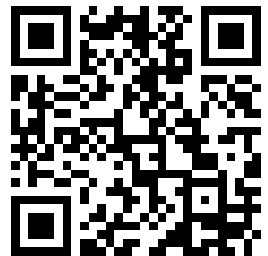


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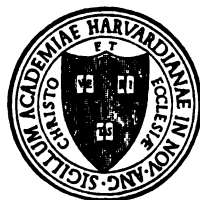
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MAY 20 1916

# Journal of The American Asiatic Association

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78 Beekman Street,  
New York City.

MR. WILLARD STRAIGHT, the President of the Association, has addressed the following letter to the Editor of the JOURNAL:

"In the columns of the JOURNAL I have read with great interest the able article by Mr. Lewis Einstein, entitled 'Japan at Tsingtau and American Policy.'

"While I disagree with him as to certain particulars, I find myself in accord with most of his critical analysis of our diplomacy in the Far East. I am particularly pleased that his article should have appeared at this time, as it affords an opportunity to refute categorically the statement, which he makes and which has probably been derived from an impression which I understand to have been prevalent in certain quarters to the effect that, in adopting a position which necessitated the withdrawal of the American bankers from the Chinese field, President Wilson was the 'dupe' of Wall Street.

"It is true that it would have been impracticable, if not impossible, for the American bankers to continue in the international combination with which they were associated at that time, if deprived of the support of their government; it is true that, as Mr. Einstein states, 'Chinese loan business' was not infrequently the source of annoyance and apparently without the prospect of any commensurate benefit, but it is untrue that the bankers concerned were anxious to terminate this enterprise, and it is untrue that 'Wall Street' concealed its gratitude to Mr. Wilson 'for rescuing it from an unprofitable contract.'

"I trust you will permit me to object to the statements mentioned and to the apparent insinuation with which they are accompanied."

Plainly, Mr. Einstein was misinformed when in referring to the participation of the American Syndicate in the Six Power loan he said: "The bankers, who had hitherto realized no advantages, were only too anxious at a time of financial stringency and darkened horizon to terminate an enterprise which had been the source of much annoyance without hope of commensurate benefit." It must be admitted that a certain looseness of statement was apparent in Mr. Einstein's treatment of this part of his subject. He very properly gives the bankers credit for having undertaken the work largely as the result of an appeal made to their patriotism. But he lays himself open to a less courteous retort than that of Mr. Straight when he credits these same bankers with an attitude toward

the proposed Chinese loan which made the President the dupe of Wall Street "perhaps more than he ever suspected."

THE entire question of the attitude of the Administration toward what has been called "dollar diplomacy" in China and elsewhere, is one whose frank and full discussion can do no possible harm, and may tend to remove some misconceptions calculated to interfere at the present time with the expansion of American trade. The country is still in doubt as to what is the precise attitude of the President and the Secretary of State toward American investments abroad. The fact may be recalled that the remarks which the Secretary of State made as guest of honor at the last annual dinner of the Association were on the whole reassuring, and seemed well fitted to encourage all legitimate effort to bring about in the President's own words "the most extended and intimate trade relationship between this country and the Chinese Republic." Mr. Bryan extended these remarks and made them a little more definite at the dinner of the Foreign Trade Convention in Washington, and as he is scheduled to speak on the same subject at the annual meeting of the Chamber of Commerce of the United States in Washington, it is just possible that the policy of the Administration in regard to the support which it is prepared to render to American bankers lending money to foreign Powers may find a more satisfactory definition than it did at the outset of President Wilson's term of office.

IN the address of the President of the United States Steel Corporation at the banquet of the Second National Foreign Trade Convention at St. Louis, which will be found on another page, there is an instructive reference to the close connection which exists between foreign trade and foreign loans. Mr. Farrell points out that while Europe has long been the world's banker, the necessity of financing the war operations of the belligerent nations has put an end, for the present at least, to any loans of considerable amount to Latin America, Canada, or the Near or Far East. Mr. Farrell argues that if we are to protect our existing trade, to say nothing of its future development, we must extend the aid which Europe is temporarily unable to extend, since otherwise the purchasing power of neutral markets may still further dwindle. Such loans having the effect of maintaining our trade and promoting a demand for American products, cease to be purely foreign investments, but are virtually domestic investments, the funds usually remaining in this country to pay for our exports to the borrowing nation. These are considerations with which it is to be hoped that both the President and Mr. Bryan will deal with some explicitness in the course of their addresses before the

United States Chamber of Commerce, for the time is unquestionably ripe to secure a very considerable expansion of the foreign commerce of the United States if our Government is ready to stand as close to the financial and commercial enterprise of its citizens in foreign countries as the governments of Europe have long been accustomed to do.

THE curtailment of its opportunities to secure money from abroad has had the beneficial effect of awakening the government at Peking to the necessity of utilizing some of its resources for raising money at home. The land tax of China can hardly be called a neglected source of revenue, but it is certainly one which is shamefully mal-administered. It brings in at present less than Tls. 53,000,000 a year, and it is the opinion of competent authorities that it could be readily made to yield seven or eight times as much. Sir Robert Hart calculated that the whole area of taxable land in China might amount to 4,000,000,000 now, which, on the basis of 200 cash per mow, and taking a tael as equivalent to 2,000 cash, should yield a revenue of Tls. 400,000,000. There is here a magnificent opportunity for increasing the financial strength of the Chinese Republic, but it is needless to say that it will be found a task of Herculean magnitude to overcome the popular opposition to anything that savors of increased taxation, and an equally difficult enterprise to overcome the tenacity with which each provincial government holds on to its own administrative powers.

FOR the eleven months of the calendar year, our exports to Asia show a decrease of some \$25,000,000—a percentage no greater, however, than the shrinkage recorded in the total export trade of the country. For the first time in recent years, the exports to Asia, in spite of their shrinkage, show a higher total than those to South America. Then, the exports to China, while \$4,000,000 less than they were in the corresponding period of last year, are more than a million in excess of the total for the eleven months of 1912. To Japan the exports show a shrinkage of one-third or \$18,000,000, while the imports from Japan maintain their normal rate of increase, being \$98,656,897, against \$86,966,930 for 1913. It will be observed that the shrinkage in our Chinese exports is most marked under the head of cotton cloths, and under this head there is indeed no perceptible elasticity in any of our chief foreign markets. The Philippines took \$1,800,000 of cotton piece goods more than China, but even here the export falls \$800,000 below that of 1913. The total exports of plain cloth during the eleven months reach only the insignificant sum of \$21,742,887, or nearly \$3,000,000 below the total for the eleven months of the previous year.

# Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the eleven months, ending Nov. 30, 1913 and 1914.

## EXPORTS TO CHINA.

Months. 1913	Cotton Cloths. Yards.		Mineral Oils (Illuminating). Gallons.		Wheat Flour. Barrels.	
January.....	7,096,890	\$481,040	2,988,096	\$134,464	11,264	\$44,611
February.....	7,005,113	489,324	3,385,530	293,367	35,988	139,183
March.....	8,576,182	561,677	7,817,080	442,421	47,313	178,385
April.....	10,679,063	743,675	7,110,600	642,584	19,450	76,933
May.....	14,491,282	1,022,369	13,645,100	955,947	240	971
June.....	11,866,362	835,725	13,914,180	1,178,370	100	400
July.....	13,861,576	947,287	7,367,800	400,559	8	48
August.....	5,839,825	398,458	2,029,963	101,498	3,128	12,545
September.....	12,196,195	815,514	7,188,242	388,354	13,763	53,191
October.....	8,478,971	606,864	5,586,934	403,697	36,881	150,509
November.....	6,030,732	414,584	11,169,900	763,814	22,163	80,728
Total.....	106,052,191	\$7,316,517	82,203,425	\$5,705,075	190,298	\$737,504
1914						
January.....	5,834,057	374,844	5,862,678	550,580	20,438	83,928
February.....	5,917,505	386,094	3,933,710	365,668	9,128	37,567
March.....	3,480,246	234,926	10,357,055	761,109	6,842	25,543
April.....	7,774,295	523,534	10,576,471	850,158	1,192	4,960
May.....	4,649,948	343,630	6,672,558	633,491	863	3,825
June.....	5,039,603	353,991	13,673,612	986,760	2,565	11,277
July.....	3,291,763	263,090	16,200,906	1,035,214	2,940	11,819
August.....	354,756	28,435	.....	.....	1,636	7,182
September.....	115,112	10,279	9,872,856	473,218	5,567	22,635
October.....	1,866,093	110,507	4,130,181	280,692	9	38
November.....	1,104,675	116,896	6,367,859	287,009	1,125	4,650
Total.....	39,428,053	\$2,787,252	87,647,886	\$6,223,899	52,395	\$213,424

## EXPORTS TO HONGKONG.

1913						
January.....	636,832	\$43,454	1,425,810	\$151,888	60,862	\$228,941
February.....	163,478	25,420	.....	.....	102,121	410,463
March.....	196,668	29,815	.....	.....	129,461	492,019
April.....	211,034	33,938	1,195,000	117,707	120,249	478,075
May.....	161,310	26,267	2,311,000	212,612	160,755	642,322
June.....	109,841	17,046	2,235,000	205,620	76,636	308,268
July.....	101,998	16,568	3,659,160	258,103	143,689	572,237
August.....	155,718	20,489	.....	.....	49,897	202,209
September.....	109,192	16,476	487,143	45,342	27,423	105,366
October.....	132,835	20,351	2,755,658	161,053	157,358	617,471
November.....	47,646	6,924	950,000	89,300	174,918	699,052
Total.....	2,026,552	\$256,748	15,018,771	\$1,241,265	1,203,369	\$4,756,423
1914						
January.....	26,947	4,210	3,069,936	154,129	156,240	630,482
February.....	37,817	5,925	2,313,350	137,351	45,483	182,177
March.....	25,151	4,034	60,770	6,182	84,138	328,602
April.....	34,782	4,823	2,591,000	145,570	37,677	148,345
May.....	68,994	10,245	1,650,000	74,250	19,915	76,043
June.....	22,030	3,856	1,706,300	170,630	52,982	202,709
July.....	5,612	1,588	2,301,531	207,341	118,225	452,024
August.....	8,249	1,157	800,000	70,800	22,540	86,240
September.....	4,516	1,263	.....	.....	54,154	212,662
October.....	7,297	1,290	2,169,434	108,472	59,653	244,467
November.....	11,609	2,131	4,927,319	232,632	96,126	423,315
Total.....	253,004	\$40,522	21,589,640	\$1,307,357	747,133	\$2,987,066

DEPARTMENT OF COMMERCE,

Bureau of Foreign and Domestic Commerce.

WASHINGTON, D. C., January 19, 1915.

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### Imports of Tea and Silk into the United States for the eleven months, ending November 30, 1912, 1913 and 1914.

Imported from	1912.		TEA.		1913.		1914.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	9,882,507	2,952,472	11,934,582	3,448,909	12,549,171	3,465,356		
Canada .....	2,599,980	752,433	2,734,830	796,167	3,232,452	868,709		
China.....	24,585,670	3,398,712	17,392,380	2,394,005	20,557,298	2,829,995		
East Indies.....	11,933,123	1,960,390	8,539,713	1,433,869	10,688,929	1,813,022		
Japan.....	41,028,247	7,360,805	39,498,311	6,764,582	43,104,238	7,546,436		
Other countries .....	852,664	166,066	866,342	167,908	1,141,871	228,513		
Total.....	90,882,191	16,590,878	80,966,158	15,005,440	91,273,959	16,752,031		
RAW, OR AS REELED FROM THE COCOON.								
Imported from	1912.		SILK.		1913.		1914.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France.....	84,853	298,157	71,947	187,058	64,527	243,003		
Italy.....	2,313,852	8,441,687	2,250,059	8,815,796	1,778,948	7,893,273		
China.....	4,475,601	10,968,446	5,537,552	13,886,714	4,151,497	11,300,418		
Japan.....	15,158,833	49,140,840	16,700,108	54,713,465	17,792,256	64,639,785		
Other countries .....	145,437	476,877	275,321	999,222	193,326	764,744		
Total.....	22,178,576	69,326,007	24,834,987	78,602,255	23,980,554	84,841,223		

## MR. JAMES A. FARRELL ON FOREIGN TRADE

*Speech delivered by James A. Farrell, president of the United States Steel Corporation and chairman of the National Foreign Trade Council, at the banquet to the delegates to the Second National Foreign Trade Convention, Thursday night, January 21, 1915, at the Planters' Hotel, St. Louis.*

The National Foreign Trade Convention is concerned with the development of a greater and more prosperous future for American foreign commerce, and in coming to St. Louis, business men have gathered from all sections of the country. In the decades when a trans-Mississippi journey involved more effort than does one to the Far East to-day, St. Louis was one of the gateways that carried men of old far beyond the borders of our then industrial civilization. "Hope went before them and the world was wide." The successful development of the internal trade of the United States is the incentive for extension of foreign trade, helpful alike to agriculture, manufacturing, merchandising, transportation and investment.

The era of intensive domestic growth in which this city played so great a part has now carried us into another era of world commerce, and it is a favorable augury of the development of foreign trade that St. Louis products are now to be found in many of the markets of the world. The National Foreign Trade Council deems itself fortunate to have, in calling this convention, the cordial and effective co-operation of the Business Men's League of St. Louis, and to possess, in the membership of the Council, the ability and personality of its president, Mr. Sam D. Capen.

The activity of commercial and industrial organizations in the building up of foreign trade is nowhere better exemplified than in the efforts of the St. Louis Business Men's League in studying the possibilities of export trade. Their expedition to South America, followed closely by

that of the Boston Chamber of Commerce and the Illinois Manufacturers' Association, and the enterprise of the Chicago Association of Commerce, in establishing an exhibit of American manufacturers at Buenos Ayres, are commendable efforts in the practical promotion of trade.

The last National Foreign Trade Convention was held at Washington, in May, 1914, under the auspices of the American Manufacturers' Export Association, the American-Asiatic Association and the Pan-American Society of the United States. That convention responded to a strong sentiment for co-ordinated effort in the foreign trade activities of the nation. It was attended by several hundred delegates representing a large number of commercial and civic organizations. The program consisted of papers by recognized authorities on the most pressing problems arising in foreign commerce, and upon the opportunities presented in the world's markets. The proceedings of the convention which we are now attending will be of practical value in the consideration of problems confronting American exporters, especially in view of the European conflict, and our rights as neutrals under conditions sought to be imposed by belligerents in respect to our world trading.

What advantage or disadvantage the war will bring to us depends largely upon changes in industrial trade relations which cannot be forecasted. Meanwhile the interests of the United States are sufficient to warrant a proper respect for neutral commerce, and the United States will, in maintaining their trade at as high level as a just regard for belligerent interests permit, serve the larger and permanent interests of those not engaged in hostilities.

When one reflects on the complexities of foreign trade development, it loses its apparent simplicity, and we realize that the exigencies of war and present necessities of a situation that is unsettling to the ordinary course of com-

merce cannot be relied upon as a foundation for a future foreign trade that will be permanent.

Whatever may be the political outcome of the European war, changes of territorial lines or colonial domination, it is apparent that each of the belligerents now engaged will find it essential to vigorously pursue its foreign trade to repair the ravages to its domestic commerce, to provide labor to soldiers returned to peaceful pursuits and to ameliorate the burden of taxation. Diplomacy of the future as of the past will be intimately concerned with commercial aggrandizement, and it is of vital consequence to America's future position that advantage be taken of the present opportunity to exploit the products of American invention, enterprise, ingenuity and quality to establish a firm foothold in the markets of the world, which neither political effort, tariff discrimination or low prices can successfully assail.

Whether a belligerent government shall have a free hand in dictating the articles which it regards as contraband, or whether the equal concern of a neutral State with respect to its legitimate commerce is entitled to consideration, is an important commercial question involved in the conduct of war. It is not to be presumed that the practice of maritime warfare will be to substitute force for a disposition toward justice, as this would tend to the effect of continually increasing armament of each maritime power, so that when belligerent it may be better able to interfere with neutral commerce and when neutral to check interference.

There is no question of greater importance to the welfare of American industrial enterprise and labor than stimulation of commerce abroad, since extensive over-sea trade tends, under normal conditions, to stabilize domestic industry by insuring to manufacturers and producers a wider sphere of activity.

The National Foreign Trade Council is a body whose object is to co-ordinate and nationalize the foreign trade activities of the country. It consists of manufacturers, merchants, railroad and steamship men and bankers, representing all sections of the country and collectively standing for the general interest of all elements engaged in or affected by export trade. Its function is investigative, advisory and educational. The Council is, in effect, a national committee for the general welfare of our foreign trade, is non-political, non-partisan and devoted to the encouragement of sound national foreign trade policy. By reason of their association with diversified enterprise, and knowledge of the public interest in widely separated sections of the country, the members are able to bring to the Council information and advice to assist its deliberations concerning foreign trade development. The Council endeavors to co-operate with, supplement, and, so far as possible, co-ordinate the efforts of other organizations to extend our commerce, leaving to bodies already in the field the function of providing detailed information and advice to individuals, manufacturers, merchants and others regarding foreign trade opportunities.

When the Council was organized in June last, the ob-

vious task at hand was a campaign of education leading to a national realization of the fact that the welfare of foreign trade should be a matter of concern to every citizen, whether or not he is directly engaged in exporting or importing. Circumstances, however, relieved the Council of this task. The European conflict rendered the initial propaganda unnecessary, for one week of the war did more than ten years of academic discussion to convince the American public that foreign trade is a vital element in domestic prosperity. No doubt now remains that the nation desires, and is determined to see its foreign trade safeguarded and increased; differences of opinion relate only to method. All parties and all elements are united in patriotic co-operation for the common end.

Shortly after the beginning of hostilities the Council co-operated in the enactment of the shipping registry law, permitting the transfer to the American flag of foreign-built vessels when owned by American citizens, and also the establishment of a government bureau of war risk insurance.

Under the operation of the shipping registry act over 100 vessels have been transferred to American registry, and the protection of our neutrality thus given to the vessels, and to their cargoes. Some of the onerous restrictions of the navigation laws were suspended by executive order, in order partially to offset the increased cost of operation of ships under the American, as compared with foreign flags. It should be remembered that this modification is not a repeal of existing navigation laws, but merely a suspension. While there may be differences of opinion as to the proper policy of upbuilding the merchant marine, it appears to be generally recognized that so long as these restrictions are not legislatively repealed, the possibility of an enlarged American Merchants' Marine competing successfully with the ships of other nations in time of peace, will be a matter of slow growth since ocean transportation is an economic and competitive problem.

There is a theory that Latin-America must turn to the United States for the goods customarily supplied by the belligerent nations, whose exports are partly or wholly suspended. To the public imagination, following the opening of the Panama Canal, Latin-America and the South American Republics particularly, appeared to be an El Dorado. Too little weight is given to the fact that the war, which for the time being eliminates half of Europe as a source of supply, likewise curtails Europe's consumption of South American products. South American purchasing power will eventually improve with increased exports and imports, but American manufacturers and merchants embarking for the first time in foreign trade should be prepared to exercise patience and persistence in their efforts, and results will eventually be realized.

Co-operative foreign selling organizations, economizing for their different members the expense of direct representation, seem to offer, supplementary to dealings through established commission or trading house, the only direct method whereby the smaller manufacturers or merchants may build up their over-sea trade, but, since there is a

great difference of opinion as to the legality of such combinations, the improvement of the position of the smaller manufacturers is now being made the concern of larger companies, whose facilities and knowledge of the problems attendant on foreign trade development are at the disposal of the smaller producers, appreciating as they do that any increase in trade redounds to the benefit of all.

To no members of the business community should the benefits of a truly national trade policy appeal with such force as to those who, for lack of a better term and in a comparative sense only, may be termed the smaller manufacturers and merchants. It is indisputable that the future welfare of our foreign trade largely depends upon the participation of an increasing number of industries. To open the way for the smaller manufacturer more confidently and effectively to enter the great markets and to diversify our trade with them is one of the primary objects of the National Foreign Trade Council, and for this reason the subject was given a prominent place on the program of this Convention, and to this end was sought the co-operation and presence here of the experts of the Department of Commerce so efficiently administered by that loyal friend of American foreign trade, the Hon. William C. Redfield.

There can be no doubt that the war will cause great changes in the currents of world finance, which renders doubly fortunate the fact that the old National Banking Act has been replaced by the Federal Reserve Law, drawn down to meet the needs of our international trade. The privileges extended by this act, enabling national banks to establish foreign branches, and to deal in acceptance based on transactions in over-sea commerce, will have a far-reaching influence, the beneficial effects of which depend upon the manner of their employment and in the provision of adequate and efficient American banking facilities, not only for settlements but to encourage investment. The recent issuance in the American market of \$15,000,000 of Argentine government notes is especially noteworthy.

Europe has long been the world's banker, but with the necessity of financing the war operations of the belligerent nations, the heavy loans to Latin-America, Canada, the Near and the Far East have been discontinued. Therefore, at the moment when we are looking to these neutral markets for expansion of exports, the purchasers there are turning to us not only for credits but for loans as well.

If we are to protect our existing trade, to say nothing of future gains, we must extend this aid, for otherwise, deprived of Europe's financial support, the purchasing power of neutral markets may still further dwindle. Our loans, having the effect of maintaining our trade and the demand for American products, cease to be purely foreign investments, but are virtually domestic investments, the funds usually remaining in this country to pay for our exports to the borrowing nation. Although the United States is classed among the debtor nations, it is noteworthy that large American investments, aggregating upward of \$600,000,000, have been made in Canadian indus-

tries, exclusive of agriculture, with the result that Canada is our second best customer, buying more from us than she does from the United Kingdom, whose goods enjoy a tariff preference.

Foreign trade expansion, while a matter of individual enterprise, requires co-operation in its development, and this was strikingly demonstrated in the formation of the gold pool by banks in all sections of the country to relieve foreign exchange, and other measures to relieve abnormal conditions during the first few months of the war, and it was these forms of governmental and business co-operation which extricated the business of the country from serious embarrassment. This was a true nationalization of foreign trade policy, for these things could never have been accomplished if prompt and effective co-operative measures had not been taken to relieve the country as a whole, and the South particularly, from the onerous financial conditions and shipping congestion consequent upon the sudden outbreak of war. If our resources can be thus effectively mustered for such crises, the possibilities are obvious of a similar co-operation for extension of foreign trade.

The United States has a long path to travel before it becomes a world-trading nation in the fullest sense of the word. Nevertheless, we do possess the resources, the energies, and at last the public and governmental inclination.

The principle of the Nation's task might well be embodied in the following axiom for our governmental and business guidance:

"Foreign trade, being a vital element of domestic prosperity, concerns every citizen and should be fostered by governmental, commercial, transportation and financial co-operation under a national business policy designed to muster every resource in its maintenance and development."

#### MR. WELDING RING ON THE SHIPPING SITUATION.

*Delivered at the National Foreign Trade Convention at St. Louis.*

I had not anticipated that Secretary Redfield should precede me; in fact, I did not know that he was to speak on the subject at all. I had prepared a paper on this subject, but I find that it will be necessary to cast that entirely aside and endeavor to point out some of the fallacies of the government's position in regard to supplying the tonnage. Gentlemen, it cannot be done. At the present time I venture the assertion, and I think I will be supported by every practical man in the shipping business, that every available steamer suitable for carrying cargoes is employed to its utmost capacity at the present time. There are no idle steamers, except those that cannot be employed. I refer, of course, in the first place, to the German steamers. They are out of business, and that means a very large proportion of the carrying capacity

of the world. I also refer to the large number of English steamers that are interned in the ports of Hamburg and Bremen and are unable to do any service; also to the very large number of English steamers, French steamers, and some Russian steamers that are being employed for transport purposes and for hospital ships, all taken out of the carrying trade of the world. And a very careful estimate of the amount of tonnage is equal to five million tons practically useless, so far as carrying cargoes is concerned at the present time.

Secretary Redfield in his very eloquent address failed to tell us where he is going to get those steamers to carry cargoes. I am in the shipping business at both ends of it; I am a shipper of goods; I am interested in a steamship company; and I think I know from a practical point of view quite as well as Mr. Redfield does from a theoretical point of view. (Applause.) I know the conditions today are as follows: In a certain line of trade we were chartering steamers on a basis of 32 shillings and 6 pence per ton on the dead weight capacity. We have offered 85 shillings for steamers and there are none procurable, and we can't get them. Why? Because they are all of them engaged. Another and very important reason why we haven't tonnage sufficient for the cargo of the United States and to carry all this tonnage that is ready to go abroad is this: that in Genoa alone at the last report there were fifty-four steamers unable to get unloading berths to discharge their cargoes. Some of them had been there a month, some of them longer, and some of them did not know when they would get out. Of what use are those steamers in the carrying capacity of the world? In Havre, and the Secretary referred to that because he was unable to ship any of his grass seed to Havre, even at an advanced rate, I saw a cablegram: "Send no more steamers to Havre; we have no means of affording them space to discharge their cargo and no means of securing sufficient help to do it. The men have gone to the war, and we cannot handle the cargo. Send no more tonnage here." And some steamers have been in Havre two months undischarged, lying in the harbor and unable to get alongside the discharging berth. Are they of any use in the carrying capacity of the world at the present time?

In the port of London, Mr. Franklin, vice-president of the International Mercantile Marine, showed me a cablegram mentioning the names of steamers that had been there from fifteen days to a month and a half, asking when they would be discharged, and they cabled back, "We don't know when we can send these steamers to you." Now, gentlemen, that all takes up a vast amount of the carrying capacity of the world. How is that vacancy going to be supplied? Mr. Redfield says he knows of steamers that can be bought. I wish he said chartered, because I would take off-hand five steamers at the present time and pay enormous rates for them if I could get them. I cannot get them.

Mr. Redfield says the government can do it. Will a ship owner sell any more readily or charter any more readily to our government than he would to an individual or to a firm or corporation? I take it not, and yet any number of shipping lines in New York are ready and anxious to take these steamers.

Now, where is the congestion of freight? and that is a very important point that Mr. Redfield did not touch upon. The congestion of freight, gentlemen, is only to Europe; it does not apply to the other parts of the world.

Contrary to the letters Mr. Redfield read here, I want to make the statement, verified by my inquiry among shippers in New York, that there has been an ample supply of tonnage ever since the war commenced for South American ports. Quite a number of steamers have been withdrawn from those lines because of the want of cargo to fill them. Mr. Barber, of the Barber Line, told me within ten days that the last steamer they sent a short time ago to Buenos Aires they had to send down to Norfolk and complete her cargo with coal. They couldn't get cargo sufficient for the several ports in New York. I think I will be confirmed in that by every steamship line agent operating in New York. Those are the conditions. On the west coast of South America a number of steamers have been withdrawn because of not sufficient freight to offer and the freight rates have not been advanced to an unreasonable degree. Now, as to these very high freight rates, I want to point out to you, gentlemen, where they come in. The freight rates they mention as being so high, of course, are all to European ports. A gentleman just handed me a statement of a steamer in which he is interested, chartered for a European port at an advance of 300 per cent. She went over there and is still there, at an expense of \$400 a day, in addition to which there is the continuance of the war risk insurance, and she has got to come home in ballast, and that steamer at an advanced rate of 300 per cent. will show a loss of \$20,000 when she arrives in New York. What we would like to have is something we cannot get; we would like to have this tonnage, but it is not to be had, and the government cannot get it. Suppose the government invested 25 or 30 millions in tonnage, which would represent from 40 to 50 first-class steamships. You know, or at least it is reported as a fact, that from 10 to 20 million bushels of wheat have been sold every week for export trade to Europe. It would take 25 of those steamers that the government purposes purchasing to carry that wheat alone, and this is an exceptional time because they require so much wheat and provisions on the other side. Thirty million dollars would be a mere drop in the bucket. They propose to establish a department in Washington, the Secretary of the Treasury and Secretary of Commerce and Postmaster-General, I believe, to handle this matter, and do what men who have been in the business for a lifetime are unable to do. I say to you, gentlemen, I say it plainly, that the conditions are abnormal; that we are up against an emergency condition, and the government cannot help us out, and we must go along and do the best we can until conditions change. I think I may say with perfect safety that the Chamber of Commerce of New York represents the largest body of shipping merchants in this country, the largest body of export merchants, the largest number of commission merchants, and only last week they voted unanimously against the government proposition to buy or operate steamers, and I think they are right in doing so. It is not more boards in Washington that we want, but an opportunity for individual effort to do in this country and not depend upon Washington to help us out when we get into a hole. I think you will admit that not only in regard to shipping, but in very many other lines. I see you have your mallet in hand and my time is up. I wish I could make it more clear now, but I want to state from my point of view the government proposition is unworkable, would give us no relief whatever, and I hope Congress will not pass it.

## GOVERNMENT OF THE PHILIPPINES

*Introductory statement made by the Secretary of War before the Committee on the Philippines,  
United States Senate.*

What the United States should do concerning the Philippines can only be determined properly by keeping two things constantly in mind: One, the duty of the United States to itself; and the other, its duty in view of the pledges and assurances which it has made to the Filipino people.

The United States has assumed responsibilities with respect to the Philippines, which, in the highest spirit of self-respect, it must discharge rightfully, at whatever cost. It has pledged itself in certain ways to the Filipino people, and those pledges must be kept in the utmost honor. We have no right to lay down the burden and shirk our duty because we find it difficult or costly or dangerous. We have no more right to do this than we have to withhold the benefits which we have promised to bestow because we might find it to our advantage to withhold them.

It is a useless waste of time to discuss whether we should have acquired the Philippine Islands, or whether, having acquired them, we should have set out upon the course of improving the material prosperity of their people, educating them, introducing means of communication and transportation, and building up commerce, internal and external, as we have done. It is equally profitless to discuss whether those who spoke on behalf of the United States should have made the repeated statements concerning our attitude with respect to the Filipino people, which statements are in their nature assurances or pledges concerning our intentions. We have done these things and must abide by them. We have no right now to measure our duty or our obligations by what would have been our rights had we not pursued the course we did pursue.

We deliberately chose to assume an enormous responsibility, with a self-abnegation unparalleled, so far as I know, save in the somewhat similar case of Cuba. It was finely conceived, and it behooves the Nation to see to it that it is finely carried out. Ignorance and prejudice increase the difficulty, and attempts to reap partisan advantages add to it. It is greatly to be regretted that this is so. Having started out with such unselfish and worthy motives, it would be an enduring pity if sordidness and selfishness should be permitted to mar the result. The right-minded legislator should see to it that this does not occur, and the similarly minded citizen should intelligently interest himself to the same end.

Our citizens know so pitifully little about this great problem. They do not realize, save in a very vague way, how the honor of the Nation—which is collectively their honor, a thing which they individually hold so dear—is vitally involved in the proper consideration and treatment of this matter. If they did so, it would require great effrontery to attempt to divert them from its proper set-

tlement by paltry lies and shameful misrepresentation. That such do now affect the public mind is due wholly to lack of knowledge on the part of the public. If our people would only devote sufficient time and attention to considering the actual facts and conditions, much that is utilized now to confuse and bewilder the people would only serve to bring contempt on its authors.

The terms and provisions of the bill you have before you are not known or understood by our people. If they had its provisions in mind, they would laugh in derision at those who suggest that it is inadvisable to consider this bill now because of the existing war. The very slightest consideration of the actual provisions of this bill would convince any inquirer that there was nothing whatever in it which made it inadvisable or inappropriate to consider the matter at this time. It is not too strong a statement to say that were every nation on earth, including our own, at war, there is nothing in this bill which would make its consideration inappropriate on that account.

If the people really knew the provisions of this bill, they would discard with scorn those newspapers which term it the "Philippine Independence Bill" and dismiss further consideration of it by the statement that it is premature to give independence to the Philippines. It is greatly to be hoped that the earnest and intelligent deliberations which this committee has devoted to the subject matter will lead to a better public understanding of this most important public question.

This bill is framed so as to provide another step along the line of self-government. The wisdom and propriety of it can only be determined by keeping in mind the two viewpoints first adverted to and by considering the history of our past relations to the Philippines, and the present situation therein.

The inhabited Philippine Islands number some thirty-four. The population all told is between eight and nine millions, mostly of Malay origin. Of these, about 10 per cent. are the so-called non-Christian tribes, about half of whom are Moros or Mohammedans, and the other half pagans.

The Islands were dependencies of Spain for some three hundred years prior to the Treaty of Paris which made them ours. During the Spanish regime the government was paternalistic, well-intentioned but badly executed; and those whom Spain sent there to govern, exploited the Islands for their own benefit. There was very little opportunity for the islanders to participate in any helpful way in the government, and there was little opportunity for them to acquire education. Their material prosperity was likewise of the meagerest description. As in all societies, some few, by reason of birth, wealth or native talent, forged ahead and, in wealth or in education or in

other ways, rose above their fellows. The rebellion which was undertaken in 1896 against Spanish authority has been attributed to the fact that, by hook or crook, some education had been obtained by a sufficient number who, appreciating the unfair conditions under which they lived, sought to alter them by active revolt. This revolt, and that which succeeded it, against the authority of our own country, are the only occasions which tended to produce homogeneity among the islanders. While supposedly of common origin, environment had produced differences, so that there are six main dialects and many minor ones. To just what extent there has been produced homogeneity among the people can only be determined by further experience.

Literacy at the time that we took the Islands over was not widespread. It has since, of course, increased very materially—mainly, however, among the youth who attend the numerous schools established by us in the various islands.

As I have above suggested, one cannot come properly equipped to deliberate and determine about the present bill without considering the position we voluntarily assumed in the Islands, the things we have done there which impose a duty on us, and the present conditions which make it desirable or undesirable to extend the further scope of self-government proposed by the pending measure. I shall only attempt to do this in a hurried and brief fashion.

In President McKinley's instructions to the first Philippine Commission, on the 20th of January, 1899, he expressed the hope that those commissioners would be received as bearers of "the richest blessings of a liberating rather than a conquering nation." In his message to Congress in the same year, among other things concerning the Philippines, he said:

"We shall continue, as we have begun, to open the schools and the churches, to set the courts in operation, to foster industry and trade and agriculture, and in every way in our power to make these people whom Providence has brought within our jurisdiction feel that it is their liberty and not our power, their welfare and not our gain, we are seeking to enhance."

And again he said:

"The Philippines are ours, not to exploit, but to develop, to civilize, to educate, to train in the science of self-government. This is the path of duty which we must follow or be recreant to a mighty trust committed to us."

Upon another occasion he said:

"We accepted the Philippines from high duty in the interest of their inhabitants, and for humanity and civilization. Our sacrifices were with this high motive. We want to improve the condition of the inhabitants, securing them peace, liberty and the pursuit of their highest good."

In the instructions sent to one of the commissions created by him he directed:

"That in all cases the municipal officers who administer the local affairs of the people are to be selected by the people, and that wherever officers of more extended jurisdiction are to be selected in any way, natives of the

islands are to be preferred; and if they can be found competent and willing to perform the duties, they are to receive the offices in preference to any others. It will be necessary to fill some offices for the present with Americans, which after a time may well be filled by natives of the Islands."

President Taft, while Civil Governor of the Philippine Islands, on the 17th of December, 1903, said:

"From the beginning to the end of the State papers which were circulated in these Islands as authoritative expressions of the Executive, the motto that 'the Philippines are for the Filipinos' and that the Government of the United States is here for the purpose of preserving the 'Philippines for the Filipinos' for their benefit, for their elevation, for their civilization, again and again and again appear."

And upon the same occasion, and in response to a particularly vicious newspaper attack which was then being made upon him by the American papers published in the Islands, he said:

"Some of our young lions of the local press have spoken of the 'childish slogan': 'The Philippines for the Filipinos.' It is unnecessary to comment on the adjective used, but it is sufficient to say that, whether childish or not, the principle makes up the web and the woof of the policy of the United States with respect to these Islands, as it has been authoritatively declared by two Presidents of the United States—for President Roosevelt has followed sedulously the policy of President McKinley—and by the interpretation of the supreme popular will, the Congress of the United States."

He points out that the actions of the President and the instructions thereof have, by an Act of Congress, been expressly approved. In further reference to this doctrine he said:

"The doctrine as interpreted in the light of these authoritative declarations assumes that the Filipino people are of future capacity, but not of present fitness for self-government, and that they may be taught by the gradual extension of self-government to exercise the conservative self-restraints without which popular government is impossible. \* \* \*

"The doctrine does not include, necessarily, the independence of the Filipinos, nor any particular degree of autonomy. It is entirely consistent with the principle to object to an immediate extension of popular government on the ground that we are going too fast for the political digestion of the people, and that it is not, therefore, for their good. Whether an autonomy or independence or quasi-independence shall ultimately follow in these Islands ought to depend solely on the question, Is it best for the Filipino people and their welfare? \* \* \*

"I think I have demonstrated by what I have quoted and the instances I have cited that the doctrine, 'the Philippines for the Filipinos,' is one which the honor of the United States requires it to enforce throughout those Islands. Not only was it promised to the Filipinos when the Americans came, after they had been here, during the insurrection, and at its close, but I do not think it too

much to say that the reiteration of the promises as shown in legislation carrying out these principles had much to do with bringing about the present tranquillity in these Islands." \* \* \*

It is interesting to note his next direct reference to this matter, because it shows that the conditions which existed in December of 1903 are still existent. He said:

"There are many Americans in these Islands, possibly a majority, and this includes all the American press, who are strongly opposed to the doctrine of 'the Philippines for the Filipinos.' They have no patience with the policy of attraction, no patience with attempts to conciliate the Filipino people, no patience with the introduction into the government as rapidly as their fitness justifies of the prominent Filipinos. They resent everything in the government that is not American. They insist that there is a necessity for a firm government here rather than a popular one, and that the welfare of Americans and American trade should be regarded as paramount. It is possible to trace the history of the formation of these views."

And he then proceeds to do so, in the course of which he says:

"With the lack of logic, so characteristic of human nature, the merchant who finds hard times coming on, the business man whose profits are not so great, looks about for a scapegoat and an explanation, and he finds it in the wicked civil government which has been encouraging the natives as far as it could; has been taking the native into the government as far as he seemed fitted; is doing what it can to elevate the Filipino people and provide for their welfare, and has not taken the American merchant under its especial wing."

It is particularly interesting, in view of the recent exaggerated accounts of a petty disturbance in the Islands, to read what Mr. Taft said concerning such occurrences in his time:

"The attitude of the American press and of the American merchant in his hostility to the Filipino, and in the consequent hostility to the civil government, was led into the error at one time of emphasizing in every possible way, by letters and representations of all sorts, that the condition of the country as to tranquillity was so bad that the whole of the Islands was still in a state of war. Every small ladrone fight, every discomfiture which the constabulary suffered, was exaggerated and made the basis for inference that the conditions in the country were retrograding rather than improving. Such incidents were seized upon and made as much of as headlines and general statements could make them."

And further on, adverting to the same general subject matter, he said:

"When one's feelings of enmity are very much aroused it is difficult to set the limit to the expression of them. So it is that we have the young lions of the American press, of the three newspapers who are supposed to speak the American public opinion in these Islands, holding the Filipino up to contempt, exposing all his supposed vices, and giving him no credit whatever for any virtues, and it may be that this represents the feeling of the majority of

the resident Americans in Manila. But can we not, in the end, be just, and give to the whole Filipino people their due? Should we wish the Filipino people to judge of Americans by the drunken, truculent American loafers who infest the small towns of these Islands, living on the fruits of the labor of Filipino women, and give us more trouble than any other element in the Islands? Should we wish the Filipino people to judge of American standards of honesty by reading the humiliating list of American official and unofficial defaulters in these Islands? I think not."

In referring to the characteristics of the Filipinos, Mr. Taft said:

"Contrast the Filipinos with other Malays and the Oriental peoples, and I ask you to name a people offering more opportunities for development along the lines which American ideals require than the people of these Islands. \* \* \* The Filipino people as a people have breathed in through their educated leaders the inspiration of liberty and free government. Many of them have fought, bled, and given up their lives in a struggle for independence. \* \* \* Their intense desire for education, their appreciation of European and American improvements in dress and bodily comforts, their artistic ambitions, their quick desire and power to imitate the good they see and understand, their openness to the reception of new and better things, their political aspirations for liberty and popular government, however lacking in a political knowledge of its difficulties and real essence—all these traits, added to a peculiar social sense and charm, make them a people peculiarly subject to the good and developing influence of a friendly and sympathetic government in which they are given a gradually increasing part, and justify an entirely different policy in dealing with them and promoting their welfare from that which England has found it necessary to pursue with Mohammedan and Buddhist peoples, having neither sympathy with, nor understanding of, modern European ideas."

Finally, in referring to the condition of tranquillity which it is necessary to preserve in order that the capital which is imperatively needed to stimulate commerce should come to the Islands, he said:

"Now, what has produced the present tranquillity? I say without hesitation that the chief element to-day is the confidence which the conservative people of the Islands have in the promise of the United States to make the welfare of the Filipinos its chief purpose in remaining here and to assist them sincerely in learning the secret of self-government by gradually enlarging their political power. \* \* \* How long is it thought we could avail ourselves of this popular support if we repudiated our national promises and adopted the policy of repulsion and repression, dignified under the name 'the policy of a firm hand,' and if we said to the people, 'You are not to be trusted; the offices must all go to Americans; you are an inferior race and are sufficiently rewarded by having a superior race to come here and run your government for you.'"

President McKinley, in referring to the characteristics of the Filipinos, said:



"The Filipinos are a race quick to learn and to profit by knowledge. He would be rash who, with the teachings of contemporaneous history in view, would fix a limit to the degree of culture and advancement yet within the reach of these people if our duty toward them be faithfully performed."

In adverting to the Philippines in his message on December 6, 1904, President Roosevelt said:

"We are endeavoring to develop the natives themselves so that they shall take an ever-increasing share in their own government, and as far as is prudent we are already admitting their representatives to a governmental equality with our own. \* \* \* If they show that they are capable of electing a legislature which in its turn is capable of taking a sane and efficient part in the actual work of government, they can rest assured that a full and increasing measure of recognition will be given them."

And in 1906 he said:

"We are constantly increasing the measure of liberty accorded the islanders, and next spring, if conditions warrant, we shall take a great stride forward in testing their capacity for self-government by summoning the first Filipino legislative assembly; and the way in which they stand this test will largely determine whether the self-government thus granted will be increased or decreased; for if we have erred at all in the Philippines it has been in proceeding too rapidly in the direction of granting a large measure of self-government."

In 1908, after the Philippine Assembly had been opened, President Roosevelt in his message said:

"Real progress toward self-government is being made in the Philippine Islands."

And in referring to the assembly, he said:

"Hitherto this Philippine legislature has acted with moderation and self-restraint, and has seemed in practical fashion to realize the eternal truth that there must always be government, and that the only way in which any body of individuals can escape the necessity of being governed by outsiders is to show that they are able to restrain themselves, to keep down wrongdoing and disorder. The Filipino people, through their officials, are therefore making real steps in the direction of self-government. I hope and believe that these steps mark the beginning of a course which will continue till the Filipinos become fit to decide for themselves whether they desire to be an independent nation. \* \* \* All we can do is to give them the opportunity to develop the capacity for self-government. \* \* \* We cannot give them self-government save in the sense of governing them so that gradually they may, if they are able, learn to govern themselves."

He adverts to the fact that they are gradually acquiring the character which lies at the basis of self-government, and then says:

"I trust that within a generation the time will arrive when the Philippines can decide for themselves whether it is well for them to become independent, or to continue under the protection of a strong and disinterested power, able to guarantee to the Islands order at home and protection from foreign invasion."

When Mr. Taft was Secretary of War, in April, 1904, in the course of a speech upon the Philippines, he said:

"When they have learned the principles of successful popular self-government from a gradually enlarged experience therein, we can discuss the question whether independence is what they desire and grant it, or whether they prefer the retention of a closer association with the country which, by its guidance, has unselfishly led them on to better conditions."

In 1905 Mr. Taft, in the course of an article upon the Philippines, wrote:

"We said that we were there for the benefit of the Filipino people; we said that we were there to give them as much of self-government as they could stand, and we did it. We may have given them a little more, but it is a good deal better to extend it a little beyond what they can stand and teach them the lesson and then say to them, 'When you do educate yourselves up to this we will extend it a little more,' as we have had occasion to do in a number of provinces, than it is to give them the impression that we were deceiving them in what we said we wished to do for them. One of the chief characteristics of the Orientals—indeed, one of the chief characteristics of all nations that are ignorant—is suspicion and distrust, and the primary rule of policy in dealing with them is absolute honesty and straightforwardness."

On August 11, 1905, Mr. Taft, then Secretary of War, speaking in Manila and expressing, he said, the sentiments of President Roosevelt throughout, among other things said:

"The American people have examined into, as far as may be, the capacity of the Filipino people to be developed into a self-governing nation; and while they admit that the proposition to make them a self-governing people is an experiment, never before tried with a tropical Malay or Oriental people, they believe the circumstances to be such that if the high national purpose of treating them as sacred wards of the United States and of dealing with them in every way for their benefit, for their own elevation and for their own education, shall be pursued, free from a desire for selfish exploitation or gain, that the experiment will be a success."

In opening the Philippine Assembly on the 16th of October, 1907, Mr. Taft, then Secretary of War, said:

"The avowed policy of the National Administration under these two Presidents has been and is to govern the Islands, having regard to the interest and welfare of the Filipino people, and by the spread of general primary and industrial education and by practice in partial political control to fit the people themselves to maintain a stable and well-ordered government affording equality of right and opportunity to all citizens. The policy looks to the improvement of the people both industrially and in self-governing capacity. As this policy of extending control continues, it must logically reduce and finally end the sovereignty of the United States in the Islands, unless it shall seem wise to the American and the Filipino peoples, on account of mutually beneficial trade relations and pos-



sible advantage to the Islands in their foreign relations, that the bond shall not be completely severed."

In a special report made by Secretary Taft on the Philippines and their political future, with special reference to the policy which had been pursued there, he said:

"The conditions in the Islands to-day vindicate and justify that policy. It necessarily involves in its ultimate conclusion as the steps toward self-government become greater and greater the ultimate independence of the Islands; although, of course, if both the United States and the Islands were to conclude after complete self-government were possible that it would be mutually beneficial to continue a governmental relation between them like that between England and Australia, there would be nothing inconsistent with the present policy in such a result."

