, or else the bottles are set in nests, while English and European firms pack in thick straw jackets and the bottles are laid down in rows. It is extremely unusual to find a bottle broken when so packed.

Some trade catalogues that come to this office are wrapped so tightly that they will not lie flat. It costs no more to send catalogues flat and they are easier to handle. Then there is the catalogue full of small slips that fall out

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on opening the roll, and the one with the legend, "Prices on application." The latter is fit only for the wastebasket. All details and all prices should be sent in one catalogue.

In October, 1910, a delegation of merchants from the various chambers of commerce on the Pacific coast visited this port as the guests of the Chinese merchants and were received with all honors. The visitors inspected the largest silk mills, wine establishments, and other trade interests. In the evening they were tendered a banquet at which wines from the cellars of the Chang Yu winery were served for the first time. The delegates held long conferences with the native business men, and it is hoped that this visit will increase the trade between the two countries.

The telephone system which was established in the fall of 1900 by the Imperial German Government and operated by its postal authorities, was taken over by the Chinese Government telephone administration in November, 1910, and a complete reorganization of the lines instituted. The rates are the same as under the German administration, $5 Mexican (about $2.15 American) per month.

Opium cultivation has entirely disappeared throughout Shangtung Province. The loss of revenue from opium taxation has been felt keenly, and to offset this early in the year a revised scheme of special dues on goods and vessels, calculated to produce 120,000 taels yearly, was agreed to by the Chinese and foreign mercantile and shipping interests as represented by the chambers of commerce and native guilds. This scheme was eventually approved by the Government and communicated to the diplomatic body for its assent. Meanwhile, however, a comprehensive system of provincial taxation had been under consideration, which, if adopted, would render the contemplated local dues on merchandise unnecessary.

NANKING.

By Vice Consul A. W. Gilbert.

The Nanking consular district includes all of the Chinese Province of Anhwei, all of Kiangsu Province north of the Yangtze River, and two prefectures, Chiangning and Chui Kiang, south of the river, being the region north and west of Shanghai.

The year 1910 opened with good prospects, but trade results were disappointing and the year is regarded as one of commercial depression—a condition which was probably due more to rubber speculations in Shanghai and the consequent disorganization of the market than to purely local causes. The total value of the trade, $6,703,575, fell short of that of 1909 by nearly $530,000, decreasing in both imports and exports, but especially in the latter. (All statistics in this report are in United States currency.) The rice and silk crops were both poor, and high prices ruled almost continually, although 80,000 hundredweight of rice were imported by the Government from French Indo-China.

Two of the leading banks in Nanking failed in June and a larger one closed its doors a few months later. Early in January sixty feet of the river bank fell into the river without warning and a public jetty was partially carried away. In March the bunding above the Government bulk collapsed, taking a part of the foreshore with it.

At present Nanking does practically no direct business with foreign countries, although Chinkiang on one side and Wuhu on the other (both in this consular district) carry on a substantial direct trade with foreign countries.

As Nanking, the terminus of the Shanghai-Nanking Railway, is just across the river from Pukow, the southern terminus of the Tientsin-Pukow Railway, the Chinese expect that there will be a substantial and healthy commercial development of the port resulting from the railway traffic northward, and they now look upon Nanking as one of the future large ports of the Empire. There are no foreign merchants here who deal in a general business. The Standard Oil Company and the shipping companies have their foreign representatives in charge here, and the Singer Sewing Machine Company and the British-American Tobacco Company have native agencies within the native city. Aside from these and a few Japanese shops there are no foreign agents. This condition will doubtless change with the opening of general traffic on the Tientsin-Pukow Railway at the close of 1911 or early in 1912.

Nanking is supposed to be an open port, but no foreigner or foreign company (except religious societies) may lease land in perpetuity within the city walls. Foreign merchants, however, may lease property in perpetuity in Siakwan, situated just outside the north gate on a small oblong island separated from the mainland by a canal which connects at both ends with the Yangtze River. Pukow will doubtless be the more profitable location from which to gain a share in the coming trade of Nanking, as the railway company has made ample provision for transporting passengers and freight from its Pukow terminus to Nanking.

American interests ought to be aggressively represented in the pioneer development of such a promising port, and two methods are suggested as means of gaining a foothold: (1) Establish direct business connections with the native dealers, which can be done by personal interviews, if at all; (2) make it profitable for some well-established American house in Shanghai to open a branch office here, with the American representative of a strong combination of American manufacturers as manager. By the second method the details of the market could be learned at first hand with the smallest outlay and the desired foothold gained for a lucrative business. It is of the highest importance that the enterprise should be energetically manned by Americans whose enthusiasm for the extension of American trade and influence has been tested. There is a movement on foot to celebrate the opening of the Tientsin-Pukow Railway by declaring Pukow to be an open port.

A Chinese land syndicate has bought up all the water front at Pukow and is offering (on prohibitive terms) to lease it to either Chinese or foreigners. The syndicate has drawn up rules and regulations concerning this property to which anyone desiring to locate on the Pukow side are referred by the officials; but as there seems to have been no foreign applications thus far the rules have not been officially published, and consequently no action has been taken to secure a modification of their terms.

There is considerable agitation just now for the estal

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lishment of more modern factories in Kiangsu Province to consume the raw material now exported. This will probably create a special demand for milling and cotton machinery, etc. There are over thirty miles of macadam roads in Nanking which have been constructed without machinery of any kind; these roads are being lengthened annually, and machinery will probably be purchased for the work. Nanking has no waterworks or sewerage system worthy the name, but these will soon come and will involve the purchase of foreign machinery. Poor farms, primarily intended for the employment of the annual influx of famine refugees, are also being discussed, and if established ought to open a market for farming implements.

In spite of the general decline in trade, the exportation of fans, feathers, hemp, hides, sesamum seed, and silk made substantial gains. An effort was made to export cattle, but the officials would not permit it on the ground that if the farmers sold their stock they would have no animals with which to work their farms the coming year. The manufacture of fans is one of the growing industries of Nanking. The exportation of raw cotton seems to be on a gradual decline, in accord with the expressed intention of the natives to consume all raw materials locally, and thus supplant the declining foreign goods with those of home manufacture.

Many American dealers repeatedly ask for a list of local dealers, or whether there is a market for certain articles in the port, or whether a certain commodity is on the market. Much of this information is on file with the Department of Commerce and Labor and can be had for the asking. It is also published in the directories of the Far Eastern ports and in the Imperial Chinese Customs returns. The consular office could render such business houses more effective service if they should request information as to the economic and industrial conditions under which the articles in which they are interested are put on the market. They would then know whether it was worth while to enter the market with such goods, having previously ascertained the nature of the competition.

American piece-goods exporters would doubtless be materially helped if they would obtain detailed information concerning the manner of importation and distribution, the sources of the entire supply, comparative cost, etc. Such inquiries would necessitate correspondence with the place of origin as well as with the place where the product is consumed.

If American exporters packed their goods in such a way that the empty wrapping would serve some useful household or other purpose their business would increase proportionately to the extra cost. People now buy a certain brand of rolled oats because the empty cans are useful to hold fruit, etc. Packing material is becoming a by-product of the consumer's purchase, and it is an easily corroborated fact that those shippers who recognize this economic principle are doing a profitable business.

Of the cotton flannel imported about 60 per cent. was American. American kerosene still maintains its steady increase, almost doubling last year's importation of 851,600 gallons and showing the remarkable growth in a decade from 9,000 to almost 1,800,000 gallons. The United States sent almost $80,000 of the $1,047,107 worth of railway material imported. It is notable that the importation of railway material of native origin during the past two years amounted to over $300,000.

Imports of American shirtings in 1910 almost doubled those of 1909, while American sheetings and drills fell off. English and native shirtings and sheetings also suffered a heavy decline.

The visit of the commercial delegates from the Pacific coast and Honolulu was one of the most encouraging features of the year in connection with American trade. It is acknowledged that the few hours of personal contact of the representative business men of the two nations have done much to break down the barriers to American trade. Some of the commodities now indirectly exported from this port to the United States are: Oil (bean, groundnut, and wood), hides, feathers, silk, skins and furs.

THE NANKING INDUSTRIAL EXPOSITION.

This exposition has been reported from this office (see Daily Consular and Trade Reports for September 13, 1910), and it only remains to give a brief summary of what was done and mention some of the results of China's pioneer exposition. The cost, including plan and running expenses, was $677,250, and the receipts are reported to have been in the neighborhood of half that amount. The total attendance is placed at 8,900,000, including 2,500 foreigners. There were commercial delegations from eight Provinces, Java, Singapore, Japan, and the United States, a German delegation from Shanghai, and educational delegations from sixteen Chinese institutions representing seven Provinces. In this way, north, south, east and west China came into direct contact with foreigners, there being two foreign exhibits buildings. There were 1,981 native exhibitors (not including Chinese exhibitors from foreign countries) representing nineteen Provinces—Kwangsi in the extreme south and Kansuh in the northwest not being represented.