In that report he dwells upon the necessity of the education of the masses of the people with a view of enabling them intelligently to exercise the force of public opinion, without which popular self-government is impossible, and said that it was reasonable then to say that such a condition could not be reached until at least one generation should have been subject to the process of primary and industrial education. He adverts to the fact that the great majority of the people undoubtedly desired immediate independence, but he thinks that that was not an intelligent judgment based upon a knowledge of what independence means, or on what the responsibilities of a popular government are. He states as his belief that at that time so relatively a small number were sufficiently educated to comprehend self-government that they would be practically an oligarchy and there would not be real popular self-government participated in by the mass of the people, and that the further presence and authority of the Americans was necessary in the Islands to develop these lower classes and preserve their rights; saying, in this connection:

"If the American government can only remain in the Islands long enough to educate the entire people, to give them a language which enables them to come into contact with modern civilization and to extend to them from time to time additional political rights so that by the exercise of them they shall learn the use and responsibilities necessary to their proper exercise, independence can be granted with entire safety to the people. I have an abiding conviction that the Filipino people are capable of being taught self-government." \* \* \*

Further on he says:

"Thus far the policy of the Philippines has worked. It has been attacked on the ground that we have gone too fast, that we have given the natives too much power. The meeting of the assembly and the conservative tone of that body thus far disclosed, makes for our view rather than that of our opponents; but had the result been entirely different with the assembly, and had there been a violent outbreak at first in its deliberations and attempts at obstruction, I should not have been in the least discouraged, because ultimately I should have had confidence that the assembly would learn how foolish such exhibitions were

and how little good they accomplished for the members of the assembly or the people whom they represented. The fact that this natural tendency was restrained is an indication of the general conservatism of the Filipino people."

In a message delivered on the 6th of December, 1912, President Taft said:

"We should \* \* \* endeavor to secure for the Filipinos economic independence and to fit them for complete self-government, with the power to decide eventually, according to their own largest good, whether such self-government shall be accompanied by independence."

On the first of March, 1913, President Taft adverted to the Democratic platform with reference to the Philippines and quoted that portion of it which referred to the purpose of the United States to "recognize the independence of the Philippine Islands as soon as a stable government can be established," and said that this was "an affirmation of policy only slightly differing from that repeatedly announced by this and preceding Republican administrations."

Governor-General W. Cameron Forbes, in his farewell speech before leaving the Islands, made the statement "that the platforms of both parties reached the same general conclusion in regard to the granting of independence when a stable government should be established." He subsequently, in a published speech in this country, corrected this statement to the extent of substituting the word "policies" for the word "platforms."

In pursuance of the policies thus enunciated, the various administrations in this country have from time to time enlarged the extent of the participation of the Filipinos in the government there. At first there was a military government. Later the chief governing body was a civilian commission, the president of which was the chief executive, and the other members of which were heads of the executive departments. The islanders were given, under certain supervision, entire power and control of their local municipal governments and gradually, under similar conditions, of their provisional governments. Filipinos were put upon the commission, and into the Supreme Court, and in many of the minor courts. One of them was given a portfolio, the head of an executive department—a place analogous to our Cabinet positions in this country.

In 1907 there was established the Assembly, composed entirely of natives elected from various districts. That may be regarded as the last forward step taken prior to the coming into office of the present administration.

As has been seen, those in authority in this country are on record as saying that this experiment of a native Assembly had met with success. There was undoubtedly great impatience in the Islands owing to the fact that no other forward step was taken after the manifestation of success of that step. Upon the present Administration coming into authority here, the President authorized Governor-General Harrison, in his opening address, to make the following statement:

"We regard ourselves as trustees, acting, not for the advantage of the United States, but for the benefit of the people of the Philippine Islands. Every step we take will be taken with a view to the ultimate independence of the Islands and as a preparation for their independence; and we hope to move towards that end as rapidly as the safety and the permanent interests of the Islands will permit. After each step taken experience will guide us to the next. The Administration will take one step at once. It will give to the native citizens of the Islands a majority in the appointive Commission and thus in the upper as well as in the lower house of the legislature. It will do this in the confident hope and expectation that immediate proof will thereby be given in the action of the Commission under the new arrangement of the political capacity of those native citizens who have already come forward to represent and lead their people in affairs."

In pursuance of this statement, the Commission was reconstructed so as to give a majority thereof to the Filipinos, and there is nothing to show that the result of that was not favorable and that it was not a proper and wise thing to do. In fact, everything that has come to hand is an entire justification of its wisdom and propriety.

The Administration then set about a further extension of self-government so as to take the next logical step along the line of testing the capacity of the Filipinos for self-government. The present bill is the result. We have entire hope that the Filipinos will accept this added responsibility in the proper spirit and make such good use of the opportunity as to demonstrate its wisdom and prepare the way for the next onward move.

It is instructive to recall a resolution of the Philippine Assembly, passed in answer to the President's statement as delivered by Governor-General Harrison and quoted above. In the course of that resolution there appears the following language:

"We are convinced that every onward step, while relieving the American Government of its responsibilities in the Islands, will as fully demonstrate the present capacity of the Filipino people to establish a government of its own, and guarantee in a permanent manner the safety under such government of the life, property and liberty of the residents of the Islands, national as well as foreign. We do not wish to say by this that there will be no difficulties and embarrassments, nor do we even expect that the campaign, open or concealed, of the enemies of the Filipino cause will cease soon, but we feel sure that through a conservative use of the powers entrusted to us, the Filipino people will, with God's favor and the help of America, emerge triumphantly from the test, however difficult it may be."

During the period of American authority in the Islands, their material advancement has been very marked. Existing railroads have been extended, railroads and tramways have been built, roads and trails have been improved and new ones built, transportation lines by land and water have been inaugurated, schools and government buildings and other adjuncts to an advanced civilization have been supplied as rapidly as money would permit, and com-

merce at home and abroad has been quickened, enlarged and extended. Thousands of natives have received instruction in the school of practical experience in connection with the government, local and insular, and hundreds of thousands of children have been and are attending the schools.

The present bill, so far as its actual provisions are concerned, laying aside for the moment its preamble, would, if enacted, produce, generally speaking, the following results:

A legislature elected by the people, composed of two houses; the lower one composed of eighty-one members elected for three years, each from a separate district, and nine appointed by the Governor-General representing the territory of the non-Christian tribes, or the territory not now represented in the legislature; and the upper house, or Senate, of twenty-four members, all of whom save two are elected from twelve districts, the two being for the non-Christian districts, and they are, for the time being, to be appointed by the Governor-General.

The Governor-General, the Justices of the Supreme Court, and, if an amendment which I have to propose is adopted, the Auditor and the Director of Civil Service, to be appointed by the President of the United States.

Full legislative power would be vested in the legislature, save in certain matters, and the Governor-General would have a veto power. If a bill were passed over the veto, the President of the United States would have the power to permit or forbid the same to become law, as he saw fit.

Trade relations between the United States and the Islands are subject to the final decision of our Congress. Certain matters, such as legislation affecting lands, mining rights, forests, etc., are subject to similar supervision by the President of the United States.

The executive heads of the departments, analogous to our Cabinet, would be selected by the Governor-General and confirmed by the Philippine Senate.

A bill of rights and certain other constitutional restrictions such as appear in the best models of our own constitutions are inserted in the bill with a view of keeping legislation and executive action within thoroughly approved and ascertained bounds.

It will be seen that this measure, while it extends the scope of the self-government in the Philippines, does so conservatively and wisely, and with proper safeguards. It is exactly in the line with the promises, pledges and assurances which have been held out to those people by our authorized representatives, and, it seems to me, should meet with the approbation of any right-minded man who studies the question. Whether or not it is subject to the charge made by the leader of the Republican minority in the House of Representatives, that it does not go far enough, it is certainly not open to the charge that it goes too far.

Much discussion has centered, and I suppose will continue to center, around the preamble. Without determining whether or not the phrasing thereof is the most apt which could be used for that purpose, I think it fair to say that it fairly and properly sums up and states that

which had been frequently stated on behalf of the United States of America by those speaking for that government; and if it does, it would hardly seem worth while to object to such a restatement.

It is difficult to see what proper objection can be made to the provisions of the bill itself. If we considered it, as I have before insisted that we should, in view of our duty to ourselves as a nation and in view of our obligation to the Filipino people, as made on our behalf by those speaking for us, we find that it fully measures up to our obligation in each respect. We have no right to go further at this time because of the duty which we have undertaken in this great enterprise. We have altered the lives of these people by injecting a new and more advanced civilization among them. We have whetted their aspirations for different methods of life, of doing business, and of handling governmental matters. We have accustomed them to sanitation, energy, and effort in commerce, agriculture, and trade; we have stimulated them to live upon a different plane and to educate their children for better things. For us to go further at this time and withdraw our support before we have practical assurance that these things will in the main continue, would be a betrayal of the generation of islanders that we have stimulated and to whom we have held out great hopes, without any corresponding advantage to ourselves or to any one. Not to give them what is provided in this bill would likewise be a betrayal of the pledges and promises made on our behalf, because by their conduct of that which we have given to them to do they have shown themselves worthy and capable of doing as much more as this bill will give them to do. Good faith to those to whom we have pledged ourselves requires us to stay so long as we must; and good will to the islanders, in accordance with our pledges and assurances, requires us to stay no longer than is necessary to test and reach conclusions as to their capacity for managing their own affairs. This act seems logically the next and proper step to take in the experiment. What its result will be no one but a prophet can tell. That it cannot be disastrous in any proper sense of that word, is assured by reason of the control we retain and the safeguards we have provided. What the next step should be, when it should be taken, what conditions would properly surround the grant of absolute independence, and other like speculations, it seems to me, are idle, and their consideration at this time would only be confusing. We are conscious that we are acting in good faith; I firmly believe that the Filipino people credit us with good faith; and I feel sure that if we go forward in that spirit, time will indicate the proper way for us to fulfill our duty to ourselves and our obligations to the islanders.

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**STATEMENT OF  
HON. WILLIAM HOWARD TAFT**

I want to say, first, that my being here is due to a kindly invitation from the chairman of the committee (Senator Hitchcock) to come and say something about my

view with respect to the proposed bill which, I believe, has passed the House, and which is now pending before this committee and the Senate. I would not have volunteered my opinion, because I knew, of course, that there were many other sources available for information; more than that, I hesitate to do so, because in this discussion it is impossible to avoid reference to partisan politics in this country. Politics in this country have had a great influence on the questions that arise in the discussion of this bill. It is quite difficult to understand the situation in the Islands unless you keep in mind the attitude of the two parties—

Senator Lippitt (interposing): The two American parties, do you mean?

Mr. Taft: The two American parties; as to what should be done with the Philippines, and what it was understood by the Filipinos that each party in America thought ought to be done with the Islands.

The discussion of the bill and its policy and its provisions involves a statement of the purpose of our being in the Islands at all.

Now, what is our purpose? Well, there are perhaps three views. The first purpose of being in there is to get out. (Laughter.) I had this feeling myself, when Mr. McKinley invited me to go to the Islands. I stated to him that I did not want to go there to get out; and he said, "Oh, we have got the bear by the tail, and we have got to stay and hold it; and I want you to go out and do what you can."

Now, the feeling that we ought not to go there, that we ought not to be there, and that we ought to get out as soon as we can, has suggested reasons for it. The first is, or was, that it was unconstitutional for us to be there and conduct a practical government; and that was the issue in the insular cases known in the colloquial phrase of the day, Does the Constitution follow the flag or not? The second reason was that the Philippines were entirely ready for self-government.

This first view was the Democratic view, and was also the view of certain Republicans, constituting a small party of anti-imperialists that was much more prominent than it was numerous.

Then there was a second party in the Republican party, and I am not at all sure that there were not some Democrats who had the Anglo-Saxon view that when we get our feet on land and territory we ought to keep them there, because with our confidence in our own power of doing good we are certain that it will help the world on the one hand, and are not oblivious to the fact that it may help us in trade, and the control of trade on the other. That was what was called the "exploiting" party, and it was prominent in the Republican councils.

They said the Filipinos never would be fit for self-government, and that we must stay there for all time. That was the ordinary understanding of Europeans as to what our attitude would be, and that we would stay there, because it was important that we should stay in the Pacific and retain control of the trade and build up something that would be profitable to us. That was the view

of the American merchants in the Philippines who were out there. The view that the Filipinos could never be fit for self-government was what would be called at that time (I do not know whether that is so now) the Army view. This grew out of the character of warfare that the Filipinos carried on against the Army, which naturally engendered a hostility toward them and a contempt for them that produced that idea. It was almost like the opinion the Army had of the Indian in the old days. It, of course, was modified as time went on.

Then there was the third view, namely, that the Philippines were for the Filipinos, and that it was the duty of the United States, being a custodian and trustee upon whom had been thrust the fate of these people, to treat the subject as one which would be determined solely with a view to the benefit of the Filipinos. And that led to certain subordinate views: First, that they were not then fit for self-government, but that with actual training in partial self-government and with an education which should give them the knowledge of the language of free institutions they were a people quick enough, a people of ideals enough, to constitute, after a time—and as to what time I shall speak later—a self-governing people, with an independent government.

Of course, fitness for self-government is not an exact standard. I do not mean to say that they might ever become as fitted for self-government as the Puritans were when they came over, or as the American people were when they founded this Government and established the Constitution, because we had been trained by a thousand years in self-government.

But it was thought that by pursuing a certain course with the people and giving them training and giving them education they might then set up a government for themselves; a government which would look reasonable after the rights of the poor and the humble, and the men who did not know what their rights were—the great mass of the Filipino people.

And it was thought that if we gave them good government as an object lesson, and spread this education, and enlarged the economic opportunities of the people of the Islands, then the time would come when we could leave them to say whether they wanted to separate themselves entirely from us or wanted to continue a bond that would, in a sense, be a protection to them—like that between England and Australia or England and Canada. That was, of course, for the far future, but the purpose of the policy was to do everything we could to fit them for self-government.

In this, as I say, we had to fight the military and we had to fight the American merchants. On the other hand, at that time, because we had to fight the military, because we came as a civil government—I say “we,” the commission appointed by Mr. McKinley and instructed by Mr. Root—because we came there in that attitude and offered to change from the necessary severity of the military government; and because we proclaimed the doctrine that we were there for the benefit of the Filipinos we were able to

secure a friendly welcome after a time, after they found out what we were really there for.

Now, you can not very well go on with a discussion of this subject unless you find out what you mean by self-government; and that certainly has been stated with more force, with more clearness, by no one than by President Wilson in his work on Constitutional Government. And in order to explain my meaning I would like to read what President Wilson said on that subject, and what, therefore, we meant when we went out to the Islands and told them that we were struggling to give them self-government. May I read this into the record, Mr. Chairman?

The Chairman: Yes; certainly.

Mr. Taft (reading):

“Self-government is not a mere form of institutions, to be had when desired, if only proper pains be taken; it is a form of character. It follows upon the long discipline which gives the people self-possession, self-mastery; the habit of order and business and common counsel, and reverence for law which alone follow when they themselves become the makers of law; the steadiness, the self-control of political maturity—and these things can not be had without long discipline.

“The distinction is of vital concern to us in respect to practical choices of policy which we must make, and make very soon. We have dependencies to deal with, and must deal with them in the true spirit of our own institutions. We can give the Filipinos constitutional government, a government which they may count upon to be just—a government based upon some clear and equitable understanding, intended for their good and not for our aggrandizement—but we must ourselves for the present supply that government. It would, it is true, be an unprecedented operation, reversing the process of Runnymede, but America has before this shown the world enlightened policies of politics that were without precedence. It would have been within the choice of King John to summon his barons to Runnymede of his own initiative and enter into a constitutional understanding with them, and it is within our choice to do a similar thing, at once, and wise and generous in the government of the Philippine Islands.

“But we can not give them self-government. Self-government is not a thing that can be given to any people, because it is a form of character and not a form of constitution. No people can be given the self-control of maturity. Only the long apprenticeship of competence can secure them the precious possession—a thing no more to be bought than given. They can not be presented with the character of a community; but it can be confidently hoped that they will become a community under the wholesome operation of just laws and a sympathetic administration; that they will, after a while, understand and master themselves, if in the meantime they are understood and served in good conscience by those set over them in authority.

“We, of all people in the world, should know these fundamental things and should act upon them, if only to illustrate the mastery in politics which belongs to us of hereditary right. To ignore them would be not only to

fail and fail miserably, but to fail ridiculously, and to belie ourselves. Having ourselves gained self-government by a definite process which can have no substitute, let us put the peoples dependent upon us in the right way to gain it also."

Now, that states exactly what we have in mind and it states exactly what I think to-day with respect to the policy to be pursued in the Islands.

As the President says, one way of acquiring self-government is by hard knocks, as the Anglo-Saxons had acquired it through a thousand years of struggle with despotism and tyranny.

What we attempted to do in the Islands, and what I hope we may still do—at least, that is what we were doing when the new era dawned out there under Governor-General Harrison—was to retain control and guidance and give a good constitutional government as an object lesson; to have the government participated in but not controlled by the natives; to give them book and economic education, and another view of political institutions by a knowledge of the language of free institutions.

You can not make one generation over. Certainly you can not make over a generation of adults, 90 per cent. of whom are woefully ignorant, utterly out of touch with any modern civilization. You can not make them over; it is not possible. You can talk about it, but you know in your hearts you can not do it. Gentlemen, I am in a situation where I can tell you just what I think, and I am going to do it. (Laughter.)

I did not come here until you asked me to, and you have got to hear just what I think. Other people will differ; but the pleasure of being in an apple tree where you can call out just what you think—this pleasure I have not known before. (Laughter.)

Therefore, when you ask me what time I would put on the question of producing self-government out there and making those people over so that they can know self-government and understand the object lesson that they are having, I put the time as that will give to those people an opportunity to learn English, so that they may become an English-speaking people; and that will certainly take more than one generation, and probably two, if you count a generation as thirty years.

You are not educating all the people in the Islands to-day; you can not do so, because the Island government has not money enough to furnish the schools for the whole school population. I suggested in one of my reports that if the United States wanted to get rid of the Islands, the United States Government might properly appropriate enough so that the educational system out there would cover all the school population in the Islands. It does not now by a very considerable percentage.

But you have got to spread that education and make it universal and keep it up until the generation that is in power and is to derive political knowledge from the experience of self-government partially extended to them shall be a literate people, i. e., with general primary education.

Our difficulties out there were very many. The military difficulty seemed to be a difficulty, but it really was an advantage, as I said, because it commended us to the Philippine people as coming to give them the benefits of peace. And thus they organized the Federal Party, which was really a peace party. The party had some theory of becoming a part of the American Union, though we

never encouraged them in that; and then, after political power came to be extended and the power of the shibboleth of independence became so great, they disappeared as a political party.

There were three parties out there when they came to elect the Assembly. The Federal Party changed its name into "El Partido Independista Progresista." And then the old Nationalist Party became "El Partido Independista Immediatista." But that was not enough. A group was organized as—my Spanish is not accurate, but I give you the sense of it—the second radical group was called "El Partido Independista Urgentissima," meaning most urgent. And even that was not enough for a small redder group, for they adopted the name "El Partido Independista Explosivista," which indicates the value attached to names in politics out there. (Laughter.)

Of course, our first difficulty was in 1900, when we were attempting to bring peace, the opposition of Mr. Bryan and the Democratic party to our policy, and the promises of immediate independence that were contained in that platform. The effect on the Islands of that agitation was shown with great emphasis just the minute that Mr. Bryan was defeated. From that time on the insurrection in the mountains and elsewhere became practically nil, and the number of guns that were surrendered ran up into the thousands in the few months that followed the defeat of Mr. Bryan in 1900, and then we went out to organize the Provinces.

And then the Federal Party became a power, and the Federal Party leaders went around with us, as we organized the Provinces and promised them peace, and they were a great influence in producing a peaceful condition in the Islands.

Senator Lippitt: Why did the defeat of Mr. Bryan have any effect on the insurrection?

Mr. Taft: Because they were maintaining the insurrection with the idea that if Mr. Bryan were elected they would be in a position to show that they were a party of force and could take at once the country which Mr. Bryan and the party at that time proposed to turn over to them.

And that is really—I have got to say so—the Democratic promise of independence has been the great obstruction to the carrying out of our plans ever since; and it is what is now returning to plague the party itself when it is in power, in this, that the Filipinos look back to those promises, and their politicians are very quick to call the attention of the Filipinos to them.

This revolution—or so-called revolution—does not amount to anything, so far as the suppression of it is concerned. This man Ricarti is one of the few that have come down from my time. He was a bugaboo when I was out there. He belongs to the class of professional revolutionists and maintains his position in Hongkong; and every little while he seizes an opportunity to send over collectors to get the money that he lives on in Hongkong. In order to justify the collections, he has to make a showing; and now he is making a showing on the ground—I assume from what I have seen and what I have heard—that now the Democratic party has come in; that there was promised independence; that a bill was introduced fixing a time for independence; and now that bill has been changed; and he is ringing these changes with those poor devils that do not know any better, and are willing to contribute. The disturbances are in the same old places where we had just the same trouble before. The names, of

course, slip away from me; but Navotes and Calcucañ and Cavite, all of 'em are the centers that are revenue producing to the leader on the one hand and insurrection producing on the other. Both are due to the power of their little local caciques to stir them to action.

Are the Filipinos fit for self-government? Well, that depends upon what you mean by self-government. I had a committee which came to see me when I was Governor of the Islands—it was the time when many of their people were in the field—and they said they wished to organize a party for independence by peaceable means; and I said to them: "Gentlemen, you need not come to me. You have that power under the law." But they said, "We are used to Spanish methods and we wish to get the approval of the Governor in the organization of this party." I said, "But I can not give you that approval. The fact is, I advise you not to form the party, because there are men just ten miles out of Manila shooting American soldiers and stirring up insurrection; and the minute you organize that kind of party, you will come under the surveillance of the military, and their special agents and secret agents, to see whether you are furnishing the means by which that insurrection is being carried on. Therefore I advise you to wait." "But," they said, "we wish to prove to you that we are fit for independence." "Well," I said, "you can not. I know something about the people here. I am very fond of them, but I think I know what their capacity is." Well, they said, they wanted to file a brief with me; and they did so—and these were leading educated Filipinos. In that brief they went on to enumerate the number of offices that there were in the municipalities and the Provinces and the central government; and then they gave statistics of the *Ilustrados*, the educated people in the island; and they proved that the *Ilustrados* were more than twice as many as the offices to be filled; and they said that with two shifts that would give a competent government, and self-government. (Laughter.) Well, I explained to them that it was not the capacity to fill offices that gave a capacity for self-government to a people; it was public opinion, and that if they did not have broad, popular public opinion to control people in office, they were not fit for self-government.

I took a committee of Senators and Representatives out to the Philippines when I was Secretary of War, in 1905, and Fisk Warren, an anti-imperialist from Boston, visited the Islands at the same time, because he thought that with my prejudice and my bitterness of feeling I could not be relied on to show the party the real capacity of the Filipino people for government; and so he demanded, in the name of the Filipino people, that I give the Filipino people an opportunity to be heard.

And after I had taken the party all around the Islands and we came back to Manila I sent word to Mr. Warren that he might produce any committee that the Filipinos wished to send and present what they thought as to their own power of self-government.

And so they presented a petition August 28, 1905. I can not read it all. It says:

"In spite of the unquestionable political capacity of the Filipino people, the result of their present degree of culture and civilization, that they are in a condition for self-government is denied in varying degrees and forms, though precisely the contrary is demonstrated by facts, experience, and considerations, among which the following deserve mention:

"First—It is an irrefutable fact that the Filipino people are governable; the period of Spanish dominion and of the present American sovereignty bear out this assertion. The political condition of a country principally depends upon the degree of governableness of its people; the more governable the popular classes are the better the political condition of the country.

"When a people such as the Filipinos give signal evidence of their capacity to obey during a period of over 300 years, free from disturbance or deep political commotions, it must be granted, considering that all things tend to progress, that they possess the art of government; all the more so because, among other powers, they possess that of assimilation in a marked degree, an assimilableness which distinguishes them from other people of the Far East.

"Second—If the masses of the people are governable, a part must necessarily be denominated the directing class, for as in the march of progress, moral or material, nations do not advance at the same rate, some going forward while others fall behind, so it is with the inhabitants of a country, as observation will prove.

"Third—If the Philippine Archipelago has a popular governable mass called upon to obey and a directing class charged with the duty of governing, it is in a condition to govern itself.

"These factors, not counting incidental ones, are the only two by which to determine the political capacity of a country—an entity that knows how to govern, the directing class, and an entity that knows how to obey, the popular masses."

Dominador Gomez, who signed the petition, who was the great labor and popular leader, was in favor of admitting the Chinese. He said to the committee:

"However, we understand that, morally and intellectually, Chinese immigration can not produce good morals and good customs in the Islands.

"The Chinaman even in his physical ailments is worse than the man of any other race; his diseases are extrapathological; that is to say, there is not found in any pathological work the diseases with which the Chinaman suffers, nor do we find the same diseases having as great a severity among other peoples as they have among the Chinamen. We here in the Philippines do not desire the Chinaman as a mechanic or as a teacher; we desire him—and this I will say, though it may be an offensive phrase to them—we desire the Chinese here merely and purely as work animals for the cultivation of our fields."

Dominador Gomez was alone responsible for that statement about the Chinese. The names signed to that petition are those of many of the leading Filipinos of the Nationalist Party at that time. It was signed by Dr. Simeon A. Villa; Baldomero Aguinaldo, farmer; Dr. Justo Lukban; Jose Ma. de la Vina, physician; M. Cuyugan, property owner; G. Apacible, physician; Vicente Illustre, lawyer and property owner; Miguel Saragosa, professor of painting; Alberto Barretto, lawyer; Pablo Ocampo, manufacturer, who was a delegate here; Antonio E. Escamilla, professor of languages; Enrique Mendiola, licentiate in jurisprudence and property owner—well, there were some twenty-five of them altogether; among them was the Vicente Lukban, who was one of the great revolutionary leaders.

The Chairman: What year was that?

Mr. Taft: 1905.

Now, that makes the point that I wish to emphasize here, that not only were the 90 per cent. of the people out there not fit for self-government, but the 10 per cent. of educated Filipinos do not understand self-government and are not really in favor of it in the sense in which we use the term; they have been educated and have been trained in an aristocratic country. They have the class distinctions, and believe in them in their hearts. These they inherit and take over from 300 years of Spanish life. And therefore, if they have independence now, if they can ever get a government at all which shall be stable, it will utterly ignore the rights of the 90 per cent.

## NEUTRAL THOUGHTS ON NEUTRALIZATION OF SHANTUNG

BY GEORGE BRONSON REA, M. E.

For the past five years the Japanese authorities and merchants of Port Arthur and Dairen, have been actively seeking to extend their sphere of commercial influence into northern and western Shantung and compete with Germany for the trade supremacy of that province. Only eighty-five miles of water separates the Japanese leased territory from the northern ports of Shantung, and a large junk and steamer traffic has been established between Dairen and Chefoo and the other minor coast towns. Owing to this activity on the part of Japanese merchants, the trade of Shantung has been as greatly stimulated by the wonderful prosperity in the Kwangtung Leased Territory as by the efforts of Germany working through Tsingtau and the Shantung Railway. The Japanese from their vantage point at Port Arthur, are actuated by much the same motives as influence the Germans. In their plans for the advancement of Japanese trade interests in Shantung, they also are reluctant to contribute to the growth of Chefoo by diverting trade from Dairen. The Japanese are quite frank about this matter, and openly state that from the viewpoint of the Dairen merchants, Chefoo is not located in a favorable position for their trade propaganda. What they desire is a port on the coast further to the west. In other words, they desire a foothold in a new unopened point, which can be developed under their influence. To use the words of a Japanese writer, in an article published over two years ago, "Fortunately there is Lungkow, that was opened to junk trade as the auxiliary port of Chefoo. It is situated 120 miles west of Chefoo, and just outside the distributing sphere of the German Shantung Railway."

To quote the words of this editor of a semi-official Japanese organ:

"A good natural harbor being scarce in Shantung there is every possibility that the place will be used to good advantage, so that it will grow to be a great gateway to the province just as much as Kiaochow on the other side of the peninsula. Moreover, from the point of connection between Dairen and the interior of Shantung, Lungkow is far more advantageous than Chefoo."

"When the place is opened to trade as an outer port of Chefoo, the benefit is not limited to those above enumerated. The land in the neighborhood now left in waste will at once become valuable, and become a great resource to the province whose financial condition is in no way an enviable state. Further, if the Hsiao Ching-ho, an old canal, be dredged out, the distance of 100 miles from Tsinanfu to the river mouth can be freely covered by large junks or even small steamboats, instead of little crafts now plying between the coast and Tsinanfu, and establish connection with the Tsintau-Tsinanfu Railway from the northern shore."

"Of course, more or less artificial means are needed to make Lungkow a serviceable port, but there is no necessity to start the work on a gigantic scale so as to enable large ocean-going steamers to come alongside the wharf. *Parties interested in the development of the harbor are considering the work of increasing the depth of water sufficient for the present, using a part of the income derived through the disposal of land along the water front for the work.* Since the Chinese authorities of Shantung as well as the local people are approving the scheme, it may come out as a concrete fact before long unless some unforeseen impediments block its way."

This was written in April, 1912, and published in the "China Tribune" of Tientsin, the recognized authority on Japanese affairs in China. The same paper is responsible for the following significant note, showing the trend of Japanese thought at that time:

"Shipping trade along the northern coast of Shantung Province has been making steady progress of late, and there are now very few ports to which steamers do not ply. Only between Tientsin and Lungkow there is no good port allowing the entrance of a steamer. Some fifty miles southwest of Lungkow, however, there is a river called the Hsiao Ching-ho, the mouth of which is closed with bars, only a few feet of water being found there, but proceeding up the stream there is plenty of water which is at some places as deep as 20 fathoms (feet?) and small steamers may be run to Tsinanfu without any difficulties. Moreover the Hsiao Ching-ho runs through the fertile districts of the province, rich in agricultural products, and Honan produce is also sent down to this river. It appears, therefore, there is a good prospect for a steamship service, and some Japanese and Chinese merchants in Chefoo are contemplating the establishment of steamship services on this river."

The Japanese authorities in Dairen were therefore fully awake to the commercial and economical advantages of the place, as is evidenced by the organization in Dairen of the Lungkow Bank, with the head office at Lungkow and a branch at Dairen. Mr. S. O. Tanaka, the manager of the Dairen Steamship Company, appears as the central figure of the enterprise. It seems that this gentleman solicited a grant or subsidy from the Japanese Government of Kwangtung to assist the enterprise, and it is understood that this was awarded under special conditions. The bank is reported as being in sound financial condition, and conducting a profitable business. It is worthy of note, that Mr. Tanaka was also the leader in the proposed scheme to connect Lungkow with Hwang-hsien by a light railway. The Dairen Steamship Company is also responsible for the development of the profitable direct steamship service between Lungkow and Dairen, and



Lungkow and Newchwang, thus eliminating the port of Chefoo. The establishment of a Japanese controlled and subsidized bank at Lungkow, long before its being opened as a treaty port, indicates that by the time the port was opened in December last, all the most desirable property was safely in Japanese hands, or mortgaged to the bank. It will be recalled that to counteract the influence of Japan, the Chinese Government freely opened seven ports of her northern provinces last December to international trade. Six of these ports were located in the zone of Inner Mongolia, menaced by Japan's political pretensions in this quarter. Taonanfu, Chifang, Dolonor, Jehol, Kweihwacheng and Hulutao were thus opened to trade. Included in the list, was the hitherto obscure and insignificant port of Lungkow in Shantung. The pressure of Japan at this point was as strongly felt as in the sphere of Inner Mongolia. It was too late, however, for any other foreign interests to gain a foothold in Lungkow. The operations of the Japanese bank, and the activities of Japanese traders from Dairen, using Lungkow as their base, had forestalled other nationalities in this neglected corner of Shantung. If the much discussed and advertised Chefoo-Weihsien Railway is ever built, instead of its traffic solely increasing the prosperity of Chefoo, as intended, the Japanese at Lungkow, by constructing a short line of 25 miles to Hwang-hsien, would intercept the products from the interior, and divert the export trade through their base at Lungkow.

The Japanese trading concerns at Dairen, instead of conducting business with the interior of Shantung, through the port of Chefoo, would ship their products on their own subsidized steamers through the port under their commercial control at Lungkow. This would save 75 miles of railway haul, not to mention landing charges and other special taxes levied at Chefoo. Commercially and economically, therefore, their position was correct, but to succeed they had first to persuade the Chinese authorities to open Lungkow as a treaty port. Thus the Chinese Government, who has been deeply concerned for many years over the future of Chefoo, and has devised and sanctioned many schemes to revive its commerce, and combat the ascendancy of Tsingtau, was compelled to still further detract from its importance by opening the port of Lungkow at Japan's behest. The Japanese merchants at the latter place stood to profit, no matter what plans were followed in the future. If the Railway from Chefoo to Weihsien was ever constructed, Lungkow through its favorable position further to the west would tap the line, and cut the trade of Chefoo in half. If it was never built, the Japanese would continue to use Lungkow as their base for trading with central and western Shantung, and thus be 75 miles nearer their market, than the port of Chefoo, with its established Chinese and European interests in control of property and trade.

By dredging the bar at the mouth of the Hsiao Ching-ho (Little Clear River) an unobstructed waterway is open for a very light draft steamship service direct to Tsinanfu, in the heart of Shantung. Under the Inland Waters Steam Navigation Rules, the smaller Japanese steamers would

then have a clear run from Dairen to Tsinanfu, a distance of approximately 290 miles, which under normal conditions could be accomplished in 24 hours. It will be seen, therefore, that the Japanese program if carried out without opposition would constitute a decided menace to Germany's trade supremacy in the Province. From her base at Dairen, with through ocean and river communication, Japan could deliver her products in Tsinanfu much cheaper than by utilizing the more expensive rail route from Tsingtau. And all that is needed to accomplish this is the expenditure for dredging the bar of the Hsiao Ching-ho at its mouth, and deepening the Channel in other places, a task much less expensive and of as much political and commercial importance as the Haiho and Liao River Conservancy and dredging works.

It is not strange, therefore, that Japan selected the almost unknown port of Lungkow as the point for the disembarkation of her army, and her permanent strategic base in the campaign against Tsingtau.

Japan has promised to return Kiaochou to China. There is no reason at this time to question her honorable intention. She has given her word, and until it is broken, public opinion should reserve judgment and criticism. If Japan hands Kiaochou back to China as she has promised to do, and Tsingtau is thrown open as an international treaty port, Japan is entitled to ask for and expect to receive adequate compensation from China. Other nations who have been prohibited by the operation of the Kiaochou Convention from enjoying equal participation in the development of Shantung, cannot complain if Japan receives some special compensation for opening the door again.

Japan's previous actions and attitude in Korea, Manchuria, Inner Mongolia, and Fukien, however, are remembered and tell against her, and other nations instinctively anticipate that she may feel justified in pursuing the same tactics in Shantung. The door may theoretically remain open, and yet be difficult for others to pass through and enjoy equal privileges on the inside. As Japan has the moral and political support of her powerful Ally, other nations have accepted the situation in Manchuria, but if the same policy be extended to Shantung, they would undoubtedly view with deep concern this additional limitation of unrestricted trade rights. However, for the present it would be manifestly unjust to presuppose any such ideas, and the world must take Japan at her word.

If Japan restores Kiaochou to China, and opens Tsingtau as an international treaty port, what compensation could she legitimately request from China without infringing the rights of other nations? Germany's railways and mines, with the rights attached to them? This could only extend to those special rights embraced in the Kiaochou Convention and constructed with purely German capital and operated as purely German concerns under a charter from the German Government. It could not extend to those railways financed by German capital, for the benefit of the Chinese Government, as these lines are the exclusive property of the latter, and the bonds, although issued by a German financial institution, may be held by investors in many countries.



If it is ultimately decided that the Shantung Railway Company, which owns and operates the railway, mines and other industries embraced within the specifications of the Kiaochow Convention, is a German official corporation, in which the rights of the private investor do not count, then no other Power can reasonably criticize Japan for seizing them as spoils of war. It is a fact, nevertheless, that the capital for these enterprises was supplied by purely private investors, and the Government only exercises its rights of supervision and regulation. Or, if through the fortunes of war, and the pressure of diplomacy, these spoils are abandoned, what would remain for Japan to ask for? It occurs to us that the building of a railway from Lungkow to Weih sien, and requiring China to conserve the Hsiao Ching-ho waterway at her own expense, would adequately compensate Japan and give her an undisputed legitimate trade advantage in Central and Western Shantung, due to the proximity of her great commercial base at Dairen.

As we have remarked, it is unfair and premature to prejudge or question Japan's good faith. However, if Tsingtau is restored to China, there is no good reason why China should not contribute to the legitimate expansion of Japanese commerce by maintaining at her own expense the waterway which would permit her traders ready access from Dairen to the hinterland and heart of Shantung. This would advance her trade interests with this part of China on a more permanent and profitable basis, than is possible by the use of the railway from Tsingtau. The distance from Port Arthur to the mouth of the Hsiao Ching-ho is 165 miles and from there to Tsinanfu about 120 miles, or a total of 285 miles of sea and river. The distance by rail from Tsingtau to Tsinanfu is 240 miles. The legitimate economic and commercial advantage in freight rates must always remain with Port Arthur and Dairen. Japan could, therefore, well afford to act magnanimously by restoring Tsingtau to China, on the condition that it be maintained as an international port with equal trade opportunities to all. At the same time she could fairly and reasonably demand in compensation, that China should dredge the bar and maintain open to navigation the channel of the Hsiao Ching-ho for the vessels of all nations under the Inland Waters Steam Navigation rules. By reason of her possession of Port Arthur and Dairen, this would give Japan an honorable and legitimate trade preference over all other nations, and permit her merchants to dominate the trade of Tsinanfu and the hinterland, without resorting to unfair methods, or discrimination in freight rates over the Shantung lines. The construction of a railway from Chefoo to Weih sien with a branch to Lungkow will enable her merchants at Dairen to again control the trade of the Province, through the port of Lungkow, already under their influence. The port of Chefoo is 85 miles from Port Arthur. Lungkow is 90 miles distant from Port Arthur or for all practical purposes the sea distance is the same. Lungkow, however, holds the advantage of being 75 miles nearer the heart of

the province, or that much less rail distance. The Japanese merchants at Dairen and Port Arthur through their branches at Lungkow, would thus be able to counteract the influence and prominence of Chefoo, and control the market in a legitimate manner, to which neither China nor any other nation could take exception.

If China of her own volition appropriated and expended a sufficient sum for the conservancy of the Hsiao Ching-ho, her own traders would undoubtedly reap the greatest rewards. Instead of desperate and ineffectual attempts to obtain foreign funds for the construction of the Chefoo-Weih sien line, against the passive opposition of Germany, it was well within her rights to have appropriated certain sums for the conservancy of the Hsiao Ching-ho, which would have materially assisted towards neutralizing the German sphere of influence in the province by opening it up to foreign steam navigation.

This is not a new problem for China, and her officials cannot plead ignorance of its importance. From the commercial viewpoint of Tsinanfu, the capital of Shantung, the most important natural trade outlet of the province is the Hsiao Ching-ho, which has its source in the lakes and springs within the very walls of the capital. Partly canal, and partly canalized river, the Hsiao Ching-ho from time immemorial has served as the main artery of trade between Tsinanfu and the sea, and the district adjacent to Laichow Bay. Even to-day with the service of the Shantung and Tientsin-Pukow Railways, the Hsiao Ching-ho remains as the most important natural trade outlet.

In certain articles, notably timber from Manchuria, salt from the coast marshes, cigarettes imported through Chefoo, reed matting and other light but bulky articles of import, and in beans, grain, iron, rice, pans, etc., among exports, the cheaper freights make the river a very serious competitor with the railway. This competition is not alone with direct imports and exports of lighter products, but is keenly felt in the traffic between Tsinanfu and the district of Weih sien. The many rivers and creeks connected with the Hsiao Ching-ho permit the water-borne traffic to compete with the railways in all the main towns between Tsinanfu and Ching Chou fu, without passing out of the mouth of the river. The several rivers emptying into Laichow Bay within a distance of 40 miles from the mouth of the Hsiao Ching-ho permit the junks to compete with the railway at Weih sien and the neighboring districts.

That the safeguarding of this most important water artery of trade has been duly considered in the past by the Chinese authorities, is evidenced by the report of Captain W. F. Tyler (Coast Inspector to the Maritime Customs) on the Yellow River in 1906. The investigations of Captain Tyler were not carried out with the view of planning a scheme for the control of the Yellow River itself, but were directed towards finding a way to safeguard the Hsiao Ching-ho from the danger of floods and breaks in the banks of the larger and swifter river. But like all such schemes for the improvement of the country and the preservation of life and property, depending on the in-

initiative of the Chinese Government, nothing has ever been done to preserve this important waterway. It would appear that the many Governors of Shantung, some of whom now control the destinies of the country at Peking, have fallen completely under German influence, and were either intimidated or persuaded to forego any expenditure on this scheme which would have contributed to neutralizing the effect of Germany's special privileges in the province. It has been left to the sharp-witted Japanese traders to recognize the strategic commercial importance of this waterway, and to take the necessary steps to awaken the Chinese Government to its obligations.

The careful preparatory work for the opening of Lungkow, so that when foreigners were legally free to enter, the most valuable business sites and trade connections would be in Japanese hands, and the references to the necessity of dredging the Hsiao Ching-ho, clearly indicate the trend of Japan's commercial policy prior to the commencement of her operations against Germany in Tsingtau. With Lungkow opened, the next step would have been to compel China to improve the river, which would give free access to the heart of the Province.

It would seem that if Japan intends to fulfil her promise and return Kiaochou to China, and she still retains the ambition to secure the major part of the trade of the Province, that her best move would be to follow the policy already initiated. It is clear that if the same tactics are pursued by Japan in Tsingtau and Shantung as have been charged against her in Manchuria, she will completely destroy all confidence in her word and honor, and other nations will chafe under the trade restrictions imposed. And, as in Manchuria, the animosities thus engendered will not be with American traders who have no special interests in Shantung, but will arise from those who are now the close allies and friends of the Japanese. Despite all allegations against Japan's tactics in Manchuria I have always maintained that she secured control of the import trade of that province through the operation of legitimate and natural laws of trade, rather than through the alleged freight discrimination and other unfair practices, and this view has been accepted by the majority of American merchants formerly interested in the trade of Manchuria.

Provided the Hsiao Ching-ho is dredged and kept open for light draught steamers, Japan can operate more economically and efficiently from Port Arthur than from Tsingtau. Even with the control of the railway in her hands, the direct water route from Port Arthur to Tsinanfu would control the trade situation of over half the area served by the railway. It is clearly evident then that Japan's best interest would be served by carrying out her promise to return Tsingtau to China as soon as possible, on the condition that China compensates her in part, by maintaining the channel of the Hsiao Ching-ho open to navigation, and by constructing the railway from Chefoo to Weih sien. As far as Japan is concerned, her trade point will be located at Lungkow, which enables her merchants to divert her share of the trade from Chefoo. The open river to Tsinan will permit her small steamers to

dominate the trade of the interior of the province direct from her own base at Port Arthur.

The retention of Tsingtau by Japan will ultimately lead to discord and distrust and menace the peace of the Far East, which she is pledged to uphold. The expenditure of a few million taels on the improvement of the Hsiao Ching-ho would permit her to dominate more completely the commercial future of Shantung, in a legitimate way, and preserve the confidence, respect and friendship of all her commercial rivals in the East.

Germany's lease of Kiaochou has 85 years yet to run. Japan's heritage of the Kwangtung lease expires in 8 years and 4 months (March, 1923). If Japan restores Kiaochou to China is it fair for her to ask in return an assurance that the Kwangtung lease will be extended to 85 years on its expiration?

Japan's future in China lies in the development of Manchuria through the exploitation of the South Manchuria Railway, and the other lines China has granted her the right to construct. It will take all of Japan's loose capital for years to come, to carry out her Manchurian program. If she aspires to succeed to Germany's position in Shantung, dominate the Yangtze Valley trade, and close the door in Fukien to other foreign capital, it would seem that she has bitten off more than her financial strength will assimilate. With the termination of the war, only the British and French money markets would be open to her to raise funds for the prosecution of such ambitious dreams, always provided that British capital would follow the lead of the British Government, in recognizing Japan's exclusive interests in Fukien. Japan could raise no large loan in England to advance her position in the Yangtze. French and American financiers would never entertain any Japanese proposal for funds destined for the development of Fukien. It will require large sums of money for Japan to step into Germany's shoes in Shantung, and follow out the same trade policy from Tsingtau, and it is safe to assume that she would seek in vain for financial assistance in Europe or America for the development of such schemes. China has no funds of her own, and Japan is little better off. Can she carry the load of Korea, Manchuria, Inner Mongolia, Shantung, Fukien, the Kirin-Hunchun Railway, the Inner Mongolian railways, the Foochow-Nanchang and Foochow-Canton lines in addition to the South Seas, her interests in the Yangtze Valley and other minor burdens? Japan cannot finance all these schemes. The money markets of the world will be closed to her, and if she persists in such an ambitious task she will exhaust her credit, and be compelled to unload the burdens. The rulers of Japan will hardly sacrifice the country's financial position for years to come, to indulge in a Chinese adventure which can only spell ruin to her in the end. If we accept all this, then it is apparent that Japan's interests will be best advanced by restoring Kiaochou to China, on condition that the latter consents to an extension of her lease of Kwangtung, and engages to improve the Hsiao Ching-ho for the benefit of trade.—*The Far Eastern Review*.