Among the direct results were the paved streets leading to the grounds from the main street, which runs the length of the city from Siakwan. One of these is sixty feet wide and flanked by rows of houses intended to be used as hotels, shops, theaters, and other places of entertainment, and has become a permanent center of Chinese shops. Another similar center has grown up around the main entrance of the exposition a short distance to the south, where the railway erected the exposition station.

The first ticket was bought for $10,000 by a Chinese merchant from Java, the ordinary price being thirty cents, later reduced to twenty cents. Articles to the value of $38,700 are reported to have been sold, and over 5,000 awards and diplomas of different classes were distributed to native and foreign exhibitors. The rumors of unrest and impending trouble which were current when the exposition opened, as well as the distress owing to the rise in the price of rice, militated strongly against the success of the enterprise. Shortly after it was closed, the grounds and buildings (with notable exceptions as regards the latter) were handed over by the Government in perpetual lease, and free from taxes for a period of ten years, to a Chinese who had made his fortune abroad, in consideration of a sum of $192,500. It is reported that the owner will devote the property to industrial purposes and to the improvement of tea culture. It is also reported that a school for the blind has been established in the native city as a direct result of a visit to the educational section of the exposition.

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AMERICAN COTTON GOODS IN MANCHURIA

From Consul Lester Maynard, Harbin.

According to Japanese sources, American cotton cloth, which at the present time is being entirely supplanted by cotton cloth of Japanese manufacture, should have an opportunity of reentering this market, due to the short yield of cotton in India and China and rise in quotations as against the large cotton crop in the United States and the lowering of prices.

The market for cotton cloth in north Manchuria is far too important to American manufacturers to depend upon such conditions to regain or hold this territory. It was not due to conditions of this kind that enabled the Japanese to take the market, nor was it entirely due to lower cost of labor or superior and cheaper transportation facilities, but primarily to the fact that Japan was one of Manchuria's best customers, and for several years past has been working up the soya-bean trade and taking the bulk of the crop. In order to buy soya beans throughout the country a large organization was necessary, and when this had been accomplished it was found to be a simple matter to pay for the beans with cotton goods—if not directly, at least through the local Chinese merchants.

Until the United States becomes a customer of Manchuria there will be little opportunity to break the Japanese control of the cottongoods trade, but as long as a high customs duty remains on soya beans while soya-bean oil enters duty free there will be no inducement for our merchants to come to Manchuria to buy.

A Danish firm buying soya beans throughout Manchuria ships the beans to Denmark to be crushed, and it is stated that practically its entire output of oil is shipped to the United States, where it enters duty free.

CHINA'S SUBSIDIARY COINAGE PROBLEM.

(From Consul General George E. Anderson, Hongkong.)

For several years—since, in fact, modern coinage has come into use in China to any material extent—subsidiary silver coins have been minted in the various Provinces of China. The minting of these coins was designed to supplement the coinage of standard silver dollars of the various authorities to some extent, but in some instances represented the issue of such coins as standard money.

The silver in a dollar's face value in these 20-cent, 10-cent, and 5-cent pieces runs considerably less than the silver in the standard dollar. The issuing of such coins at their face value, therefore, was a business of considerable profit to the provincial or other authorities concerned for a considerable time. A similar policy as to the coinage and issue of these pieces was followed in the colony of Hongkong for some years. In the course of time, however, the supply of subsidiary coins both in China and Hongkong became too great for the legitimate demand for them and this condition of things has been emphasized by the policy of some of the Provinces in coining such money without regard to the demand and practically forcing it into circulation in various ways.

The result has been that for several years past the value of a standard silver dollar or paper dollar representing a standard dollar in these subsidiary coins has been from $1.05 to $1.10, i.e., the standard dollar has been at a premium of 5 per cent to 10 per cent in terms of the subsidiary coins. This condition of things has been so detrimental to business in China generally, and in the south of China particularly, as well as in Hongkong, that further coinage of subsidiary money was long since stopped in Hongkong, and further minting of such coins by various provincial or other authorities in China has been the subject of diplomatic representation and protest. As yet no satisfactory change has been effected in China.

In Hongkong the colonial government has endeavored to improve the situation, at least as regards Hongkong currency, by retiring considerable quantities of the subsidiary coins. What the loss to business and governmental circles by the overissue of this subsidiary coinage may be and what the problem of its retirement means is indicated by a reference to the matter in the budget address of Sir Frederick Lugard, Governor of Hongkong, in presenting the annual colonial budget to the Colonial Legislative Council on October 19, 1911. Of the matter his excellency said:

Provision is made for the loss actually incurred by the receipt of revenue paid in subsidiary coins, the discount being estimated at 7 per cent. No provision is made for demonetization, which the Secretary of State and the Lords of the Treasury consider to be an advisable measure, and the cost of which we are at present ill able to afford. We may, however, count it to ourselves for righteousness that during the last four years we have recalled from circulation and melted down silver subsidiary coins to the value of $5,272,012 and copper to the value of $255,446, representing a total of over 7,000,000 coins, at a cost to the revenue of $795,758. We shall await with interest the disclosure of the steps which are about to be taken by China for the reorganization of her currency under the auspices of the four Powers who have guaranteed a great loan for the purpose, and who will undoubtedly see it is spent to good purpose. How the measures they may introduce will react on our subsidiary-coinage problem in this colony remains to be seen, and we shall shape our policy accordingly when we know them.

The material loss of the Government is, to a large extent at least, merely paying back to the community the profit the Government once made in issuing those coins. Nevertheless, the hardship of such repayment under present conditions is apparent. The business world, moreover, is compelled to bear with the loss of the difference between the standard and the subsidiary coinage without any compensations. The loss of the chief steamship line between Hongkong and Canton from this source is about $40,000 Hongkong currency per year (Hongkong dollar equals approximately $0.41). The loss of the Hongkong street railway amounts to about 20 per cent of its entire earnings. In all lines of retail business in Hongkong and South China the loss due to this difference is a material factor in business profits.

Perhaps the most serious phase of the matter lies in the loss between standard and subsidiary coins which the Chinese Government will pay in connection with its reform of the Chinese monetary system referred to by Gov. Lugard. This loss, although in fact it represents profits to the various provincial governments in the past, is one of the difficult features of the reform situation.

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CHINESE CHANGES.

By Admiral of the (British) Fleet, Sir Edward Seymour.

The first Europeans to visit China were the Portuguese in 1515, and in 1558 they obtained the first foreign settlement there by the grant of Macao.

The earliest British expedition to reach China was, I believe, that of Captain Weddell, in 1637, which anchored off Macao; but although the East India Company then began to trade with China, it was nearly a hundred years later that we really established regular commerce at Canton.

The embassy of Earl Macartney to Pekin in 1793 was the first actual diplomatic dealing between us and the Emperor's Government, and it gained an amount of information about China never approached before.

The second embassy, under Lord Amherst in 1816, was a failure owing to his objection to perform the "Koutou" and the refusal of the Emperor to receive him without it.

No further personal diplomatic interviews with the Emperor of China were attempted by us, and, with the exception of a personal interview granted to H. R. H. Prince Henry of Prussia by the Dowager Empress, I am not sure that foreign officials were ever received by the virtual occupier of the throne till after the termination of the "Boxer" rising episode.

The general history of our dealings with the Chinese seems to show less animosity on their part than might well be expected from a nation not only desirous of isolation, but whose traditions and habits were quite opposed to those of the strangers forcing themselves upon them; their ignorance of Western nations was no doubt even greater than ours of them, and the startling difference in our appearance, dress, and manners may easily have helped to earn us the name of "Fanqui," or "foreign devil," even before our conduct in any way seemed to support it.

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The present rebellion in China is virtually as to its object a repetition of the so-called Taeping rebellion, which it may therefore be well to recall to mind. Neither of them can in any way be compared with the "Boxer" rising of 1900, because, while both the first-named originated in the desire to shake off the Manchu dynasty, expel that house from China, and substitute an actual Chinese rule, whether monarchical or republican, the object of the so-called "Boxers" was not anti-dynastic at all, but simply anti-foreign, and had for its end the turning the Western nations, at least officially, out of China.

The Taeping rebellion may be said to have begun in 1852, though its origin was two or three years earlier. It commenced in the southern part of China, in the province of Kwang-si, and though a small body of rebels did approach Pekin—that is, to within a short distance of Tientsing—its principal operations were confined to the neighbourhood of the Yang-Tse-Kiang River.

The chief triumph of the Taepings was their capture of Nankin in March, 1853; this, the ancient capital of China, they declared should be again the seat of government. The chief of the rebellion was a man called Hung-siu-tsuen, who assumed the title of Tien Wang, or Heavenly King.