## JAPAN AND THE SHANTUNG RAILWAY

*From The Far Eastern Review.*

The railway built by a German Company between Tsingtau and Tsinanfu, the capital of the province of Shantung, has been the bone of much contention between the Japanese and Chinese during the past month, and in the future is likely largely to figure in discussions relative to a settlement of the question of the eventual fate of the leased territory of Kiaochow. The investment of Tsingtau by the Japanese and British troops led naturally to a desire on the part of the Japanese to control such a vital means of communication with the capital of the province as was afforded by this railway; and the fact that it was the enemy's property and had been used by the enemy to transport munitions of war and men to the fortress gave them a certain amount of justification for over-riding the objections of the Chinese against occupation. China claimed from the outset that the railway was not German property under the domination of the State. She argued that it was the property of a private company in which Chinese were shareholders, and, therefore, could not be considered a prize of war, but her arguments were in vain. The Japanese had determined to occupy the line as a military necessity, and when protests began to rain upon her, defended her action on the following grounds—which were set down in a note from the Japanese Legation to the Chinese Government:

"The Shantung Railway concession was based on the concession granted to the German Government in the Kiaochow Convention of 1898. It is entirely and purely a German company, possessing the nature of public property under direct control of the German Government, and is in reality a part of the Leased Territory, being an extension of it. According to the company's Articles of Association and the Charter of the German Government under which it is worked, it is proved that it is a German company. The above facts are indisputable. In view of the manner in which the railway is working it is impossible for it to be divided up, and the fact that a section of the line running to the west of Weihshien lies within neutral territory cannot alter the original status of the railway, which still remains German. The Japanese Imperial Government having in view the complete demolition of the enemy's base at Tsingtau, in pursuance of the declaration of war against Germany, is quite justified in taking possession of the railway as it constitutes an indivisible part of the Leased Territory of Kiaochow. This can be accomplished without the matter being referred to the Chinese Government, but to avoid any misunderstanding and to avoid any chance of conflict with the local authorities, the Imperial Japanese Government has acquainted the Chinese Government of her intentions, and requests that China make such arrangements as will allow this to be done without further delay."

In explaining her views regarding the railway Japan pointed out that "The Shantung Railway cannot be regarded as neutral, and Japan's action in taking possession of it does not amount to a violation of China's neutrality. The proclamation of the Chinese Government defining the war zone does not in any way alter the nature of this railway's special status. The question of the war zone and the standing of the Shantung Railway are two separate problems and of a different nature. It was insisted by the

Chinese Government that there is now no actual connection between Tsingtau and the railway line, owing to the investment of that place by Japanese military forces, and that there is no opportunity on the part of Germany to utilize the railway. But viewed from a Japanese military standpoint, governed by the situation in Shantung, it would indeed be very dangerous to leave in the hands of the enemy the section of the railway west of Weihshien—just in the rear of the Japanese forces. It would be strategically impossible to permit such a thing. Examples are not lacking that the Chinese Government could not restrain the Germans from utilizing the railway for warlike preparations and operations."

Upon these reasons Japan pursued her policy of establishing military guards along the railway as far as Tsinanfu, and installing a staff of trained railway men transferred from, it is stated, the South Manchurian railway system; and China has acquiesced in the occupation only under the strongest protest. The insistence by Japan of her right to occupy this railway caused considerable alarm in Chinese circles, and a certain amount of agitation was developed which culminated in members of the State Council at Peking interpellating the Government as to its policy regarding Shantung and the so-called "Japanese invasion." High officials, however, kept their heads, and paid no heed to the jingoistic utterances of some of the military representatives in the Council. The President and his immediate supporters all recognized the futility of resisting by force the violation of China's neutrality. They have painful knowledge that the Exchequer is empty of funds, and that the army is neither large enough nor equipped well enough even to hope to cope successfully with the force which the Japanese could employ by land, to say nothing of the possible operations from the sea; and for those reasons Chinese agitators wasted their breath in vain. The Government decided upon its line of policy immediately the European war showed signs of affecting this quarter of the globe, and that policy was simply to suffer "the slings and arrows of outrageous fortune"; to protest against any encroachment upon China's neutrality, and to trust in justice being done at the end of the war. Moreover, the Government is willing for the time being to give Japan the benefit of the doubt by trusting that she really means to stand by her undertaking to respect the integrity of China. The Chinese man in the street thinks contrariwise. He holds the opinion that Japan has come into the province of Shantung to see and to conquer—and thence to spread what he calls "the continental policy." Only the future can tell whether there is wisdom in the man in the street of China, but it is only fair that Japan should at the moment be credited with the highest and best motives in her actions in Shantung.

The rights under which Germany built her fortress at Tsingtau and constructed the railway from Tsingtau to Tsinanfu were embodied in the Convention signed at Peking on March 6, 1898. The Chinese Emperor then engaged, while reserving all rights of sovereignty in a zone of 50 kilometres (100 Chinese li) surrounding the bay of Kiaochow at high-water, to permit the free passage of German troops within this zone at any time, and also

agreed to abstain from issuing any ordinances therein without the previous consent of the German Government. At the same time, "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 of the Bay of Kiaochow. Germany engages to construct, at a suitable moment, on the territory thus ceded, fortifications for the protection of the buildings to be constructed there and of the entrance to the harbor."

In Sections 2 and 3 of the Convention the Chinese Government sanctioned "the construction by Germany of two lines of railway in Shantung, the first to run from Kiaochow to Tsinanfu and to the boundary of Shantung Province, via Weihsien, Tsinchow, Pashan, Tsechuen and Sui-ping; and the second to connect Kiaochow with Chinchow, whence an extension will be constructed to Tsinan through Laiwuhsien." It was stipulated that a Chino-German company should be formed to carry out this work; the profits derived from the working of the railways to be "justly divided pro rata between the shareholders without regard to nationality."

In addition to these specific railway rights—which were enlarged by an agreement signed at the end of 1913, and a further agreement signed on June 24, 1914—the Chinese Government agreed to German subjects holding and developing mining property for a distance of 30 li from each side of the railways and along the whole extent of the lines, but these rights were subsequently modified when the extension of the railway agreement was negotiated. Germany, however, had the dominant voice in the province of Shantung with regard to the employment of foreign capital, the Convention setting out: "The Chinese Government binds itself in all cases where foreign assistance in persons, capital or material, may be needed for any purpose whatever within the province of Shantung, to offer the said work or supplying of materials in the first instance to German manufacturers and merchants engaged in undertakings of the kind in question. In case German manufacturers and merchants are not inclined to undertake the performance of such works or the furnishing of materials, China shall then be at liberty to act as she pleases.

In pursuance of this Convention the German Government granted to a German company known as the Schantung-Eisenbahn-Gesellschaft a charter dated June 1, 1899, for the construction and operation of a railway from Tsingtau to Tsinanfu. The charter stipulated that "the construction and maintenance of the railway shall be proceeded with by a German-Chinese company," the management of the railway to be domiciled in Tsingtau, and the completion and opening of the line from Tsingtau to Tsinanfu to follow within a period of five years. German material was to be used as far as possible in the construction and equipment of the railway. It was stipulated that the company "shall pay a contribution from the yearly net profits of the railway to be applied to the expenditure of the Government for the harbor works in the Bay of Kiaochow and also to the general running expenses of the Protectorate," such contributions to be "the twentieth part of any surplus over 5 to 7 per cent, the tenth part of any surplus over 7 to 8

per cent, the fifth part of any surplus over 8 to 10 per cent, the third part of any surplus over 10 to 12 per cent, and the half of any surplus over 12 per cent." The German Government reserved the right to purchase the railway after the end of sixty years.

In addition to the railway from Tsingtau to Tsinanfu, the only one so far constructed, the Germans recently concluded an agreement with the Chinese Government whereby a line was to be built connecting Tsingtau with Hsuehowfu, on the Tientsin-Pukow Railway, and another line extending from the Yellow River near Tsinanfu to a point to be decided by survey on the Peking-Hankow Railway. To this agreement no effect has been given, and what will become of it in the future remains to be seen. In the meantime the contention between Japan and China is confined to the Tsingtau-Tsinanfu line, the situation at the moment being that Japan has control of it under protest from China. Japan will no doubt operate the railway as efficiently as the South Manchurian Railway is operated, and the bridges which were blown up by German employees of the line before their departure will soon be rebuilt and a restoration of traffic effected. Hitherto the administration of the railway was in the hands of the Germans, and by its temporary transference to the Japanese China actually loses nothing—except a little "face."

### RUSSIAN RAILWAY PROJECTS.

The acquirement from China by Russia of the right to construct a railway from Blagoveshchensk, on the left bank of the Amur River, to Aigun, Mergen, and Harbin, with a connection between Mergen and Tsitsihar, is of great importance politically to Russia and commercially to North Manchuria. Commercially it taps large and rich tracts of territory and gives immediate access to the Amur River and to the New Amur Railway now being opened on the left of the river, and with which Blagoveshchensk is connected. Politically it binds this region to Russia, and gives her at least railway dominance over the whole of North Manchuria. She now has the railway from Vladivostok through Manchuria and on to Russia, and has nearing completion the railway traversing her own territory from Vladivostok north of the Amur to Karimska, where it junctions with the Siberian Railway. The railways she has now secured the right to build will permit her to place the important centre of Harbin, with its direct connection southwards, in immediate touch with trade avenues which will tap the large and, it is reported, resourceful territory of the Amur. Above all it places in the hands of Russia what is the northern section of the projected railway from Chinchow to Aigun, about which there was so much pother some years ago. Americans hold the right from China to build the Chinchow-Aigun Railway, but in recent times the southern half of it, or practically the southern half of it, has been granted to Japan by China, and now Russia has obtained the right to cover the northern section. This seems to be tantamount to the theft of a man's clothes while he is asleep in the sun after a bath—though it is folly for any man to risk sleeping under such conditions without keeping a taut string on his habiliments.—*The Far Eastern Review.*

## THE ENGINEERING SOCIETY OF CHINA

*Address of President A. C. Clear at the opening meeting  
in Shanghai.*

Mr. Clear said that many engineering schemes had been mooted in the past year for the opening up of China. The duration of the war and its effect on world finance would inevitably delay some of these schemes, but there was good reason to believe that upon its conclusion they would be vigorously pressed.

"One of the first and possibly most striking of the developments which have occurred during the last twelve months is the establishment of a National Irrigation and Water Conservation Bureau at Peking. Until the establishment of this bureau any conservation work required was carried out only with regard to local needs, the result being that much patchwork was done, which every year became more difficult to maintain and which at the crucial moment failed, as the almost annual record of floods has proved. The work of the bureau is to centralize and direct local efforts along the lines of a comprehensive scheme to secure permanent protection, and also to supplement such local effort by government assistance on larger schemes."

The most prominent at present was the Huai River Conservancy, the men responsible for dealing with which vast problem were the men best fitted to supply it with every chance of its successful operation. By efficient drainage under this proposal some 17,000 square miles of rich agricultural land would be rendered immune from the devastation caused by constantly recurring floods. Consequently many thousands of human beings now so often rendered homeless and devoid of food would, upon completion of this work, be able to live in comfortable prosperity.

Instead of only two harvests in every five years, which is the present low average, bi-annual crops might be expected. Should the scheme prove a feasible one there would appear to be little doubt about it being carried out, as its magnitude, from an engineering and philanthropic point of view, was such that would especially appeal to the Red Cross Society of the American nation, which had undertaken to provide the necessary funds.

"The canals and waterways of China and their conservation has been a subject of great interest and admiration, not alone to members of our own profession, but to travellers of all nations, and all times. \* \* \* Probably in no other branch of engineering does neglect have such disastrous results as in waterways, and where, as in China, the solid matter held in suspension in the water is so considerable, the results are proportionately worse owing to the abnormal silting which takes place. Conservancy engineering has not always been a decadent profession in China, for more than 4,000 years ago a conservancy engineer was called upon to serve as Emperor, as an appreciation and reward for the inestimable benefits that he had conferred upon mankind."

Another step of considerable importance was the decision of the government to further the development of China's natural resources, as evidenced by the Standard Oil Company agreement for the exploitation of the North China oil fields, signed in February of the present year. These oil fields were stated to be of enormous value. The following figures were instructive in this connection. During 1912 the imports of kerosene oil into China from all sources, America, Sumatra, Borneo, Russia, Burma and Japan (to put them in order of the importance of supply) exceeded 198,000,000 gallons of a total value of some Hk.

Tls. 25,000,000. Through the revenue to be obtained from this source alone the economic changes that might be brought about were considerable.

"The mining regulations promulgated by the Chinese Government during the period under review may be considered as another expression of a desire to take advantage of her resources. Mining regulations have been drawn up in the past at frequent intervals, but never have they so closely approximated to what is needed. They are still not altogether satisfactory, being somewhat arbitrary and incomplete, and give evidence of having been affected by those not fitted to fully appreciate the technicalities of the subject. According to the most recent statistics available the following are the principal metals imported into China during the year 1912:

	Parcels.	Value. Hk. Tls.
Iron	2,170,000	7,070,000
Copper	122,000	3,529,000
Tin	235,000	2,950,000
Steel	117,000	1,043,000
Lead	105,000	650,000

"Although comparatively little is known of the mineral resources of China, there is sufficient evidence that the metals enumerated above could be found, and found in abundance. \* \* \*

"The figures given, totaling some 15¼ million taels, are instructive, and should assist in firing the imagination towards fuller development, thus bringing many more millions into China's treasury.

"Another great industry that with modern methods and machinery will tend toward China's prosperity, and of which there is no doubt as to its value, is coal.

"The output from mines already open is well over 12,000,000 tons per annum of about \$100,000,000 value, the majority of this being used in the country, as only 680,000 tons were exported in 1912 of a total value of Hk. Tls. 3,350,000; during the same year 1,500,000 tons were imported of a total value of Tls. 8,000,000. With the provision of better means of communication and transport, the resources of the country in this direction are practically unlimited. So far mining development has been considerably hampered by the action of some of the Provincial Governments in over taxation, by the antiquated methods of mining adopted in many instances, by lack of means of transport, but principally by the restrictions placed upon foreign capital, without which it is impossible for the heavy initial outlay to be met."

Turning to railways which loom largely in the development of the country, Mr. Clear said that at no period in Chinese history had so many agreements for their construction been completed as during the last twelve months.

The first in order of signature of agreement was the Pukow-Sinyangchow Railway. This together with the Shanghai-Nanking, the Shanghai-Hangchow-Ningpo and Canton-Hankow Railways was included under a concession obtained by the British and Chinese Corporation in 1896, when a preliminary agreement was entered into, upon the understanding that the final terms should await those of the Shanghai-Nanking Railway, and be drawn up similarly.

It was not until July, 1903, that the Shanghai-Nanking

Railway agreement was signed. It was then decided to construct the Tientsin-Pukow Railway before concluding arrangements for this cross country line, and not until 1912 were negotiations resumed. The agreement was signed on November 14, 1913.

"The survey is now clearly complete and construction work had actually commenced when war for the fourth time in this railway's history has put a temporary stop to further construction work. The line starts from Wu-I on the Tientsin-Pukow and connects up with Sinyangchow on the Peking-Hankow Railway, a distance of approximately 260 miles. The country traversed is a rich agricultural district with practically no other means of communication or of transport than that supplied by carts. China carts on Chinese roads are, under the best of circumstances, a slow and unsatisfactory means of transport for goods, and for passengers, possibly painful might be added. In addition to a heavy grain traffic there are considerable coal deposits existing in the near neighborhood of the line which may be developed to the benefit of the railway both from its own fuel supply and as an item of freight. There is every possibility that this railway will affect the future of Shanghai as it opens up a large tract of practically untouched country, and given better means of communication across the Yangtze at Nanking than at present exists for the handling of goods traffic in bulk, a great deal should find its way into our local markets."

The Nanking-Nanchang-Hunan Railway would connect with the Shanghai-Nanking Railway at Nanking and extend through Nanchang, joining the great Canton-Hankow trunk line either through Pingsiang at Chuchow or possibly direct with Changsha. The line would traverse Anhui and Kiangsi, provinces rich in agricultural produce and in minerals, particularly in coal. The agreement for this railway was signed on March 31 of this year and the preliminary survey work had recently been started. The length of main line is approximately 650 miles.

One small railway which amongst its mightier brethren might easily pass without notice but would be of considerable local importance was the junction line at present being surveyed between the Shanghai-Nanking and Hangchow-Ningpo Railways.

This small junction would overcome some of the disadvantages under which the Shanghai-Hangchow-Ningpo Railway was at present laboring more particularly with regard to the terminal station at Shanghai. The present difficulties attending the transport of goods by this route afforded a good illustration of similar difficulties to be overcome in the transport of goods from the interior to the coast.

"From the Yangtze through the Poyang Lake and a magnificent series of waterways runs one of the great trade routes. Water-borne traffic on this route is interrupted at Yushan by a range of hills marking the border line of Kiangsi and Chékiang provinces. These hills necessitate a laborious carry over of some 30 miles to Changshan where boats are again requisitioned to convey the produce another stage upon its journey down the Tsingtung River to Hangchow. There the trade route diverges to Soochow, Wusieh, Shanghai and other towns. The great sea wall which runs unbrokenly from below Hangchow to the sea, whilst forming a barrier to hold the salt water of the Tsingtung river in check, obtrudes another obstacle to the transport of water-borne cargo proceeding inland. Goods are, therefore, once more discharged, and prior to the building of a railway, were loaded again into boats which literally fought their way through the narrow waterways of the city to the more open waters of the Grand Canal. This passage through the city was still further complicated by boats laden with produce from the towns previously mentioned, coming in the opposite direction. Knowing the "each man for himself" tactics of

the Chinese boatman and the persistent power of his boat-hook, the wonder is, not that this short journey through the city of seven miles took one month for its accomplishment, but, that it was ever accomplished.

"To obviate this delay a railway was constructed from Zakhow on the Tsingtung River to Konsenchiao on the Grand Canal to serve as a carry over between the two waterways and is now very fully occupied in the transport of native goods.

"The railway known as the Shanghai-Hangchow-Ningpo Railway was connected to this short carry over piece of line, but owing, as previously stated, to the unfortunate position of the Shanghai terminus station, a very small proportion of the goods traffic is rail-borne to Shanghai. The junction line now being built will tend to remedy this objection by bringing the goods into closer touch with the markets of Shanghai."

A short line similar to that from Zakhow to Konsenchiao was also projected on the borders of Chékiang from Yushan to Changshan. The boats would be better off eventually than they had ever been by acting as feeders to the railways and instead of doing a few long laborious trips each year, often under heart-breaking conditions, with interminable delays, many short trips could be made that would pay much better. Such combination of waterways and railways would result in ideal transport facilities.

#### THE GROWTH OF SHANGHAI.

Turning to Shanghai, Mr. Clear emphasized that the business of Shanghai entitles it to rank as the commercial center of China. The railways now converging on Shanghai would considerably increase trade, and in addition, there were many local industries developing in its neighborhood. Mr. Clear then quoted from the recent article in the "North China Daily News" showing that during the first three months of the present year, 2,394 houses were under construction, a number far in advance of the record for a similar period, viz., 1,350 in the first three months of 1906; and the estimate that the number of houses erected in Shanghai this year would reach 9,600, with the probability that this estimate would be exceeded.

Beyond this immediate local development it was also within the range of practical politics to see the development of Shanghai as a great shipping port with a continuous line of busy wharves and docks, stretching from Woosung to Shanghai, in direct railway communication with one of the wealthiest regions of China, one capable of producing vast quantities of cereals, coal, minerals of all descriptions, silk, cotton, tea, etc., etc., all of which would materially assist in building up an export trade so badly needed. The exports needed to be fostered, they might safely leave the imports to their respective countries.

"To go one step further the future of Shanghai largely depends upon the conservancy of the Huangpu. With the work already carried out and the far reaching proposals for the future, which are steadily being brought into practice, we may rest assured that this essential feature will not be lacking in the day of need. In conclusion, gentlemen, I would remind you that we, engineers, are the men upon whom the brunt of the actual work of development will fall, and when in the numerous proposals that spring up mushroom-like over the length and breadth of this great country, we see any real sign or hope of progress it is our duty not to submit these to that easiest of all, destructive criticism, but accept the harder task of selecting those proposals which are substantial and good, using all the influence we can command to construct from these something that will be of general benefit not only to this country but to the whole world."

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## BRITISH SUBJECTS IN MANCHURIA.

SHANGHAI, December 16.

The *North China Daily News* published to-day a message, dated 12th inst., from its Peking correspondent, announcing that on December 3 notes were exchanged between the British and Russian representatives which bring into force on January 1 next an agreement under which all British subjects residing in the railway settlement at Harbin and in other settlements situated in the area of the Chinese Eastern Railway shall pay the same dues and taxes, whether levied in money or in kind, which are paid by Russian subjects, these dues and taxes being, of course, used exclusively for municipal purposes.

In consideration of this British subjects will have an active and passive right of election to the local municipal administrations both now existing and hereafter to be established, and shall exercise those rights like Russian subjects in accordance with the stipulations of the local municipal regulations. At Harbin also there shall be introduced into the Municipal Council, consisting, in all, of six members, the term of whose office is three years, a representative of the foreign (non-Russian) community, who shall be a foreign (non-Russian) resident of good standing. Such resident shall be elected.

British residents shall have similar rights as Russians as regards trade, industry, and leases of land lots. In regard to the amounts of assessment taxes on commercial and industrial enterprises exploited by them their affidavits made before the British Consular representatives as to the size and character of the enterprise shall be accepted as definite proof. But only when a permit issued for the purpose by a British Consul is produced may a British subject open, establish, or maintain hotels, boarding houses or eating houses, houses of entertainment or shops for the sale of liquor.

The agreement stipulates that British subjects are to be entitled to any further favored treatment that may be accorded the citizens of other Powers.

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TRUSTWORTHY information in regard to the progress of negotiations between China and Japan is difficult to procure. Unfortunately, it would be quite useless to urge the immediate publication of the correspondence between both Governments and that of the United States, because, by common consent, the proceedings will be kept secret until the end. In one sense, this official veil of secrecy is believed to have the advantage of preventing violent manifestations of Japanese popular sentiment which is disposed to be aggressive in matters relating to the position of the Island Empire in Asia. The suggestion has indeed been made that the raising at such a time of the questions in controversy between Japan and China was, primarily, an election move, making a direct appeal to the military party whose support was necessary to the men in power. Since Count Okuma and his colleagues received an emphatic vote of public confidence, it was supposed that the attitude of Japan toward her relations with China would be sensibly modified. All the recent public utterances of the Japanese Prime Minister have certainly breathed a spirit of conciliation and compromise. As will be perceived from dispatches from London and Washington, elsewhere reproduced, neither the British nor our own Government finds any cause for alarm in the progress of these negotiations. Secretary Bryan announces that the United States Government stands firmly on the announcement made at the beginning of the Wilson administration of its purpose to support the policy of the open door and equality of commercial opportunity in the Far East. On the same day, Sir Edward Grey made a statement of a similar character to the British House of Commons, and the Japanese Government itself has given assurances that it is not its purpose to violate in any way either the open door policy or China's territorial integrity.

JAPAN's conception of equality of commercial opportunity in China will probably be found, like that of her ally Russia, and her enemy Germany, to be not incompatible with the recognition of a special sphere of national interest as well as with the free exercise of national influence in matters assumed to be likely to affect the common safety of China and Japan. So far as the United States is concerned, it must consider how far this attitude affects rights of trade secured by Treaty with China. From the Treaty of 1858, downward, it has been understood that should the Government of China grant to any nation, or the merchants or citizens of any nation, any right, privilege or favor, connected with navigation, commerce, political or other intercourse, such right, privilege or favor shall at once inure to the benefit of the United States, its public officers, merchants and citizens. Manifestly, the chief



thing which our Government has to consider is whether any of the pending demands of Japan on China are inspired by an intention to place Japanese merchants, manufacturers and bankers in a position of influence in China superior to that occupied by Americans. As for the larger question of dominance in China, there is every reason to believe that there is a general recognition among sober-minded Japanese that any such dominance is impossible. The Republic may be weak to-day, but the Japanese are as well aware as the rest of the world that its organization into one of the most powerful States of the world is a question of only a few years. Nor are thoughtful men in Japan at all blind to the necessity of their government abstaining, in its intercourse with China, from the creation of any causes that might breed rankling offense and hostility, were it only for the fact that Japan can make but little real progress in China in face of the resolute opposition of the Chinese themselves.

UNHAPPILY, the jingoes in Japan are more potent in shaping the foreign policy of the Empire than the same class here, and they are quite as successful as our own Japophobes in sowing the seeds of animosity between the two nations. There can be no baser enterprise than that which aims to keep two countries with so few reasons for serious discord and so many interests in common, in a state of mutual suspicion and distrust. But whatever may be said of the lack of comprehension by this Administration of the requirements of American interests in the Far East, it cannot be charged with any failure to cultivate good relations with Japan. There is every reason to believe that the Department of State has been kept fully informed of the Sino-Japanese negotiations and that, on behalf of this Government, an opinion has been expressed in the most friendly spirit as to the bearing of the points discussed on the treaty rights of the United States. It is highly probable that, at the close of the present war, our Government will use all its influence to bring about the meeting of an International Congress, at which all the Treaty Powers should be represented, to settle the future relations between these Powers and the Republic of China.

THE Executive Committee of the Association has appointed a Sub-Committee to co-operate with representatives of other organizations and with the Municipal authorities in the entertainment of a delegation of Chinese merchants, due in New York City on May 30. The delegation consists of 30 representative Chinamen more or less intimately related to commerce, together with their Secretaries and servants. They will arrive in San Francisco on May 3, and after completing an itinerary, elsewhere detailed, will reach San Francisco again before re-embarking for China, on July 8. As the delegation will spend a week in New York, the opportunity to extend to them appropriate courtesies, will be sufficiently ample.

In our Asiatic trade during the eight months ending February, there are one or two somewhat novel features. For example, our exports to Russia in Asia reach the

unheard of total of \$10,460,748. It does not clearly appear of what these exports were composed, but the conjecture may be hazarded that part of the twelve millions worth of explosives, of the six millions and a half of firearms, of the twelve millions in boots and shoes, and the ten millions in harness and saddles, figures in that amount. For every other Asiatic country, our exports show a decline—those to China having dropped nearly eight millions, and those to Japan a little less than thirteen millions. In the exports to British India, the decline has been only \$1,700,000, and on the import side the shrinkage has been much less notable than in the case of exports. But, even the \$66,715,000 of exports for all Asia compares favorably with \$52,257,000 for South America. It will be observed that the exports of cotton piece goods to China show some signs of elasticity, although the total exports for the eight months are still only one-fifth of those for the corresponding period of last fiscal year. For the first time in many years, there are six countries ahead of China in the amount of their purchases of American cotton cloths. Of these the Philippine Islands are easily the first, with a total for the eight months of \$3,855,225.

THE following resolutions, adopted at the last meeting of the Executive Committee have been engrossed and are being signed by the members of the Committee before presentation to the widow of the late William W. Rockhill:

ON behalf of the American Asiatic Association, the undersigned members of its Executive Committee hereby place on record their deep sense of the loss suffered by the Association and the cause it represents in the death of its distinguished Honorary Member William Woodville Rockhill.

THE objects which the Association was formed to promote owed their earliest official recognition mainly to the championship of Mr. Rockhill, and all through the history of the Association his advocacy of its distinctive aims was a highly important aid to its usefulness.

HE possessed in an unequalled degree the training, experience and expert knowledge required for the adequate discharge of the duty of interpreting China to the rest of the world and of acting as a mediator between the outside world and China. To these correlated functions, to which the later years of his life were devoted, he brought a rare endowment of tact, discretion and sobriety of judgment which enabled him to command the respect and confidence of all with whom he was brought into close association.

No man has ever proved of equal value to the furtherance of American interests in the Far East, and to none of his countrymen has it ever been vouchsafed to be the depository of confidence so unreserved on the part of the rulers of China. By none of those who knew him is his loss regarded as so irreparable as by the Chinese statesmen who were the recipients of his counsel.

To the sharer of his labors and the partner of his joys and sorrows we extend our heartfelt sympathy in her bereavement, and beg her acceptance of this sincere testimony to the worth of a man whose place in the sphere of activity which he so capably filled there is no other now able to occupy.

**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, 1914 and 1915.**

**EXPORTS TO CHINA.**

Months. 1913	Cotton Cloths. Yards.		Mineral Oils (Illuminating). Gallons.		Wheat Flour. Barrels.	
July.....	13,861,576	947,287	7,367,800	400,559	8	48
August.....	5,839,825	398,458	2,029,963	101,498	3,128	12,545
September.....	12,196,195	815,514	7,188,242	388,354	13,763	53,191
October.....	8,478,971	606,864	5,586,934	403,697	36,881	150,509
November.....	6,030,732	414,584	11,169,900	763,814	22,163	80,728
December.....	10,123,497	696,682	1,587,995	142,924	19,403	76,033
1914						
January.....	5,834,057	374,844	5,862,678	550,580	20,438	83,928
February.....	5,917,505	386,094	3,933,710	365,668	9,128	37,567
Total.....	68,212,358	\$4,640,327	44,727,222	\$3,117,094	125,912	\$494,549
July.....	3,291,763	263,090	16,200,906	1,035,214	2,940	11,819
August.....	354,756	28,435	.....	.....	1,636	7,182
September.....	115,112	10,279	9,872,856	473,218	5,567	22,635
October.....	1,866,093	110,507	4,130,181	280,692	9	38
November.....	1,104,675	116,896	6,367,859	287,009	1,125	4,650
December.....	11,434	2,347	3,782,873	208,672	607	2,822
1915						
January.....	1,550,177	79,779	3,774,475	188,596	106	650
February.....	2,677,813	174,038	2,410,000	287,993	6	38
Total ... ..	10,971,823	\$826,397	46,539,150	\$2,761,494	12,086	\$49,834

**EXPORTS TO HONGKONG.**

1913						
July.....	101,998	16,568	3,659,160	258,103	143,689	572,237
August.....	155,718	20,489	.....	.....	49,897	202,209
September.....	109,192	16,476	487,143	45,342	27,423	105,366
October.....	132,835	20,351	2,755,658	161,053	157,358	617,471
November.....	47,646	6,924	950,000	89,300	174,918	699,052
December.....	55,790	10,469	850,000	79,899	191,375	736,979
1914						
January.....	26,947	4,210	3,069,936	154,129	156,240	630,482
February.....	37,817	5,925	2,313,350	137,351	45,483	182,177
Total.....	667,943	\$101,412	14,085,247	\$925,177	946,383	\$3,745,973
July.....	5,612	1,588	2,301,531	207,341	118,225	452,024
August.....	8,249	1,157	800,000	70,800	22,540	86,240
September.....	4,516	1,263	.....	.....	54,154	212,662
October.....	7,297	1,290	2,169,434	108,472	59,653	244,467
November.....	11,609	2,131	4,927,319	232,632	96,126	423,315
December.....	14,039	2,030	4,096,568	239,286	95,634	400,506
1915						
January.....	28,154	5,234	4,838,766	228,754	72,418	340,377
February.....	518	95	125,000	12,750	28,208	193,451
Total.....	79,994	\$14,788	20,158,618	\$1,100,035	546,958	\$2,353,042

DEPARTMENT OF COMMERCE,  
Bureau of Foreign and Domestic Commerce.

WASHINGTON, D. C., April 4, 1915.

# Imports of Tea and Silk into the United States for the eight months, ending February 28, 1913, 1914 and 1915.

Imported from	1913.		TEA.		1914.		1915.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	8,453,435	2,394,103	9,668,531	2,604,029	8,528,339	2,306,292		
Canada .....	1,938,948	556,129	1,864,935	528,115	2,104,304	579,677		
China.....	21,543,831	2,999,170	18,223,912	2,527,981	21,983,868	3,007,988		
East Indies.....	7,443,045	1,192,891	6,745,351	1,159,302	9,403,776	1,564,400		
Japan.....	41,268,795	7,145,025	36,660,549	6,103,628	39,011,191	6,658,498		
Other countries .....	756,436	146,526	799,506	155,687	814,781	120,127		
Total.....	81,404,490	14,433,844	73,962,784	13,078,742	81,845,259	14,236,982		

RAW, OR AS REELED FROM THE COCOON.		SILK.					
Imported from	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	
France.....	99,090	283,099	32,553	115,729	29,219	113,546	
Italy.....	1,818,366	6,695,486	1,136,777	4,917,451	1,048,862	4,289,770	
China.....	4,015,055	9,951,506	4,196,669	10,988,185	3,236,519	7,562,573	
Japan.....	12,294,103	40,343,008	14,459,495	49,381,227	12,766,047	42,281,244	
Other countries .....	111,866	406,647	271,069	1,000,382	12,024	55,029	
Total.....	18,293,480	57,679,746	20,096,563	66,402,974	17,092,671	54,302,162	

## THE CHINESE MERCHANT VISITORS

When a delegation representing the Associated Chambers of Commerce of the Pacific Coast visited China a few years ago, a return visit to the United States was planned on the part of representatives of the organizations which had entertained the American party. After repeated adjournments, due to the political changes that supervened in China, the visitors, consisting of thirty Chinese merchants, are now on their way. They are expected to arrive in San Francisco on May 3, remaining there until the evening of the 9th. Their further itinerary, subject to change, has been sketched as follows:

Arrive Los Angeles May tenth, leave midnight eleventh; arrive San Diego evening twelfth, leave evening thirteenth; arrive New Orleans noon sixteenth, leave midnight seventeenth; arrive Memphis eighteenth, leave midnight; arrive St. Louis nineteenth, leave midnight twentieth; arrive Chicago twenty-first, leave evening twenty-third; arrive Pittsburgh twenty-fourth, leave evening twenty-fifth; arrive Washington twenty-sixth, leave midnight twenty-seventh; arrive Baltimore morning twenty-eighth, leave midnight; arrive Philadelphia morning twenty-ninth, leave midnight; arrive New York, morning thirtieth, leave midnight June sixth; arrive Providence morning seventh, leave midnight; arrive Boston eighth, leave midnight tenth; arrive Springfield morning eleventh, leave evening; arrive Schenectady twelfth, leave evening; arrive Newark morning thirteenth, leave midnight fourteenth; arrive Bethlehem morning fifteenth, leave evening; arrive Buffalo morning sixteenth, leave evening seventeenth; arrive Cleveland morning eighteenth, leave twentieth; arrive Milwaukee twenty-third, leave evening; arrive St. Paul morning twenty-fourth, leave evening twenty-fifth; arrive Duluth morning twenty-sixth, leave evening; arrive Anaconda twenty-eighth, leave evening; arrive Spokane morning thirtieth, leave evening July first; arrive Seattle morning second, leave evening fourth; arrive Portland morning fifth, leave evening sixth; arrive San Francisco morning eighth.

In this connection, it may be instructive to recall the following passages from an article written in May, 1911, by Mr. Julean H. Arnold, American Counsel at Amoy, for the "Overland Monthly":

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.

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 opportunity and grasp it in an intelligent manner.

## THE SINO-JAPANESE NEGOTIATIONS

*From the New York Journal of Commerce.*

WASHINGTON, D. C., April 6.—The State Department has been criticised for refusing to give out information regarding the attitude of this Government toward the so-called "demands" made by Japan on China. It is certain that our Government knows at least the Japanese version of these demands, as it was entitled to do, and that, in a perfectly friendly spirit, it has expressed an opinion in regard to them. It is by no means so certain that the version communicated through the Chinese Minister agrees with that transmitted from Tokyo, but the injunction of secrecy accompanying both effectually prevents the Secretary of State from taking the public into his confidence either as to the nature of what may be more properly called diplomatic proposals, or as to the judgment of the Administration on their propriety or justice.

On the other hand, the character and subject matter of the negotiations were intended to be kept secret, by mutual agreement, until their close. But, although from Chinese sources, which must be regarded as well informed, categorical statements have been issued setting forth the demands of Japan, the Japanese have been able to plead their promise of secrecy as a bar to either affirmation or denial of claims to which they are said to be endeavoring to induce China to accede. This position is strengthened by the fact that these claims are of a widely varying degree of definiteness—ranging all the way from mere suggestion to emphatic insistence. Some of them pertain to controversies of old standing, like the effort to place Buddhist missionaries on the same footing as Christian, and others like those said to bear on the administration of the customs and the Salt Gabelle, are of the most shadowy reality.

## THE EFFECT UPON AMERICAN INTERESTS.

Obviously, the first, if not the only question to be considered by our Government, is, How do these demands affect American interests? But, antecedent to any attempt to deal with that question, there must be answered two much more perplexing queries: (1) How far is the Government of the United States committed to a recognition of the ante-bellum *status quo* in Eastern Asia; and (2) what special concessions and privileges given by China to foreign Powers did that *status quo* involve? The notes exchanged between the United States and Japan on November 30, 1908, declare the Governments of the two countries to be animated by a common aim, policy and intention in the region of the Pacific Ocean. That policy, "uninfluenced by any aggressive tendencies, is directed to the maintenance of the existing *status quo* in the region above mentioned, and to the defense of the principle of equal opportunity for commerce and industry in China." In conformity with this declaration, the signatories expressed their determination to preserve the common interest of all Powers in China by supporting by all pacific means at

their disposal the independence and integrity of China and the principle of equal opportunity for the commerce and industry of all nations in that Empire. They further agreed that should any event occur "threatening the *status quo* as above described or the principle of equal opportunity as above defined," the two Governments should communicate with each other in order to arrive at an understanding as to what measures they might consider it useful to take. But the question recurs, What is the *status quo* "in the region of the Pacific Ocean" dealt with in these notes of November, 1908, and how is it affected by events which have happened since? The last quoted paragraph of the identical notes is almost verbally the same as that of the Russo-Japanese Convention of July 4, 1910, which purports to guarantee the maintenance of the *status quo* in Manchuria, defining this as "resulting from all the treaties, conventions and other arrangements concluded up to this date, either between Russia and Japan or between those two Powers and China." It will be perceived that the *status quo* as thus defined is exclusively a triangular affair between Russia, Japan and China.

## MANCHURIA AND UNITED STATES.

The Treaty of Portsmouth transferred to Japan the concessions as to Southern Manchuria which Russia had extorted from China, and China's consent to these transfers and assignments was duly given in a treaty signed December 22, 1905. Thus Japan came to hold in Manchuria a position somewhat at variance with the professions on which she had gone to war. On one hand, she figured as the champion of the integrity of the Chinese Empire and as an exponent of the principle of equal opportunity and of the open door; on the other, she appears as the legatee of many privileges more or less inconsistent with that principle. Just after the signature of the Treaty of Portsmouth, the Chinese were disposed to accept the leadership of Japan with all the recognition which that implied of the sincerity of the declared intention of Japan to restore Chinese sovereignty and preserve the open door for commerce in Manchuria. Events in Manchuria, however, soon raised the presumption that, although the Japanese had driven Russia from Mukden, they were determined to reap the fruits of their hard won victories, and that, however altruistic their professions, they would not readily subordinate their own interests to those of China. The Chinese, accordingly, began to realize that they could prevent the absorption of Manchuria by Russia and Japan only by creating in this region a community of foreign interests to develop the country and thus to reinforce and maintain the feeble Chinese administration. In this effort the Chinese had the support of the Government of the United States, and just before the death of the Emperor Kuang Hsu and the Empress Dowager financial negotiations were well under way which contemplated the lending of a

large sum of money by American bankers for the development of Manchuria and railroad construction there. The enterprise had the warm support of President Taft's administration, but, like Secretary Knox's well meant but ill-timed suggestion as to the neutralization of the whole railroad system of Manchuria, it encountered the passive opposition of Japan and the very emphatic veto of Russia.

#### MANCHURIAN RAILWAYS.

Our Government did not at the time, nor has it since, made any protest against the terms of the Russo-Japanese Convention of July, 1910, although the making of that agreement was unquestionably hastened by Secretary Knox's proposal in regard to the Manchurian railways. When Mr. Knox further urged the construction, under international auspices, of a great railway from Chinchau on the Yellow River to Aigun on the Amur, Japan lost no time in making it plain that she regarded such a scheme as inimical both to her national safety and the prosperity of her South Manchurian railway system. This opposition was concurred in, if not actively supported by both Great Britain and France, and it was declared at the time by Americans who were watching on the spot the progress of the struggle for dominance in China that the principle underlying the effective opposition to the construction of the Chinchau-Aigun line, if admitted as a precedent, meant a complete breakdown of the open door policy, a reversal to that of spheres of influence, involving a denial of China's right to build railroads within her own territory, with its consequent effect on the material progress of the country as well as its territorial integrity.

The fall of the Manchu Dynasty introduced a new element of perplexity into the question of what was the real significance of the phrase "the integrity of the Chinese Empire." It was the Dynasty that had brought Mongolia, Manchuria and Thibet within the boundaries of the empire. These territories held their allegiance to the ruling house; they have never since the tenth century been conquered by Chinese arms. The Manchus were driven from the throne by the Chinese, and while the last Imperial edict bequeathed the rights of sovereignty to the people themselves, that act could hardly be interpreted as justification for insistence on the part of the Chinese that Thibetans or Mongolians should submit to a republic deriving its mandate from the consent of the governed. Manchuria hardly fell within the same category, being populated largely by Chinese, but it seems certain that the Mongolians prefer Russian rule and that Thibetans have shown a preference for the protection of Great Britain.

#### AMERICAN ISOLATION.

It will be perceived that there are a variety of considerations of a highly perplexing character which our Government is compelled to recognize in considering its attitude toward the demands of Japan. The fact has to be faced, moreover, that since President Wilson's pronouncement of March 18, 1913, the United States stands alone in China. As early as 1909 President Taft recognized that this Government could not be of any real service to

China except through its co-operation with other powers, and he thought he saw the opportunity of helping forward the reform most urgently needed by China in the agreement of a group of American bankers of international reputation and great resources, to share in the currency loan "upon precisely such terms as this Government should approve." This was the so-called "four-power syndicate," which, by the addition of Russia and Japan became the six-power combination that was able at least to facilitate the transfer of power, without unnecessary bloodshed, from the Manchus to the new republic. Mr. Knox was thus able to announce to the German Ambassador on February 3, 1912, "that all the powers have up to the present, by common consent, not only refrained from independent action and from intervening in China's internal affairs, but have acted in full accord with their mutual assurances that they would respect its integrity and sovereignty." President Wilson, however, would have none of the community of action based on agreement between international bankers as to the terms of which China would be able to borrow money to supply her urgent needs. So the American group had to withdraw from the six-power loan syndicate and from any further participation in Chinese business. There was every indication that the President was supported in this action by the public opinion of the country, and that is a fact which should not be forgotten in the criticism which may be evoked by the failure of our Government to make any sensible impression on the course of the negotiations between China and Japan. It is certain that we are not prepared to take up arms in China's behalf, and there is no evidence that since its withdrawal from the international concert in China the United States is in a better position to intervene between the European powers and China than it was before. Something we can certainly do by the exertion of such moral influence as we retain, should it appear that China is being coerced, equally to her own detriment and to ours, but just how we can best serve China at the present juncture requires a more accurate knowledge than we possess of the stage reached by the pending negotiations to determine.

WASHINGTON, April 10.—In the message of Count Okuma, the Japanese Prime Minister, to the *Independent*, there occurs these two statements: "We have fully informed the United States and other interested powers as to Japan's purposes. We believe that they are satisfied." The first may be accepted as a statement of fact; the opinion expressed in the second needs qualification. It is true that the Government of the United States recognizes its own powerlessness to do more than offer a friendly remonstrance to Japan against pressing some of the demands which the latter has made on China. But to say that our Government is "satisfied" either with the conceded ability of Japan to extort unwilling concessions from China, or with the situation in which the conclusion of these negotiations will leave affairs in the Far East, is to assume something inherently improbable.

Broadly speaking, the subjects covered by the Sino-Japanese negotiations may be divided into five separate groups. The one covering Shantung and the German leased ter-

ritory comes first, and involves questions which cannot well be settled by any agreement confined to China and Japan. The consequences of the German surrender at Tsingtao must be one of the questions to be disposed of by the peace congress that will follow the war. In these final peace negotiations China has claimed the right to be represented by a special commissioner, and as she has retained her sovereignty over the leased territory of Kiaochau, the request must be held to be a reasonable one. The convention between the German Empire and China signed at Peking, March 6, 1898, concedes, subject to China's "rights of sovereignty," in a zone of 50 kilom. surrounding the Bay of Kiaochau at high water the free passage of German troops at any time. China also cedes to Germany on lease, provisionally for ninety-nine years, both sides of the entrance to the Bay of Kiaochau, and engages to abstain from exercising rights of sovereignty in the ceded territory during the term of the lease. China, moreover, sanctions the construction by Germany of two lines of railway in Shantung; and agrees to allow German subjects to hold and develop mining property for a distance of thirty li from each side of these railways and along the whole extent of the lines. China also engages "in all cases where foreign assistance, in persons, capital or material, may be needed for any purpose whatever within the province of Shantung, to offer the said work or supplying of materials in the first instance to German manufacturers and merchants engaged in undertakings of the kind in question."

So far as the United States is concerned it would be difficult to find any ground of protest should China agree to the transfer to Japan of the Kiaochau lease with its subsidiary rights. Our Government made no protest against the original convention and quietly submitted to the German veto on a railroad enterprise having American backing which happened to touch the great and populous province of Shantung. The preferential rights of Germany to railroad and mining exploitation in that very rich province have, in short, had our tacit recognition, and their transfer to Japan would in nowise place American commerce for enterprise in a worse position than before.

#### DISTRUST IN RELATION TO KIAOCHAU.

It must be admitted that the course of Japan in relation to Kiaochau has been somewhat lacking in frankness. Under date of October 25, 1914, Reuter's Agency in Tokyo stated on what was said to be "the highest authority" that Japan would restore Kiaochau to China and preserve her territorial integrity; that the terms of the ultimatum delivered to Germany would be adhered to, whether Tsingtau were taken by force or otherwise. It was explicitly admitted, on the same authority, that Japan realized that she was suddenly faced with responsibilities demanding the utmost circumspection, especially in view of the worldwide campaign of misrepresentation and the prevailing misunderstanding of Japan's real motives, position and policies. It was added that this was perhaps the most critical moment in the history of Japan, because she had a chance once and for all to eradicate the suspicion of her motives prevailing in the United

States. Under date of December 8 came the statement from Tokyo that Baron Kato, the Japanese Foreign Minister, had declared in the Diet that Japan had made no promise to any country to restore Kiaochau to China, and this declaration has been frequently repeated since. There is reason to assume, however, that the best opinion in Japan is in favor of turning Kiaochau over to China, in conformity with the plain meaning of the original summons to Germany for its surrender. That does not, of course, affect the propriety of Japan continuing what may be called her trusteeship of the leased territory until its final disposal has been dealt with by an international conference.