One great feature of the Taeping rebels was their pretence of being Christians. It seems just possible that their leader had at first serious ideas on the subject, but it is at least equally likely that he was actuated by the hope of being countenanced and assisted by European nations on account of his religious proclivities.

He took to his establishment an English missionary, the Rev. Issachar Roberts, who, after some months spent at Nankin, seeing what a mockery their Christian pretences were, abandoned the rebels.

The Tien Wang, in spite of his senseless and impious claim to be a person of the Holy Trinity, nevertheless humbly submitted to reproofs from a man called Yang, who assumed the title of the Heavenly Father and professed to be in immediate communication with the Divine Ruler of Heaven. These men did study our Bible, and adopted the Ten Commandments as professedly binding themselves, but the atrocities committed by their forces have seldom been surpassed in history.

How many lives were sacrificed during the Taeping rebellion it is impossible to say, but it was usual for the rebels on taking a city to slaughter most if not all of its inhabitants, and statements as to the total deaths caused by the rebellion have varied from fourteen to twenty millions.

It seems as if the Tien Wang, having safely installed himself at Nankin, relapsed into a condition of indolence; he was very little seen and remained mostly in his palace, and this lethargy on his part probably was the means of preventing further conquests, and possibly the success of the rebellion.

In 1860 the Taepings made an attack on Shanghai which was easily repulsed, and they then continued desultory operations in its neighbourhood, which, in fact, were continued till the end.

During this time an irregular force was raised under the auspices of the Tao-tai of Shanghai. It was at first commanded by an American filibuster named Ward, who on his death in an attack near Ningpo was replaced by a compatriot of the same class; he in turn was succeeded by an officer of the Royal Marines, and the command of the contingent ultimately, as is known, devolved on Charles G. Gordon, then a young officer in the Royal Engineers, whose splendid leadership gained the force under him the name of "The Ever-Victorious Army," which captured Nankin, and finally put an end to the rebellion.

The queue, or pigtail, generally worn by Chinamen is a Manchu and not a Chinese fashion; the Manchus forced it on their Chinese subjects, but the Taepings reverted to the old habit of simply wearing their hair long all over their heads, and were in consequence often spoken of as Chang-mows, or long-haired.

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A country as large as China could hardly be properly governed before the invention of railways and electric telegraphs, and that may probably be reckoned as one of the great reasons why the various provinces of China often differ in their language so as to be unable to understand each other; they have no national feeling, and are, in fact, quite devoid of what we call patriotism. My own experience on various occasions has very plainly shown me

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that the natives of the North and of the South of China have no common love of country, no inner feeling that theirs is one nation, which, in spite perhaps of internal or domestic differences, should become one and united when a foreign enemy is at their door.

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The various foreign possessions now held in China must be an irritation to any patriotic Chinese, whether statesman or not, and if, or when, China assumes the position of power and prestige that her size and population should entitle her to, there can be little doubt that some, if not all, of these foreign concessions will have to be given up. This may not necessarily be a great commercial loss; the Chinaman is pre-eminently a trader—his good character as such is almost proverbial—and he is not likely to forgo voluntarily his pecuniary interest.

I will not attempt to prophesy as to which foreign settlement would be the first to be surrendered, nor even to say which I think should be soonest given up, but will only remark that those longest held seem to me to have the strongest claim for permanency. Of them all, Macao is, of course, the "doyen," but its value as a commercial centre has long waned, and its use as a seaport is steadily decreasing, on account of the gradual shoaling of its harbour. Whatever may be done about the restoration of foreign concessions to Chinese authority, I suppose that cosmopolitan settlements like Shanghai and Tientsing would be among the last to hoist the Chinese flag.

To us the idea of giving up Hong Kong is, as I have said, almost unthinkable, and our claims to hold it are not easy for the owners of other positions to rival. It has also the special merit of being an island, though attached to it is some mainland territory. Previous to our more recent acquisition of land about Kaulung, on the north side of Hong Kong harbour, which addition was only part of the old agreement, a curious position was possible, viz. that, as a small part of the China coast side of the anchorage was Chinese, in case of our being at war with a Power other than China, vessels of our enemy might have been lying in Hong Kong harbour, yet sheltered in a neutral port.

China, as everyone knows, has never been a military nation by instinct, by training, or by actual great necessity. She has, it is true, had foreign enemies, her invasions, and her changes of rulers, but, partly on account of her enormous size, these events seem never to have interested or convulsed her throughout. Immense space, difficult communication, want of circulating literature, and perhaps the different modes of life due to variety of climate, tended to keep her people separate in their interests and feelings; though the name of their Government and their national flag were the same.