The group of questions covering Japan's position in Manchuria and Eastern Mongolia is probably of more importance to her than any of the others which have been under discussion. The amount of Russian capital invested in the Liaotung Peninsula and particularly at Talien-Wan (Dalren) was very considerable, and Japan has added many millions to it, especially in port improvements. The lease to Russia of this territory extending fifty-three miles from north to south and twenty-three miles from east to west, was for a term of twenty-five years, "subject to prolongation by mutual agreement," but there was a distinct provision that the "sovereign rights" of China should not be impaired by the transaction. There remains of the lease only eight years to run, and the time is obviously too short, and the tenure too insecure, to enable Japan to borrow the money which she still needs for the improvement of the port of Dairen, not to mention other phases of the internal development of the territory. It was manifestly of vital necessity to the continued presence of Japan in Manchuria and to her control of the railroad, that the lease should be renewed. This has evidently been done, and, as was almost equally indispensable, it has been accompanied by an extension of the railroad leases inherited from Russia. Here again, it is difficult to discern any ground for effective protest on the part of the United States. The situation was made years ago, perhaps contrary to our interests, but certainly without any emphatic objection on the part of this Government.

As to the group of questions relating to mining rights in the Yangtze Valley, notably the network of more or less mortgaged steel and coal enterprises around Hankow, known as the Han Yeh Ping, British interests bulk much more largely than our own. The announcement has been made in regard to these that China is willing to make a proper and businesslike agreement satisfactory to Japan, but is unwilling to grant the somewhat indefinite concessions which have been demanded.

China is in perfect agreement with Japan as to a declaration that there will be at no future date any cession of Chinese Islands or any portion of the Chinese coast line to any foreign power. But China naturally prefers that she should make such a declaration of her own motion and that it shall be addressed to all the treaty powers alike, in a circular note expressing the attitude of the Chinese Government. Moreover, while China is perfectly willing that her neighbor should share and help to accelerate her

general industrial development, she is unable to see the necessity of facilitating this co-operation by the grant of special privileges in the province of Fukien, usually regarded as the Japanese sphere of influence, or elsewhere. Realizing that her sovereignty has already suffered from being mixed up with that of foreign powers, she has reached the conclusion that every right which she shall henceforth concede to any other nation should be freely and openly given, receiving in return the full and frank indorsement of every other power.

#### AMERICAN POLICY TOWARDS CHINA.

In holding to this position China ought to be able confidently to rely upon the support of the United States. From the treaty of 1858, throughout the course of our treaty relations with China, it has been understood that should the Government of that country grant to any nation or the merchants or citizens of any nation, any right, privilege or favor connected with navigation, commerce, political and other intercourse, such right, privilege or favor should at once inure to the benefit of the United States, its public officers, merchants and citizens. If the actual demands of Japan on China are prompted by a desire to place Japanese merchants, manufacturers and bankers in a position of influence in China superior to that occupied by other nations, it must be obvious that our Government has the best possible ground for protest. On one point

there is every reason to believe that the Government of the United States will throw all its influence on the side of China. That relates to the calling together of an international congress, apart altogether from the Congress which will adjust the terms of peace and which will be, naturally, confined to the immediate combatants. There is this additional reason for convening a Congress of all the treaty powers for some permanent adjustment of their relations in the Far East that, after the war, China will have to deal with a divided Europe and that it would be absurd to attempt to impose on her future action a check so variable and uncertain as that which would be supplied by a number of powers at cross purposes with each other. The European concert in Eastern Asia, whether in the matter of loans or of railroad construction, has ceased to exist, and there is no prospect of its renewal for a generation to come. Clearly, some definite understanding about the surrender of rights heretofore insisted on by the Powers in China must be arrived at, unless there is to be open revolt against European pressure and a complete paralysis of Western influence throughout the Republic. This side of the question is very clearly apprehended by the State Department of the United States, and there is every reason to believe that its influence is being steadily and strongly exerted to provide such a method of adjusting the relations between China and the rest of the world as shall insure her peaceful progress in the immediate future. J. F.

## CAN CHINA FOLLOW IN THE FOOTSTEPS OF JAPAN?

(By MR. F. S. A. BOURNE, C. M. G.)

To the Editor of the "North China Daily News."

Sir:—In 1910 I read before the China Society in London a paper which may now have some interest for your readers, not because they can be in any doubt as to the answer to the above question—although they may find the historical comparison unfamiliar—but because the paper refers to War and Japan—two questions which today preoccupy our attention. The paper was written from the point of view of 1910, and has never been printed. I have added a short note here and there from the point of view of today.

I am, etc.,

F. S. A. BOURNE.

Shanghai, Feb. 26.

[Sentences in parenthesis are notes added later.—Ed.]

"The Chinese will no doubt some day reform quickly as the Japanese have done"; this is an opinion one often hears lightly expressed in England. All men know that the two nations are very different today; but many seem to think that this difference is recent and fortuitous, due rather to the spurt Japan has made in the last few laps of a long distance race in which the two nations had been accustomed to go side by side than to any inherent diversity in their ideals and character; that in the middle of the last century, before reform in Japan had begun, the two nations had common or similar ideals and character, that Japan has added to that common stock what we call "progress," that China has not, but that she will, and that when she

has done so, she will be about where Japan is now. But is it true that China and Japan had similar ideals and character in the middle of the last century? for if it is not true we clearly can neither infer that China can quickly adopt Western methods, because Japan has done so, nor that the product of the change would be the same if she did.

When one wants to know what a man is, one is apt to inquire what he and his ancestors have done; acts crystallize into habits, habits into character, and character is often inherited, or continued by example and training from father to son. The Chinese, who like the Jews are strong in the abstract science of conduct, ascribe a man's worth to merits stored up by his ancestors—a cheerful form of the sombre Jewish doctrine, that the sins of the fathers are visited on the children. A nation is a collection of men and women bound together by a common ideal of the way man ought to live and by an organization to carry it out. We may expect, therefore, to get some light on Chinese and Japanese character by inquiring what those nations have done in the past and how they have lived.

#### CHINA IN HISTORY

The history of China for this purpose begins with the Emperor, Ch'in Shih Hawang-ti, the builder of the Great Wall, who reigned in the third century before Christ. He endeavored to break up the system of semi-independent

Principalities which had obtained for centuries before him—a system common to early China and early Japan, which for want of a better name we call "feudal"—to destroy his rival Princes, and to weld China into one State under one Ruler, the Emperor—Shih Hwang-ti means the First Emperor—who should govern by means of his agents changed at his will and having no claim to rule except his appointment, and no abiding personal link with the people they were sent to govern. One must always remember that this development from a condition of feudal Principalities, independent of one another in all but name and constantly at war, to a centralized bureaucracy began in China over two thousand years ago. Mr. Macgowan in his "History of China" says: "The Emperor declared that the feudal system which had been so disastrous to the Dynasty should never with his consent be again established in China. In the year B. C. 212 a great council was held in Hsienyang to discuss the affairs of the kingdom. It was advocated by some that the old methods of government under the previous dynasty should be adopted and the same division into States. This idea was strenuously opposed by Li Su, Shih Hwang-ti's chief counsellor, who showed how the nobles under that system had fought with each other to the detriment of the common weal, and how the scholars had been a source of mischief to the nation, because they had been accustomed to offer their services to the highest bidder without any reference to their own particular States. He advised that all the classical literature should be burned. . . . The Emperor was highly pleased with this idea and at once promulgated an edict to this effect which was carried out with the utmost stringency."

This change of polity begun by Shih Hwang-ti went on intermittently, until a thousand years later, in the Tang and Sung dynasties the system of government had become very much the same as today; small States and feudal Princes are no more; political power is centered in an hereditary Emperor and a bureaucracy recruited by open competition in literary examinations. Thus for the last thousand years at least, while the Japanese has been accustomed to look to the Daimio of his clan, born and bred on the same hill-side, as his chief and leader in peace and war, the Chinese has had no leader to look to, but the tax-collecting deputy of the Central Government, come today and gone tomorrow, taking all the money he can with him.

The Government thus centralized, the Chinese nation has such an overwhelming superiority in numbers and civilization in their own part of the world as to be under no necessity to arm themselves against alien enemies. When Rome had reduced Italy she went on to conquer the world; France unified by Louis XI turned her arms against Italy; for China there was no Italy and no world to conquer—so far as she knew. True, there were the nomads of the North, people of kindred race but inferior civilization, Mongol and Manchu, who both ascended the Dragon throne, but behaved like the Teuton chiefs during the decline of the Roman Empire who were proud to assume Roman titles and govern under Roman forms. The Chinese have never, like the States of Western Europe,

been driven to organize their armed forces with ever increasing efficiency in order to defend themselves against races alien in speech and mode of life but nearly equal in civilization and numbers. There have been many revolutions, followed by changes of dynasty in the long course of Chinese history, but they have been effected rather by promiscuous slaughter than by organized war, their usual course having been: demoralization of the Imperial Court and of the official class; outbreak of brigandage leading to indiscriminate pillage and slaughter lasting many years; and the settlement of the country again under a strong ruler, who established a new dynasty and a more vigorous government, but always under the same institutions. (So far the real changes caused by the Republic are scarcely appreciable.)

#### JAPAN IN HISTORY.

The ruling race in Japan, tradition says, came from the mainland on the West, and may therefore be supposed to be related to the Chinese, Koreans or Manchus.

When authentic history begins, the country was governed by an hereditary Mikado and by hereditary feudal Barons under him, usually at war with him, and with one another. During the sixth and seventh centuries Anno Domini—at the time of the Chinese Sui and Tang dynasties—Japan fell under the spell of China, very prosperous and perhaps as civilized as any then existing nation, certainly much more so than Japan, who then took from China all she wanted, as she has recently done from Europe. She took arts and literature; and tried to copy the centralized form of government then firmly established in China. But the new system did not take root; and in the anarchy that prevailed in Japan during the last two hundred years of the Hei-an period—the eleventh and twelfth centuries—all trace of it disappeared, and the country was again divided into feudal baronies under local chiefs—Daimios. From that date until the beginning of the seventeenth century the independence of these feudal barons greatly increased, and they were engaged in continual wars with one another. Then came the Yedo period (1603-1868) at the beginning of which the great statesman Iyeyasu brought the Daimios more under the control of the Shogun, the Mayor of the Palace, who had eclipsed the Mikado so far as administration was concerned. In 1868 the Daimios resigned, the Shogun disappeared, and the Mikado emerged at the head of an organized Central Government.

But the ideal of a soldier's duty inbred during two thousand years of feudal government has not lost its hold over the hearts of the people. One has only to observe their drama to recognize whence they draw their ideal of heroic manhood; the fortitude of the Daimio and the loyal self-sacrifice of the retainer are still the most admired of human virtues. When the statesmen of modern Japan wisely determined that universal military service was essential to the safety and welfare of the nation, it fell out by a miracle of skilful design or of good fortune that the splendid tradition of the feudal class became the ideal of duty of the nation's whole manhood-in-arms; the Samurai did not sink, but the lower classes rose to his level of valor. A striking example of the continuity of sentiment



from the old to the new regime was noticed and recorded in "The Times" by Mrs. Hugh Fraser during the late war. Being taken by some Japanese friends to the theatre, she was astonished to see walk into an ancient feudal scene Commander Hirose who died nobly in attempting to block the entrance to Port Arthur. She remarked to her Japanese friends on the incongruity of bringing into a scene of the middle ages an officer in the naval uniform of today. "Not at all," they replied; "he had the same heart as they; the uniform makes no difference."

History, then, seems to tell us that the Chinese and Japanese are of kindred blood and that they long lived under political institutions of a similar type—feudal for want of a better term—but that while Japan remained feudal, China adopted more than a thousand years ago a centralized government, and that from that time a marked difference has arisen between the two peoples, namely, that while in Japan every gentleman has made it his first duty to cultivate arms and prepare for war, in China arms have long been neglected by the upper class and the serious art of war almost forgotten.

#### THE MORALE OF JAPAN.

We will now endeavor to compare the morale of the Japanese with that of the Chinese.

In thinking of the Japanese one's mind involuntarily turns to the wars against China and Russia, but it will be safer to go to facts that happened before Japan had learned anything from the West, in order to shut Europe out of the equation. Let us take the first of Mitford's "Tales of Old Japan," translated in 1871, "The Forty-Seven Ronins," a well authenticated record of facts that happened at the beginning of the eighteenth century, which may be summarized as follows:

A Daimio named Takumi no Kami was appointed to receive an Imperial Ambassador, and a high official named Kotsuke no Suke was named to teach him the proper ceremony to be observed on the occasion. Kotsuke inflicts on Takumi a deep and deliberate insult, whereupon the latter, unable to control himself, draws his dirk and wounds Kotsuke, intending to kill him, within the palace precincts, and is thereupon ordered to commit hara-kiri, his castle being confiscated and his family ruined. His retainers became Ronins, some of them taking service with other Daimios and others becoming merchants. Forty-seven of these retainers form a league to avenge their lord's death. To achieve this they have to prepare for twenty months, their leader discards his wife and children, in order to put him off his guard, and one of them marries a girl merely to get a plan of the enemy's house, designed by her father. After months of waiting, the forty-seven attack Kotsuke's house in winter during a heavy fall of snow at midnight, after a desperate fight kill all his guards and drag him from his place of hiding. Although in hot blood they do not despatch him, but their leader, addressing Kotsuke respectfully, says:

"My lord, we are retainers of Takumi no Kami. Last year your lordship and our master quarrelled in the palace and our master was sentenced to hara-kiri. We are come tonight to avenge him, as is the duty of faithful and loyal men. I pray your lordship to acknowledge the justice of our purpose. And now, my lord, we beseech you to commit hara-kiri. I myself shall have the honor to act as your second, and when with all humility I shall have received your lordship's head, it is my intention to lay it as an offering upon the grave of Takumi no Kami." Seeing that it was vain to urge him to die the death of a nobleman, the Ronins cut off his head with the same dirk with which Takumi had killed himself, they carry the head and dirk and lay them on the grave of Takumi. Before the

attack on the house their leader addresses the Ronins, saying: "Tonight we shall attack our enemy in his palace; his retainers will certainly resist us and we shall have to kill them. But to slay old men and women and children is a pitiful thing; therefore I pray you each one to take great heed lest you kill a single helpless person." Before leaving the house for the grave, they carefully extinguished all the lights and fires in the place, lest by accident a fire should break out and the neighbors suffer. The forty-seven, whose ages ranged from sixteen to seventy years, knew their inevitable fate and only wait the order of the government to commit hara-kiri. They lie buried round their lord, and their grave is one of the most sacred places in Japan.

The above is a very inadequate summary, and the tale itself should be read by those who wish to get a clear conception of those moral qualities in which the Japanese excel. Those qualities seem to be loyalty, discipline, obedience, self-sacrifice, endurance, perseverance, self-restraint and punctilious performance of duty.

To digress a moment, this story throws light on a remark one often hears, that the Japanese are less trustworthy in commerce than the Chinese. A Ronin is explained to be a person of gentle blood—entitled to bear arms—who has become separated from his feudal lord and who wanders about the country, or, *who falling in the social scale, becomes a merchant*. The merchant in old Japan was a low-class man, and his morality corresponded to his social position. But the big merchant in China with whom foreigners used to do business and whose word was found to be his bond, has for a thousand years been the brother of the high official, and the better of the two, as many think who have had experience of both classes. Hence the difference, a difference the Japanese may reasonably hope to correct in time now that the old class distinctions have been merged in a bond of military duty common to all. (This and her administration of justice—another difficulty to her history that will no doubt be overcome in time—are today the great obstacles to cordial relations between Japanese and Western business men.)

But to resume: the Japanese were in the sixties much the sort of people described in "The Forty-seven Ronins"—a state of society that no one could wish to reproduce, but exhibiting none the less in fierce intensity some of the greatest of human virtues.

#### MORALE OF CHINA.

Now if we turn to the condition of China in the middle of the last century, we find a state of society even more different from our Western conception than that of Japan, for with the latter country feudal society in Western Europe from the eleventh to the fifteenth century presents some analogies. If the Emperor of China appointed as the Viceroy of his Provinces members of his own family or favorites from among the people we should know exactly where we were; the Chinese Government would then belong to the great type of Asiatic Empire under which the mass of mankind has lived and died in historical times. But the near relations of the Emperor were not allowed to leave Peking, and all officials had to be taken from a body of men selected by open competition, a man not being allowed to hold office in the Province of which he was a native, nor to serve usually in one post longer than three years.

A fundamental principle of Confucian morals is that man is born good. The first sentence of the elementary school book committed to memory by every Chinese child is: "Originally man's disposition (or nature) is virtuous." The fundamental goodness of human nature was insisted on by the orthodox school of Chinese philosophy adopted

by the present Dynasty, and enforced by the public examiners. This, with another doctrine that man becomes virtuous by instruction—that a higher intelligence means better morals—may partly account for the fact that the Chinese Magistrate is almost unhampered by written law. The Chinese Penal Code provides punishment for certain crimes and makes certain bureaucratic arrangements, but the whole civil law is represented by only a few sections in regard to inheritance, adoption and marriage and this, under the heading of crime, for instance: "Whoever appoints his heir unlawfully shall be punished with eighty blows." In fact, the whole field of civil rights and duties is left to the Magistrate's discretion. He is supposed to be a virtuous man and to decide according to good conscience, guided by custom. It would be waste of time to describe the lamentable result.

Again the greater part of what we do in England by legislation is not thought by the Chinese people to be the affair of the Government at all; and even in matters such as taxation that are held within the Government's competence, the Magistrate has often to intrigue and bargain with leading residents to get a new tax paid; against public opinion the local Magistrate is powerless. I remember hearing at Chungking that in the seventies the Magistrate there wanted to tax pork, but the people objected. When he persisted butchers struck work and went, each with his knife, to the Temple of the God of War, the butchers' patron god, and closed the door. The Magistrate came but they would not open to him. He told them he would break the door in, as he intended to disperse them back to work. They replied that they had taken down the Emperor's tablet from before the god, where it always stands to remind worshippers of their earthly allegiance, and had placed it against the inside of the door, so that if the door were broken open from the outside the tablet would be upset, and that they were so loyal to the Emperor that if they saw his tablet upset they would not be able to resist using their knives. The Magistrate went away and the tax was never levied.

But I should weary you if I attempted to enumerate half the striking peculiarities of the Chinese form of government. Its leading features from our point of view as it existed about 1860 may be summed up as follows: Selection of the whole governing class by public examination; next to no preparation for war abroad or at home except on the outbreak of rebellion; the intellect worshipped; the soldier contemned; the training of the body neglected; no written civil law so that civil rights cannot be judicially determined; weakness of the Central Government against public opinion; government by philosophy. Such a system is weak for purposes of war or reform but not bad for all purposes; indeed, by logical deduction from Chinese principles it might be shown to be the best system of government in the world. It has been worked out by China for herself in the long course of her history, fits her character, and fulfils the ideals of her people.

One must remember that the Chinese conception of human happiness differs greatly from ours. The spirit of Western progress is difficult to reconcile with their view of life in this world and beyond. A great Chinese statesman, Tseng Kuo-fan, father of the Marquis Tseng, Chinese Minister in London twenty years ago, says in his journal that there are three great sources of human happiness: (1) the performance of filial duties, (2) industry and economy and (3) modesty and friendliness. That may be true, but it reveals a state of mind hardly comprehensible to the mass of Englishmen and Americans today.

Chinese philosophers and statesmen have always laid stress on the internal duty of government—to regulate society and on the family and social duties of citizens—to be filial and industrious. The advantage the Japanese have

over the Chinese is in respect of one particular set of qualities—the Spartan or military virtues. I believe that a cultivated Japanese would acknowledge that the Chinese are cleverer and more industrious than his own people and would attribute their inferiority to their individualist tendencies. On the other hand, Chinese merits are many and great: intelligence, cheerfulness, industry, frugality, patience, devotion to parents and children, and courage against physical difficulties on the part of the peasantry; and intellect, sense of fairness in private life, liberality and loyalty to friends on the part of the educated class. These are all qualities developed by intercourse between man and man within the State—the virtues at which the great Chinese moralist aimed; and in some of them the Chinese will bear comparison with any existing race.

#### DIFFERENCE IN MORALE.

Having now a conception of the condition of China and of Japan in the middle of the last century, and of the morale of their peoples, we are a step further towards an answer to the question, can China quickly do what Japan has done? Evidently Japan succeeded in adopting Western methods, as she succeeded in war, by reason of the moral qualities of her people, a clear subordination, so that every man knew his place, leaders fit to command, and people ready to obey. She was a well-ordered society that could be led like an army, and taught like a school. The orders for change came, and were obeyed without question.

I have tried to eliminate Europe by taking as the time of comparison a period before either country had taken much from the West. But there are two good reasons why Japan could not have derived these qualities from Europe, (1) that such a spirit of self-sacrifice inspiring a whole people, high and low, men and women, does not exist anywhere in the West (the war is proving this untrue); and (2) that, if it did, such virtues cannot be learnt by means of the intellect, but only by example and early training, the example and training of mothers being as necessary as that of fathers. That character cannot be got by means of the intellect in the way that science and art can be obvious enough, but it is often forgotten in England, and it is ignored in China, where an exaggerated value has long been given to the intellect as if "to understand" had any necessary connection in the moral sphere with "to do."

There can be no doubt about the existence of the Spartan virtues in Japan, nor about the source whence they came, namely, the long training in arms and the constant readiness to fight which her feudal condition forced upon the best of her people. We must not let the horror of modern war blind us to the effect that fighting has had in the past in strengthening character in nations, nor to the danger of long unpreparedness for war in softening and materializing the human spirit. If the condition of Western Europe, when the Pax Romana came to an end, is not enough; if the Roman provincials' agonized cry, of which we are reminded every Sunday: "Give peace in our time, oh Lord! for there is none other that fightest for us but only Thou, oh Lord (since the Roman Legions have been withdrawn, and we cannot, as Thou knowest, defend ourselves)" is not enough, let us look to China, compare her with Japan!

If, then, we are right in believing that Japan succeeded in rapidly transforming herself in virtue of a particular morale her sons had inherited from her past, and that the Chinese have not got that morale, because they have not had that past, we can safely conclude that the Chinese will not be able to do what the Japanese have done. They may, however, console themselves with the reflection that they are not the only nation that cannot move as quickly as it ought.

# THE TSING HUA COLLEGE, PEKING

*With Special Reference to the Bureau of Educational  
Mission to the U. S. A.*

BY DR. RICHARD ARTHUR BOLT.

## INTRODUCTION.

In the summer of 1881 the first Chinese Educational Mission to the United States of America, under Yung Wing, came to its untimely end. The fate of the Mission was sealed in 1876 when Yung Wing accepted the post of Associate Minister to the U. S. A., leaving his pet scheme open to the machinations of the Commissioner of the Educational Mission, Wu Tzu-ting. Mr. Tong Kaison, one of the original Yung Wing students, has aptly summarized the different accusations which were brought against the students as follows: "The boys had, by imbibing the spirit of American institutions, lost all sense of duty and obligation toward their Sovereign and their country; they had adopted American customs, sentiments, habits of life and thought; they entertained, by reason of their republican education and training, the most radical and subversive opinions and the most partisan feelings; consequently, to patronize such men was to sow the seed of future discord and rebellion; they had all rejected the doctrines of Confucius, and some of them had embraced the tenets of an alien faith; they were impatient of authority and cherished contemptuous opinions of their Government; and, lastly, many of them had shown a desire to become naturalized, and to marry and settle down as citizens of the United States."

Whether true or not, it is easy to understand how Chinese official circles of thirty years ago would accept such accusations and make capital of them. The bringing of the boys back to China at this juncture, and the breakup of the Mission, produced the very results which the Commissioner and his colleagues had hoped to avoid. It is interesting, therefore, to study the causes which have led to the formation of another Educational Mission and the safeguards placed about it in order to escape the pitfalls of the former one.

## FRIENDLY RELATIONS BETWEEN U. S. A. AND CHINA.

The relations between the United States and China have, on the whole, been most friendly, despite the fact that a considerable labor element on the Pacific slope forced the enactment of anti-alien laws, and have succeeded in keeping them in force ever since.

As the people of the United States have come into more intimate contact with the better merchant class and students of China, a high regard for their integrity and ability has developed. The United States Government itself has shown its friendly feelings by numerous exchanges of diplomatic courtesies, by its decided stand for the "Open Door" in the Far East, by its insistence upon the "Integrity of the Chinese Nation" and by its early recognition of the

Chinese Republic. The most notable act of friendship of recent years was the remission of a portion of the Boxer Indemnity Fund. According to the Protocol of September 9, 1901, the United States was to receive as indemnity from China the sum of \$24,440,728.81 gold. After making arrangements for the payment of all just claims, and adjusting some differences which were not foreseen at the time the original indemnity was decided, Congress of the United States passed a bill authorizing the President to arrange to remit to China the remainder of the indemnity. The original indemnity bond was modified from \$24,440,728.81 gold to \$13,655,492.69 gold, with interest at 4 per cent. per annum. Of this latter amount \$2,000,000 gold were held pending hearings on private claims within one year. In round numbers, then, this gave the Chinese Government \$11,000,000 gold, to be remitted from the total indemnity—collected quarterly—during thirty years.

An envoy was dispatched from China to the United States to thank the President for this "act of friendship." In a note from Prince Ch'ing to Minister Rockhill, dated July 14, 1908, the purpose for which the money was to be expended is stated as follows:

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

## BUREAU OF EDUCATIONAL MISSION TO U. S. A. CREATED.

The plans finally evolved resulted in the formation of the "Bureau of Educational Mission to the United States of America." This Bureau was under the joint control of the old Wai Wu Pu (Board of Foreign Affairs) and the Hsüeh Pu (Board of Education). All affairs pertaining to the selection and sending of Chinese Government students to the United States, and their entire support, was to be under the jurisdiction of this Bureau. The Wai Wu Pu thereupon appointed H. E. Chow Tze-chi as director, and H. E. Tong Kaison co-director, to confer with H. E. Far Yuen-lien as co-director from the Hsüeh Pu. Dr. C.

D. Tenney, then Chinese Secretary of the American Legation at Peking, was delegated by the American Minister to represent him in an advisory capacity to the Bureau. Comprehensive "Rules for the Selection and Sending of Students to America" were drawn up by the Bureau, and sanctioned by an Imperial decree of July 10, 1909.

It was originally deemed advisable to select students on competitive examination from any school in the different Provinces. In this case the Bureau simply acted as an examining body with considerable discretionary powers. According to this plan, the first competitive examination was held in Peking at the Yamen of the Board of Education in August, 1909. Over 600 students came up to the Capital from practically every Province to try for the coveted honor of being chosen to go to the United States. After a preliminary test in Chinese and English Literature and Composition, the number of students considered eligible to proceed with the final examination was reduced to eighty. These were further examined in Algebra, Plain and Solid Geometry, Trigonometry, German and French, Latin, Physics, American and English History, History of Greece and Rome, and Chemistry. A final selection of forty-seven students was made. It was discovered from this examination that the greatest difficulty was shown in the proper use of the English language. After a medical examination by the physician to the American Legation Guard, and suitably equipping themselves at Shanghai, they sailed for America on October 12, 1909, under the care of H. E. Tong Kaison. The students were distributed among a number of the leading academies and colleges of the United States.

A second examination was held in the Law College, Peking, from July 21 to July 29, 1910. This time 400 students from all over the Empire participated, the Provinces of Kiangsu and Kwangtung being most largely represented. The list of examination questions was practically the same as at the first examination. After the preliminary test, 172 boys were allowed to proceed with the finals. Of this number seventy were chosen to go to America. It was stated that a larger number of these students were able to enter America colleges without additional preparatory work, but it was forcibly brought home to the examiners that more thorough preparatory work would have to be done in China before the students could do full justice to their advanced studies in the United States. The original plan contemplated that one hundred students would be sent each year for the first four years and fifty per year for a period of twenty-nine years. It was found impossible to select so large a number at first well enough prepared in English to enter the higher educational institutions. Then came the Revolution which crippled the finances so much that the original plan had to be held in abeyance.

#### OUTLINE FOR THE NEW COLLEGE.

In order that the students should be better equipped to enter American universities without further loss of time in preparatory schools in the United States, it was finally decided to establish under the Bureau a school in which all

future Government students, to be sent to the States on the Indemnity Fund, should be trained. Strong arguments were advanced for the establishment of such a school in the vicinity of Peking. It was urged that while the munificent sum of \$500,000 gold, and upwards, was available annually it would be a good investment to build a model institution capable of developing into the best in China. For such an institution the Chinese Government, at the expiration of the Indemnity Fund, would certainly find other means of support. In the outline for this new school, it was stated that "American teachers, both for the advanced and the elementary classes, shall be engaged, and the methods shall be those of American schools, so that the students, by their familiarity with American methods, may suffer no inconvenience in entering American schools. This school shall be solely for the purpose of giving temporary instruction to the students chosen from the different provinces in order to test their character and ability."

The manner of selecting the American teachers for this school is worthy of note, as showing the confidence the directors placed in a man representing avowed Christian ideals and principles. After most careful consideration the directors, acting upon the suggestion of Mr. Tong Kaison, decided to delegate to Dr. John R. Mott the securing of suitable teachers for the new "Indemnity School." Knowing that Dr. Mott was in close touch with organizations in America which could indicate well-qualified teachers, and having the necessary office machinery at his disposal, the directors placed in his hands the selection of the teachers with considerable confidence that suitable ones would be chosen. After much deliberation an American faculty, consisting of nine ladies and eight men, was selected. This number included a physician and a physical director for the college. These teachers, with the exception of the physical director, sailed from San Francisco on the *S. S. Tenyo Maru*, January 18, 1911. They were officially received, and royally entertained, at Honolulu, throughout Japan and in Shanghai, arriving at Peking February 21st. Here they were detained some six weeks awaiting the completion of the new buildings at Tsing Hua Yuan. Since then the physical director has arrived; five men and one lady from the United States have been added to the teaching staff, while three ladies and two men have left the school.

#### ESTABLISHMENT OF THE TSING HUA COLLEGE.

The preparatory school, now known as Tsing Hua College, is situated about four miles outside the northwest city gate (Hsi-chihmen) of Peking on the line of the Peking-Kalgan Railroad. It is beautifully envired amidst rural surroundings in sight of the new Summer Palace, and almost adjacent to the magnificent ruins of the old Summer Palace (Yuan Ming Yuen). It has been stated that this site was originally occupied as the country residence of the notorious Prince Tuan of "Boxer" fame, and that after his downfall the old Empress-Dowager confiscated his property and turned it over to the Wai Wu Pu for the use to which it is now being put. Others question this, and affirm that the park was originally the property

of Prince Tun, the fifth son of Tao Kuang. In fact, the local name for the place has long been Wu Ye Yuen, which means the "Park of the Fifth Prince."

When the park was handed over to the Bureau of Educational Mission to the United States by Imperial edict, issued at the instance of the Prince Regent in 1910, the Tsing Hua College was at once laid under the direction of the then Vice-Minister of Foreign Affairs, Mr. Chow Tze-chi, who was once Chargé d'Affaires in Washington. The late Mr. Tong Kaisan, who was eventually president of the college, and Mr. Y. L. Fan, afterwards Minister of Education, co-operated with Mr. Chow Tze-chi in this work, and as a result of their efforts a number of buildings were erected in 1910 and 1911 sufficient to accommodate 500 students, the contract being carried out by Mr. Emil S. Fischer, formerly of New York and now head of Fischer & Co. of Tientsin and Peking. The cost of the work was over half a million Taels, or about \$350,000 gold dollars.

A well-built stone wall completely surrounds the seventy-five odd acres which make up the college compound. The college has recently acquired sixty more acres to the west, which will be improved as soon as necessary funds are available. The compound is attractively landscaped with artificial tree-topped hills, lotus ponds, and a small stream which runs directly through it. A considerable number of trees have been planted, a greensward laid out, and many flowers placed on the hillsides. The buildings of foreign, semi-foreign and Chinese architecture are conveniently grouped on the campus. The offices of the Bureau of Educational Mission to U. S. A. were originally housed in the reconstructed Yamen, strictly Chinese in every detail, picturesquely surrounded by low hills and opening at the rear on to a marble porch, which overlooks a lotus pond. There are substantial residences for the president of the college, the dean, and a small compound for the Chinese teachers, now numbering sixteen. The American teachers have had nine double bungalows allotted for their use, one of which has been comfortably fitted up as a club-house.

The High School Department occupies a large two-wing, double-storied, gray brick building. This contains the educational office, offices for the president and dean, an attractive faculty room, the chemical and physical laboratories, and various class rooms. Behind this building is an assembly hall which will accommodate about 400. Adjoining this, at the rear, are the High School study-halls, dormitories and dining room—all one-story brick buildings connected by covered corridors. At the west end of the dining room a workshop for manual training has been fitted up, the boys of the third and fourth year Middle School and first year High being required to take this subject.

The Middle School is housed in a group of buildings separated from the High School by a small stream bridged in three places. It comprises class rooms, proctors' and secretaries' offices, the beginning of a museum collection, study-halls, dormitories, dining-room, kitchen, and outbuildings. These are all connected by covered passage-

ways. Suitable bath and toilet arrangements have also been provided. Just west of the Middle School is a well laid out athletic field, tennis courts, basket ball grounds, football and baseball field, running track and space for field events, and an archery area. Athletics have now become compulsory for every student. He must take regular physical exercises each morning as well as spend one hour daily in some out-of-door sport. Careful account is kept of attendance, and credit allowed for the athletic work. Beyond the athletic field is a hospital and dispensary building.

Every student is given a complete medical inspection and physical examination upon entrance to the college, and further examinations are required throughout the year. Special attention is given to Preventive Medicine and Hygiene. Plans have been considered for a gymnasium, a library and a science building, and these will probably be erected in due time. The entire plant is well lighted with electricity, and telephone connections have been established with Peking.

#### EARLY DAYS OF THE TSING HUA COLLEGE.

After considerable delay and uncertainty Tsing Hua College was formally opened with official ceremonies on April 1, 1911. The High School Department was begun with 128 advanced students who had failed in their previous examinations to be selected to go to the U. S. A. Three hundred and seven younger students were selected by the Provincial examiners, upon competitive examination, to enter the Middle School. Practically every Province in China, besides Manchuria and Mongolia, was represented in the school. After a complete physical examination the boys were allowed to take up residence. The teaching of the younger students was at first almost completely in the hands of Chinese teachers who then numbered about twenty. The American teachers were assigned, rather arbitrarily, to teach the older boys, from among whom it was understood that fifty would be selected that year to proceed to the United States.

The first dean was a young man recently graduated from an American college of high standing. His record as a student had been exceptionally good, especially in mathematics, but he lacked executive ability and had had no real experience in school organization. It was evident from the first that this inexperienced dean was not going to co-operate with the faculty, nor plan the college work in such a manner as to inspire their confidence. In the outline for the first curriculum mathematics overbalanced everything else; in fact, it crowded the study of English almost to second place. A foolish attempt was made to introduce a course in Esperanto; in fact, the dean at first succeeded in dubbing the new institution "La Kolegio de Juna Hinujo."

There was but little to indicate that the curriculum as outlined could be adapted to meet the requirements for admission into the leading American colleges. The students were in great doubt and uncertainty as to the probable outcome of such a hybrid course of study. The policy of the dean seemed to thwart the very purpose of early se-

lecting the best prepared students to proceed to the United States. Up to that time no faculty meetings had been held. The regulations of the school were made out in Chinese, largely by the dean himself, and it was only after repeated requests that translations were obtained. The dean undertook to organize all the teaching work without consultation with the teachers, and assigned courses which were evidently illy balanced.

The directors soon realized that this state of affairs could not long continue, and that, furthermore, the welfare of the new institution depended upon the selection of another dean who could inspire the confidence, and enlist the hearty co-operation of both teachers and students. Following closely upon these considerations, the dean resigned. Great tact and wisdom was then shown by directors in their next move.

Mr. Chang Po-ling of Tientsin, a man of rare personal traits, an avowed Christian gentleman with marked ability for educational work, was persuaded to give a portion of his time to help reorganize the educational scheme. He was formally appointed dean by the directors, and immediately began by making a thorough survey of the whole college. He met all the teachers personally, and secured from them suggestions as to necessary steps to be taken to place the work upon a sound educational basis. In many ways pains were taken to inspire confidence that the new regime would conserve the purpose for which the school was established.

The American teachers were requested to present recommendations as to the best method of selecting students to go to the United States. They replied, "We have come to the conclusion that the most important thing now before us is the formulation of proper and just plans for determining upon the students to be sent to the United States this summer. We would suggest that in considering the qualifications of students for entrance into American colleges the following features are of the greatest importance, and will result in the best selection, namely: 1. Past records of scholarships. 2. Present class standing, and 3. A fair general examination." After due consideration the directors announced that the advanced students would be chosen on the basis of 50 per cent. being allowed for their class standings and 50 per cent. on a final examination in college entrance requirements. The examinations took place at Tsing Hua College from June 23d to 29th inclusive. The examination questions were set by the faculty, and the examination conducted by Bureau officials in a very thorough manner. The questions, on the whole, were about the same as those set for entrance into the best American colleges. The papers were graded by Chinese scholars, most of whom were returned students from America, who held important positions of trust in Peking.

From the 134 advanced students taking this examination, sixty-three were chosen to go to the United States. With few exceptions these were the best prepared students in the college. The American teachers were satisfied that every effort was made to pick students best qualified to go, although it was felt considerable improvement could have

been made in the preparation of some of them had they remained longer in the school. Three of these boys were detained on account of their physical condition, each student being required to pass a rigid physical examination before being allowed to proceed to the States. The successful ones sailed from Shanghai on the *S. S. Persia*, August 5, 1911. They were placed in the leading colleges of the Middle and Eastern States.

#### REORGANIZATION OF THE BUREAU.

At the opening of the college Mr. Tong Kaison was away on a mission to America and Europe, and was compelled to be away during the uncertain months of preliminary organization. Mr. Chow Tze-chi was commissioned to go to the Coronation in England at a most critical time in the initial period of organization. Under the able leadership of Dr. W. W. Yen, then acting-director, and Mr. Chang Po-ling as dean, the policy of the college began to assume definite shape, and gave promise of conserving the ideals for which it had been founded. Shortly after Mr. Tong Kaison and Mr. Chow Tze-chi returned, a reorganization of the Bureau of Educational Mission to the U. S. A. took place. This was further effected after the Revolution. Mr. Chow Tze-chi was appointed to the Governorship of Shantung; Mr. Fan Yuen-lien became Minister of Education; Mr. Chang Po-ling withdrew to concentrate upon his work as principal of Nan Kai Middle School; Mr. Tong Kaison was elevated to director and president of Tsing Hua College, and in April, 1912, Mr. Y. T. Tsur received the appointment of vice-director and dean. Mr. Tsur came to his new work with high ideals and a determination to place the educational scheme of the college on a firm basis. Mr. Tong Kaison worked heroically for the school during the trying period of the Revolution, and afterwards, in getting sufficient funds to keep it going. Even when confined to his bed with a fatal heart disease, his interest in the college never lagged, and until the last he was planning for its welfare. After his death in August, 1913, Mr. Y. T. Tsur, then in the United States with the twenty students he had taken to place in the colleges, was appointed president of the college, and recently Mr. G. T. Chao, a graduate of Wisconsin University, has been appointed dean. Everything now points the way for a bright future for Tsing Hua College. The new officials give promise of conserving what was best in the fundamental policy of the institution and of adding necessary new blood to meet new conditions.

Tsing Hua College as now reorganized consists of two departments—a High School and a Middle School. The Middle School receives boys from 11 to 13 years who have been selected by the Provincial educational authorities. In this school they are early led into studies taught in the English language, and by the time their four years are finished they are able to take practically all work in English in the High School. The High School gives a college preparatory course leading either into scientific or general literary work. It aims to so thoroughly prepare the students that they may enter the American colleges and universities without conditions, or without any further preparatory studies. Some of the recent graduates have

been able to enter the Sophomore year in several of the American colleges. Practically the entire last batch of twenty students were able to enter without condition the best institutions of the Middle and Eastern States. In the United States they are allowed to pick the college suited to their purpose, and are given from four to six years to complete their course. All the expenses while at Tsing Hua College and in the United States are met from the returned "Indemnity Fund." In the United States a director and two secretaries, for keeping in intimate touch with all the Chinese students, are maintained at Washington. At present Mr. T. T. Wong is director and Mr. Chung Wen Nao, and Mr. T. C. Shen, are secretaries for the Chinese students in the United States.

#### A QUESTION AND AN ANSWER.

This educational scheme, and similar ones, force us to the question, "What will be the outcome of modern scientific education in China, and especially the influence of American education upon the new generation of students?" Confused answers are already being given to this question. A vigorous writer in the *Edinburgh Review*, just before the Revolution, surmised that, "America was desirous, for motives that can be guessed, to attract Chinese students, and the Chinese Government had a particular reason for sending them to a country that was going so fast ahead in the van of progress. The result, however, has been to stimulate the same kind of unrest that is troubling India. \* \* \* Thus the constitution of the Celestial Empire, the oldest in the world, is disordered by a few doses of the new learning." After a few more well-turned sentences this same writer bubbles over with, "We cannot wonder that the venerable despotism of China should have been painfully discomposed by the rapid absorption of American stimulants." This critic certainly had some ground for his fears, but in all fairness he should have differentiated those students returning to China from American colleges and those educated elsewhere. The returned students from the Yung Wing Educational Mission brought back to China new and vigorous life, and introduced here many of the modern reforms. We need not plead for such men as Y. C. Tong, Jeme Tien-yu, Tong Shao-yi, Tong Kaisan, Tsai Ting-kan, Liang Tun-yen, Liang Ju-hao and others.

Many of the younger generation of returned students have also acquitted themselves creditably. A Chinese gentleman who really knows the facts states the case thus: "In various ways our American educated men and women are leaving their impression on our national life. They are giving a good account of themselves; they are reflecting credit to the country from which they drank inspiration, and they are setting us a worthy example of serious and efficient service." In another place Mr. Y. T. Tsur has compiled a list of over 100 returned students from the United States, together with their colleges in the States and occupations in China. This shows them to be largely influential on Government boards, as educators, editors, physicians, engineers, etc., etc.

Whatever may be the ultimate outcome of this Western education, it is at present true that the educated Chinese youth are earnestly seeking opportunities to go abroad and find out for themselves. We cannot at present stem the tide. Our real responsibility is to give them the best we have—the most fundamental moral, mental, and physical education, and not a superficial gloss of Western materialism. While we cannot pass any final judgment upon this recent educational movement, it is certain that if the new learning is introduced into China with moral earnestness it will be the greatest factor in the uplift of this virile people.

#### CHINA'S DOMESTIC LOANS.

(From the Correspondent of the N. C. Daily News.)

Peking, March 2.

In this land of anomalies not the least has been the extraordinary, not to say feverish, anxiety of foreigners to lend China money while the Chinese themselves resolutely decline to advance a cent upon the security of the guarantee of their own Government.

The words "has been" are used because the old conditions no longer obtain. In the past both the foreign lender and the Chinese capitalist who declined to lend were equally wise. The one knew that China had never defaulted and that there was scarcely any human probability that he would lose either interest or principal. The other knew that the Government had a supreme contempt for those who could not support their rights with the convincing argument of force, and was therefore extremely likely to treat with derision any claim brought against it by a Chinese subject.

That was in the days of the Empire, and the experience of the luckless Chinese who invested their money in the domestic loan brought out during the latter days of the late dynasty amply justified those who held that the Chinese Government could not be trusted to treat its own people fairly. The promises that were made in connection with the loan were not kept, with the result that the Chinese people were confirmed in their belief that the very worst disposition that they could make of their savings was to invest them in Chinese Government Bonds.

To have succeeded in dissipating this distrust and to have made Chinese National Bonds popular with the people of China is certainly an accomplishment upon which the Central Government can congratulate itself. There were not wanting those who prophesied when the prospectus of the 6 per cent. Domestic Loan was issued last year, that it would prove to be a forlorn failure. These doubting Thomases were confounded. The amount asked for was \$16,000,000. In the space of three or four months the subscriptions totalled \$24,000,000, and to meet the wishes of the subscribers the surplus was assigned to a Supplementary Loan of \$8,000,000. The success of this loan is of historic importance. For the first time it has been shown that China is not absolutely dependent upon the foreign moneylender. The political and economic significance of this need hardly be emphasized.

#### ANOTHER LOAN.

Encouraged by the success of the first Domestic Loan, the Government has decided to make another issue of \$24,000,000 in June next. It is estimated that the deficit in the Budget of the fiscal year 1915 on the basis of 1914 would be not less than \$50,000,000. While it is confidently expected that the returns from the taxes will be greatly increased and thus reduce the deficit to a considerable extent, the Ministry of Finance is of opinion that, to be on the safe side, a Domestic Loan should be issued.

The regulations governing the new loan have been issued. Interest is to be at the rate of 6 per cent. per annum, and the payment of interest is to take place in the fourth and tenth months of each year. The currency of the loan is eight years, and redemption will begin at the end of the second year. The Ministry of Finance is to hand to the Bureau of Domestic Loans \$1,440,000, the interest for one year, and is to supply monthly to the Inspector-General of Customs the sum of \$120,000 to meet interest charges. The security for the loan is the receipts of the proceeds of the Kalgan and other Octroi and the likin of the province of Shansi.



## JAPAN, PEKING AND CHEFOO.

March 9.

Two contributions published to-day, which may conveniently be grouped together under the above heading, call for some further comment. In the first place, a correspondent comes strongly to the charge on the subject of the Japanese demands of China. Now whether Japan has kept ten of these demands up her sleeve "and the most serious," in communicating the subject matter of her negotiations with China to the Powers, is best known to herself and China. What, however, we would again emphasize is that if Japan has indeed kept back ten requests, it means that the remaining eleven are all she proposes to press, certainly all about which China need trouble herself. We are discussing the question as a matter of business only, without any admixture of the natural feelings of an Ally who finds it impossible to believe that her partner would play her the dirty trick attributed to Japan. And as a matter of business our correspondent today discusses the question. But when he raises certain questions, which from the business standpoint become at once inevitable, we do not think he admits readily enough the decided negative for which those questions appear to call.

Our correspondent tells us that Japanese statesmen have deliberately deceived four great Powers as to the objects nearest their heart, regardless of the fact "that in negotiating with China separately so as to reap her the benefits of the war with Germany her (Japan's) own position and *locus standi* at the great peace congress will be endangered." Do Japanese statesmen really believe, he asks, that the war will last forever and that "the Powers will continue to permit them to take an unfair advantage and appropriate what would not otherwise be agreed to?" Of course Japanese statesmen believe no such thing; but when our correspondent further alludes to the seeming inconceivability of experienced statesmen committing the Island Empire "to a course tantamount to throwing defiance to the great Powers of the world," the only explanation which apparently relieves his doubts is that Japan's demands of China are a mere electioneering trick. That is a theory which can at least be argued. The difficulty of Japan's position both internally and externally is that the old unquestioned authority of the Meije statesmen is being gradually neutralized by the natural process of time, and a new generation of politicians is coming into prominence, a class that is giving trouble in most countries. Democracy is becoming self-assertive in Japan without very clearly understanding what it wants to assert; and it is conceivable that the Government may for the time being have wished to distract the Opposition from too pressing attention to matters inconvenient to itself. Such a device, however, as that which our correspondent imagines is surely too dangerous, both from the external and internal point of view. As a matter of common prudence, Japanese statesmen cannot afford either to throw defiance at four great Powers, or to cheat the Opposition with a stone which the utmost diplomatic chemistry cannot convert into more than a modicum of bread. Meanwhile, negotiations in Peking appear to be progressing normally, and whatever anxiety they may originally have caused to the Chinese Government is clearly transferred to the necessity of preventing provincial hotheads from stirring up unnecessary ill feeling.

In connection with these matters, our Peking correspondent discusses to-day the application by Japan for rights to build a railway either from Lungkow or Chefoo to Weihien, and he argues that if the alternative be left to Japan the choice will inevitably fall upon Lungkow. That is a question in which the Chinese Government ought to be perfectly firm. The rights and very just grievances of Chefoo are an old and, from the standpoint of Chinese

want of forethought, a most regrettable story. So far back as 1908, certain Chinese merchants of Chefoo were so far ready to move in the building of a railway, that they had collected some money and materials and, with a little official encouragement, would doubtless have done more. To-day it is not only the question of a railway that languishes, but also that vital one of a breakwater which is unaccountably held up. At a recent meeting of the Chefoo General Chamber of Commerce Mr. Montague Beart, the chairman, in commenting on the fact that in 1914 the number of steamers entering the port was 327 less than in 1913 said:—

"Unless some progress be soon made in harbor improvements and Customs accommodation, it is conceivable that owners will discontinue sending their steamers into Chefoo, or at best will give it only occasional service; for I speak from knowledge of the subject when I say there is the gravest dissatisfaction with the present situation which, in the matter of the much-talked-of harbor improvements, seem to enjoy an official interest limited to the collection of surtaxes, which were authorized specifically in connection with a breakwater construction."

Since July, 1913, those surtaxes have been faithfully paid by shipowners and merchants, yet, said Mr. Beart, the work is blocked because the plans for construction, submitted to Peking in May, 1914, have not yet been sanctioned. He might well add, "Gentlemen, it is preposterous!" At the close of his speech Mr. Beart was able, though with no great enthusiasm of belief, to report an assurance from Peking that the plans were being examined. But it remains to be explained why they have been held up so long. With the additional danger in prospect of the railway being deflected to Lungkow, the Chinese and foreign community of Chefoo have indeed cause for anxiety. It will be China's loss if that anxiety is not allayed in the only way possible.—*N. C. Daily News.*

## JAPAN'S FOREIGN TRADE FOR 1914.

The amount of Japan's foreign trade during 1914 was 1,186,839,000 *yen* in total, of which 591,104,000 *yen* was exports and 595,735,000 *yen* imports, the balance of trade being 4,631,000 *yen* and this in favor of imports. When compared with the figures in the preceding year, there was a decrease of 41,356,000 *yen* in exports, and of 133,696,000 *yen* in imports, or 175,052,000 *yen* in the bulk of trade. However, the situation as regards the balance showed a marked improvement, for the balance adverse to this country was minimized to 4,631,000 *yen*, a phenomenon which had not been experienced in the past few years except 1909 when the balance of trade was in favor of export by 18,914,000 *yen*. The following is the table showing the balance of foreign trade in the six years past:—

Yen.

1909—18,914,000	in favour of exports.
1910—5,805,000	in favour of imports.
1911—66,372,000	"
1912—92,010,000	"
1913—96,971,000	"
1914—4,631,000	"

It is to be added that Japan's colonial trade, that is, trade with Chosen in 1914 was 69,287,000 *yen* in total of which 39,865,000 *yen* was exports and 29,422,000 *yen* imports, the balance being 10,443,000 *yen* in favour of exports from Japan proper. Then it follows that Japan's foreign and colonial trade for the year under review was 1,256,126,000 *yen* in total. When compared with the figures for 1913 there was a decrease of 172,002,000 *yen*.



## PRESIDENT YUAN AS HIGH PRIEST

*(From the London Times.)*

On the morning of December 23, for the first time since the abdication of the Manchus, the Winter Solstice Worship of Heaven was performed at the high altar of the Tien Tan in Peking. For the first time in the history of China's orthodox State religion, certainly for the first time since the classical renaissance of the Han dynasty, the Chinese people were represented at that high altar by one who holds no title to the Dragon Throne. This deeply significant event has attracted but little attention in Europe, pre-occupied with its own grave affairs, and in China such matters are not subjects for public discussion, but it would be unwise to conclude that Yuan Shih-kai's appearance in the capacity of High Priest, and his performance of immemorial rites that hitherto have been the sole prerogative of the Son of Heaven, or his nominee, can fail to create a profound impression on the minds of his countrymen.

The great mass of the people, and especially of the peasantry, will undoubtedly regard either as *de facto* Emperor or Regent the ruler who has thus aspired to assume the functions of sovereignty in one of the most sacred spots hallowed by the spirits of departed Emperors. Taught to regard the Imperial worship of Shang Ti in its majestic simplicity as the highest expression of the national worship of ancestors, and being of their nature extremely superstitious, the Chinese people will assuredly find satisfaction in this restoration of the deeply symbolic ceremonies at the Temple of Heaven. To them it will matter but little that he who acts as their High Priest and mediator does so under a new and strange title; that, because of internal dissensions, the Dragon Throne still stands empty—these things will arrange themselves all in good season. But that, for three years, the sacrosanct rites of the Winter Solstice should have been neglected by the actual head of the State, herein lies a provocation of the wrath of Heaven and a potent cause of calamity.

## THE PENDULUM SWINGING BACK.

As for Young China, wheresoever it still remains articulate, its protesting voice proclaims that, despite the non-observance of these national ceremonies, the Heavens have not fallen. Indeed, if Young China could have "hacked its way through" to the new heaven and new earth of its political dreams, it would have swept these sacred precincts, with all their treasured flavour of antiquity, into depths of contemptuous oblivion. Did not its ardour of iconoclasm propose to convert the Temple grounds to the purposes of an experimental farm? But those days are gone, and now the pendulum has swung back as swiftly towards classical orthodoxy as it did three years ago towards the untested virtues of Western institutions.

To-day the chief question is, how far will its swing carry Yuan Shih-Kai? In facing this question, the initiated at Peking have not been greatly impressed by the tragi-comedy of the "recent futile plot for the restoration of the Emperor," nor by the part played therein by the President of the Republic. Reading the signs of the times, in conjunction with this revival of the Imperial worship at the Temple of Heaven, the *litterati* and the official class appear to attach much more importance to the fact that

the Imperial concubine, Chin Fei, has ordered the return of Prince Na Tung to Peking, and that this astute master of political arts and crafts is likely to succeed the aged Shih Hsu as guardian of the young Emperor and to become chief intermediary between the Court and the Republican Government. Equally significant is the report that Duke Tsai Tse and other Manchu Princes are about to re-enter official life "in order to pacify the minds of the Manchu population." In other words, Yuan Shih-Kai's appearance in the rôle of *Pontifex Maximus* is interpreted to mean that little or nothing of substance remains to China's "Republicanism," only the fading shadow of an empty name.

## THE PRESIDENT'S DAILY FEAR.

But, whatever politicians or common people may think of the President's motives in officiating at the Temple of Heaven, the manner in which the solemn ceremonies of the Solstice Festival were performed must have caused no little perturbation amongst the august Imperial shades that wander by the Nine Springs of Purgatory, and no little wrath to the spirit of her ever-punctilious Majesty the late Empress Dowager Tzu Hsi. For the stately dignity and slow precision of the ritual, as prescribed by centuries of tradition inviolate, were grievously impaired by Yuan Shih-kai's most obvious fears of assassination.

So closely oppressed is the President by his dread of Young China's ways and means of revenge that he lives to-day in the very Palace where, by his help, the Emperor Kuang Hsu was kept in durance by Tzu Hsi, as closely guarded and almost as closely confined as was that unfortunate Monarch. His walks abroad are hurried and few, all hedged about with secrecy and bristling bayonets, and to protect his person against the machinations of his enemies no precautions are too elaborate. Therefore, discarding the palanquins and ambling mules of picturesque memory, he drives to the Temple of Heaven in an armored motor-car. Shades of Chien Lung and the illustrious dead! Into the very precincts of the sacred enclosure, almost to within sight of the White Altar, whose simple grandeur symbolizes so nobly the philosophic dignity of China's ancient civilization, the ruler of the Republic drives as if unto a field of battle.

Through serried ranks of armed men, along the broad highway that runs from the Palace through the Chien Men to the Temple Gates, silently and swiftly he passes as the dawn comes up over the city, his bodyguards galloping behind him and in front, and at his passing no civilian may so much as look out upon the street.

Not for him the night-long vigil in the Hall of Fasting prescribed by unbroken tradition, nor the slow-moving, elaborate ceremonies which in bygone days preceded the final Invocation of Heaven. The President left his Palace shortly after 7, and was back within the safety of its guarded walls by half-past 8. The burning of the sacrificial black bullock had been dispensed with, and other details of the ritual were curtailed. The solemnity of the occasion was marred by this haste. Across all its stately ceremonial lay the shadow of Young China's plottings and the fear of sudden death.

## AMERICAN ASSOCIATION OF JAPAN—KOBE BRANCH

*Address of the President, Mr. O. H. Hahn, at the Annual General Meeting*

The year now closing is the fourth in the existence of the Association. It has been marked by a healthy growth in the size of our membership, in the scope of our activities and in the interest which members generally have taken in what we have attempted. The Association is now recognized as qualified and competent to speak with authority for the Americans of Kobe and vicinity, and this fact alone goes far to justify its existence.

Our membership list has shown an encouraging increase, twelve new members having been elected during the year. Like all organizations in the Far East, however, we suffer from the fact that the foreign community is continually changing, hence when we deduct the names of the Americans who have left the port our net increase is but four. We have definitely withdrawn from the Membership Register the names of all Americans who are not likely to return to Japan, and as the Association charges no absent members dues nor any initiation fee, this inflicts no hardships on our friends and avoids even the appearance of padding our membership list.

To have a centralized and responsible control of local funds for the relief of Americans in distress has, with many of us, justified the existence of our American Association, though as a matter of fact the funds, while administered by our Treasurer, are kept distinct from the funds of the Association.

At present the greater part of the charitable and relief work in Kobe is done by the various national organizations, which means considerable duplication of work, the repetition of much inquiry, etc., with the further result that unworthy cases seeking relief modify their nationality to suit the complexion of the fund applied to. Many of us know of men who are American to-day when they see our Treasurer and become Scotch or English or something else when tapping other sources of relief. When discovered, the explanation is given glibly enough, for then the man is Irish-American or German-American or whatever genus of American it becomes necessary to be. This condition is aggravated by the indiscriminate giving of small sums in cash to any poor looking fellow on the street and a hustling individual can keep going almost indefinitely in this way. These reasons, existing in Yokohama exactly as here, led our friends in that port a year ago to consolidate their charitable work, and under the supervision and disbursement of one head Yokohama became a less comfortable place for beachcombers and they saw the need of moving on. Kobe was, therefore, threatened with an invasion of undesirables and it was necessary to act at once as the Christmas season was coming on when the instinct is to give first and consider later, if at all, whether more good could not have been done otherwise. Publicity is our only weapon against such people, and our Treasurer called attention to the situation in our two daily papers,

asking people to refer to Mr. West all cases of Americans needing relief, as the only way of ridding ourselves of this threatened invasion. I doubt if our Consul enjoyed the publicity given him in this respect, and it undoubtedly brought upon him more applications for relief than he might have had otherwise, but I trust he will pardon me when I say that on the whole it was better that he should bear this extra burden than that the whole community should feel that they were without a responsible person to whom cases could be referred. This would inevitably have fastened the beachcomber pest upon Kobe, and it is a gratification to us all to have repelled this invasion as well as we did.

At our meeting a year ago, we expressed the hope, with the assistance of Mr. Argall, of being able to consolidate the charitable work here as in Yokohama. Because of Mr. Argall's departure for home at that time the proposal was held in abeyance, but as we now learn that he is not coming back to Kobe other plans will have to be made. The difficulty of getting a suitable person to take over this work is such that for the present the consolidation plan has had to be abandoned, but as soon as we can find such a person the success of a co-operation with the other local relief funds is practically assured.

The Treasurer's report in your hands shows the workings of the American Relief Fund during the year and the state of our funds at present, and Mr. Wheeler will be glad to explain anything further about its working. It is my privilege as it is my pleasure to testify to the energy and earnestness of our hard-working Treasurer in investigating and dealing with cases for relief. In this he has co-operated with Mr. West, our Consul, and to both these gentlemen the thanks of the Association are due.

The celebration of Decoration Day and the Fourth of July has in the past been arranged for and carried out quite apart from the American Association. Why this should have been the case I never could understand, for this work would seem to fall well within the province of our activities. I am glad to say that this was the opinion that prevailed at a meeting of Americans held at the Consulate on May 22d this year and presided over by our Consul, Mr. West, when it was unanimously resolved to ask the American Association to take full charge of all future celebrations, including the collection and disbursement of funds. The funds then on hand were transferred to our Treasurer and are separately accounted for in his report.

We held no regular Fourth of July celebration last year, because of the national mourning for the Emperor Meiji Tenno, nor this year, because of the mourning for the Empress Dowager; for the same reasons Yokohama passed the celebration both years. We could probably have held a modified celebration without incurring any warranted

criticism, but it was the opinion of the special committee appointed that such a celebration by Americans might be twisted and misinterpreted by unscrupulous journalists as showing a lack of respect for the Imperial House and a lack of consideration for the feelings of the Japanese people.

A Fourth of July celebration passed over for two successive years loses part of its character as an annual fixture, but with a real and spontaneous desire on the part of this community to celebrate our national natal day, we should next year have as good a celebration as ever before. The one drawback in our previous celebrations has been that they threw an unduly large amount of hard work upon a few individuals and this was particularly true of the afternoon celebration, when it was necessary for a few American ladies for days before, and in the heat of a July afternoon, to work hard and incessantly as the only way of insuring its success.

The celebration of the Fourth of July next year will devolve upon the new committee to be elected this evening, and some discussion here regarding the character of such a celebration will be very helpful to them.

Decoration Day was observed as usual in the Ono Cemetery. The exercises were presided over by Mr. West, and we had the privilege of hearing a rousing oration by the Rev. S. F. Gutelius.

At our last annual meeting mention was made of a grant of 100 yen to Miss Riddell's Leper Hospital at Kumamoto. As many of our members know, there are several American inmates there, and in view of the pitiable condition of these unfortunates the Executive Committee felt that some assistance was due to Miss Riddell. At present the income of this institution has been seriously cut down, for the greater part of its funds have always come from England. In this respect it is suffering with thousands of worthy institutions all over the world as a consequence of the war, and in view of its crippled resources the Executive Committee at its last meeting voted a further 100 yen to this institution. This explains the 200 yen noted in the Treasurer's accounts.

At our last annual meeting considerable fault was found with the JOURNAL OF THE AMERICAN ASIATIC ASSOCIATION as issued by the parent organization. It was pointed out that the articles published very rarely covered anything of interest or importance as applied to the condition and affairs of American citizens in Japan. The matter was taken up with our Yokohama Branch and representations were made to the parent Society in New York. We pointed out that the Editor did not seem to have at his command the benefit of satisfactory Japanese exchanges. The sources of his information too often seemed unduly biased. We offered to make some provision for supplying him with reliable copy and hoped that our representations would result in an improved and stronger policy. I believe most members will agree with me that the JOURNAL has improved and now devotes more space to Japan matters.

In the past it has been the custom of the Executive Committee to subscribe to the JOURNAL for each member of

the Association, but it will be within the province of this meeting to decide whether this should be continued.

The progress made by the Language School in Tokyo is reported as very satisfactory, but unfortunately they feel that they have not yet progressed far enough to justify the taking up of their work in Kobe. According to its printed announcement the school is controlled by a Board of ten Directors, four appointed by the Conference of Federated Missions, one each by the American Asiatic Association, the British Association and the Japan Peace Society and three Directors at large chosen by the representatives of the above mentioned organizations.

There is undoubtedly an urgent need among Americans in Kobe for a course of study which will give merchants a command of the colloquial language sufficient for the needs of every-day business transactions, and for that reason we have tried to keep in touch with this language movement from the earliest stages of its promotion. This need of the commercial community is met in Yokohama and Tokyo with a "shorter foundation course," but as we are not represented on the governing board of the school there is very little we can do to hasten the extension of this work to Kobe.

Prof. J. T. Swift was elected President of the Yokohama Branch of the American Association at its recent annual meeting, and I am very glad to be able to testify here to the fact that he is earnestly co-operating with us in every way.

An innovation attempted during the year was the giving of a dinner at the Tor Hotel to bring together the Americans of our Association. The Hon. George W. Guthrie, our Ambassador, was the guest of the evening, and we also had the privilege of entertaining Consul-General at large, the Hon. George H. Murphy, who was in Kobe at the time. About fifty people sat down to dinner, and I believe that all of us present voted it a great success. It was the means of our meeting many Americans whom we had never known before and of bringing the existence of our Association to the knowledge of the new arrivals, resulting in a substantial increase in our membership.

The aim of your committee this year has been to bring the Americans of Kobe closer together, and I desire to take this opportunity to commend to your serious consideration the fact that our American community here falls far short of wielding an influence in Kobe at all commensurate with its numerical strength and with the commercial or religious importance of the interests in its care. The fact that our two daily foreign newspapers give us so little American news and fail utterly in a sympathetic appreciation or understanding of our national ideals and points of view, is a sad and disquieting commentary on our negligible value as a factor in this community.

The extreme delicacy of the diplomatic questions continually at issue between our country and Japan reveals our need of a united community with representative spokesmen of sound judgment, tolerance and patriotism to present our point of view, both to the Japanese among whom we live, and to our own Government and our countrymen at home.

Diplomatic assurances of American friendliness by the Department of State, our Ambassador or our Consul here and scholarly expositions to the Japanese, of American institutions and ideals by exchange professors, are greatly reduced in value if contradicted by the effect of our lives on the Japanese about us. Each one of us in his daily life in Japan, and in his letters home, does his share in promoting or disturbing a better understanding between Japan and America. It is our duty to our country and its ideals, and our duty to this country, among whose people we live and do our work, to promote a better understanding, based on a real knowledge and appreciation on both sides. And the good we can do would be multiplied by more co-operation and union. This is a field for our Association.

The reason the American section of this community is such a negligible factor when we combine with the other foreigners of Kobe in promoting or carrying on any civic or international matter, is, of course, due primarily to the fact that our daily occupations and immediate interests divide us rather distinctly into two classes, missionaries and merchants. But when we consider the seriousness and the importance of the considerations which call for a greater unity of action by us, surely we will not admit to such a narrowness of vision as to urge that we have no interests apart from our daily work, and no desire to meet and co-operate with any other American who has not exactly our own points of view, our own principles and our own prejudices. A closer acquaintance with our own countrymen engaged in very different daily work may help to show us that all of us have certain prejudices that have been parading as principles much too long. It is not until we are big enough to rise above the interests and preconceptions of our daily occupations that we can hope to be the real and live element in this community that we ought to be.

This real need of a common meeting ground was the underlying motive that prompted your committee to try the innovation of an annual American dinner, and the enthusiastic support which made the dinner a success leads me to believe that most of us seriously appreciate this need for more combined and united American action in Japan. I believe we should emphasize further this side of our activity and keep in mind that one of the objects of our associations "to promote a beneficial acquaintance and association among Americans in Japan, and by union and permanent organization to give a more effective aid on behalf of measures intended to advance such interests." Personally I believe this should be one of the most important objects guiding the activities of our Association.

During the past year we have all viewed with much concern the frequency and mendacity of the anti-American articles appearing in the Japanese press. This has been especially marked since the outbreak of the war in Europe, and the situation is all the more serious when we consider that at the moment practically no questions are open between Japan and America, acting as an irritant to excuse or explain these outbursts. We have taken up this question with the Yokohama Branch of the American Associa-

tion and with the American Peace Society of Japan. Communications from both societies will be put before you this evening, and I sincerely hope we will be able to do our share to improve the situation.

In conclusion, gentlemen, a few remarks on the war raging in Europe, how it affects us as Americans in this part of the world, and the work of our Association with the American Fund just established for the relief of the distress and want among the thousands of families throughout the world who are left in a more or less destitute condition because of the war. There is hardly a human being on the face of the earth who is not vitally affected in some way.

At the outbreak of the war, President Woodrow Wilson in his proclamation cautioned us against those insidious breaches of neutrality shown by an offensive partisanship or by expressions of opinion in public meetings. I feel that this caution holds with particular force for us in the Far East, where many of us are living on close terms of business and social intimacy with both British and Germans, and I believe that on the whole we have recognized our responsibilities as Americans.

The struggle in Europe is still being carried on with such ferocity and stubbornness on both sides that the most robust optimism fails to see many hopeful prospects of an early peace, but peace we shall have, sooner or later, and in bringing about a lasting peace and assisting in the reconstruction necessary in every field of life afterwards, our American nation may be able to render a service to humanity and civilization in keeping with her high ideals, and as a result of her careful observance now of a strict neutrality and an absolute impartiality.

Reconstruction of a certain kind will also be necessary in our midst, and we, too, may be able to do our share in bringing together again our British and German friends. No good or worthy purpose can be gained by the present relations and antagonisms continuing indefinitely in any part of the world. The nursing of such feelings and the keeping alive of the desire for revenge is the fitting and devilish work of the Armament ring, but not of peaceable men and women with a love of their fellow-men in their hearts. And in the East, where we are trying to show the people of Asia the value of our standards of life and conduct, it is imperative that we do our share to counteract and remedy the ill effects of the war.

In keeping with a desire to preserve our American neutrality many of us, wishing to do our share towards relieving the stupendous distress in Europe, have hesitated to contribute directly to the national funds of the different combatants. This was the propelling motive behind the American International Relief Fund, and the prompt and generous response on all sides shows that the fund has met a real need.

With the countries at war, contributions to relieve distress must be looked upon as a patriotic duty. With us it is charity pure and simple, and the totals to date for our fund cannot fail to be gratifying to all Americans. The Treasurer advises me that subscriptions thus far amount

to 1,179.90 Yen in single donations, and 115.00 Yen pledged monthly as long as the war lasts. He has collected to date 1,334.90 Yen, and this has been distributed as follows: Six hundred Yen to the Belgians, 200 Yen to the French, 200 Yen to the Russians, 100 Yen to the British, 100 Yen to the Germans, and £10 to the Servians.

Where specified the committee have devoted ear-marked subscription to the particular funds or nationalities designated, and the balance the committee has tried to divide in keeping with the needs of the situation. The Belgians come first in their appeal to our generosity and then the French. In the opinion of your committee, the Japanese, the English and the Germans, who have not suffered the ravages of war in their own territories, are able to look after their own distress. The committee has taken no account of the causes of the war or of the relative culpability of the nations involved. The distress is there; it is for us to do our share in alleviating it in some measure.

The Treasurer has received many grateful acknowledgments of our donations made thus far. The Belgian Consul, in his letter referring to American help in general, writes that: "The assistance afforded by the American people towards the Belgian nation in these gloomy days of its history shall be remembered as one of the most glorious deeds of true modern civilization and high humanity." Our help is appreciated; let us make it as generous as possible.

#### LATEST COMMENT ON THE SINO-JAPANESE NEGOTIATIONS.

LONDON, April 20.—The preservation of the common interests of all the powers in China by the insurance of the independence and the integrity of the Chinese Republic and the principle of equal opportunities for the commerce and industry of all nations in China, were declared by Sir Edward Grey, Foreign Secretary, to-day, to be the policy of the British Government.

Sir Edward spoke in the House of Commons. A number of questions were asked of him concerning the negotiations now going on between China and Japan. He replied that while the negotiations were still proceeding he would not be able to make a detailed statement. Speaking generally, however, he declared that the policy of the British Government with respect to China continued to be governed by the terms of the Anglo-Japanese agreement, as defined above.

The Foreign Secretary added that the Government was in close touch with diplomatic circles in China and Japan, and with commercial bodies interested in the Far East, and said the House might rest assured that the Government would endeavor to secure, to the best of its ability, an open door to British commerce in all parts of China.

WASHINGTON, April 20.—While declining to discuss in detail the American policy toward the Japanese-Chinese negotiations, Secretary Bryan told inquirers to-day that the United States Government still stood firmly on the announcement made at the beginning of the Wilson Administration of its purpose to support the policy of the open

door and freedom of commercial opportunity in the Far East.

Sir Edward Grey's statement of a similar character in the British Parliament to-day indicated to officials that Great Britain's position had undergone no change, and that the principle of the open door would continue to be the aim of the powers. The Japanese Government itself had given the United States, as well as the other powers, assurances that it is not its purpose to violate in any way either the open door policy or China's territorial integrity.

How far the present demands on China by Japan may be considered as infringing upon these principles is a question which can be answered only by a knowledge of the details of the negotiations, something officials here are unwilling to discuss because of the injunction of secrecy placed upon the matter by the Japanese Government.

Officials here, however, have recently appeared optimistic over the progress of the negotiations, indicating a belief that the difficulties at Peking may be satisfactorily adjusted without requiring further diplomatic correspondence between the United States and Japan.

Secretary Bryan declined to comment on the denial issued at Peking by American Minister Reinsch of reports that the United States would not lend its moral assistance to China in the present situation. President Wilson, however, already has declared such reports to be without foundation, announcing that the United States has not indicated its position in one way or another.

(Special Cable to The New York Times.)

LONDON, Tuesday, April 20.—*The Daily News*, in an editorial discussing the relations between America and China, says:

"The United States Government has reminded China that America has numerous treaties with China and means to insist that they are rigorously observed. This is not a threat to China; it is intended to help China in her trouble with Japan. Japan is pressing on China demands which, according to the only detailed accounts made public, would give Japan a predominance in China very difficult to reconcile with the rights of other powers or with the full sovereignty of China.

"It is beyond doubt that Japan is taking advantage of Europe's preoccupation with the war to assert herself in China—a very natural instinct for Governments as we are accustomed to them; but the action of the United States ought to be a reminder that at least one great power with important interests in China is free to watch over and preserve them. That ought to be an inducement to Japan to use her opportunity with statesmanlike moderation. It ought also to confirm the British Government in its slowly ripening skepticism as to the policy of suppression which it has hitherto followed in this matter. British interests are threatened by Japan's claims if what reaches this country from unofficial sources be correct. The protection of those interests is assisted by informed and critical opinion here and in neutral countries. Japanese statesmen know there is wisdom in moderation; but they can hardly learn what in a given case is moderation unless they are allowed to see how the demands they are pressing in China strike a third party."

## THE FINAL EXPULSION OF GERMANY FROM CHINA

*(From the Fortnightly Review.)*

The Japanese capture of the port of Tsingtau, carrying with it the possession of the leased territory of Kiaochao—a temporary possession by the Japanese promised only so far as China and not Germany is concerned—is supposed to put an end to German influence in the Far East. This supposition, however, is very far from being true. Something much more persistent and sustained will be needed to stamp out the malign influence that Germany has exercised in the Far East since the Treaty of Shimonoseki between China and Japan twenty years ago. Her main object throughout that period has been to create trouble among the Treaty Powers, and more especially between England on the one side and France and Russia on the other, to rob China while posing as her friend, and generally to execute her cuckoo policy of appropriating the nests that do not belong to her. The loss of Kiaochao is very far indeed from being sufficient to make her change her ways. Let it not be forgotten that in the ninety-nine years' lease of the place there is a clause stipulating that China must on demand provide Germany with another port and settlement which she may at any time deem preferable, and also that China is to indemnify Germany for all the sums that she may have expended upon Kiaochao. Therefore, we may anticipate that if Germany ever gets the chance she will come down upon the Chinese Government to recoup her for the loss inflicted by the Japanese the other day.

We must look to it for our own sake that Germany is to be entirely eliminated from the Far East, that her presence and prestige shall be wholly wiped out there as a material penalty, which she will feel, for the wanton outrages she has committed in Europe, and more especially in Belgium, during the last four months. For Carthago we must now read "Delenda est Germania," and we have the power to make the threat effective if we show no moral flabbiness! If we do not use it, the British of the coming generations will bitterly regret it and denounce our negligence in their interests. It is not merely the military tyranny of Prussia, but the unscrupulous competition in finance and commerce of Germany that has now to be ended for many generations to come. Strong as was the position of Germany through her naval station on the shores of the Yellow Sea, she had wormed herself into a still stronger position in the world of Far Eastern finance by the influence and strategical base so many of her bankers and promoting adventurers have acquired and still retain in the City of London. Nothing short of a persistent pursuit and complete uprooting of the whole system will suffice to put an end to the intriguing and the pushful methods of the German concessionaire in China where he has elbowed us out of much of our rights.

Kiaochao is lost to Germany, but her concessions in the Treaty Ports remain untouched. At Shanghai and Tientsin they are of considerable extent, and they have been utilized during the present war as bases for Ger-

man operations in China. These operations have included a systematic plot for influencing and misleading Chinese opinion through the Press and news circulars concocted by the Berlin Press Bureau and its special representatives resident at Shanghai and Tientsin. Their principal object is to injure and lower British reputation and influence in the provinces through which the Anglo-Chinese lines of railway pass, and to undermine the reserved rights possessed by this country in the Yangtse Valley. It is impossible to say how much mischief has already been caused by this propaganda, which has been supported by lavish expenditure, but the dismissal of the English editor of the most important Peking paper provides strong evidence of German influence and of the unscrupulous methods by which it is sustained. These proceedings and their consequences have only been possible because the nominally commercial concessions at Shanghai and Tientsin have furnished the bases for these hostile operations through the forbearance of their neighbours, the five belligerent Powers at war with Germany, who each and all possess concessions at Shanghai and Tientsin. While the most bitter and cruel war recorded in modern history at least is in progress, those five allied Powers have tolerated the proceedings of their enemy in the adjoining concession or settlement. Why? There is absolutely no valid reason for this weak and foolish toleration.

Let us examine the facts of the case. The foreign settlements in the Treaty Ports of China are not on the same footing as leased territories, such as Kiaochao and Wei Hai Wei. They are assigned for the purposes of trade with China so that the foreign traders may have a place on which to build houses, enclose gardens and ground for the erection of churches, hospitals, cemeteries, &c. These settlements enjoy municipal independence, but the immunity the occupants have from the action of Chinese Courts is not due to their residence in the settlement, but to the general ex-territorial privilege possessed by all subjects of the Treaty Powers throughout China. The foreign settlement represents, therefore, a piece of private, or at the most communal, property, and nothing else. It exists, it is true, on what might be called Chinese territory, if so much energy had not been expended during the last twenty years in proving that it had been abstracted from it, and that the immunity of the foreigners from Chinese interference extended to all Chinese resident within the settlement. While the settlement is clearly the property of the holder, it has also been made clear that it is outside the sovereignty of China. It becomes consequently a legitimate object of attack during the existence of hostilities.

But the foreign settlements in Chinese ports have hitherto enjoyed a security of a different kind, based on the observance of a principle of mutual toleration and forbearance. The foundation of this principle was the old theory that China was an exclusive country, that the right to trade with her had had to be wrested from her by

force, and that all Europeans and Americans were combined in a common cause which bound them to act together in maintaining the position that had been acquired for all of them by the efforts and sacrifices in the first place of England and France alone. As a matter of fact, the upholding of this principle has never before been subjected to any strain, for the Treaty Powers have never been at war with one another—the exception of the Franco-Prussian war not proving anything, for the Germans in China were then few in number and without any importance whatever—and in the case of the war between France and China the common cause was to oppose Chinese encroachment. For the first time in history the Treaty Powers holding settlements in China are now waging war among themselves, and this fact dominates the whole situation in the Far East. There is no precedent limiting or qualifying its full significance. It forms a new departure.

But it will be said, and this has been the attitude adopted to the present moment, that it would be a pity to interfere with the harmony that has hitherto prevailed in the foreign settlements, which are too generally regarded as a single and complete community in face of the Chinese, and not as composed of separate pieces of property belonging to different nations and Powers. This argument is really fallacious, and as a matter of fact there has never been any goodwill in the German settlement towards its neighbours. The attitude of the Germans in their settlement, as anyone acquainted with Shanghai affairs since 1895 will certify, has been aggressive, self-asserting, and interfering. They have not shown the least desire to make the common good their object, but have endeavoured on every possible occasion to extend their influence, to the detriment of the others, among the Chinese authorities in the native city outside the European concession. But if this was their attitude before the war, it has become more recklessly hostile and provocative since. No lie has been too base to serve the purpose of their news factory, and no expense has been spared in bribing the Chinese officials so that it may be carried far and wide throughout China, to the detriment of the Allies, and more especially of England. The mutual forbearance and toleration upon which the preservation of the foreign settlements from the operations of war is supposed to be based are conspicuous by their absence in the proceedings of the Germans dwelling at Shanghai and Tientsin.

We must assume that the Germans have acted in this manner because they had absolute faith in their triumph, and they counted on becoming as supreme in China as they would have been in Europe. It cannot be doubted that if their expectations were realised they hoped to absorb the whole of the foreign settlements at Shanghai, and thus acquire the most advantageous position to be found in China. No other supposition will explain the arrogance with which they have comported themselves towards their neighbours in Shanghai, or the extent to which they have carried their intrigues among the Chinese. The mutual forbearance that the different nationalities were to extend to one another in the Chinese settlements in the event of war occurring between them was more or less a presump-

tion, an unwritten chapter without any positive or regular basis, but at the least it implied that it should be merited by the most correct and circumspect behaviour, and the absence of all provocation on the part of the nations involved. From this latter point of view Germany can claim no consideration at all, because her action has been most provocative in China since the war broke out, and she has striven to create an anti-English tendency in that country which would have simplified her projects to appropriate what had belonged to us after she had realised her expectations of bringing the war to a successful conclusion.

Let us recapitulate the main points relating to the foreign settlements or residential concessions of the Treaty Powers in China. They are pieces of property belonging to each nation concerned. They are in China, but they have been most rigidly preserved against the sovereign rights of China; consequently there is no violation of China's neutrality in attacking any one of them on the necessity arising. As the execution of this right might have entailed injury to what was supposed to be a common cause as against China, an informal and vague licence of immunity was assumed to have been granted, placing these settlements outside the range of warlike operations. The value of this licence has never been established in practice, because no case had arisen in the past; but it is perfectly clear that the privilege was based on the assumption that the parties involved would display in the exceptional circumstances, moderation, forbearance, and rigorous abstention from all acts of open or secret warfare. In every single particular the Germans have violated this tacit and implied understanding which lies at the root of the wholly informal and tolerated rather than binding acceptance of the theory that the foreign settlements in China are immune from the consequences of a state of war between their nations. This immunity is quite vague and unreal. It absolutely ceases to exist when one of them has wantonly ignored and broken the conditions upon which a privileged and exceptional position might be held to rest.

But it may be said, accepting the facts as set forth, and they cannot be refuted, and admitting the force of the argument based thereon, how is the expulsion of the Germans from the settlement at Shanghai to be effected without invading Chinese territory and committing a breach of China's neutrality? The Woosung river and forts are certainly Chinese, and command the approach to Shanghai; how can they be ignored? The reply in the case of Shanghai is perfectly easy. The Woosung forts would not be defied, the sovereignty of China would not be violated, no serious operation of war would be entailed; all that would have to be done would be to administer with local forces a suitable correction upon the offending party. The Germans in Shanghai have grossly misbehaved in a little enclave, which is not a Chinese, but an European possession. They form one of a community of foreigners living under the same municipal laws, and instead of confining themselves to rigorous inaction, they have striven by every way in their power to foment trouble, and to exalt themselves in Chinese eyes by holding up their neighbours



to ridicule and contempt. The English, French, Belgians, and Russians are described in circulars, printed in the German settlement and distributed broadcast throughout Central and Southern China by German-paid agents, as the inferiors of the Germans, and as quite incapable of resisting the invincible Teutons. No one can say how much harm and prejudice have been caused in this way, and the maliciousness of the intention stands out beyond all dispute. Thus have the Germans disqualified themselves from being allowed to remain any longer members of the European community in Shanghai. They must be ostracised and driven out. A local force is available and sufficient to give execution to the general sentence of expulsion. Each settlement maintains its own Volunteer and Police corps. The combination of the corps of the five belligerent States would suffice to put an end to the separate German parish, probably without resistance or bloodshed; but in any case there would be an end to its mischief-making operations, and the property involved could be kept in trust as a liquid asset towards the indemnity that will be required from Germany at the close of the war. As it is very dubious where that indemnity will come from, not one of Germany's assets within our reach should escape being impounded at the earliest opportunity.

This point raises another question, which must not be shirked by either the Government or the British community in China. For sixteen years Germany has waged a ruthless war against all other countries, and, more than any other, against ourselves, in the matter of railway concessions in China. Not content with her railway and mining concessions in Shantung, she set herself the task of intruding upon and diminishing the area reserved to Great Britain in the Yangtse Valley. She succeeded far better than anyone would have conceived to be possible. Her last triumph was to obtain, in 1913, a third share in the Hukuang line, a trunk railway through the central provinces of Hunan and Hupeh to Szechuen, where she had absolutely no rights at all, and could only be regarded as an unauthorised intruder. Owing to their pushfulness, they secured the division of this great line of 1,600 miles into three parts, one of which they appropriated to themselves by the lassitude and neglect of the British Government, which had not the moral courage to warn off Germany as an intruder in Central China. The record of British diplomacy in China has been, for many years, one of tame and cowardly surrender with regard to the concessions it obtained in 1898, but to no one else has it yielded to the same extent, and gone on yielding down to the very eve of the present war, as it did to Germany.

The explanation of this constantly yielding attitude is to be found in other causes than a want of diplomatic ability and mental resolution. It must be largely attributed to the influence acquired by German financiers in British Far Eastern finance. This assertion could be illustrated by many examples. In 1904 the concession for the all-important Shanghai-Nanking railway was almost lost by deferring, in a manner beyond comprehension at the time, the necessary measures until the very eve of its lapse; and only the other day at Pukow there is much reason to

believe that British capital was behind the German tender for the necessary works, which was only beaten after a hard struggle by the French. In plain words, British capital was embargoed by German directors to filch a contract that should, beyond all question, have fallen into British hands, and the plot was only defeated by the fortuitous intervention of a third party. A separate British tender had not sufficient capital behind it, and was therefore summarily rejected. Yet Pukow is the terminus of three Anglo-Chinese railways, either already constructed or in course of construction, and an exclusively British banking institution would have seen to it that so valuable a contract should not be lost for lack of the necessary financial backing. But a Bank swayed by cosmopolitan consideration, which takes the colour of its policy from German directors, is not a source of strength to the British community in the Far East. Very different indeed is the method of business that finds favour with the Deutsche Bank and its associates, who have worked exclusively, as well as unscrupulously, for the ends and exalting of "the dear Fatherland."

For the reasons set forth, the loss of Kiaochao is not sufficient to ensure the complete expulsion of Germany from China. She retains bases in that country which she is utilising for the purpose of carrying on a hostile propaganda, one restrained by no hesitation in using the vilest weapons—slander and calumny—in the human armoury. A self-respecting nation would never stoop to the low methods favoured by the Germans before the war and since its outbreak. Their one aim has been to blacken the English character, to represent this country as weak and suffering from senile decay, and to assure the millions of China that the power of England is tottering to its fall, and that Germany will rise to the topmost place of power and glory on its ruins. This propaganda is carried on by the abuse of a privileged position. But there is nothing in that privileged position to make it exempt from suitable reprisals. If it were necessary in order to inflict the merited chastisement to violate Chinese sovereign rights, it would probably be generally concluded that the result to be attained was not worth the trouble. But no Chinese rights would be violated, no operations of war would be required to end, and cast out the Germans from, their settlement at Shanghai. It would only demand the employment of the local volunteers and police to put an end to a nuisance and to get rid of a troublesome neighbour who had shown a marked inability to appreciate the obligations of his position. Chinese opinion would be far more deeply impressed by such a step at Shanghai than by the Japanese success at Kiaochao, for it would then be clear to them that Germany had been placed under a ban by all the civilised nations.

But we must look for more tangible and material rewards after the war than the moral satisfaction to be derived in fixing a stigma on the German Government and nation in the eyes of China and her people. The cancelling of all German contracts in China and their transference to the Allies may provide a small contribution to the total indemnity that Germany will have to pay in the end, and,



in the dearth of other assets, this will no doubt count for something. The main object before this country should be the absolute and complete uprooting of all German influence and participation in the operations of British Banks and financial corporations in China. The mere presence of a German director on any of these societies should be rendered impossible by the immediate and unequivocal demand of British public opinion. British banks, especially in countries like China, where international competition is so keen, should be controlled and governed solely by nationals, and cosmopolitan financiers without any sentiment of patriotism should have no place on them. Indeed, if there is any such sentiment among them it would tend in an opposite direction.

When the war is over, as some day or other it will be, the arrangement of the indemnities to be paid by Germany will pass through the hands of the financial magnates who seek to control the money markets of the world. When we see how German influences permeate all the banking and financial institutions of the City of London, even while Germany is waging war in the most brutal manner recorded in modern history, we may reasonably fear that these influences, unless they are promptly destroyed and torn up like so many weeds in the garden of British industry and commerce, will avail to moderate and reduce the terms that should be imposed on the provoker of this most cruel contest when the end is reached. But at least let us make sure, and let us not delay in the preliminaries, that the presence and influence of the Germans shall be excluded from China, where they have played, during the last twenty years, the most disturbing and discreditable part, seeking by low intrigue and unscrupulous cunning to oust all their competitors, and to set them by the ears one with the other.

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and manufacturers however must be encouraged by an intelligent, alert, and responsible diplomacy, maintaining increasingly cordial relations with the rest of the world with which we desire to do business.

I fear, Gentlemen, that this has been a somewhat rambling talk, that I have offered no concrete suggestions as to ways and means of securing foreign trade. I have certainly not ventured to outline a diplomatic policy for our government. But you are interested in foreign trade development, and it is the inter-dependence of our foreign relations and our foreign trade that I have endeavored to analyze—their mutual relationship that I have attempted to make clear. I have hoped, by describing the warp and woof, to give an impression of the fabric as a whole, and to show that the problems of both are in reality the same, although expressed, perhaps, in different terms.

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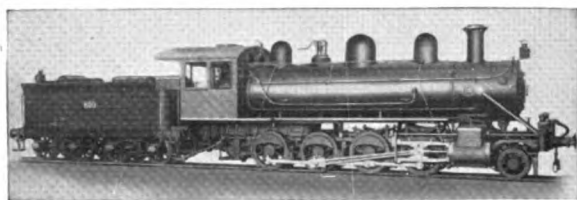
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PERSISTENT rumors appear as news from China of the intention of President Yuan to convert the Republic into a Monarchy or an Empire with himself as the head. These items bear the mark of having assumed the guise of cable telegrams after being received by mail, and they are mainly echoes of the recent discussion over the advantages of a monarchical form of government for a country and people with the inherited traditions of China. The only visible impulse which the movement has received comes from the Chouanhui, an organization officially described as having been established "by highly educated scholars for the study of the advantages and disadvantages of a Republican or Monarchical system of government." The authorities at Peking announce that the Society will not interfere in politics, and so long as it does not disturb the peace of the country it will not be interfered with. It seems that this toleration has generated a suspicion that the pronounced preference for Monarchy or Imperialism exhibited by the Chouanhui has met in the highest quarters with a sympathetic response. On the other hand, Prof. Goodnow is reported to be greatly annoyed over the use that has been made of his endorsement, under certain conditions, of a Monarchical system of government, and Dr. Morrison is said to be frankly opposed to any new adventure in the system of Chinese Government at the present time. Meanwhile, there can be no question of the vigor with which the Imperialist agitation is being worked or the amount of support it has received from actual or expectant office-holders. According to the Peking correspondent of the *North China Daily News*, the view is generally accepted that the Government is seeking to learn how the country and foreign opinion would regard the accession of Yuan to the Throne, but that the step is actually not contemplated unless it meets with a sufficient measure of approval. The correspondent somewhat cynically adds: "Past experience, therefore, suggests that the capital may soon expect a stream of memorials lamenting the deficiencies of the Republican system, and urging the Government to save the country from the fate of Mexico by a return to Monarchical principles." But even this authority admits that the President has assumed an attitude of dogged opposition to the idea; he remembers the oaths he has sworn which make his assumption of the purple impossible, and he is credited with having said that if the short-sighted people force so unrighteous a course on him he will be compelled to take refuge in foreign lands.

he has shown statesmanship of the highest order, and it may be doubted whether any other man in China could have so impressed the country with his personal influence as to steer it through the cumulative anxieties which the closure of European money markets and the siege of Tsingtao piled on top of one another. This cannot be said to be more laudatory than the occasion demands, however much there may remain to be said as to the perils which lurk in Yuan's virtual dictatorship. These are indicated in an article in the *Atlantic Monthly*, which is elsewhere reproduced, and they undoubtedly deserve and require serious consideration.