Perhaps alone in China the profession of arms has not been honoured; in Europe the vicinity of nations with different interests has made armed defence a necessity, but for China no such general need existed, and the consequence is that she becomes only reluctantly an armed Power. But the change has now begun in earnest, and I see no reason why Chinese may not become formidable soldiers. They have plenty of stamina, few necessities, and can live on very little. Death is to them no terror compared with what it is to Western people, and their endurance of pain is surprising.

I may be allowed to quote our experience of the Chinese regiment raised at Wei-hai-wei, and commanded and drilled by British officers, as I watched their formation, their conduct on active service at Tientsin, and their military training as a regiment twelve hundred strong. All, I believe, who knew them will agree in praising their efficiency and good promise till disbanded by the strange inconsistencies of British rule. But a Parliamentary Government is of its nature obliged to vary, and its ways are inscrutable, and too often remind one of the well-known saying "Quantilla sapientia regitur mundus."

The question of a navy naturally belongs to that of an army, and it has been well said that "to be master of the sea is an abridgement of a monarchy." For the defence of China it is perhaps open to argument whether she most requires a navy or an army: the first because her coast is so extensive that great mobility is required for its defence, the second because as she is not an island her foes may come by land. I am in favour of her first getting an army; but as regards the naval question, I think it will be a very far harder and longer task for her to obtain a really efficient fleet.

As concerns a seafaring population, no country can compare with China in the number of her men bred and habituated to a sea life. A navy must have its good seaports, good both as to geographical position and suitability as naval bases.

There are several possible to choose from, and for so large a coast one only would be absurd. Space does not permit me to discuss this question, so I will only say that the opinion I had from Admiral Count Togo was that probably Chusan would be the best to begin with.

The Cornhill Magazine.

A NEW CONSULATE BUILDING FOR YOKOHAMA.

62d Congress, 2d Session, H. R. 16307.

In the House of Representatives, December 19, 1911. Mr. Roberts of Massachusetts introduced the following bill; which was referred to the Committee on Foreign Affairs and ordered to be printed.

A Bill making appropriation for the construction of suitable consulate buildings at Yokohama, Empire of Japan.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for the building of suitable and necessary consulate buildings at Yokohama, Empire of Japan, to continue available until June thirtieth, nineteen hundred and fourteen, one hundred thousand dollars.

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IN MEMORIAM

Rev. George A. Stuart, M.D.

Among the American residents in China who have left behind them an enduring impression and the grateful memory of a winning personality the late Doctor Stuart may consistently be numbered.

He was born in Oakland, Maryland, in 1859 and moved with his parents to Iowa at an early age. He graduated from Simpson College in the Arts Course and in Medicine from the Iowa College of Physicians and Surgeons. On his first furlough he studied at the Harvard Medical School and received the degree of M.D., cum laude, in 1895.

Dr. Stuart came out to China in 1886 as a medical missionary under the Board of the Methodist Episcopal Church (North). After a few months at Nanking he went to Wuhu where he spent the first ten years and where the Wuhu General Hospital, built by him, is an ever living memorial. In 1896 he was transferred to Nanking as Vice-President of the University and Dean of the Medical School; he was elected President the following year and for the next ten years shaped and guided its interests with conspicuous success. In 1908 he removed to Shanghai where he has since been Book and General Editor for the Methodist Episcopal Church in China.

Dr. Stuart was a man of keen intellect, interested in many lines of thought and action. His information on many subjects was concise and accurate and always at the disposal of those who sought it.

His great interest was in the medical education of China. As Dean of the Medical School in Nanking, Editor of the China Medical Journal from 1896 to 1900, President of the China Medical Missionary Association from 1907 to 1910, and a member of its Executive Committee almost to the last, he worked incessantly and earnestly to establish in China a rational and scientific practice of medicine and surgery.

The breadth of his scholarship is attested by his appointment as Book and General Editor of the publications of his Mission, and by the fact that for some years and until his death he was a member of the Publication and Terminology Committee of the Medical Missionary Association, in whose hands is the important and difficult task of building up in the Chinese language a scientific nomenclature for the translation of modern medical literature.

Speaking from a friendship of some years, I believe Dr. Stuart's most conspicuous personal characteristics were his even temperament, his gentle disposition and unfailing courtesy which endeared him even to those who did not know him intimately. The influence of such a life on the world in incalculable.

"Mark the perfect man and behold the upright for the end of that man is peace."

C. S. F. L.

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