THE text of the Japanese "ultimatum" and the terms of the Chinese acceptance of its demands will be found on another page. Neither is calculated to excite alarm about the future of China or the preservation of the principle of the open door for international commerce. It has been pointed out that Japan gave proof of her respect for China's integrity by inserting in the ultimatum modifications of her previous demands sufficient to free China from the position of having to choose between loss of territory by fighting or loss of all claim to independence by yielding. As a matter of fact China has divested herself of nothing which she had not relinquished before. She had already parted with what were denominated in the negotiations as "German rights in Shantung," and the claim has been made with some show of justice that she is better off than she was before since Japan declared that if her freedom of action is not interfered with at the close of the present war she will return Kiaochau to China. It is true that Japan has taken some precautions against the revival of German claims under the clause of the Kiaochau lease binding China to provide a substitute station if so requested by Germany. She has extracted from China a pledge that she "shall not cede or lease to any Power any portion of the province of Shantung or any part of the seacoast thereof, or any island along such coast." Similarly, in regard to Fukien, China engages "not to grant to any other Power the right to build any shipyard, coaling or naval station or any other military establishment on the coast of that province, nor to allow any such establishment to be constructed with any foreign capital on its coast." There is nothing in either prohibition that need be offensive to countries really desiring that the integrity of China should be maintained. It is, of course, necessary to assume that the principle of preventing the disintegration of China is embodied in the national policy of Japan toward her neighbor. If the sincerity and good faith of that policy is to be perpetually called in question, there is of course an end of the matter, and China may be held to be in presence of a constant and real danger. But assuming that Japan has everything to gain by keeping on good terms with her neighbor, and that she is as honestly opposed to the partition of China as is the United States, all who are like minded "ought to rejoice that so doughty a champion is close at hand to prevent it."

THE Chamber of Commerce of the United States has revived the project of founding a commercial museum in China, preferably in Shanghai, where American materials

and manufactured products could be on exhibition. In connection with this there has been proposed the establishment of a series of foreign trade correspondence centres located at important American and Chinese cities. The prompting for this movement appears to have come from some of the members of the Chinese Merchants' Commission who were entertained in New York in the first week of June and who are still touring the country. As most of our members know, this experiment was tried, without the adjunct of the correspondence centres, some sixteen years ago, with results that were not only disappointing but positively disastrous. It was then made under the auspices of the American Manufacturers' Association and was signally unfortunate in the selection made of managers of the scheme. For his misplaced confidence in his unworthy protégés, the president of the Association paid very dearly, but he honorably discharged all the liabilities which they had contracted and failed to meet. With the remembrance of this fiasco still fresh in the minds of those most interested in the promotion of trade with China, it seems hardly probable that the Chamber of Commerce of the United States will be able to elicit any hearty response to the appeal which it seems about to make on this subject.

APART altogether from the possibility of securing the right kind of man to take charge of an American commercial museum in Shanghai, there is the question of whether under any possible superintendence such an institution could be made useful for the promotion of trade. When the subject was referred by the State Department to this Association in 1903, the following were indicated as fatal objections to the sample warehouse plan which had been revived in a bill introduced by Senator McCumber of North Dakota: To be of any serious value, the establishment must be equipped not only for the exhibition of samples but for the taking of orders for the merchandise which the samples represent. In short, the sample warehouse must enter into competition with the business of American citizens and the manager would himself have to become a merchant and importer. If it be assumed that the true sample warehouse, in a great commercial port like Shanghai, is not the place of business of the American importer and that a commercial museum could be placed in hands more energetic, resourceful and capable than those of the men in charge of the interests of established American houses, the question will recur: By what possible ingenuity could a warehouse in Shanghai equipped solely for the exhibition of samples of American manufactures be kept in daily touch with the constantly changing prices of the vast range of products which it would be expected to display? The cable tolls of a single mercantile house in Shanghai called for by the necessity of keeping pace with the movement in prices of commodities reach a sum in excess of the whole annual appropriation proposed for the maintenance of a sample warehouse. Twelve years have not robbed these objections of any of their cogency, and the Chamber of Commerce of the United States would do well to give them careful consideration before proceeding further with what its officers evidently regard as a highly promising scheme.

**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, 1914 and 1915.**

**EXPORTS TO CHINA.**

Months. 1913	Cotton Cloths. Yards.		Mineral Oils (Illuminating). Gallons.		Wheat Flour. Barrels.	
July.....	13,861,576	947,287	7,367,800	400,559	8	48
August.....	5,839,825	398,458	2,029,963	101,498	3,128	12,545
September.....	12,196,195	815,514	7,188,242	388,354	13,763	53,191
October.....	8,478,971	606,864	5,586,934	403,697	36,881	150,509
November.....	6,030,732	414,584	11,169,900	763,814	22,163	80,728
December.....	10,123,497	696,682	1,587,995	142,924	19,403	76,033
1914						
January.....	5,834,057	374,844	5,862,678	550,580	20,438	83,928
February.....	5,917,505	386,094	3,933,710	365,668	9,128	37,567
March.....	3,480,246	234,926	10,357,055	761,109	6,842	25,543
April.....	7,774,295	523,534	10,576,471	850,158	1,192	4,960
Total.....	79,466,899	\$5,398,787	65,660,748	\$4,728,361	133,946	\$525,052
July.....	3,291,763	263,090	16,200,906	1,035,214	2,940	11,819
August.....	354,756	28,435	.....	.....	1,636	7,182
September.....	115,112	10,279	9,872,856	473,218	5,567	22,635
October.....	1,866,093	110,507	4,130,181	280,692	9	38
November.....	1,104,675	116,896	6,367,859	287,009	1,125	4,650
December.....	11,434	2,347	3,782,873	208,672	607	2,822
1915						
January.....	1,550,177	79,779	3,774,475	188,596	106	650
February.....	2,677,813	174,038	2,410,000	287,993	6	38
March.....	313,708	15,870	3,925,498	190,912	500	3,000
April.....	1,904,616	122,496	8,151,813	536,420	.....	.....
Total.....	13,190,147	\$964,763	58,616,461	\$3,488,826	12,585	\$52,834

**EXPORTS TO HONGKONG.**

1913						
July.....	101,998	16,568	3,659,160	258,103	143,689	572,237
August.....	155,718	20,489	.....	.....	49,897	202,209
September.....	109,192	16,476	487,143	45,342	27,423	105,366
October.....	132,835	20,351	2,755,658	161,053	157,358	617,471
November.....	47,646	6,924	950,000	89,300	174,918	699,052
December.....	55,790	10,469	850,000	79,899	191,375	736,979
1914						
January.....	26,947	4,210	3,069,936	154,129	156,240	630,482
February.....	37,817	5,925	2,313,350	137,351	45,483	182,177
March.....	25,151	4,034	60,770	6,182	84,138	328,602
April.....	34,782	4,832	2,591,000	145,570	37,677	148,345
Total.....	727,876	\$110,269	16,737,017	\$1,076,929	1,068,198	\$4,222,920
July.....	5,612	1,588	2,301,531	207,341	118,225	452,024
August.....	8,249	1,157	800,000	70,800	22,540	86,240
September.....	4,516	1,263	.....	.....	54,154	212,662
October.....	7,297	1,290	2,169,434	108,472	59,653	244,467
November.....	11,609	2,131	4,927,319	232,632	96,126	423,315
December.....	14,039	2,030	4,096,568	239,286	95,634	400,506
1915						
January.....	28,154	5,234	4,838,766	228,754	72,418	340,377
February.....	518	95	125,000	12,750	28,208	193,451
March.....	3,685	666	4,500,485	195,821	38,398	227,564
April.....	46,648	6,446	.....	.....	10,438	68,540
Total.....	130,327	\$21,900	24,659,103	\$1,295,856	595,794	\$2,649,146



**Imports of Tea and Silk into the United States for the ten months, ending  
April 30, 1913, 1914 and 1915.**

Imported from	1913.		TEA.		1914.		1915.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	10,365,780	2,984,770	11,721,035	3,174,297	11,330,993	2,961,330		
Canada .....	2,499,075	719,763	2,448,399	697,758	2,720,601	760,065		
China.....	23,161,298	3,179,350	19,993,220	2,732,933	23,025,116	3,132,217		
East Indies.....	9,076,687	1,462,143	8,953,683	1,539,512	11,528,582	1,945,667		
Japan.....	41,779,171	7,246,239	37,299,556	6,195,004	39,722,241	6,778,534		
Other countries .....	887,793	177,601	1,021,413	195,087	949,988	141,512		
<b>Total.....</b>	<b>87,769,804</b>	<b>15,769,866</b>	<b>81,437,306</b>	<b>14,534,591</b>	<b>89,277,521</b>	<b>15,719,325</b>		

Imported from	RAW, OR AS REELED FROM THE COCOON.		SILK.					
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France.....	104,863	306,062	51,060	179,375	39,767	144,357		
Italy.....	2,352,099	8,734,419	1,549,119	6,777,430	1,831,837	7,093,599		
China.....	4,697,627	11,697,425	4,993,483	13,255,892	3,883,438	8,879,122		
Japan.....	14,875,973	48,901,508	17,202,298	59,972,902	15,287,568	49,835,309		
Other countries .....	134,029	472,662	374,222	1,410,975	16,899	72,428		
<b>Total.....</b>	<b>22,164,591</b>	<b>70,112,076</b>	<b>24,170,182</b>	<b>81,596,574</b>	<b>21,059,509</b>	<b>66,024,815</b>		

## ANNUAL REPORT OF THE (BRITISH) CHINA ASSOCIATION 1914-15

Following the precedent of former years some attempt may be made to take note of the political events in China during the interval since our last General Meeting. Although China has not been involved in the war, hostilities have nevertheless reached her shores and ever since the outbreak last August the situation in the Far East has been overshadowed by the great European struggle, and less important matters have quickly faded out of the public memory.

Towards the end of 1913 the first Parliament of China was dissolved after an existence of only seven months. Its disappearance made hardly a ripple on the waters of national life; the general feeling was one of relief that the constant bickering, wrangling and intrigue which were prominent features of its proceedings were at an end; it detracted from the dignity and authority of the Government without in any way contributing to the efficiency of the administration. After its dissolution the Administrative Council took its place, but that also had but a short career and did not at any time bulk largely in the public eye. Eventually the Administration reverted to the old lines of an autocracy, but with the President instead of the Emperor as supreme head of the State; the position and authority of the President somewhat resembling that of the First Consul in France about a century ago.

Next in importance to the President is the functionary known as the Secretary of State, using the term in the American sense, and below him are the Ministers of the various departments—War, Finance, &c., nine in all. The Ministers, however, do not appear to act collectively as a

Cabinet, each being responsible only for the details of his own department, while the whole executive power of the State is vested in the hands of the President. On the advice of the defunct Administrative Council the President called into being a new Assembly termed the *Tsanchengyuan*, generally spoken of as the "State Council." It consists of 70 Members, all nominated by the President himself, and mainly chosen from the older officials of the late dynasty, including a fair number of Manchus. To this body has been assigned temporary legislative functions, pending the inauguration of the new Parliament. It is apparently contemplated to continue the State Council as a permanent branch of the Constitution, though what particular role it is to fulfil *vis à vis* the Parliament seems as yet undetermined. Possibly it is intended as a counterweight on the side of the President in case the elected Parliament should prove recalcitrant.

Side by side with this Assembly another body has been sitting termed the Constitutional Conference, to which has been entrusted the important work of drawing up, in consultation with the Foreign Advisers, a revised Constitution. This new Code which was promulgated on May 1st, has been termed in Chinese a "Constitutional Compact," indicating it would seem a sort of bargain between the President and the people. It defines the rights and duties of the citizens on the one hand and of the President on the other; provides for an elected legislature; prescribes the general course of Administration, and forecasts the organization of regular Law Courts and the independence of the judiciary.

As regards the Provinces, several important changes have taken place. In the first place the Provincial Assemblies have been entirely abolished as being useless and obstructive. In the second place the important step has been taken of separating the civil and military functions. Under the Manchu regime the Governor was ex Officio Commander-in-Chief of the Provincial Forces, and under the revolutionary system the Governors, termed Tutuhs, were primarily Military Commanders with civil functions attached. Both systems have been abolished. The whole forces of the Empire are now declared to be National, not Provincial, and under the supreme control of the President. Three or four Provinces are grouped together to form one military district, under the command of a *Chiangchun* or Commander-in-Chief.

The result of these changes will no doubt be to enhance very materially the powers of the Central Government. Under the old system the provincial governments with their command of local troops were able to disregard orders from Peking, and to interpose obstacles to reform or changes of which they disapproved. On the other hand the responsibility for the maintenance of order and good government is transferred to Peking, the duties of the local Governors being limited to the repression and punishment of ordinary crime for which purpose they are allowed to organize a police force. It may be remarked, however, that these changes, though projected on paper, seem to be but imperfectly carried out, as Chiangchun have been appointed to almost every provincial Capital, thereby causing, it is said, much friction between the Civil and Military Authorities.

The Government has announced that a new Parliament, the Lifayuan, under a restricted franchise, will be summoned in 1915. The qualifications of both electors and candidates will shut out many of the elements which brought discredit on the Parliament of 1912-13. China's experience of parliamentary government has, so far, not been very happy, but although the new experiment will be on conservative lines, it will none the less be a step in the direction of constitutional government.

The Republic has justified its existence in a remarkably short space of time. It has re-established the authority of Peking over the Provinces, has to a great extent suppressed disorder, and has inaugurated judicious fiscal reforms on conservative lines, as, for example, in the case of the Salt Gabelle.

There is an element of weakness in the present system of government in that it is mainly dependent on one man—the President—but the country may count itself extremely fortunate, while it has been passing through a period of violent upheaval, in having a strong man to direct the course of affairs; a weak leader, even with the best intentions, might easily have landed the whole country in anarchy. China has the good fortune, at this crisis in her affairs, to have a leader who not only knows his own mind, but also knows his fellow countrymen, who has decision of character and the courage of his opinions.

It is clear, however, that there is a great element of danger in any system of government which is dependent

on any one individual, however eminent and capable. Continuity is essential to stability, and it will be a crucial test of statesmanship so to lay the foundations of the system that when the President's office becomes vacant, his successors may reasonably count upon being loyally supported by the more responsible and patriotic element amongst the people. A state of affairs in which every change of President is likely to give rise to internal strife would be disastrous. A Chinese Administration is now in power after centuries of Manchu rule. Those who are opposed to an autocratic system have plenty of scope for devoting their energy and ability to working for the gradual adoption of constitutional measures, and will be doing much better work for their country than by plotting violent or disruptive schemes.

New regulations for the election of the President were promulgated at the end of the year; the following is a summary of the principal clauses:

(a) Any Chinese who is 40 years of age, who enjoys full public rights and has lived in the country for upwards of twenty years will be eligible for election.

(b) At each election, the President, representing the people, shall nominate three candidates, their names to be written by the President on a gold plate which is to be locked up in a casket and the keys kept by the President, the Secretary of State and the Chairman of the State Council.

(c) A committee of ten is to be appointed to open the casket.

(d) The names will be submitted by the President to an Electoral College, consisting of fifty members of the State Council and fifty members of the new Parliament, and the candidate who secures two-thirds of the votes will be deemed elected.

(e) If the required two-thirds are not secured then the two candidates with the largest number of votes will again be submitted to ballot, and the one securing a majority will be elected.

(f) The President himself is eligible for re-election, and may be voted for at the same time as the three candidates nominated by him.

(g) The term of office is fixed at ten years.

(h) The State Council may extend the term of office and thereby render an election unnecessary.

(i) The President has also the right to nominate three candidates for Vice-President, whose term of office will also be for ten years. The procedure of election will be the same as for the President.

These regulations are by no means complicated. The State Council in issuing them adds:

"That having considered the practice obtaining in the United States and Mexico the House has come to the conclusion that nothing can surpass the perfection of the plan of recommendation which it has adopted."

The oath the President is to take is as follows:

"I swear that I will honestly adhere to the Constitution and faithfully perform my duties as President of this Republic."

Next in importance to the internal political situation are the events connected with the Anglo-Japanese operations against Germany in Shantung, and the subsequent claims made upon China by Japan.

This Association being deeply interested in commercial relations with the Far East learned with great satisfaction of the prompt measures taken by the British and Japanese Governments to deal with the German menace in China and in the Pacific, and welcomes the successful result of the operations. Germany's policy of world Empire evidently did not leave expansion in China out of account; preparations for further development may be seen in the expenditure at Tsingtau estimated at £20,000,000.

The capture of this *point d'appui* has relieved trade in the Far East from the menace of German aggression, but presumably no definite settlement of the somewhat complex situation arising out of Germany's position in China can be arrived at until the terms of peace are arranged.

At the time of writing Japan has made certain claims on China, some of them relating to matters long outstanding, and others arising out of the recent operations in Shantung, the terms of which have been confidentially communicated to the interested Powers. Circumstantial reports which appeared in the English and American Press purporting to give full details of these claims, gave rise to some uneasiness; but in the absence of official information regarding the actual terms, the Association can only assume that when the result of the negotiations between the Japanese and Chinese Governments transpires, the conditions arranged will be found to be in accordance with the policy which Japan has declared her intention of upholding as laid down in her Treaties, and not to be in conflict either with the interests of her Allies or of neutral countries having important interests in the Far East.

On this subject a semi-official announcement has been published in the Press giving a report of an interview between Count Okuma, the Premier of Japan, and Reuter's representative, in which the Prime Minister states that:

"Japan's proposals are in complete accordance with the Anglo-Japanese Alliance, and with all treaties and engagements with other countries guaranteeing equal opportunity in, and the integrity of, China. The criticisms and uneasiness displayed in England and America are caused by false information. We are not seeking to establish any monopoly in China, or improperly to infringe the rights and interests of other Powers. Japan has not demanded the appointment of Japanese advisers, and is not seeking to create a Protectorate. She has not demanded joint policing except at points in Southern Manchuria, where important interests are threatened by lawlessness.

"I can assert that deliberate attempts, mostly of German origin, have been made to misrepresent Japan's attitude, but now all points have been cleared up, and the interested Powers are acquainted with the Japanese proposals which largely constitute an endeavor to settle questions of long standing, some since the Russo-Japanese War. In Shantung, Japan is only asking what China has already granted to Germany. When final disclosures are made it will be found that the entire situation has been grossly exaggerated."

This Association warmly supports a policy of co-operation with Japan based on the terms of the Anglo-Japanese Treaty, believing that under these conditions the welfare of China and the peace and prosperity of the Far East will be assured.

## RAILWAYS.

Mention was made in last year's report of the large number of Railway Contracts that had been entered into during that period, the most important of which, from a British point of view, was the line from Pukow to Sinyang, giving through connection from Shanghai to Hankow. To these, a still more important line has been added during the present period, viz., a line from Nanking to Nanchang, the Capital of Kiangsi Province, and thence westward to connect with the Hankow-Canton main line near Changsha, the Contract for which was secured by the British and Chinese Corporation. The capital required to build these two lines is estimated at ten or twelve millions sterling, and should result in large orders to British manufacturers.

It being impossible during the war period to finance loans on the London market for the construction of these lines, work has so far been confined to completing the necessary surveys, which is being done under British Engineers, the costs being defrayed by temporary advances by the contracting Companies. Construction, however, is steadily proceeding on the British line from Hankow to Canton, the funds for which were provided by the Hukwang Loan of 1911. The Southern part of this line, viz., from Canton City to the point of junction at the Kwangtung-Hunan Border is still in the hands of a Native Company and very slow progress apparently is being made. Unless the Central Government assumes control of this section and places it in the hands of a Foreign Administration, several years must elapse before through connection can be established between Hankow and Canton.

Good progress has been made in consolidating the line from Shanghai southwards to Ningpo. The local native companies of Kiangsu and Chekiang have both been bought out, and the work of completing the construction has been entrusted to the British & Chinese Corporation. The connecting link between the Shanghai-Nanking Railway and this line, which skirts the Foreign Settlements at Shanghai, is now in course of construction.

It may be mentioned as a striking illustration of the world-wide effects of the war, that a bridge on the Ningpo section of this line, the piers of which have long been ready, cannot be completed because the iron work, made in Germany, is interned as to one moiety on board a German steamer in a Turkish port, and as to the other moiety was captured by the Japanese on the fall of Tsingtau. The contract for the bridge work was placed with a German firm by the old Native Company before the line came into British hands, and the materials, presumably being unpaid for, would remain German property until delivery, which was never made.

## FINANCE.

The outbreak of war created a severe financial crisis all over the world, during which international banking transactions were practically suspended. As an illustration of the dislocation of business it may be noted that transactions between New York and London were negotiated at the rate of \$5.27½ to the £, which meant that in the greatest neutral market in the world exchange on London fell as much as 8 per cent. At the same time silver declined over 15%, and for the time being it was impossible to remit money from China to Europe. It was not until the end of October that normal conditions were re-established in the money markets of the world. The war adversely affected

the foreign trade of China; both imports and exports fell off to a considerable extent, and the depression lasted until the end of the year. Under these circumstances it is not surprising that the Customs Receipts fell off from Tls. 43,969,000 (£6,700,00) in 1913 to Tls. 38,907,000 (£5,300,000) in 1914. The decrease of Tls. 5,000,000, however, represented a falling off in sterling of £1,400,000 owing to an average decline in exchange of fully 10%. Throughout this period of financial stress and difficulty China has paid the interest on her national debt, as well as the sinking fund of the Boxer indemnity. No information is available as to the Treasury Bills and short term notes outstanding, but liabilities of this nature are in a different category from the recognized national debt. The way in which the Chinese Government has met its obligations throughout the trying period of the last four years is satisfactory evidence of the recuperative power of the country, and inspires confidence in the maintenance of China's long record of national probity.

Under the able management of Sir Richard Dane, the Salt Gabelle is reported to have yielded a net revenue of Tls. 42,000,000 which is more than the revenue received from the Maritime Customs. It is understood that a reorganization of the Land Tax is to be taken in hand at an early date; and when the necessary reforms have been carried out, it is estimated that this source will yield an annual revenue of close upon £20,000,000.

As far as information is available to the public the total debt of China approximately amounts to £170,000,000, Which involves an annual charge of about.....£8,500,000 To which must be added for amortization of loans 1,500,000

Making a total of about.....£10,000,000

A new departure in finance may be noted in the successful flotation of an internal loan of \$16,000,000; the amount being over applied for, it was subsequently decided to increase the total to \$24,000,000. A further loan for a similar amount to be issued this year is now under consideration. As evidence of increased confidence of the Chinese people in their Government, this new departure is significant, and if the Treasury is wise it will carefully protect the interests of the investors. During the year the Central Government redeemed, in Canton, local notes to the extent of \$32,000,000; although these notes were retired at a considerable discount, the general effect of the operation was salutary, especially as it was carried out expeditiously and in a businesslike manner. It is estimated that there are still outstanding about \$130,000,000 of provincial notes throughout the country.

Viewed from a European standpoint the liabilities of the Chinese Government, in comparison with the extent and resources of the country, are by no means heavy. These resources are capable of much greater development; the strength of the country lies in the industry and enterprise of the great mass of the population, its weakness in the atmosphere of mistrust and intrigue surrounding its governing classes which has for so long been characteristic of official life.

Writing on the subject of leakage in the collection of taxes, and the swarm of officials through whose hands the revenue passes, the Peking correspondent of the *North China Daily News* says:

"It has been asserted that if the Government could only secure fifty per cent. of the actual amount collected from

the people throughout the country in the form of taxation it would be able comfortably to liquidate its national debt and keep its administration financially lubricated without necessity for appeals to foreign financial markets."

### MINING.

China has for many years been urged to foster the mining industry and encourage both her own people and foreigners to develop the immense resources she is believed to possess, by framing mining laws to the best advantage of her people and her exchequer. Mining laws, it is true, were promulgated in May, but under them fairly heavy prospecting taxes, mining taxes, and a tax on output value of all minerals are imposed. The burdens, however, do not end there; experience proves that local "squeezes," "cumshaws" of various kinds to an indefinite extent, and likin charges have all to be provided before those who invest capital in this industry can dispose of the produce of the mines.

It is almost incredible that a people who are so practical in their own private affairs should continue year after year to borrow large amounts and thereby incur an increasing burden of interest, while all the time valuable minerals lie under the soil which would bring in revenue to the Government and provide employment for the people, if only businesslike regulations were made for the active encouragement of the mining industry and for the security of capital invested. China must rely upon herself to work out her own salvation, and one of the surest means of accomplishing that end is to develop her resources.

### CURRENCY REFORM.

No steps have been taken by the Government to establish a uniform currency throughout the country, but the state of confusion into which the currency in circulation has drifted has brought about a certain amount of improvement of itself.

It is reported that the Government having accepted payment of taxes in depreciated paper money, have withdrawn many of the notes, with the result that a considerable appreciation in the value of the outstanding circulation has taken place. Large quantities of superfluous silver, including subsidiary coinage, have been melted down and converted into sycee. The coinage of copper cash is at last said to have been stopped, as the depreciation latterly became so great that there is no longer any profit in coining it. The quantity of copper coins in circulation is still far in excess of the requirements of the people; depreciation of this currency is a heavy burden on the masses, but if the provincial mints remain closed, there will sooner or later be some recovery from the present depression.

### THE "OPEN DOOR" IN MANCHURIA.

The attention of the Committee has again been called to the preferential treatment of Japanese goods entering Manchuria *via* Dairen and Antung. Representations have accordingly been made to the Foreign Office on the subject, and it is satisfactory to note, from information given in reply to a question in the House of Commons on the 10th of March, that the Japanese Government have promised to grant the same privileges to goods from foreign countries as are accorded to Japanese merchandise.

## AT THE SIGN OF THE VELVET GLOVE A STUDY IN AUTOCRACY

By J. O. P. BLAND

As if fittingly to celebrate the passing of a year of grace, Citizen Yuan Shih-k'ai, President of the Republic of China, gave forth, in the last days of December, two memorable mandates. Had these decrees been issued to a world at peace, they must have contributed largely to the relief of journalism and the gayety of nations, for both possess in a very marked degree the quality, not uncommon in Chinese state papers, of suggesting a good deal more than at first sight meets the eye. Even in war-time, they deserve the tribute of a sympathetic glance, for in both there is much palatable food for meditation and new cause to admire the flexible inflexibility of China's system of government, especially now that the Mother of Parliaments, confronted by stern realities, has put away party government with all other childish things.

Indeed, these latest mandates of Citizen Yuan have a very subtle flavor, reminiscent of Brobdingnag. Both deal with matters of the highest national importance (to wit, the Presidential Election Law and the qualifications for membership in Parliament) and handle them with the magisterial solemnity suitable to such weighty questions; but he who reads them can hardly avoid asking himself whether Citizen Yuan, Prince Na Yen-tu, Secretary Liang Shih-yi, and the Board of Censors have not seized a psychological occasion for poking a little patriarchal fun at Europe. In any case, the delicate flavor of irony is there. If it be not the result of deliberate intention on the part of Yuan and his advisers, it must be a spontaneous emanation from the atmosphere of naiveté which seems to enfold Chinese officialdom whenever it proceeds to array itself in the garb of European institutions.

The new law for presidential elections puts the finishing touch upon the nicely graduated series of enactments by which, during the past twelve months, President Yuan has relaid the "permanent foundations of the New Constitution in China," by removing therefrom every vestige of constitutional procedure. The general nature of the present measure was foreshadowed in a mandate issued toward the end of October. This document announced that "the most renowned scholars of East and West are agreed that, in framing a fundamental law, it is essential to bear in mind the condition of the people; no good can possibly come of cutting one's feet to fit a pair of shoes." So the shoes have been made to fit the present understandings; good, comfortable shoes, made on the old dynastic last. The President of the Republic is to hold office for a term of ten years and then to be eligible for reelection. The Election Commission will consist of fifty members from each of the two houses of Parliament, but the constitution of these houses, as at present devised, precludes all anxiety as to independent initiative on their part.

Along with other adequate precautions against undesirable revolutionary tendencies, the present presidential law decrees that "if at election time the Administrative Council [Tsacheng-yuan] should think it advisable that the President should hold office for another term, two-thirds of their votes shall be sufficient for his reelection." But as even a president is mortal, it is the duty of a wise administration to make provision for his succession. The Council, "having considered the procedure obtaining in the United States and Mexico," has done so, and is of the

opinion that "no expedient can possibly surpass the perfection of the plan now recommended." The plan consists in giving the President the right to nominate three persons, from among whom his successor shall be elected. The names of these three he writes on a golden tablet; he encloses the tablet in a golden casket, and locks the casket in a stone strong-room in the presidential palace. This procedure is no new invention: it is copied boldly from that which was laid down by the Manchu Emperor K'ang Hsi, and followed by other sovereigns of that dynasty, with a view to preventing intrigue and strife in the Imperial Clan by keeping the succession a secret. An anonymous Chinese scholar (probably Yen Fu), writing in the *Peking Gazette*, justifies this procedure on the well-fitting-shoe principle; his whole line of argument suggests something more than a casual acquaintance with the workings of the presidential mind. After philosophically discussing the respective merits of the classical Greek and modern American ideals of republicanism, he observes:

"Theoretically speaking, the success of an administration may be expected to be ever on the increase, so long as the best man in the country can be secured to hold and control the reins of government. But if we examine more closely into this matter and ask how this condition can be fulfilled, the only answer must be that, as God is always well disposed toward mankind, He will select and place upon the Throne the best man."

Regarded in this light, the machinery for elections might seem to be superfluous. Howbeit, the Constitution provides for them, and the President has sworn to uphold the Constitution. So let them be. At the same time, this scholar apologist for things-as-they-are considers it necessary to explain that the Chinese presidential law is the reverse of that which obtains in America, for two reasons:

"In America," he says, "the candidates for the Presidency, usually two or three in number, are nominated by the great political parties, so that the voters, through their representatives, have only the choice of one from among two or three men. But the political parties in China are quite incapable of working on these lines; therefore we are compelled to lay upon the President the burden of nominating candidates.

"China is now maintaining her national stability by means of military forces. This being so, no man, except he be loved and obeyed by the whole of the army, can possibly control the situation. Therefore it is imperatively necessary that the man whom the army loves should nominate the one whom it loves next to him for the Presidency, so that bickerings and bloodshed may be avoided."

(In Peking the impression prevails that the first name inscribed on Yuan's golden tablet will be found to be that of his second son.)

Of the second presidential mandate, it is unnecessary to give any detailed analysis. It is one of those simple, forthright ordinances, with which one meets continually in Chinese history, enacted by the wisdom of the patriarchal system to guard the State against sudden perils of change. Though simple in its wording, it evidently combines an inspiration of political genius with close observation of the causes and effects of unrest in Europe. In response to a

memorial by the Censors, President Yuan has been pleased to decree that henceforth "no member of any political party shall be eligible for membership of Parliament." It may well be that, in recording this decision, Yuan has been influenced by consideration of the greatly increased dignity and efficiency of the British and French Parliaments since they ceased to consist of party men. On this point, the Censors are silent. They base their memorial on the lamentable fact that "China's recently dissolved Parliament became a laughing-stock, because all its members belonged to political parties. Among them were to be found men who degraded the profession of letters, men who indulged in windy rhetoric, who employed money and even arms to turn the country upside down. The parties used their collective strength to influence elections and usurp power."

But these sad, bad days are over. By a stroke of the Vermilion Pencil of Presidential Wisdom, the Chinese people may now rest assured that in their purged Parliament, "none is for a party and all are for the State." And if, by any chance of human frailty, a party should survive, its members will be compelled, as in the days of old, to conspire as secret societies, cut off from all immediate prospect of official loaves and fishes. Henceforth the only party in China must be the party in power.

The light which these presidential decrees throw upon the present political situation at Peking makes them well worthy of serious attention, both in China and abroad. As I have said, they suggest to the initiated a good deal more than meets the eye of the casual observer. The latter mandate, in particular, emphasizes two important facts. First, that there is no immediate prospect of a restoration of the Manchu dynasty, or indeed, of the monarchical symbols of government, and this, for the simple reason that Yuan Shih-k'ai, having attained to the substance of Imperial authority, has also the wisdom to know that a rose by any other name would smell as sweet. Second, that during the past year, the silent, insidious strategy of the Velvet Glove, giving but little outward sign of all its manifold activities, has effectively succeeded in restoring the undisputed authority of the metropolitan administration over the greater part of the provinces.

Let us examine more closely the significance of this second mandate. It is evidently intended to be an intimation to all concerned that the professional political agitator of the Sun Yat-sen persuasion is henceforth excluded from Parliament, and that Young China of the foreign-educated student class will be eligible for public employment only on the President's own terms. Everything in Yuan's career as Viceroy of Chihli under the Manchus points to his intelligent appreciation of the usefulness of men who have received a sound education abroad, and of his readiness to employ such men for his purposes of progressive administration; but he has never made any secret of his preference for workers, as distinct from talkers. Provided that they are willing to abandon their exotic theories of republicanism, Young China's "intelligents" may still hope to find dignified and not unprofitable appointments under the President-autocrat; but those who cling to the ideals and political methods which distinguished the first Parliament of the Republic are clearly warned off. There will always be parties and party warfare at Peking; the struggle for place and power will continue to be waged around the presidential palace as it was around the Dragon Throne, with ample scope for brains and bravery; but the struggle will be, as of old, between provincial and not between political factions—between North and South, between the Cantonal party and that of Anhui. Except on paper (and chiefly for the edification of the foreigner), it will no longer be a warfare of empty words, concerning vague theories and experiments in the European art of government, but the grim old oriental struggle for the sweets of office and other solid realities. The names and records of

the men whom Yuan has gathered together in his cabinet indicate in the clearest possible manner a return to the patriarchal system and a revival of the old balance of power and traditional rivalry between the great provincial factions. The Kuo Min tang, the Chin Pu tang, and other pinchbeck imitations of Europe's political parties, which sprang into feverish and futile existence with the collapse of constituted authority in 1911, all have now been swept away, with their battle-cries and banners, into the limbo of things well forgotten. Did not Yuan himself solemnly denounce their proposed form of republican government, from the very outset, as utterly impossible, declaring it to mean "the instability of a rampant democracy, of dissension and partition"? Yuan has now done for China what Porfirio Diaz did for Mexico: he has established, and is now in a position to proclaim, a benevolent despotism, a despotism strong and supple enough to check the activities of political adventurers, which promises to give security to the people and something approaching stability to the government.

So silently and swiftly has the old machinery of the metropolitan administration been repaired and set to work that, until the issue of these memorable mandates, few observers, even on the spot, had realized how complete had been the restoration. As a correspondent in Peking has well expressed it, "Each event has fitted into the next with the polished smoothness of a conjuring performance, the progress of which has been watched with feelings divided between admiration for the aplomb of the conjurer and speculation as to the real sentiments of the apparently highly gratified audience."

It will be instructive to glance back over the various stages by which the final result was attained. In December, 1913, we find the President convening an Administrative Conference (carefully selected by himself) "to remedy the defects in the Provisional Constitution," which was framed under the auspices of Young China militant. These "defects" were drastically remedied, by the dissolution of the remnants of Parliament, the abolition of all the nominally representative local assemblies, and the consolidation of the administration at provincial headquarters in the hands of officials who were pledged to support the views and personal authority of Yuan Shih-k'ai.

Having thus replaced the Provisional Constitution by a thinly veiled presidential dictatorship, Yuan proceeded to frame a new Constitution. This work was done in March and April. According to its provisions, the President of the Republic is no longer liable to impeachment by Parliament; all administrative authority is concentrated in his hands, including absolute control of the Treasury, the Army, and the Navy. The substance of representative government having been abolished, its effigy was tactfully replaced by the creation of a model Parliament of two chambers, which is announced to meet some time this year. The qualifications for membership in this Parliament and for the right to vote as electors have been most carefully defined, with the object, first, of excluding Young China, and, secondly, of ensuring the election of men acceptable to Yuan Shih-k'ai and to his chief representatives at the provincial capitals. At the same time, the President's direct control over provincial affairs has been greatly strengthened by once more separating the military from the civil administration. Military authority became concentrated last June in the hands of provincial commanders, holding the old Manchu title of Chiang Chün, selected or approved by Yuan and more or less controlled from Peking by the Ministry of War. The old Taotai system of civil administration has been restored, with slight changes of names and symbols. Needless to say, the men selected to hold these important posts have been selected for their merits, chief of which is unswerving personal loyalty to the head of the State.



The first effects of Yuan's steadily increasing authority are now beginning to assume definite shape, and their general nature is such as to justify those who believe that only under a benevolent despotism can law and order be evolved out of the social and political conditions actually existing in China. During the period immediately following the abdication of the Manchus, before the Iron Hand in the Velvet Glove had had time to collect the men and money necessary for the restoration of the old machinery of government, the financial situation at Peking and in the provinces seemed almost hopeless. During the chaos of the revolution, the ancient fiscal relations between the capital and the provincial treasuries had perforce fallen into abeyance; the government's obligations for the service of its foreign debts were rapidly increasing, while its revenues had greatly diminished. In the absence of any strong central authority, the disorganized mandarinat was busy making provision for itself on the time-honored principle of *après nous le déluge*, borrowing money recklessly, anywhere and everywhere, upon the last available securities of local revenues and concessions to foreigners. At the beginning of 1914 it had become perfectly evident that unless Yuan Shih-k'ai could speedily succeed in organizing a provincial administration under his own nominees, to collect and remit regular taxes and duties, through the old channels and upon an increased scale, China would be compelled to make default. The temporary expedient of short-term loans raised from foreign banks could not serve much longer to avert the long-prophesied *débacle*. Those who remembered how, during the last decade of Manchu rule, failure had dogged all the government's efforts to increase the provinces' remittances to the Central Treasury saw little reason for hoping that, in the time at his disposal, Yuan would be able to overcome the formidable obstacles in his path. Skepticism as to the possibility of a successful reorganization of the salt gabelle revenues was justifiable, in view of Sir Robert Hart's confessed failure to reorganize the *lekin* collectorate as security for the loan of 1898.

But in this matter the revolution has proved a real blessing in disguise. Its great upheaval and slaughter removed, or seriously frightened, large numbers of the *littérati* and gentry, who by prescriptive right batted and fattened on the provincial revenues; in many places it made a clean sweep of the locust swarm of Yamen-bred parasites and blood-suckers, "expectant" officials and gentry, who preyed on every branch of productive industry. The frock-coated politicians and khaki'd soldier-students, whose little hour of brief authority followed upon the dislocation of the old *régime*, possessed neither the materials nor the intelligence to organize a new fiscal administration. They lived on hand-to-mouth expedients and irregular levies. Meanwhile the old machinery, which for centuries had served to provide the Manchu Court and clans with funds sufficient for their needs, lay dislocated and discarded. It required the master hand of Yuan Shih-k'ai to restore it. This he has done, skillfully lubricating its clumsy creaking joints and sweeping from its cogwheels the immemorial dust of precedents outworn. In setting it to work again, under the direction of men of his own choosing, he has had good cause to bless the revolution, the results of which have enabled him to disregard many of those precedents, and have relieved him from the necessity of conciliating many ancient vested interests.

And, strange as it may appear, the war in Europe has also strengthened his hands, by removing from his *entourage* (and especially from the Ministry of Finance) all immediate prospect of raising new loans from foreign financiers. The practice of paying old debts by fresh borrowings is one which appeals to the Oriental mind, partly because of its extreme simplicity, and partly because there are usually pickings and perquisites to be found in the

wake of foreign loans. Compelled to abandon all hope of making ends meet in this way, the Ministry of Finance and the President's adherents in the provinces have been led, in their own interest, to recognize the necessity of a systematic reform of the country's fiscal resources, on a basis of largely increased remittances to Peking. Had foreign loans continued to be available, it is extremely probable that Yuan Shih-k'ai and his advisers would have looked with a lenient eye on the perpetuation of many of the provincial "squeezes" which, in the past, have swallowed up so large a proportion of the revenues collected. Live and let live is a fundamental principle with the mandarin. But, confronted with the stern necessity of providing, entirely from internal resources, a revenue sufficient to meet the country's domestic needs and foreign obligations, Yuan Shih-k'ai has been able to bring to bear arguments that have evidently carried the required weight at Peking and in the provinces. The amounts now regularly remitted from the provincial treasuries to the capital have steadily increased during the past year; internal loans (nominally voluntary, but actually forced subscriptions levied upon business houses) have produced sums far larger than anything they were able to collect under this heading.

Finally, the reorganization of the salt gabelle, under the able direction of Sir Richard Dane, has proved conclusively that the President's statecraft is based on intimate knowledge of men and affairs. Most of his chosen lieutenants at the provincial capitals have been led to take something more than a local view of their responsibilities and to recognize the expediency, on national grounds, of loyally coöperating with Sir Richard Dane and his staff in their work of radical reform. Great credit must be given to this energetic and expert administrator for the changes that he has been able to introduce and for their surprising results; but to the revolution must be ascribed the all-important fact that the vested interests of the provincial gentry and local officials no longer possess the power of passive resistance which was theirs, by sheer weight of tradition, under the Manchu dynasty. The work which Sir Richard Dane is doing proves (what everyone knew) that under an effectively centralized government, loyally supported by its officials in the provinces, China's visible revenues might easily be trebled, without adding anything to the taxes actually levied from the people, by the application of business methods and by reduction within reasonable limits of the hungry horde of place-seekers. And if the ancient citadels of the salt gabelle have thus been successfully stormed by the foreign-led forces of reform, if the paramount authority of the President-autocrat has thus been able to secure results which, in the opinion of all the best observers, are likely to give China financial stability, we may be justified in hoping that the same forces will in due time be able to effect equally important reforms, under expert foreign supervision, in respect to the currency, land-tax, and *lekin* collectorate.

For the present, it is sufficient to observe that the great-man theory of government has once more been vindicated in China, and that, at a time when all the western world lies under heavy storm-clouds of war, the Celestial Republic shows signs of successfully emerging from some of the most grievous troubles of its internal disorganization. Yuan Shih-k'ai's recent mandates are an intimation to the world in general, and to Young China in particular, that the ends of autocracy have justified its means, some of which have been undeniably "frightful," and that, political agitation being barred as a means of livelihood at Peking, benevolent despotism is in a position to protect the state from the dangers which have so long threatened it from within. Of those which threaten it from without, this is not the time or place to speak; but, given a solvent exchequer and a little luck, the Velvet Glove should be able to deal with them also.—*The Atlantic Monthly*.

## THE JAPANESE IN CHINA

By WILLIAM BLANE

The capture of Tsingtau by the Japanese on the 6th of November, 1914, was not only an event of first-rate importance in the progress of the present War but one calculated to change the whole aspect of the Far Eastern question. When Japan took possession of the territory originally leased to Germany she did so as the representative, *pro tem.*, of Great Britain and her European Allies in the present War. China, during the conflict on and for her own territory, between Germany and Japan, maintained her neutrality with commendable discretion. Her task was one of extreme difficulty, and her troubles were not lessened by the forcible entrance into possession of her new tenant. The fresh position had to be defined, and this was no easy matter. Besides, old grievances between Japan and China naturally came up for discussion. The result is strained relationships between these two nations, and an extremely delicate situation which, if not wisely handled, may have serious and far-reaching results. It is impossible to discuss the situation itself, principally because sufficient information of a reliable kind is not available. Therefore this article is confined to setting forth the position of the Japanese in China in such a way as to assist the reader in forming conclusions on the various questions involved as the facts relating to them become public property.

It is fairly certain that there were official communications between China and Japan soon after the Chinese conquest of Northern and Central Korea in 106 B. C., and there are evidences that adventurers from both countries had crossed the Korean Straits long before that period. During the early centuries of the Christian era the influence of Japan in Southern Korea synchronised with that of China in the north, although Chinese rule there came to an end in B. C. 36. Professor Murdoch somewhat discredits the story of the conquest of Silla (South-East Korea) in A. D. 200 by the Japanese, under the Empress Jingō Kōgo, but allows that the conquest of the kingdom of Pakche (South-West Korea) in the same year has more solid evidence. On page 42 of his *History of Japan* this writer says:

"In the first four centuries of our era the Silla annals make mention of thirteen or fourteen Japanese descents on the coasts; in the fifth century alone an almost equal number (eleven) of hostile attempts on the part of the islanders is recorded."

Up till the early part of our seventh century Japan held the balance of power among the kingdoms of Korea, but on her retirement had nothing more of value than some copies of the Buddhist Sūtras and the Chinese Calendar for all her expenditure of life and treasure. Korea, after its unification in our tenth century, remained an independent State, but paid tribute to China in recognition of her superior greatness.

It is well to bear this brief outline of early Korean history in mind in order to apprehend the position of the Japanese in China as it is to-day. Korea was annexed by Japan in 1910. All that Japan owes to China came by way of Korea—literature, art, religion, philosophy—and every trouble that Japan has had with China or Russia sprang from Korean soil. A glance at the map will show how this was inevitable. Korea joins with Chinese Manchuria on the west, and with Russian Siberia on the north, while it is separated from Japan only by the narrow Strait of Korea, the island of Tsushima being within thirty miles of the mainland.

I do not propose to give even an outline of the history of Japanese communications with China. They were more or less continuous from the earliest time till Japan retired into national seclusion in the seventeenth century. These communications left the two peoples with very little in common. It seems certain that at no time have Chinese settled in Japan in sufficient numbers to influence the customs and manners of the islanders. The languages, houses, dress, food, and even the virtues and vices of the two peoples are so distinct as to warrant their being classed as of different races. The influence of Chinese literature, art, and philosophy is everywhere apparent in Japan, but Japan is nevertheless purely Japanese.

Much must necessarily be said about Korea, for this peninsula of 80,000 square miles, stretched invitingly from the borders of Manchuria and Siberia toward Japan, plays the same part in the national quarrels of the nineteenth and twentieth centuries as it played in those of the first. With the awakening of China, the spread and pressure of Russian influence in Eastern Asia and the advent of Japan into world politics, the historic Flanders of the Far East became once more the battle-ground of all contending parties. Korea a strong and self-reliant State would have served as an effectual buffer, but it was continually in a condition of internal turmoil which the weak and spasmodic suzerainty of China only aggravated.

The Chino-Japanese War, declared on the 1st of August, 1894, was the direct result of an insurrection in Korea. This war was actually in being some months before the declaration referred to. Troops from China, sent to Korea to quell the insurrection, came into conflict with Japanese troops there as a consequence of the refusal of China to reform Korea jointly with Japan. The sinking by a Japanese cruiser of Chinese transports flying the British flag, and other incidents, culminated in the battle of Asan, in Korea, on the 29th of July. The war was carried to the South Manchurian coast, and Port Arthur, then the chief naval arsenal of China, was captured by the Japanese in November, 1894. China was at the mercy of Japan when this war ended, and Japan dictated the terms of peace, which were set forth in the Treaty of Shimonoseki, dated the 17th of April, 1895. The first Article reads:

"China recognizes definitely the full and complete independence and autonomy of Korea; and, in consequence, the payment of tribute and the performance of ceremonies and formalities by Korea to China in derogation of such independence and autonomy shall wholly cease for the future."

China also ceded to Japan the Liaotung peninsula and the island of Formosa. This gave Japan a substantial footing on the mainland of China. Soon after the Treaty was made known Russia, France, and Germany appeared as the champions of the doctrine of the integrity of China. The result was that Japan evacuated Manchuria and retired, with the distant island of Formosa as her only reward for securing the independence of Korea.

At that time Russian pressure on Northern Manchuria had become serious. The Trans-Siberian Railway was commenced in 1891. A connection with the Chinese Government Railways, which had reached to within a few miles of Peking in 1894, was essential. This was secured in spite of strong British opposition, and the Russianising nature of the movement may be gathered from the fact that the Russian railway gauge, 5 feet, was continued into Chinese territory in the face of protests from the Chinese authorities, who pointed out that the standard gauge of China was 4 feet 8½ inches.



In this connection it should be noted that by the Treaty of Nerchinsk, made between Russia and China in 1698, the boundary line between the two countries was placed well beyond the river Amur. It was not till the end of the Crimean War that the Amur was seized by Russia under the plea of necessity; for the Black Sea was blockaded and the Amur offered communication with the Pacific. In 1860 Russia obtained the recognition by China of her right to the whole territory east of the Amur, and in 1875 to consolidate the position, she made an exchange of islands with Japan, by which she obtained Saghalien. This gave Russia a land connection with Korea and control of both coast lines on the Gulf of Tartary. The famous port of Vladivostok was established on the extreme southwest of the new mainland territory, with Korea adjoining on the south, Manchuria and all China as a natural hinterland, and Japan removed from her immediate sphere by the evacuation of Saghalien.

All this was the result of natural expansion recognized by both China and Japan, and, had it been possible to maintain the position, all might have gone well for all concerned. But the harbor of Vladivostok was found to be ice-bound in winter, and Russia's need of an ice-free port on the Pacific became the dominant factor in her Far Eastern policy. In all the sordid scramble for railway concessions in China, in which most of the Great Powers of Europe were concerned, and America as well, this was never lost sight of. The position invited trouble, and the part taken by Russia in depriving Japan of the Liaotung peninsular aggravated it considerably.

In the early nineties Manchuria, and incidentally Northern Korea, became the hot-bed of railway-concession intrigue, which, while ostensibly respecting the integrity of China, aimed at political and military control by economic means. In the struggle for concessions Russia won, securing the whole rights in Northern Manchuria. In 1898, when the German Government took possession of Tsingtau by force of arms, the Trans-Siberian Railway had been completed, and Russian engineers were well advanced with the construction of the Chinese Eastern Railway from the Siberian frontier into and across Manchuria. China could not force the Germans from Tsingtau, and on the plea of that other much-abused doctrine, equal opportunity, Russia obtained a lease of Port Arthur for twenty-five years from the 27th of March, 1898, together with a concession to continue the railway through the Liaotung peninsula to Dalny and Port Arthur. By 1901 the whole line, from Moscow to Port Arthur, was completed, and Russia was mistress of the situation with 1,600 miles of railway on Chinese territory and an almost impregnable fort on the very site from which she had assisted diplomatically to eject Japan six years before.

The Russo-Japanese War was inevitable. It took the world by surprise on its outbreak in February, 1904, but to those in touch with the developments outlined in the preceding pages it came as a matter of natural sequence. The Japanese took Port Arthur on the 1st of January, 1905, ten years after it had been surrendered to them by the Chinese. The result of this war was the transfer from Russia to Japan of all her South Manchurian leases and concessions, as set forth by the Treaty of Portsmouth, U. S. A., dated the 5th of September, 1905. The principal Articles of the Treaty are given here, as they are of more than ordinary interest:

"Article I.—There shall henceforth be peace and amity between their Majesties the Emperor of Japan and the Emperor of all the Russias, and between their respective States and subjects.

"Article II.—The Imperial Russian Government, acknowledging that Japan possesses in Korea paramount political, military, and economical interests, engage neither to obstruct nor interfere with the measure of guidance, protection, and control which the Imperial Government of

Japan may find it necessary to take in Korea. . . . It is also agreed that in order to avoid all cause of misunderstanding, the two High Contracting Parties will abstain, on the Russo-Korean frontier, from taking any military measures that may menace the security of Russian or Korean territory.

"Article III.—Japan and Russia mutually engage—

"(1) To evacuate completely and simultaneously Manchuria except the territory affected by the lease of the Liaotung peninsula. . . .

"(2) To restore entirely and completely to the exclusive administration of China all portions of Manchuria now in the occupation or under the control of the Japanese or Russian troops with the exception of the territory above named.

"The Imperial Government of Russia declare that they have not in Manchuria any preferential or exclusive concessions in impairment of Chinese sovereignty or inconsistent with the principle of equal opportunity.

"Article IV.—Japan and Russia reciprocally engage not to obstruct any general measures common to all countries which China may take for the development of the commerce and industry of Manchuria.

"Article V.—The Imperial Government of Russia transfer and assign to the Imperial Government of Japan, with the consent of the Government of China, the lease of Port Arthur, Talien, and the adjacent territory and territorial waters, and all rights, privileges, and concessions connected with or forming part of such lease, and they also transfer and assign to the Imperial Government of Japan all public works and properties in the territory affected by the above-mentioned lease. . . .

"Article VI.—The Imperial Russian Government engage to transfer and assign to the Imperial Government of Japan, without compensation and with the consent of the Chinese Government, the railway between Chang-chun (Kwan-cheng-tzu) and Port Arthur and all its branches, together with all rights, privileges, and properties appertaining thereto in that region, as well as all coal mines in the said region belonging to or worked for the benefit of the railway.

"Article VII.—Japan and Russia engage to exploit their respective railways in Manchuria exclusively for commercial purposes and in no wise for strategic purposes. It is understood that restriction does not apply to the railways in the territory affected by the lease of the Liaotung peninsula.

"Article IX.—The Imperial Government of Russia cede to the Imperial Government of Japan in perpetuity and full sovereignty the southern portion of the Island of Saghalien and all islands adjacent thereto, and all public works and properties thereon. The fiftieth degree of latitude is adopted as the northern boundary of the ceded territory."

In a supplementary agreement each party reserved the right to keep fifteen soldiers per kilometre as an armed guard to patrol the lines of railway.

By Russia's acknowledgment in the second Article of the Treaty of Portsmouth it will be clear that in 1905 Japan "possessed paramount political, military and economical interests in Korea." This was to be expected. In the ten years that had elapsed from the independence of Korea till the signing of the Treaty referred to, the influence of Japan on the peninsula had grown steadily. And yet, internal weakness and external pressure had become, if possible, more pronounced than when Korea was in vassalage to China. This led to Korea becoming a Japanese Protectorate in 1904. In 1906 stronger measures were foreshadowed by the establishment of a Resident-General at Seoul, and on the 29th of August, 1910, Korea was formally annexed by Japan. The preamble of the Treaty of Annexation is significant:

"Notwithstanding the earnest and laborious work of reforms in the administration of Korea in which the Gov-

ernment of Japan and Korea have been engaged for more than four years since the conclusion of the agreement of 1905, the existing system of government in that country has not proved entirely equal to the duty of preserving public order and tranquility, and in addition a spirit of suspicion and misgiving dominates the whole peninsula."

The Emperor of Korea was given suitable rank and honors with an annual grant for their maintenance, and peerages were conferred on leading statesmen and officials. Thus ended an ancient dynasty, and the historic peninsula passed under the dominion of the Mikado. Even the name Korea is doomed to disappear and is already replaced by Chosen. Surely this is to be regretted if only for historic reasons. It may easily prove a change for which Japan may have to pay dearly before patriotic accounts are finally adjusted.

Probably, had the Russo-Japanese War ended differently, not only Korea, but Manchuria as well, would have become part of the Tzar's dominions. In any case, it may reasonably be reckoned to the Japanese for righteousness that, while they added Korea to Japan, they saved Manchuria for China.

In order to grasp the new situation it must be borne in mind that Japan is no longer only an island empire, and that a recurrence of Tokugawa seclusion is to her forever impossible. She is an established Continental Power in East Asia, with land frontiers against Chinese and Russian territory. Geographically, the relative positions of Korean Japan, China and Russia correspond closely to those of Italy, France and Austria in Europe.

Since the transfer to Japan of Russia's interests in South Manchuria, consequent on the war of 1904-5, the old policy of acquiring political influence by economic means has continued without abatement. Indeed, so far as Russia in the north and Japan in the south are concerned, it may be said that political influence has assumed the form of armed possession. The length of the railways controlled by Russia in North Manchuria may be roughly estimated at 1,100 miles. In 1913 Japan controlled over 700 miles in South Manchuria, and the substantial concessions she obtained in that year must now enable her to lay claim to the right to protect an aggregate length equal to that of Russia. Full advantage is taken by both parties of the Treaty clause by which each may keep a guard of fifteen men per kilometre, so that the length of line controlled is the measure of the local military strength of the competitors.

The Russo-Japanese Agreement of 1907, and the Convention of 1910, with subsequent recognitions and arrangements, are of the most friendly nature; they aim at the maintenance of the *status quo*, the integrity of China, and the principle of equal opportunity; they regulate commercial, social and political relationships; but this glaring and ever-growing witness to mutual suspicion and distrust is left unmentioned. Presumably both parties affect to believe that these guards are for the protection of the lines against possible local depredations. I have been over almost every mile of railway in China and saw no such precautions outside Manchuria, and there they are quite unnecessary. Besides, it is well known that the Chinese Government are willing to provide what police protection is required, and would be relieved to see every foreign soldier recalled. In the agreement under which the lines were originally constructed it is stipulated that "the Chinese Government will take measures for the protection of the line and the men employed thereon." It was not till after the Boxer trouble in 1900 that guards were considered necessary. It will be remembered that at that time the various nations interested took armed possession of the principal lines of railway. Only Russia and Germany continued this armed possession after the trouble was over. The Treaty of Portsmouth systematized the evil in Manchuria.

If this mutual menace were removed, the end of Russo-

Japanese troubles in Manchuria would be well in sight. That some system of policing the lines is necessary is admitted. Every line in China is policed. If Manchuria is, as is claimed, the happy hunting-ground of the Chinese brigand, by all means let there be an extra police force there, but let it be arranged for with the Government of the country, and not by an agreement between two foreign Powers, based on mutual distrust.

Vladivostok is now, by the use of ice-breakers and other means, practically an open port all the year round. The engineer has triumphed where the diplomatist and the soldier failed.

The open door, equal opportunity, spheres of influence, and the integrity of China are the four phrases representing the international rules for the torture of China. She is exposed by the first, exploited by the second and third, and preserved by the fourth for the perpetuation of the process. Should this Prometheus of the nations ever be unbound, she will have little cause for gratefulness to any of her tormentors, for they have but helped themselves, with unequal results.

The Great Wall of China is the witness to her ancient self-sufficiency. Left alone she grew and spread until her power and influence were limited only by the barriers of communication and the bounds of knowledge. She did not want our missionaries, but we taught her to respect them. She despised our trade but we forced it upon her. She did not value our money, but we made it her necessity. She removed our first railway from her sacred soil and left it to bleach on the shores of Formosa, but we returned with others which we induced her to keep and use and value, till her sons violated the Great Wall for their sake and stretched their glistening lines to the confines of the Forbidden City. Other nations did much the same. The Yellow River, anciently China's highway of commerce, is still known as "China's Sorrow" because of the periodical devastations wrought by the breaking of its "loess" banks in times of great floods, but China's railways have wrought her more sorrow in thirty years than the Huang Ho did in as many centuries. And the end is not yet.

Having endeavored to set forth the relative or rather contending interests of Russia and Japan, the position of the Japanese in China, as it is to-day, may now be considered more exclusively. Early in the progress of the Russo-Japanese War the railways in South Manchuria fell into the hands of the Japanese. The Russians, seeing this was inevitable, had withdrawn the rolling stock to the north. But the gauge was quickly altered to suit the engines and trucks of the Japanese lines, which had been actually loaded on transports before it was quite certain that they would be required. The control of the railways practically decided the fortunes of the war. To-day, after ten years of what is, in all but name, Japanese occupation of South Manchuria, more than nine-tenths of the Japanese subjects in the territory are to be found in the railway zone.

The exploitation of South Manchuria was not undertaken by the Japanese Government directly, but by a powerful joint-stock company in which the Government is the largest shareholder. This concern, the South Manchurian Railway Company, is doing very much the same in this part of China as the Canadian Pacific Railway has done in Canada, only the former represents the Japanese Government and the latter private enterprise. The capital of the company in 1913 consisted of £10,000,000, held by the Japanese Government, and £200,000 held by private subscribers. Debentures to the amount of £12,000,000 have been issued, and these are mostly held by British investors. The Government shares represent the value of the lines as agreed upon when the company took them over, so that, apart from the £200,000 representing private holders, the company is run by the proceeds of debentures issued in London. These debentures are guaranteed, both as to capital and interest, by the Japanese Government.

Japan was the last of the Powers to take a hand in the game of Economic Means to Political Ends. The hand dealt her was a good one, and, so far, it has been played with consummate skill. Britain, France, Belgium, Russia and Germany are all represented by railways in China, but those representing Japan are, alone, constructed and equipped by foreign capital, and that capital is British.

The South Manchurian Railway Company engages largely in enterprises other than those implied by its designation. It runs a regular service of ships between Dairen (Dalny) and Shanghai, and owns the fleet of the Dairen Steamship Company, coasting in the Gulf of Pechili. The Fushun Colliery, about twenty-five miles east of Mukden, is under its control. This is situated on an extensive coal bed with deposits from 75 feet to 180 feet thick, and a total storage estimated at 1,000 million tons. The output in 1913 was 3,000 tons per day. With developments then in progress this must now have been doubled. It also owns the Yentai coal fields, northeast of Liaoyang. It owns and runs the great harbor works at Dairen and the wharves and shipping facilities of Port Arthur. It provides electric current for Hoshigaura, Changchun, Mukden, Dairen and Port Arthur, and gas as well where required. It has large hotels at all these places. It owns about 50,000 acres of land, one-third of which is let for building purposes. It maintains hospitals, with a central establishment at Dairen and twenty-five branch stations along its lines of railway. It provides fifteen primary schools and a medical college and a technical institute. It creates townships, erects public buildings, makes roads, constructs telegraph lines, and installs telephones. In short, this great concern runs South Manchuria for the Japanese Government.

In 1913, on the 200,000 shares held privately a dividend of 7 per cent. was paid, and  $2\frac{1}{2}$  per cent. on the Government shares. The bulk of the profits go toward capital expenditure, and this to such an extent that one is forced to the conclusion that the policy of the company is to sink as much money in permanent works as possible in the short time at its disposal. The significance of this will appear when the time stipulations in the lease of the Liaotung peninsula and the railway connections are considered.

The progress of South Manchuria since the occupation of the Liaotung peninsula by the Japanese is of the most encouraging nature. The advent of railways in other parts of China brought no real benefit to the Chinese communities in the regions they were designed to serve. The traveler by rail can see towns and walled cities from the carriage windows, where everything remains the same as it was a thousand years ago. After their first curiosity subsided the inhabitants settled down to dig and sow and reap, and wheel their squeaking barrows among the graves of their ancestors as their fathers had done. No ambition was aroused, no emulation was stirred. The foreign devil and his inventions were things apart, to be got rid of at the first opportunity and under any pretext. It is so still, except only at the great termini, where employment and interest are provided for a number infinitesimal compared with the uninfluenced millions. For the railway was all the foreigner brought, and those interested in trade and travel were comparatively few.

The Japanese brought more than railways. They encouraged native industries and introduced new ones. They settled to some extent among the people and taught them the utility and profit of modern tools and mechanical appliances. They spent money among them, taught their children, provided hospitals for the sick and employment for the strong. Year by year prosperity spread, new villages and towns sprang up, and the harvests increased. In 1913 there were 86,646 Japanese in the railway zone in South Manchuria, and 920 outside that zone, while 1,920 had settled in North Manchuria. To-day it is estimated that there are 100,000 Japanese, and 300,000 Koreans—all

Japanese subjects—in South Manchuria alone. These are not all grouped in settlements like other foreigners, but scattered to some extent over the country. They follow their various callings in close contact with the eleven million Chinese who were there before them.

A hundred thousand Englishmen in South Manchuria, or in any other part of China not within sight of a British Legation, would starve. A hundred thousand Japanese grow rich and are object-lessons of thrift and good citizenship, and Japan will pardon me for pointing out that this is largely the result of her people having lived on a different plane from that of the European nations. Anything approaching mixed communities of Chinese and Europeans is impossible. The whole social structures are so essentially different that few points in common could be found by the most adaptable. Besides, economic conditions are such that the European worker could not exist under the law of equal opportunity. A Japanese artisan can live luxuriously on a third of the pay a European artisan requires for a bare existence. The difference in the standards of living of Chinese and Japanese, class for class, is not great, and it is probably a fair deduction that the greater skill and more strenuous application of the Japanese worker would, with equal opportunity, result in equal economic advantage, with any balance in his favor. A levelling process is, in fact, already proceeding. Two years ago it had reached the stage when skilled Chinese on Japanese railways were demanding the same wages as skilled Japanese, the unlooked-for result of training Chinese in the hope that they would do the skilled work cheap.

That the Japanese may be capable of becoming a social influence does not alter the Chinese official view that their presence in South Manchuria in place of the Russians is merely a change of evils. Indeed it would be easy to reason that to the Chinese Government the change was decidedly for the worse, for, in the event of trouble with Japan, Russian interests in South Manchuria would form both a buffer and a barrier between her and China. Now Russia is removed to the north, well out of the way, and any pressure from Japan, whether by way of South Manchuria or Korea, or both, may be applied direct, and unrestrained by local complications. This, to a Government with which temporizing is at once a luxury and a necessity, may well present a highly dangerous situation.

Any salvation China has had during the last half-century has come to her through contending foreign interests. In the absence of these, with a combination of Powers with identical interests bringing sufficient pressure to bear on her, China must yield. And again, when one strong Power, fully determined on its course, moves resolutely while other Powers are so circumstanced that their interference would result in undesirable conflict, China must stand and deliver. The Kiaochau affair is an instance of this. On the other hand, when a balance of interests exists among the Powers, China can come out of great trouble with small damage, as in the case of the Boxer so-called rebellion. In this respect China may be likened to a village common. So long as no one wants it or every one wants it, it is safe. It is when one only, or one combination, wants it, and the rest do not care or are too engrossed with other matters to protest effectually, that it is in danger of being appropriated.

I am reasoning round a situation which it would be unwise and unprofitable to discuss freely under existing conditions. It is no secret that Japan is engaged in a controversy with China which at other times would have brought the Allies, with whom she is, fortunately, associated, on the scene as more than interested spectators. German interests in China, except in the international settlements and on the northern section of the Tientsin-Pukow railway, ceased with the fall of Tsingtau. American interests are more academic than material, and the United States Government is not likely to interfere so long

as the international creed, for which it is largely responsible—the open door, equal opportunity and the integrity of China—is not denied. Thus, apart from China herself, the only Powers materially interested are Russia, Belgium, France and Britain. Their interests are not identical but are competitive with each other as well as with those of Japan, and herein lies the safety of the situation. The four Powers named are engaged in a war which threatens their very existence. Had Japan not been associated with them there might have been reason to fear that the balance they have hitherto maintained might be disturbed to the detriment of China because of their inability to intervene. As it is, Japan is placed in the position of trustee for the Allied Powers, and has an opportunity of proving her real greatness such as few nations ever had. And, despite a world in arms, a nation's greatness is to be measured neither by the vastness of its territory nor its prowess in war.

Perhaps the choice of time for the present controversy with China did not lie with Japan, and everyone will sympathize with her if this is so, for at no time could such demands have been made on her honor as at the present, demands amounting to the sacrifice of all purely personal considerations. And this not only with reference to the interests of the friendly foreign Powers, but to those of China as well. In whatever China has failed, and she has failed whenever possible, Japan, more than she, is to-day on trial before an intensely interested if non-protesting world. Personally, I hope and trust and believe that she will rise to the great occasion and permanently increase her prestige among the nations. Any injustice done to China can be repaired, but any injustice to Japan will be self-inflicted and irreparable.

No official information has been given regarding the present negotiations between China and Japan, and under existing conditions unofficial communications have naturally been restrained. This much is clear—the trouble is mainly about leases and concessions, and the situation is delicate and requires the most careful handling. When I went over the works of the South Manchurian Railway Company two years ago I was struck by the permanent nature of everything that had been done and that was in progress. There was nothing to indicate that the lease of the ports had only ten years to run or that the concession affecting the Antung-Mukden line of 170 miles, connecting the Manchurian and Korean systems, terminated at the same time. On the contrary, extensive additions and costly improvements were in progress at the great harbor of Dairen, and the main line track was being doubled throughout. The Company was making huge profits and sinking the greater part of them in constructional works which will serve for a century after the present agreements expire. The *Engineer* of the 13th of November, 1914, after describing the railways and drawing attention to the brief tenure of the Company, adds:

"In the face of these things Japan, instead of preparing to reap returns, keeps putting more money into the business every year. One is driven to the conclusion that the South Manchurian Company is not so much a commercial concern as a political force, and that Japan has no intention of quitting Chinese territory."

It will be remembered that the lease of the Liaotung peninsula, which includes Dairen and Port Arthur, was granted originally to Russia for a term of twenty-five years, dating from the 27th of March, 1898, and that the lease with all its conditions unaltered was ceded to Japan in 1905. It had then eighteen years to run. With this in view, the agreement concerning the Antung-Mukden line was entered into between the Chinese and Japanese representatives in 1905 for a period of eighteen years. Thus the lease of the Liaotung peninsula and the concession regarding the Antung-Mukden line both terminate in 1923. There is no guarantee of an extension after that date, although

it is stated in Article IV. of the Convention that "on expiration an extension of the terms may be arranged between the two countries."

The South Manchurian railways were also ceded by Russia to Japan in 1905. The original agreement, still unchanged, has the following stipulations:

"After eighty years (from the day of completion of the railway and the commencement of traffic) the line and all its property are to revert to the Chinese Government without payment.

"Thirty-six years after commencement of traffic China may take over the line on payment of the following (*sic*), and all capital and all monies owed on account of the line and interest. As to profits made by the Company, should there be any not distributed to shareholders, these must be taken to be capital returned and deducted from the price paid for the line. China must actually pay over the amount of purchase to Russia before receiving possession of the line."

The line was completed in 1901, and is therefore redeemable in 1937. In 1981 it becomes the property of the Chinese Government without payment. The same conditions apply to the North Manchurian railways still held by Russia.

It is reasonable to suppose that Japan would make an effort to obtain extensions of the Antung-Mukden and Liaotung peninsula agreements so that they should run concurrently with that of the South Manchurian railways. And it is just as reasonable to suppose that Japan will be prepared to pay for these advantages, for, presumably, Japan has no more right to demand time extensions than China has to insist on time reductions. This is how such matters would be viewed anywhere outside China and the sphere of German *Kultur*. So far Japan has paid dearly for all she has in China, both in blood and treasure, and it would be an insult to her sense of justice to insinuate that now she wants something for nothing. The withdrawal of the Japanese from the Liaotung peninsula in 1923 might easily prove a serious matter for China, and for the world, and those who sympathize most with that sorely tried country would contemplate such a step with genuine alarm.

The capture of Tsingtau by the Japanese and the consequent expulsion of the Germans from Shantung created a new situation and changed the perspective of everything in the Far East. China had consented, however unwillingly, to the occupation of Kiaochau by the Germans for a period of ninety-nine years. When the Japanese expelled the Russians from South Manchuria they became possessed of all that was left by them, and the Chinese Government ratified the possession and transferred all the leases and concessions to Japan as Russia had held them. This is probably what will happen in Kiaochau, for in the following quotation from Japan's Ultimatum to Germany the word "eventual" may easily be made to do duty over a period of ninety-nine years.

"To deliver on a date not later than September 15th, 1914, to the Imperial Japanese Authorities without condition or compensation the entire leased territory of Kiaochau with a view to eventual restoration of the same to China."

Those who interpreted this clause to mean that Japan intended to turn the Germans out and hand the leased territory back to China at the earliest opportunity did not know the Far East. And, apart altogether from financial, political and strategical considerations, it is difficult to see how China would suffer by the transfer. Germany was certainly a more undesirable tenant in Tsingtau than Russia was in Port Arthur, and the change at Port Arthur was accepted with equanimity.

From the doctrine of equal opportunity it may be argued that as China agreed to a ninety-nine years' lease of Kiaochau all leases should be extended to cover a similar period. It would seem late in the day to put forward such a plea,

for Russia leased Port Arthur for twenty-five years after the lease of Kiaochau for ninety-nine years was matter of common knowledge. But the perspective of things has changed since then, and what was merely an indistinct outline in the dim background now stands forward in bold relief. In 1898 the partition of China seemed imminent, and in that event a lease of twenty-five years was as good as one of ninety-nine years.

The change at Port Arthur took place when Korea was an independent State. It was therefore in China's favor inasmuch as it created a balance of foreign interests more conducive to her safety. The position was, of course, materially affected by the annexation of Korea by Japan, and now, with the Japanese at Tsingtau, in possession of the finest harbor and the most strategic railway in China, contending foreign interests of a tangible kind are reduced to vanishing-point. This, with the one Power in active possession making demands for new concessions and time extensions of expiring agreements, is the secret of China's alarm.

Other matters, all of great importance, are under consideration at Peking, but in the absence of official information it would be impossible to discuss them with any degree of accuracy. Leases and concessions are in a manner public property, even though what is being done about them is still the secret of diplomatic circles. I have therefore dealt with them only, and in doing so have merely stated concrete facts and indulged in abstract reasonings, for it

must always be borne in mind that Chinese affairs are not to be judged by the standards applied to those of European nations.

Left now to work out her own salvation on any lines, China would come to certain and ir retrievable ruin. Foreign influence and a measure of foreign control in some form or other have become essential to her preservation. Her people are patient and her rulers mean well, but the fact that four hundred million people can neither finance nor defend themselves as presently situated is undeniable. In the unrestrained exercise of power weakness is more to be feared than wickedness. The miracle of the regeneration of Japan cannot be repeated in China. The vastness of her territory, the density and incohesiveness of her population, the difficulties of communication, the chaos of her finance, and the misfortunes of her Government are all against the occurrence of such a phenomenon.

Thanks to the contentions of her friends, China, like Job, holds fast her integrity, although in a material sense, while her friends, to her seeming, like those of the patriarch, maintain the rôle of miserable comforters, harassing her helplessness with specious and powerful arguments in the hope that she will curse God and die. It may, however, be a matter for profitable reflection that, had Job been as patient under the strictures of his friends as he was under personal afflictions, his sufferings would have been greatly mitigated and his last state, none the less, better than his first.—*The Nineteenth Century and After.*

## EAST AND WEST: A NEW LINE OF CLEAVAGE

By JAMES DAVENPORT WHELPLEY

With the aid of Western ideas the Far East is fast attaining a solidarity impossible under purely Oriental methods. The smug satisfaction expressed in the West at what is called the "modernization" of the East shows lack of wisdom or an ineffective grasp of the meaning of comparatively recent events in Japan, China, Eastern Siberia, and even in the Philippines. In years past the solidarity of the Far East was largely in point of view, while in other matters the powerful nations of the West played the game according to their own rules. To-day the solidarity of mental outlook still maintains, while in addition there is rapidly coming about a solidarity of political and material interests which in time will reduce Western participation in Far Eastern affairs to that of a comparatively unimportant factor. It might truly be said that this point is already reached, and that it only needs an application of the test to prove to the world that the Far East would resent important Western interference as an intolerable impertinence.

Such Western ideas and methods as have been adopted by Far Eastern peoples are those which will make them continually more self-contained, and assist them to a position where they can successfully maintain their own complete independence of Western control or even interest. The educational and medical work of the Christian mis-

sions has been accepted eagerly; the religious work slowly and almost universally with reservations. In no part of the world are people less bound together by religious belief or governed so little by religious creeds. Religion in the Far East is a school of philosophy, a state of mind, rather than a condition of faith. It is, therefore, less subject to change, or, in other words, more difficult to dislodge than would be an orthodox worship founded upon a clearly defined theological basis. The appeal of the Chinese Government to the Christian peoples of the world on religious grounds was a clever bit of politics and publicity on the part of those in power in Peking, calculated to assist in securing formal recognition of the present Chinese Government and the international loan needed to maintain that Government in power. It brought immediate response, as was hoped and expected, for it was an inspired bit of politics. That it meant more than this is impossible on the face of things, for to picture the present Chinese Government as an earnest band of orthodox Christians struggling for the dominance of their religious belief is beyond the imagination of anyone with real knowledge of the people, the conditions under which they live, or the men who now rule in Peking and throughout the provinces.

The same lack of cohesion through religion exists in Japan. It was only a short time ago that the Japanese

Government brought together representatives of all religious beliefs in that country to determine whether or not it was possible to evolve a creed which could be officially adopted as the religion of the country. It even seriously considered adopting the Christian religion as that of the State, much in the same manner as it might have considered a change in the design of the flag, in the army organization, or the tariff laws. Nothing came of this move, but it is illustrative of the readiness on the part of those in power to take to themselves for their country anything they think will in any way add to their prestige abroad or assist in bringing the nation up to a point of equality with those of the West—a result most ardently desired.

China is not yet independent of the West, for the Peking Government is in sore straits for money, and money is not plentiful in the Far East. Japan would finance China if she could, for this would fit into the plan to conserve the wealth of China for Japanese profit. This plan will prevail in the end, but not as completely or as rapidly as Japanese ambitions would dictate. Even the pressing need for money, however, did not prevent China from haggling over the terms of a loan from the West, and recent events clearly show that such control as was agreed to be given the West in return for financial accommodation has not been handed over. Money was borrowed ostensibly for reconstruction work, and has been expended in paying off older debts and official salaries, and in suppressing revolutions and disturbances. Little or no progress has yet been made towards that regeneration of the country which was promised as a result of a "republican government" and a purse well filled from the stores of sympathetic Western peoples. The serious error in Western thought and utterance concerning the China of to-day is the assumption that the China of yesterday has, by some hocus-pocus on the part of the revolutionists, been sent into retirement with the Manchu dynasty. No greater mistake could possibly be made in dealing with the Chinese or with Chinese affairs than to suppose any great change has come over the spirit of the country. The China of to-day is the China of yesterday and the day before, and the China of tomorrow will show little change in the heart of things. There has been a substitution of rulers at Peking, pledged to different things, but the only successes recorded of their administration have been accomplished along lines familiar to Chinese politics and government for many generations past.

The strength of the Chinese nation lies in its immutability, and not in its adaptability. Such modernization as has taken place has simply rendered this immutability more impregnable in that the threatened Western invasion can be resisted, or at least controlled more successfully, by the adoption of certain Western political ideas and methods than by the beating of tomtoms and the burning of paper prayers for the confusion of the "foreign devils."

The changes to take place in China will come slowly, and will be measured by the mileage of new railroads constructed. The doing away with treaty ports, the safety of the whole country by foreigners, the establishment of a national currency and banking system, the building up of strong and just local governments, a corruption-free administration in Peking, an effective fiscal system, a strong cohesive army and navy—these are things yet to come, and the road is long and full of obstacles. In the meantime, the strength of character and singleness of purpose of the Chinese people is a guarantee of the continued immutability of the nation. It is an elusive quality, this strength of Chinese character, one difficult to define, yet deeply felt by every Westerner who associates with them. The Occidental who lives many years in China never makes much headway against it. In most cases he is swamped in the depths of Orientalism. In nearly every other coun-

try where the white race has established itself among an alien population it becomes the dominant force. The white men tower above their surroundings, and are the acknowledged superiors, in authority at least, of those about them. This is not the case in China, for the Chinese put their mark on the man who lives among them for any length of time, and resist most successfully the impress of the Western mind or influence upon themselves. The Occidental who lives many years in China makes his friends, and as he is, so will he be rated. Should he step without this circle of personal acquaintance, he is as much alone in the Chinese multitude as he who landed in the country the week before. To say that a people such as these have changed over-night is most egregious folly, and Western nations who deal with the Chinese Government and the Chinese people with that idea are but asking for disappointment and to be made ridiculous in the eyes of the world.

The struggle for existence is the single purpose of the Chinese, and it is a struggle the cruelty and terror of which are hard to realize. They are a peaceful people, intent upon their own ends. Ghastly disasters and a terrible mortality from natural causes have so cheapened life that it counts as nothing. The country itself is ugly and commonplace to the eye, and the life of the mass of the people is sordid to an extreme. Away from the treaty ports, and out of sight of Peking, it matters not who rules the State. The work of the Chinese people is to get enough to eat, to weave on hand looms the nearly £200,000,000 worth of cloth, not imported or produced by Chinese mills, needed to clothe over four hundred million people. Great cities are lacking even in wagon-road communication with other communities. It is in these great centers of population that the mass of the people live. It is from the surrounding land that food is secured by scrupulously returning to the time-worn soil every ounce of refuse, animal and human, that its fertility may be kept at producing point. It was to a nation of hundreds of millions such as these that the American Secretary of State recently appealed for an expression of "public sentiment," and on their behalf the Peking Government addressed an appeal to Christian nations abroad on religious grounds.

There is one nation, however, that does understand China, and that is Japan. With a sympathetic mental outlook and an avowed purpose to grow great through the wealth and necessities of her vast neighbor, Japan has set herself the task of dominating the affairs of the Far East—or, in other words, to secure the best that is to be had in that part of the world for her own people. Tremendous progress has been made in this direction. The first step was to build and man a navy which would command all Far Eastern waters without question. This has been done. A modern army followed naturally. There was no need for the cultivation of a military spirit, for it was already there. To modernize tactics and equipment and train officers to modern warfare were merely matters of time and energy. The period in which it was accomplished was remarkably short, owing to the tremendous industry shown in the work. Japan now has a force of a quarter of a million of trained regulars, fully officered and equipped and hardened for campaigns in countries which test the qualities and endurance of Western soldiers. The Japanese navy and army are concentrated at home, for, with the exception of Formosa, there is no call to send vessels or troops abroad. The Japanese troops in Korea and Manchuria are not a weakness to home defence, for they are not far away; and, what is even more significant, they are on the road, so to speak, towards the boundaries of the Japanese empire of the future, or any possible trouble which might occur with her neighbors. In other words, Japan is now armed and ready for any development in the near future.



The modernization of Japan then extended into her social, political, and industrial life, and especially the latter. Socially the habits of the people have not changed much, except where there is contact with foreigners, and even the Japanese Court still clings to the ways of "old Japan." The political system has been modernized to the extent that nearly all the defects and methods of corruption to be found in Western politics have been adopted. As the monarchy is absolute, however, legislation and office-holding, so far as effective government is concerned, is still controlled by the real governing power. The minority section is a scramble for place and spoils, and the bribery and corruption of Japanese elections and legislative doings is reminiscent of the "dark ages" in American politics, which prevailed before the introduction of the secret ballot and before the American people had their political house-cleaning. Financially Japan has also modernized her system, and, as in the political sphere, has adopted some of the methods used by "high finance" in the West to secure loans without strict regard to underlying securities. This modernization process has cost enormously. The national budgets have grown faster than the income of the nation warranted, but it is characteristic of Japanese ambitions and purpose that short cuts to a desired point possess no fears for Japanese financiers. Having attained her military and naval supremacy through expenditures the rapidity and size of which would stagger a much richer country, Japan is now engaged in the much more difficult task of building up her economic life to a like level—an undertaking that cannot be hurried to such a degree, for its growth depends more or less upon conditions beyond Japanese control.

Industrial conditions within Japan are not normal. Excessive import duties hamper trade and increase the cost of living; low wages encourage rebellion on the part of the workman; deficient productive power on the part of the individual worker makes it difficult to increase wages without destroying competitive power; and lack of home markets makes it impossible to construct large machinery with profit. The Japanese home trade is peculiar. The market calls for many things, but a limited quantity of each. The only industries which promise for the future are those that depend upon natural products at home, such as silk, or upon a foreign trade, which finds its only really profitable outlet in the Far East. Necessarily this Far Eastern market is limited in variety, and its demand is largely for staples, especially silk and cotton goods. Fortunately the labor to be had in Japan is especially adapted for the manufacture of such goods, and the Far Eastern market offers an unlimited field for exploitation.

In this case the Far East obviously spells China. Japanese goods find their way to India, the Philippines, and elsewhere, but the substantial future of Japan lies in China, and her statesmen and industrial leaders not only know this, but are frank in their declarations of belief that the trade of China naturally belongs to Japan, and that the latter country is going to have it at any cost. Over thirty per cent. of Japanese export is to China, or more than to any other country, and this export is largely of manufactured goods, therefore of more comparative value than the exports to other countries, a large percentage of which is raw or partly manufactured material. Only sixteen per cent. of the Japanese imports come from China, the difference constituting a valuable source of gold supply, as Japan owes no money to China, and no balance of trade in China's favor is required therefore to pay interest and other charges, as is the case with the trade to the West.

It requires no process of deduction or argument to reach the conclusion that Japan, having failed to invade the West, has recognized her limitations, and is concentrating her energies upon the East; for her people are being constantly urged to this point of view by the leaders of

Japanese public opinion. It was Baron Mackino, when Minister of Commerce, who said less than three years ago:

"China has people, and population is what makes trade. No other country in the world offers so vast a field for trade. With the growth of education and the development of material progress, possibilities of commercial enterprise in China are simply unlimited. The anxiety of the Powers to enter into more and more intimate trade and political relations with China cannot but excite intense interest in Japan; for China is our nearest neighbor, our best customer; and our commercial and political relations with that country are superior to those of any other nation. It is therefore a matter of infinite importance what course China takes in dealing with the numerous applicants for her patronage at this or any other time.

"It is true that Japan enjoys a profitable trade with many countries of the West. Our exports to America are of increasing volume and value; while the various nations of Europe welcome what we can supply; but this Occidental trade at its best is difficult for us to handle with any satisfactory degree of achievement; for it is always more difficult to deal with highly developed commercial nations than with those less advanced in modern progress. Trade with peoples of lower social standards is always more easy and profitable. There was a time when Japan hoped to find her chief field of commercial enterprise in the West; but to-day the mind of Japan is all toward China as the commercial hope of our future, not to say anything of our geographical and racial advantages with that country.

"It is our ambition to be to the East what Great Britain is to the West. We have left no means untried in making a thorough investigation of the present conditions in China, so as to arrive at as accurate an estimate as possible of what is to be expected in the commercial relations of that country with Japan in the near future. The data obtained are vast, and will require a great deal of consideration. \* \* \* In the matter of direct trade with China, the merchants of Japan enjoy a considerable advantage, as they are more familiar with the language and customs of China than their foreign contemporaries. \* \* \*

"Now is the time to explore China commercially; and any demand we create now for useful articles will in all likelihood become permanent. \* \* \* It is not too much to say that a great part of our hope for future financial rehabilitation in Japan depends upon how we can further develop trade with China. In this matter we cannot afford to be beaten by our foreign competitors; for the very welfare of the nation depends upon it. I would have all Japanese regard it as the foundation of our national prosperity. Should we lose China as a customer, it would mean the ruin of our commercial prospects."

It is necessary to take the trade situation into serious account in any estimate of the present or future status of Far Eastern affairs, for upon it hinges independence or dependence in future relations with the industrial nations of the West. The inspiration in the Japanese expansion movement is economic rather than political. Her population is threatened with over-crowding; work for the people is a necessity; emigration to desirable countries is practically prohibited by foreign antagonisms; money must be had to carry the enormous burdens imposed by her present national policies, as there can come an end to borrowing.

The Japanese nation stands to-day in the position of a gambler who stakes his all upon a single throw, or that of a venturesome firm which is feverishly doing a big business upon small or borrowed capital, hoping and expecting that the profits of the concern may bring everything right in the end. The present conduct of Japanese national finance is a juggling feat in which "the hand is quicker than the eye," for few of even the best informed in Japan can tell the inquirer just where the national cash balance

is to be found at the moment, or how much it amounts to. The fact that the movement for an expansion of Japanese power to such a degree as to dominate the Far East is founded upon economic necessities and ambitions, is guarantee of its sincerity, permanence, and its successful outcome. Political policies change with new Governments. Schemes for political aggrandisement often fall of their own weight or are defeated through rebellion within the citadel. Here, however, we have a nation with a purpose, in the success of which not only is every tradition of race and every phase of national ambition concerned, but one upon which is staked the material welfare of every family, man, woman, and child. No divergence of political views, no conflict of selfish interests, no criticism of men or methods, will weaken the progress of a cause in which the nation is enthusiastically enlisted to the very last citizen.

The first real move towards a greater Japan was the war with Russia. The world has not yet recovered from its surprise at the outcome of that war. The process of modernization had been in effect some time, and this war disclosed the progress that had been made. Korea had become an integral part of Japanese territory. The war added a Japanese sphere of influence extending into Manchuria and Mongolia, which has since so impressed itself as to defy contraction. The United States Government, through Mr. Knox, then Secretary of State, proposed the internationalization of the Manchurian railway, and Russia and Japan, promptly rejecting the proposal, came together in strong agreement to apportion that section of the Far East between themselves, to the exclusion of all Western interference.

In fear of war with the United States, and for financial reasons, Japan then allied herself to Great Britain. The immediate practical benefit of this alliance to Japan was the readier sale of Japanese bonds. The immediate practical benefit to England, as it turned out, was the restriction it enabled her to impose upon Japanese ambitions in China, although originally it was made to ensure naval co-operation in Far Eastern waters, an object splendidly attained in November, 1914. When England, nervous as to possible complications with the United States, so emasculated the treaty as to safeguard against such a deplorable event, the Japanese shrugged their shoulders, and for financial reasons talked abroad of the treaty with England as still being "the foundation stone of Japanese foreign policy," and pursued their own way, which, it may be stated, is not the way the foreign traders of England would prefer. The Japanese realized the disadvantages of this alliance with a Western Power, when, after a Cabinet meeting in Tokio during the recent Chinese revolution, it was practically decided to move a division of the Japanese army to Manchuria, and English diplomacy stayed their hand in the belief that it undoubtedly meant the permanent occupation of Chinese territory. Many Japanese have believed that such benefits as may have been derived from the Anglo-Japanese treaty were then and there more than nullified by the check administered to Japanese activities on the mainland. The recent Japanese occupation of Tsingtau with English consent may, however, reconcile these Japanese statesmen to English influence. The story is told of a dinner given in Korea several years ago which was presided over by a great Japanese statesman now departed this life, who in his speech to the assembled guests pictured the Japan of the future with a capital at Mukden and a subsidiary capital at Tokio—or, in other words, a Japanese Continental Power. It requires no stretch of the imagination to believe this to be the ultimate ambition of Japanese statesmen, or that it is a possibility of the future, for the trend of events is moving rapidly in that direction.

The only hindrance that can come to Japan in her triumphal career as dictator of the Far East is from China. Should that country ever attain the status of a strong and well-knit nation, with an army and navy commensurate

with her territorial greatness, her wealth, and her population, Japan would again be driven back to the sea and compelled to find refuge in her restricted island empire. It is a far cry from present conditions in China to those which would make such a thing possible, and to assist China to attain her full strength is not a part of Japanese policy.

In the meantime, Japan progresses apace towards the goal of her ambition. Long ago her statesmen abandoned all thoughts of the Philippines, for they had proved unfavorable to Japanese settlement. Experience in Formosa has not been such as to encourage further attempts at colonization towards the south. There is no thought of real war with the United States, for there is too little to be gained. Everything points to a plain path for the future, the farming of China territorially and for commercial gain. It is a natural and logical outlet for Japanese energies, and no country is better fitted for this campaign. There are a hundred thousand Japanese now resident in China. They speak the language, adopt the manners and customs of the Chinese, and cater to their wants with a shrewdness and completeness unknown to traders of other nationalities. They are not popular in China, but that is not a new experience for them. The Far East is a land where success does not hinge necessarily upon personal popularity. Korea is ruled not by assimilation, but by the stern hand of oppression and extermination. It is being developed not through co-operation with the Koreans, but by the substitution of Japanese.

The Japanese had quite enough of the rule of kindness in their first experience in Formosa, and it is only since the military was given free hand that quiet has been maintained in the settled portions of that island. After the war with China, the Japanese asked the cession of Formosa. Li Hung Chang could not be convinced that the victors were really in earnest in this request. When he found they were, he promptly gave it to them; and when the Japanese came to deal with the population of that province, they realized why the Chinese statesman had been surprised. The use of ordinary Government methods at the beginning cost them dear, but with characteristic tenacity they held on; and having driven the most dangerous element into one section of the island and built a wire fence across as a dead-line, they now devote their energies to the prevention of excursions from beyond and the development of the territory under control.

Every experience Japan has had has taught a most convincing lesson to the effect that her destiny lies at her own doors, and not far afield. Her people can always dispose of their raw and partly manufactured material to Western nations, because the latter must have it. In Japan, however, the productive area of land is limited, and industrial employment and profit upon manufactured goods are needed, or the country cannot go on, to say nothing of securing a necessary national revenue. Export trade in fully manufactured goods in competition with Western nations has serious limitations in its prospects for expansion. In fact, as acknowledged by Baron Mackino, it is a failure. As he also says, the Japanese at one time, in the first flush of their industrial modernization, had high hopes of invading the West. The cost of Japanese production was low, and Japanese ingenuity and adaptability could be relied upon to keep pace with the necessities and inventions of modern industry. This idea was stimulated in the minds of the Japanese people by the senseless panic which found expression in the West over the prospect of an Eastern invasion of Western markets. They recognized the inevitable, however, before it was understood in the West, and turned their serious attentions elsewhere. Lack of raw material, the cost of the long haul, and inferiority of product left them no ground for successful competition with Western labor and material. In China and throughout the Far East, however, they saw their opportunity, and



seized it. Cheapness of quality was no detriment to trade in a country where it takes five hundred pieces of money to equal an English shilling in value, and here the Orient meets the Orient at the bargain counter, each understanding and appreciating the other's ways of doing business. As Baron Mackino says, the Japanese found that "trade with peoples of lower social standards is always more easy and profitable," and their success in the Far East up to the present time justified the conclusion they have reached so quickly through a comparatively brief experience of export on a large scale.

Few peoples so speedily adapt themselves to the line of least resistance as do the Japanese, and it is evident this quality in their character is national as well as individual. New industries or new adventures which promise employment for local labor and revenue for the Government are heartily welcomed in Japan at this time. Agencies for foreign business are not looked upon with favor, and are discriminated against when possible. The one serious purpose is to build a nation up from an economic point of view—that is, to employ the people, develop every possibility of the land, increase foreign trade, and incidentally through these means to increase the sum raised by taxation. The direct tax levied against the citizen of modest means has probably reached the high-water mark of possibility. Expressed in figures it does not sound so appalling, but when the earning power of the individual worker, the cost of living, and the scarcity of money are taken into consideration, it is probably as high, or higher, than in any other community in the world.

There is a vast self-confidence and optimism in the Japanese character which expresses itself nationally. The people are temperamental. The number of suicides is greater than elsewhere, but the causes of self-destruction are not so germane to material conditions as in other countries. The ambition of Japan to become to the Far East what England is to the West is a broad generalization that needs definition to be fully understood. The only real point of similarity is in the direction of comparative strength. England is the strongest country in the West, and Japan is now the strongest in the East. England's strength, however, is for the defensive. She can presumably defend herself against any attack from one or more of her neighbors, and her people are satisfied to maintain this *status quo*. Also, England does not assume to direct the affairs of her neighbors. They each and every one work out their own schemes according to their own ideas and ambitions. Japan is aggressively the most powerful nation in the Far East. Her armed force is not only for defence, but for attack if need be. Her political and commercial adventures are carried into alien territory by force applied either directly or indirectly. In brief, the position of Japan in the Far East is much more autocratic than the position of England in the West, and the ambitions of Japan within the Orient know no limit.

Russia is the only country from which Japan might fear any check to her chosen career at the moment, and Russia, for the time at least, is willing to maintain by treaty with Japan a status which eliminates the possibility of conflict of interest. What may happen in the years to come, when these two countries again jostle each other along boundaries now remote from any great activities, is problematical. Thirty years is the period allowed by would-be prophets for peace to prevail. Much can happen in such a time, however, and estimates will necessarily have to be recast with each passing period of changed conditions. It is with the present and near future that this generation is concerned, and certain facts present themselves as beyond controversy.

The first of these is the unquestioned military and naval supremacy of the Japanese in Far Eastern waters. The second is the successful extension of Japanese trade throughout the Orient, displacing as it does the trade for-

merly held by Western peoples. The Yang-tse Valley, long held to be a British sphere of commercial influence, is no longer exclusively such. The English merchants in Shanghai are frank in their admission that it is no easy task to hold a profitable business against Japanese competitors. In Manchuria, a country which at one time was the boast of the American foreign trader, American business has dwindled away to nothing. In Korea, where England retained by treaty equal trading rights with Japan, the latter country, by one method or another, has so discriminated in favor of home manufactures that England's treaty-secured privilege has lost much of its value. The Japanese pedlars who tramp the by-paths of China from Kowloon to Mongolia are rapidly substituting their wares for the Western goods formerly shipped inland from the treaty ports. The details of the growth of Japanese exports tell this story in plain figures.

The Japanese Government naturally decries participation in Chinese disturbances, and promptly disowns those of its citizens caught in the act, but the number of Japanese who are always found in the neighborhood of a Chinese outbreak, and the fact that Yokohama or Osaka is the refuge for nearly all Chinese who have made trouble at home, certainly encourage the suspicion that all is not quite above-board in these matters. In Tokio is one of the best informed Foreign Offices in the world, and in no country is a closer watch kept over affairs in China, for it is there that the Japanese find they can use their information to best advantage.

That "the East is East and the West is West" has always been fully recognized by those who know, but in the popular mind it has been a difference of customs and mental outlook rather than a real division of the world in its modernized energies. It is now necessary to revise our attitude towards this difference as we have long conceived it to be. The Far Eastern peoples have grouped themselves into a power which intends to hold for itself dominion over its own, and Japan stands to-day as the overshadowing figure in this group. Such Western ideas and methods as may be adopted are not for the purpose of bringing about closer relations with the West; they are for the purpose of maintaining and emphasizing the new line of cleavage which has been created by the developing ambitions and powers of a people well able not only to govern themselves, but to resent interference from alien sources. Where this new line is to be drawn between the East and the West is yet a matter of conjecture. If Russia be considered as a Western Power, her invasion of the Far East serves as a restriction, but there are many who agree with Mr. Kipling in his idea that it is a mistake to think of Russia as the most eastern country of Europe instead of the most western country of Asia. The future of Thibet, Indo-China, and many other lands of shadowy boundaries is involved in the final settlement as to which is East and which is West, and the success of the Japanese traders in India may even place that country among the disputed areas. Japan has not yet made the mistake of attempting to extend her political influence beyond ground with which she is familiar, but the permanent growth of this sphere of influence can be marked conclusively with each succeeding year.

Japan is a great Power to-day, and is to become greater, for she has no serious rival in that part of the world over which her sway is to be extended. It is with Japan that the West will be compelled to treat in the final settlement of all Far Eastern affairs; for with a power and supremacy which cannot be challenged, her statesmen have good reason to feel sure of their ground. Japan is even now the Dictator of the Orient, though she may not be ready herself to promulgate this decree. Her people will some day soon point out the new boundary line they have drawn between the East and the West, and will demand to know who questions its markings.—*The Fortnightly Review*.

## JAPAN'S ULTIMATUM TO CHINA

*Japan's Ultimatum Delivered by the Japanese Minister to the Chinese Government on May 7, 1915*

The reason why the Imperial Government opened the present negotiations with the Chinese Government is first to endeavor to dispose of the complications arising out of the war between Japan and Germany, and, secondly, to attempt to solve those various questions which are detrimental to the intimate relations of China and Japan with a view to solidifying the foundation of cordial friendship subsisting between the two countries to the end that the peace of the Far East may be effectually and permanently preserved. With this object in view, definite proposals were presented to the Chinese Government in January of this year, and up to to-day as many as twenty-five conferences have been held with the Chinese Government in perfect sincerity and frankness.

In the course of the negotiation the Imperial Government have consistently explained the aims and objects of the proposals in a conciliatory spirit, while on the other hand the proposals of the Chinese Government, whether important or unimportant, have been attended to without any reserve.

It may be stated with confidence that no effort has been spared to arrive at a satisfactory and amicable settlement of those questions.

The discussion of the entire corpus of the proposals was practically at an end at the twenty-fourth conference; that is, on the 17th of the last month. The Imperial Government, taking a broad view of the negotiation and in consideration of the points raised by the Chinese Government, modified the original proposals with considerable concessions and presented to the Chinese Government on the 26th of the same month the revised proposals for agreement, and at the same time it was offered that, on the acceptance of the revised proposals, the Imperial Government would, at a suitable opportunity, restore, with fair and proper conditions, to the Chinese Government the Kiaochow territory, in the acquisition of which the Imperial Government had made a great sacrifice.

On the 1st of May the Chinese Government delivered the reply to the revised proposals of the Japanese Government, which is contrary to the expectations of the Imperial Government. The Chinese Government not only did not give a careful consideration to the revised proposals, but even with regard to the offer of the Japanese Government to restore Kiaochow to the Chinese Government the latter did not manifest the least appreciation for Japan's goodwill and difficulties.

From the commercial and military points of view Kiaochow is an important place, in the acquisition of which the Japanese Empire sacrificed much blood and money, and after the acquisition the Empire incurs no obligation to restore it to China. But with the object of increasing the future friendly relations of the two countries, they went to the extent of proposing its restoration, yet to her

great regret the Chinese Government did not take into consideration the good intention of Japan and manifest appreciation of her difficulties. Furthermore, the Chinese Government not only ignored the friendly feelings of the Imperial Government in offering the restoration of Kiaochow Bay, but also in replying to the revised proposals they even demanded its unconditional restoration; and again China demanded that Japan should bear the responsibility of paying indemnity for all the unavoidable losses and damages resulting from Japan's military operations at Kiaochow; and still further in connection with the territory of Kiaochow China advanced other demands and declared that she has the right of participation at the future peace conference to be held between Japan and Germany. Although China is fully aware that the unconditional restoration of Kiaochow and Japan's responsibility of indemnification for the unavoidable losses and damages can never be tolerated by Japan, yet she purposely advanced these demands and declared that this reply was final and decisive.

Since Japan could not tolerate such demands the settlement of the other questions, however compromising it may be, would not be to her interest. The consequence is that the present reply of the Chinese Government is, on the whole, vague and meaningless.

Furthermore, in the reply of the Chinese Government to the other proposals in the revised list of the Imperial Government, such as South Manchuria and Eastern Inner Mongolia, where Japan particularly has geographical, commercial, industrial and strategic relations, as recognized by all the nations, and made more remarkable in consequence of the two wars in which Japan was engaged, the Chinese Government overlooks these facts and does not respect Japan's position in that place. The Chinese Government even freely altered those articles which the Imperial Government, in a compromising spirit, have formulated in accordance with the statement of the Chinese Representatives, thereby making the statements of the Representatives an empty talk; and on seeing them conceding with the one hand and withholding with the other it is very difficult to attribute faithfulness and sincerity to the Chinese Authorities.

As regards the articles relating to the employment of advisers, the establishment of schools and hospitals, the supply of arms and ammunition and the establishment of arsenals and railway concessions in South China in the revised proposals they were either proposed with the proviso that the consent of the Power concerned must be obtained, or they are merely to be recorded in the minutes in accordance with the statements of the Chinese delegates, and thus they are not in the least in conflict either with Chinese sovereignty or her treaties with the Foreign Powers, yet the Chinese Government in their reply to the pro-

posals, alleging that these proposals are incompatible with their sovereign rights and treaties with foreign Powers, defeat the expectations of the Imperial Government. However, in spite of such attitude of the Chinese Government, the Imperial Government, though regretting to see that there is no room for further negotiations, yet warmly attached to the preservation of the peace of the Far East, is still hoping for a satisfactory settlement in order to avoid the disturbance of the relations.

So in spite of the circumstances which admit no patience, they will reconsider the feelings of the Government of her neighboring country, and, with the exception of the article relating to Fukien which is to be the subject of an exchange of notes as has already been agreed upon by the Representatives of both nations, will undertake to detach the Group V from the present negotiation and discuss it separately in the future. Therefore the Chinese Government should appreciate the friendly feelings of the Imperial Government by immediately accepting without any alteration all the articles of Group I, II, III and IV and the exchange of notes in connection with Fukien province in Group V as contained in the revised proposals presented on the 26th of April.

The Imperial Government hereby again offer their advice and hopes that the Chinese Government, upon this advice, will give a satisfactory reply up to 6 o'clock p. m. on the 9th day of May. It is hereby declared that if no satisfactory reply is received before or at the designated time, the Imperial Government will take steps she may deem necessary.

#### EXPLANATORY NOTE

*Accompanying Memorandum delivered to the Minister of Foreign Affairs by the Japanese Minister the 7th day of May, 1915.*

1. With the exception of the question of Fukien to be arranged by an exchange of notes, the five articles postponed for later negotiation refer to (a) the employment of advisers, (b) the establishment of schools and hospitals, (c) the railway concessions in South China, (d) the supply of arms and ammunition and the establishment of arsenals, and (e) the propagation of Buddhism.

2. The acceptance by the Chinese Government of the article relating to Fukien may be either in the form as proposed by the Japanese Minister on the 26th of April or in that contained in the Reply of the Chinese Government of May 1st. Although the Ultimatum calls for the immediate acceptance by China of the modified proposals presented on April 26th, without alteration, but it should be noted that it merely states the principle and does not apply to this article and articles 4 and 5 of this note.

3. If the Chinese Government accept all the articles as demanded in the Ultimatum the offer of the Japanese Government to restore Kiaochow to China made on the 26th of April will still hold good.

4. Article 2 of Group II relating to the lease or purchase of land, the terms "lease" and "purchase" may be replaced by the terms "temporary lease" and "perpetual lease" or "lease on consultation," which means a long-term lease with its unconditional renewal:

Article 4 of Group II relating to the approval of laws and ordinances and local taxes by the Japanese Consul may form the subject of a secret agreement.

5. The phrase "to consult with the Japanese Government" in connection with questions of pledging the local taxes for raising loans and the loans for the construction of railways, in Eastern Inner Mongolia, which is similar to the agreement in Manchuria relating to the matters of the same kind, may be replaced by the phrase "to consult with the Japanese capitalists."

The article relating to the opening of trade marts in Eastern Inner Mongolia in respect to location and regulations may, following the precedent set in Shantung, be the subject of an exchange of notes.

6. From the phrase "those interested in the Company" in Group III of the revised list of demands, the words "those interested in" may be deleted.

7. The Japanese version of the Formal Agreement and its annexes shall be the official text or both the Chinese and Japanese shall be the official texts.

#### CHINA'S ACCEPTANCE OF THE ULTIMATUM

*Reply of the Chinese Government to the Ultimatum of the Japanese Government, delivered to the Japanese Minister by the Minister of Foreign Affairs on the 8th of May, 1915.*

On the 7th of this month, at 3 o'clock p. m., the Chinese Government received an Ultimatum from the Japanese Government together with an Explanatory Note of seven articles. The Ultimatum concluded with the hope that the Chinese Government up to 6 o'clock p. m., on the 9th of May, will give a satisfactory reply, and it is hereby declared that if no satisfactory reply is received before or at the designated time, the Japanese Government will take steps she may deem necessary.

The Chinese Government, with a view to preserving the peace of the Far East, hereby accepts, with the exception of those five articles of Group V, postponed for later negotiation, all the articles of Group I, II, III and IV and the exchange of notes in connection with Fukien Province in Group V as contained in the revised proposals presented on the 26th of April and in accordance with the Explanatory Note of seven articles accompanying the Ultimatum of the Japanese Government with the hope that thereby all the outstanding questions are settled, so that the cordial relationship between the two countries may be further consolidated. The Japanese Minister is hereby requested to appoint a day to call at the Ministry of Foreign Affairs to make the literary improvement of the text and sign the Agreement as soon as possible.

## TO FIGHT HUAI RIVER FLOODS

By S. T. SUEN.

About four years ago the American National Red Cross, which had been active in collecting and distributing relief funds to the famine sufferers of the Huai River region, suggested to the Chinese Government the advisability of sending an American engineer to examine the conditions of the Huai River region, as to the possibility of lowering the flood level, reclaiming much of the swamp lands, and thus eliminating to a large extent the constant floods and the subsequent severe famines. Our Government gladly accepted this offer, and as a result Mr. Charles D. Jameson was appointed to make a preliminary examination of the famine region.

Mr. Jameson recommended certain surveys of the afflicted area, which were undertaken by the National Conservancy Bureau under the direction of Minister Chang Chien. These surveys were completed in 1913, and a preliminary agreement was made in the spring of 1914 between our Government and the American National Red Cross for the appointment of a board of expert engineers to make a further examination of the Conservancy Area, with a view to the formulation of plans by which the conditions could be remedied by removing the cause of the misery—the floods.

The Board of Engineers was appointed by the American National Red Cross in June, 1914, consisting of Lieutenant-Colonel William L. Sibert, of the Engineer Corps, U. S. Army, Chairman; Professor Daniel W. Mead, of the University of Wisconsin, and Mr. Arthur P. Davis, Chief Engineer of the U. S. Reclamation Service. The writer had the opportunity, as one of the assistants to the Board, to visit the Huai River Region and to take part in the study of the physical conditions.

## THE INVESTIGATION TRIP.

The party left Vancouver June 11, 1914, and arrived in Shanghai June 28th, leaving there July 7th for Nanking via the Shanghai-Nanking Railway. Crossing the Yangtze Kiang from Nanking to Pukow, the Southern terminus of the Tientsin-Pukow Railway, we took a trip along the railway as far as Hang Chwan, where the railroad crosses the Grand Canal. This section of the Tientsin-Pukow Railway runs through famine area of the Anwei Province. Returning to Pengpu on the Huai River (Pengpu is in Anwei Province where the Tientsin-Pukow Railway crosses the Huai River), the Board took houseboats and went down the Huai River. The Huai River was at low water at that time, and the country was suffering from a drought. The floods on the Huai River generally occur in July and August, and it was thought that we might have an opportunity to see the flood conditions and to make some flood discharge measurements. It was rather unfortunate that the flood did not come until late in September, when the Board was preparing to leave Shanghai.

Traveling in houseboats was necessarily slow, even with

the current. On the average we did not make more than 30 miles a day in the trip down the Huai River. When the wind blew upstream we had to stop and wait till the wind turned in the other direction. On our way down the river we passed Wuho Hsien, a city on the Huai River 30 miles from Pengpu, where the Huai River receives five tributaries which give the city its name ("Wu Ho"). Below Wuho, the Huai River begins to widen out and there are frequently more than two channels during low water with numerous sand bars lying between. Finally at Kweishan ("Turtle-Hill") 50 miles from Wuho, the Huai River enters the Hungtse Lake. The Huai River is about six miles wide at this point. The Hungtse Lake is about 30 miles long (east and west) and 30 miles wide (north and south), although the shore line is very irregular and variable, depending on the stage of the water. The lake is bounded on the east by the Ming Dike and on the south by a series of low hills which effectively keep the flood water from spreading in that direction. During high water the country to the northwest of the lake is submerged and, with all the shoals and low islands disappearing under water, the lake looks like a vast ocean. The Hungtse Lake has a muddy bottom from 10 to 15 feet deep, which consists of silt brought down by the Huai River and deposited in the lake.

Crossing the lake from Kweishan to Shun-Ho-Chih, a distance of 25 miles, we entered into a small canal connecting the Hungtse Lake with the Grand Canal. The Hungtse Lake has an outlet at Tsiang-Kia-Pa near the southern extremity of the Ming Dike from which the water flows into the Paoying and Kaoyu Lakes and thence to the Yangtze Kiang at Kwachow opposite Chinkiang. When the water in the lake is high, the water also flows through the small canal at Shun-Ho-Chih to the Grand Canal, but when the water in the Grand Canal is high it flows in the reverse direction into the lake and discharged through the channel at Tsiang-Kia-Pa to the Yangtze Kiang.

This small canal is only about 15 miles long and we soon reached Ma-Tow-Chen on the upper Grand Canal. Ma-Tow-Chen is five miles above Tsing-Kiang-Pu, a populous city on the Grand Canal, which was the distributing center of relief funds during the famine of 1911-1912. Going down the Grand Canal from Ma-Tow-Chen to Tsing-Kiang-Pu we had to pass three locks or sluices 25 feet in width. Going down the stream was an easy matter, but passing these locks in going up the stream was a very laborious affair. During high water the fall is from 2 feet to 4 feet at the locks. One boat is pulled up at a time with cables wound on windlasses turned by coolies. In fact, the next time when we came up the Grand Canal it took us a whole day to get the boats through the locks. When the difference in the water level at the lock is more than 4 feet it is impossible to go up the locks by the native method.

At Tsing-Kiang-Pu the Kiang-Huai Conservancy Bureau is located. This bureau reports directly to the National Conservancy Bureau at Peking and has a party of more than 40 surveyors trained by Minister Chang Chien in the "Waterway Conservancy School" at Nan Tung Chow. The work done by the surveyors is very accurate and in every way satisfactory, as has been proven by the line of level run by the American surveyors of the Board to check the work done by the Conservancy Bureau.

After stopping at Tsing-Kiang-Pu for a few days to secure the maps and other data at the Conservancy Bureau, the Board left for Chinkiang down the Grand Canal and took the Shanghai-Nanking Railway from Chinkiang to Shanghai. The Board also made a trip to Tsiang-Kia-Pa via Grand Canal, Tsing-Kiang-Pu and the Hungtse Lake, and another to the Yi River valley near the boundary between Shantung and Kiangsu Provinces.

In the latter part of August, 1914, the Board started from Shanghai for Hankow up the Yangtze Kiang by steamer. From Hankow the Board went to Kai-Feng, the Capital of Honan Province, with a view of visiting the Yellow River which has so much to do with the present conditions of the Huai River. In order to reach Kai-Feng by rail, we went up the Peking-Hankow Railway as far as Chengchow, a short distance from the Peking-Hankow Railroad Bridge over the Yellow River. The Southern section of the Peking-Hankow Railroad passes through the Huai-Yang range of mountains, which forms the boundary between the provinces of Hupei and Honan and separates the drainage basins of the Huai River from that of the Yangtze Kiang. After crossing the boundary line between Hupei and Honan through a tunnel, the railroad runs through the headwater of the Huai River as far north as Chengchow. The country here is comparatively high in elevation and gradually slopes toward the east. The railroad crosses many small streams, tributaries of the Huai River, which at that time were mostly dry. After arriving at Chengchow, we transferred to the Honan-Kaifeng Railroad (known as the Pian-Lo section of the Lang-Hai Railway) and went 50 miles east to Kai-Feng. Kai-Feng is about five miles south of the Yellow River and is unfortunately located near the place where the Yellow River frequently broke its dikes and shifted its channel.

We started from Kai-Feng in Peking carts and on ponies for the Yellow River and took boats down the Yellow River for a distance of 25 miles to the place where the river broke its dike in 1852 and changed its course from there to the sea. The Yellow River near Kai-Feng is three miles wide and the current is very swift. The channel is near one bank and then near the other, separated by innumerable sand bars. The Yellow River, owing to its dangerous current, is not extensively used for navigation. The people living in the neighborhood of the river, instead of being benefited by it, are in constant dread of the river breaking its dikes. After staying in the boat for a whole afternoon and a night, we finally landed on the southern bank of the river at 3 o'clock in the morning and went back to Kai-Feng overland. From Kai-Feng we started for Peking via Chengchow, stopping at the Yellow River

Bridge to see the railroad crossing over the Yellow River. After staying at Peking for a few days, we went down to Shanghai via the Tientsin-Pukow and the Shanghai-Nanking Railways. The Board left Shanghai on September 23rd, and arrived at San Francisco on October 19th.

#### ENGINEERS' REPORT.

The report of the Board of Engineers has been submitted. Summarizing up the investigations, the Huai River Area is located in a region of typhoons and is subject to torrential rainstorms of astonishing severity. While the average rainfall is about 36 inches per year, local rainfalls of 25 inches in 48 hours have been recorded, and rainstorms of from 5 to 10 inches in one to three days are quite common. The flatness of this area and the imperfect conditions of the drainage system cause these rainstorms to flood the country, overflowing the channels and submerging the agricultural land for a sufficiently long time as to kill growing crops. These storms generally occur in the summer, between July and August, and are thus especially destructive to growing crops before the latter are harvested. In the recent years the floods in the Huai River valley have occurred at frequent intervals and caused great loss of life from starvation and intense suffering to millions of people. The farmers, after the successive floods, become so poor and destitute that they cannot afford to buy the necessary implements and tools to cultivate their land. In the past years millions have been spent to partly relieve the distress, both by our Government and the Red Cross Society at home and abroad. But as long as the cause of the misery—the flood—is not removed, the relief is only temporary, and the next time when the flood comes, which may be expected every year to a greater or less extent, the people are found to be in the same conditions as before. Consequently millions of people in this section of our country have been virtually objects of charity for many years, and the moral effect is very bad. This is the reason why the Huai River Conservancy Work is becoming more urgent every year, and we look forward to the securing of a loan at an early date for the realization of the scheme proposed by the Red Cross Board of Engineers.

The project recommended by the Board of Engineers contemplates the diversion of the Huai River, by the construction of a dam at Kweishan, where the Huai River enters the Hungtse Lake, and the carrying of the water via Tsiangkiapa through a large channel to the Paoying and Kaoyu Lakes to the west of the Grand Canal and thence to the Yangtze Kiang near Kwachow, opposite Chinkiang. By this means the water is prevented from entering the great Hungtse Lake, the lake can be drained, and the bed of the lake, which comprises 2,500,000 "Mows" of excellent fertile land, will be reclaimed and made available for agriculture.

By means of the enlarged outlets, this scheme will prevent the Huai River from rising high enough to destroy crops. The bed of the Hungtse Lake will be provided with a network of canals and ditches which can be used

for drainage, irrigation and navigation. This system of canals will also connect with the Grand Canal so that boats can pass into the Huai River from the Grand Canal through the system of canals to be provided in the bed of the Hungtse Lake. Besides the works described above, there will be constructed locks (lift-locks of western type, not sluices) and regulating works to control the stage of water both near Tsiangkiapa (the outlet of the Huai River) and on the Grand Canal. This latter plan will insure a constant supply of water for irrigation of rice fields to the east of the Grand Canal, and greatly improve the navigation on the Grand Canal between Chinkiang and Tsingkiangpu and above.

The works recommended by the Board of Engineers will require the excavation of about 375,000,000 cubic yards of material, which as estimated can be accomplished at an expenditure of \$30,000,000 (gold), including the necessary locks and regulating works. The work will take six years to complete after the beginning of construction. The total issue of bonds to cover discount and interest during a six-year construction period will amount to \$45,000,000. It will be remembered that the original estimated cost in the Preliminary Agreement was \$20,000,000.

The benefits of the improvement will include the reclamation of about 2,500,000 "Mows" of land in the bed of the Hungtse Lake, which at \$10 (gold) per "Mow" (a very conservative estimate) is worth \$25,000,000 (gold), and the increase in value to a greater or less extent, due to the protection from ordinary floods and the constant supply of water for irrigation, etc., of more than 40,000,000 "Mows" of land. The total benefits of the proposed conservancy scheme are estimated at \$48,000,000. In addition to this, numerous incidental benefits and the improvement of navigation will greatly stimulate industry, add to the prosperity of this region and produce substantial returns. The additional land tax on the benefited lands will bring an annual revenue of more than \$2,000,000 gold to our Government.

From the above estimate it is evident that the Huai River Conservancy Project when carried out not only offers a solution of the serious humanitarian problem but is also a strictly business proposition inasmuch as the project will eventually pay for itself. The conditions in the Northern Anhwei and Kiangsu Provinces will be greatly improved as soon as the construction begins, as a great many people will be employed in this gigantic project.

With the expiration of the option in January, 1915, as agreed in the preliminary agreement between the Chinese Government and the American National Red Cross, it was officially reported that the option has been extended a year, owing to the difficulties in floating the loan when the European war keeps on. It is hoped eventually—when times are more propitious—that the Chinese Government will be able to float the loan in the United States which will make it possible to carry out at an early date the conservancy plan as outlined by the Red Cross Board of Engineers.—*The Chinese Students' Monthly*.

## WORK OF THE ROCKEFELLER FOUNDATION IN CHINA

The China Medical Board of the Rockefeller Foundation, which was organized to introduce modern medicine and modern surgery into parts of China which have practically no modern medical facilities and to improve facilities where other institutions have been hampered by lack of funds, has announced that it has got its campaign under way, and has outlined its plan for the first time.

The plan includes the assimilation by the Foundation of some institutions in China, and calls for financial assistance to be given others. Opportunity is to be given Chinese to study medicine in this country on scholarships, and a medical course of the highest character, the equal of any that the students might find in another country is to be given in Peking.

Three physicians representing the board will leave for China early in August to make a preliminary canvass of the field, on which to base the board's policy. They are Dr. Wallace Buttrick, Director of the China Medical Board and Secretary of the General Education Board; Dr. Simon Flexner, Director of Laboratories of the Rockefeller Institute for Medical Research in this city, and Dr. William H. Welch, Professor of Pathology at Johns Hopkins University, Baltimore.

Negotiations for the purchase of the most important medical institution in China today, the Union Medical College at Peking, which is owned by the London Missionary Society, a Congregational institution, are under way. Dr. Buttrick practically completed arrangements to buy the institution for \$200,000 while in London a short time ago.

Union Medical College will form a nucleus for the continuation of the work in China, and other institutions probably will be acquired in other parts of the country as opportunity presents. Meantime all attention will be turned toward developing Union College into a model institution of advanced learning in medicine and surgery.

Heretofore the institution has been supported by three British missionary societies, the London Missionary Society, the London Medical Missionary Association (interdenominational), and the British Society for the Propagation of the Gospel in Foreign Parts (Church of England), and by three American societies, the Presbyterian Board of Foreign Missions, the Methodist Board of Foreign Missions, and the American Board of Commissioners for Foreign Missions (Congregational). These societies have had charge of the appointment of Trustees for the institution, but when it has been purchased by the Rockefeller Foundation seven Trustees will be appointed by the China Medical Board and six will be appointed by missionary societies, one to represent each society.

The Resident Director under the Rockefeller management of the hospital will be an American, Roger S. Green, who is a son of an American missionary to Japan and was formerly the American Consul General at Hankow.

Although it is said that the further arrangements for aiding China medically will have to depend largely on future study of the country's needs, other plans have been formulated and some already consummated. The board has announced that \$16,000 has been appropriated for one year to the Harvard Medical School at Shanghai, and similar sums to several missionary hospitals, where in most cases the Chinese got treatment from American doctors and surgeons. The board has appointed six Chinese graduates in medicine to continue their medical studies in this country. These students are here or on their way to America. Fellowships have been awarded also to the three medical missionaries here now on furlough.

The board is making plans for instructing Chinese women as well as men, and ten scholarships have been awarded to Chinese women to study to be trained nurses. These women are to be brought to the United States for their studies. It is expected that, on their return, they will be able to do valuable work as Superintendents at the hospitals, or as instructors among other Chinese women. The board has arranged to have textbooks on nursing translated into Chinese for women who cannot leave the country.

The proposed medical campaign in China is the outgrowth of an investigation of conditions there, made by a commission comprising Dr. Harry Pratt Judson, President of the University of Chicago; Consul General Greene, and Dr. Francis Weld Peabody of Harvard. They were sent to China in 1914 by the Rockefeller Foundation.

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Should you at any time pay another visit to China, please be assured that not only the members of the Commission but also the various organizations and institutions which we represent will deem it a great honor to welcome you.

Yours sincerely,

CHENG-HSUN CHANG,  
Chairman.

CHICHEH NIEH,  
Vice-Chairman.

DAVID Z. T. YUI,  
Honorary Secretary.

SAN FRANCISCO, July 2, 1915.

MR. JOHN FOORD,  
Secretary, American Asiatic Association,  
New York.

DEAR SIR:

The Commission wishes to thank you and the American Asiatic Association for your kindness and courtesy and for the most unique and enjoyable banquet at Delmonico's, New York City.

Wishing your Association every prosperity and success and hoping business and friendly relationships will greatly increase, we are,

Yours very truly,

(Signed) DAVID Z. T. YUI,  
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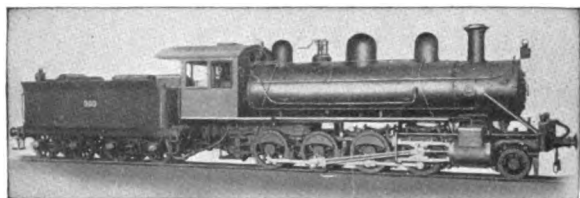
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THE movement to change the form of government in China appears to have reached a stage beyond which it is not likely to advance for some time. The representatives of the Powers, who are earnestly desirous to see China prosperous, united, and mistress of her destiny, have advised against the opportuneness of the step proposed, and their counsel seems likely to be heeded. Meanwhile, no effort is being made to check the activity of the Chouanhui, and the form of consulting the people through the medium of an elected National Assembly may be gone through in the course of next year. In fact, the date for the election of members of that body is said to have been already fixed for November 20, and the President is on record as being willing to leave with the delegates of the people the final decision. An ingenious, if not entirely convincing, explanation of the somewhat equivocal attitude of Yuan Shih-kai in regard to the subject is offered by a correspondent of the *Japan Chronicle*, who claims to have received his information from a source "absolutely authoritative." According to this statement, the military party have been at the bottom of the movement for the re-establishment of the monarchical system of government from the outset. Ever since the establishment of the Republic, the President has been periodically approached by high military officials and urged to change the system of government. His invariable reply was that as a Republic had been definitely established, it would be gravely improper of him even to discuss such a thing. But without any diminution of their personal loyalty to the President, the military men have of late become more insistent, and, as they were practically unanimous, it was impossible for the President to dismiss them with a blank refusal. Faced by a powerful body of men holding very emphatic views, his persistence in an irreconcilable attitude might have resulted in the inception of intrigues and the formation of secret societies to bring about by force what could not be secured by persuasion. Thus, without openly resisting the demand made by the military party, conceded to be the most powerful force in the State, he could, and did, divert their activities into a proper and constitutional channel.

THUS, it is argued that the Presidential message was in effect an intimation to the military clique that they must not take matters into their own hands and usurp the prerogatives of the people. They were told by the President

in conciliatory, but firm, words that they must await the assembling of a National Convention. Our authority holds it to be a remarkable demonstration of the real power exercised by the President, that the military party, strong though they be, have acquiesced in their subordination to the will of the people at large. In other words, the action taken by the President has prevented the solution by a military coup d'état of the problem of the form of government, and has made possible a settlement by the legally constituted representatives of the people. All of which, if true, has its obviously sinister aspect. The conceded necessity of paying even that much deference to the military clique is an element of danger, and one of bad omen for the future of China. The fact that nearly all the military and civil governors of the provinces should be in favor of changing from a Republic to a Monarchy was, perhaps, to be expected. But, that there should reside outside of the civil government, sufficient control of the military forces of the State to render it expedient for that Government to temporize with those possessing it is a suggestion that carries infinite possibilities of coming trouble.

It is satisfactory to note that the financial recovery of China makes encouraging progress. Last year, the monthly deficit in the expenses of administration is said, on apparently good authority, to have been over one million dollars. During the current year the balance has been kept on the right side of the ledger, and this mainly as the result of rigid economy. That is to say, the monthly expenses of the Central Government which last year reached more than \$7,000,000 do not amount this year to more than \$4,200,000. This has been accompanied by a notable improvement in Provincial revenues. Counting Sinkiang (Chinese Turkestan) and the three Eastern Provinces of Manchuria, the Republic of China consists of twenty-two provinces, and of these sixteen appear to be paying their way. That is to say, their total revenue is reported as \$194,050,222 against a total expenditure of \$107,686,289, leaving a balance of \$86,363,933. Hence, should \$50,000,000 be required as a contribution from these provinces to the administrative expenses of the Central Government, a sum of thirty-six millions would still remain. Even the poorer provinces appear to be in a position to bear some proportion of their share of the expenses of the general government. For the \$110,000,000 required for the payment of interest on and installments of foreign debt during the year, the receipts from the Customs and the Salt Gabelle will be more than sufficient.

ALL this has a direct bearing on the long promised abolition of Likin in return for an increase of Customs duties. It appears that the Government at Peking is prepared to resume negotiations on this subject as soon as the opportunity offers. Since the ratification of Mackay Treaty and its successors—the treaties with the United States and Japan—the question has been complicated by the alienation of certain Likin dues as security for foreign

loans. To this category belongs the Salt likin for Ichang, Hupeh, Shansi and the Huai district, as well as the likin on general merchandise in Hunan and Hupeh. The Financial Department will first submit some plan for providing a new security for the holders of the bonds protected by these revenues, and will then set about the arrangement of some general scheme of settlement with the provinces more or less dependent on this form of taxation. It is difficult to conceive of a possible adjustment of this complex question while the European war is in progress, but it is highly desirable that China should be ready to submit an intelligible basis for the fiscal clauses of the new commercial treaties in advance of their actual discussion.

CIRCUMSTANCES combine to favor closer commercial, as well as political, relations between Russia and Japan. Various advances have been made in this direction since the conclusion of the Treaty of Portsmouth. It was on such a mission that the late Prince Ito left for Russia in the Fall of 1909 when he met his death at the hands of a Korean assassin at Harbin. At a later date, Prince Katsura, accompanied by Baron Goto, paid a visit to Russia to prepare the way for the negotiation of a new treaty of friendship. But he also passed away before the fruits of his trip could be utilized. The large orders that have come from Russia to Japan since the outbreak of the present war have necessarily expanded the hitherto somewhat narrow commercial relations of the two countries. The value of these orders has been roughly estimated at \$40,000,000, a comparatively insignificant sum beside that which has been expended in the United States, but still accounting for as much as 15 per cent. of the annual export of Japan. Up to last year Russia stood at the bottom of the scale as a purchaser of Japanese products, the United States ranking first and France second among the foreign customers of Japan. In her sales to Japan the United Kingdom heads the list, with the United States a close second, while the contribution of Russia to these Japanese imports has been negligible. But it appears that the demand for wheat in Japan is steadily increasing, the import value of \$1,500,000 in 1911 having increased to \$6,105,000 in 1913. The greater part of this has come from America and Australia, but if Russia consents to such a revision of her tariff as will facilitate reciprocal trade with the Island Empire, she will unquestionably secure a new market for her wheat.

APROPPOS of the memorandum on the comparative advantages for China of a Monarchical or a Republican form of Government submitted by Professor Goodnow, and reproduced in full in this number of the JOURNAL, it may be proper to state that its author wishes it to be distinctly understood that he did not state the argument in favor of Monarchy to further the propaganda of the Chouanhu, but merely published his views as those of a scholar who had given considerable thought and study to the subject.

**Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the seven months, ending July 31, 1914 and 1915.**

**EXPORTS TO CHINA.**

Months. 1914	Cotton Cloths. Yards.		Mineral Oils (Illuminating). Gallons.		Wheat Flour. Barrels.	
January.....	5,834,057	374,844	5,862,678	550,580	20,438	83,928
February.....	5,917,505	386,094	3,933,710	365,668	9,128	37,567
March.....	3,480,246	234,926	10,357,055	761,109	6,842	25,543
April.....	7,774,295	523,534	10,576,471	850,158	1,192	4,960
May.....	4,649,948	343,630	6,672,558	633,491	863	3,825
June.....	5,039,603	353,991	13,673,612	986,760	2,565	11,277
July.....	3,291,763	263,090	16,200,906	1,035,214	2,940	11,819
<b>Total.....</b>	<b>35,987,417</b>	<b>\$2,480,118</b>	<b>67,276,990</b>	<b>\$5,182,980</b>	<b>43,968</b>	<b>\$178,819</b>
<b>1915</b>						
January.....	1,550,177	79,779	3,774,475	188,596	106	650
February.....	2,677,813	174,038	2,410,000	287,993	6	38
March.....	313,708	15,870	3,925,498	190,912	500	3,000
April.....	1,904,616	122,496	8,151,813	536,420	.....	.....
May.....	2,962,437	175,464	15,368,319	820,977	526	3,184
June.....	894,511	54,703	12,922,592	868,533	161	1,048
July.....	2,897,333	175,359	16,381,169	847,840	1,000	5,925
<b>Total.....</b>	<b>13,200,595</b>	<b>\$747,709</b>	<b>62,933,866</b>	<b>\$3,741,271</b>	<b>2,299</b>	<b>\$13,845</b>

**EXPORTS TO HONGKONG.**

<b>1914</b>						
January.....	26,947	4,210	3,069,936	154,129	156,240	630,482
February.....	37,817	5,925	2,313,350	137,351	45,483	182,177
March.....	25,151	4,034	60,770	6,182	84,138	328,602
April.....	34,782	4,823	2,591,000	145,570	37,677	148,345
May.....	68,994	10,245	1,650,000	74,250	19,915	76,043
June.....	22,030	3,856	1,706,300	170,630	52,982	202,709
July.....	5,612	1,588	2,301,531	207,341	118,225	452,024
<b>Total.....</b>	<b>221,333</b>	<b>\$34,681</b>	<b>13,692,887</b>	<b>\$895,453</b>	<b>514,660</b>	<b>\$2,020,382</b>
<b>1915</b>						
January.....	28,154	5,234	4,838,766	228,754	72,418	340,377
February.....	518	95	125,000	12,750	28,208	193,451
March.....	3,685	666	4,500,485	195,821	38,398	227,564
April.....	46,648	6,446	.....	.....	10,438	98,540
May.....	12,076	2,771	.....	.....	16,911	109,014
June.....	41,680	5,500	1,000	182	14,273	82,619
July.....	63,373	16,831	50,200	4,513	3,470	19,280
<b>Total.....</b>	<b>196,134</b>	<b>\$37,543</b>	<b>9,515,451</b>	<b>\$442,020</b>	<b>184,116</b>	<b>\$1,040,845</b>

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Bureau of Foreign and Domestic Commerce.

WASHINGTON, D. C., Oct. 2, 1915.

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**Imports of Tea and Silk into the United States for the seven months, ending  
July 31, 1913, 1914 and 1915.**

Imported from	1913.		TEA.		1914.		1915.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	7,071,729	2,158,543	7,531,898	2,100,049	7,581,725	1,911,284		
Canada .....	1,790,979	522,873	2,001,998	542,889	1,947,998	579,567		
China.....	5,550,936	679,473	6,936,007	901,076	6,571,382	829,919		
East Indies.....	4,884,377	803,446	6,352,291	1,094,428	6,320,967	1,135,178		
Japan.....	15,568,141	2,965,401	16,206,040	3,084,514	15,797,581	3,163,198		
Other countries .....	577,579	113,502	813,090	169,736	613,848	82,715		
<b>Total.....</b>	<b>35,443,741</b>	<b>7,243,238</b>	<b>39,841,324</b>	<b>7,892,692</b>	<b>38,833,501</b>	<b>7,701,861</b>		

RAW, IN SKEINS REELED FROM THE  
COCOON OR RERELED...LBS...FREE..  
Imported from

**SILK.**

Imported from	Pounds		Dollars		Pounds		Dollars		Pounds		Dollars	
France.....	68,672	182,629	52,832	193,884	30,846	85,562						
Italy.....	1,640,050	6,183,191	1,255,857	5,607,520	1,994,216	7,131,851						
China.....	3,001,775	7,289,150	2,750,653	7,817,334	3,795,739	7,699,723						
Japan.....	9,075,375	30,105,709	10,441,445	39,619,591	9,659,451	29,295,309						
Other countries .....	120,968	397,899	183,375	719,011	45,746	175,375						
Waste.....lbs..free..	3,653,341	1,766,521	3,466,467	1,937,350	3,198,047	1,623,532						
<b>Total unmanufactured</b>	<b>17,560,181</b>	<b>45,925,099</b>	<b>18,150,629</b>	<b>55,895,808</b>	<b>18,724,045</b>	<b>46,019,492</b>						

## ANNUAL MEETING OF THE ASSOCIATION

The Eighteenth Annual Meeting of the Association was held in the Committee Room of the Chamber of Commerce of the State of New York, on Thursday, October 21, at 3:30 p. m. The President, Mr. Willard Straight, occupied the chair and delivered the following address:

**PRESIDENT'S SPEECH.**

Gentlemen:—During the past year the general commercial situation in the Far East has appreciably improved. The Allied campaign against Tsingtau was brought to a successful termination, and the friction between Japan and China, which existed during the early part of the year has, on the surface at least, been allayed by a diplomatic arrangement concerning the principal points at issue.

Reports from China are encouraging. The Government of Yuan Shih-Kai seems to be firmly established, and despite a falling off in the returns of the Maritime Customs the collections of the Salt Gabelle and other internal taxes have greatly increased, while the central government seems to be receiving a much more substantial support from the Provinces than heretofore. Railway construction is largely suspended, owing to the lack of capital, a situation which must necessarily persist until China is again able to borrow abroad. While any considerable increase in the export of American railway materials to China must necessarily depend upon our readiness to finance Chinese

enterprises, the present time seems to offer an excellent opportunity for the extension of our general commerce.

The American Minister at Peking is actively engaged in furthering the extension of our trade, and is ably assisted by Mr. Julean Arnold, the present Commercial Attaché, while the visit of the representatives of the Chinese Chambers of Commerce caused many American manufacturers to renew their inquiries regarding the possibility of entering this market.

Aside from the question of financing, the importance of which cannot be over-emphasized, the general prospects for increasing our business with the Orient seems more promising than at any time in recent years. But notwithstanding this fact, we are confronted by a situation which may make it almost impossible for us to take advantage of the present opportunities. The Pacific Mail Steamship Company and the Robert Dollar Company, which have long been amongst the principal carriers of our export trade to and our import trade from the Orient, are no longer operated under the American flag. The Pacific Mail steamers, for years run at a considerable loss, have now been sold because the provisions of the LaFollette Seaman's Bill imposed an increased cost of operation which was absolutely prohibitive. Captain Dollar has placed his steamers under the British flag. Practically no vessel

flying the American flag will, as far as I can learn, be engaged in the Trans-Pacific trade.

This situation occurs at a time when there is little British or tramp shipping available, and American merchants are therefore obliged to rely upon Japanese carriers. The Japanese lines are heavily subsidized, and therefore must necessarily prefer their cargo to our own. They would in any case be unable to provide us with the facilities which we require.

This Association has already brought this matter to the attention of the Government of the United States, and has recently appointed a Shipping Committee to co-operate with committees representing other bodies, in an attempt to secure some amelioration of these conditions. It remains to be seen whether our efforts will be effective.

The following report was submitted by the Secretary:

#### SECRETARY'S REPORT.

Two notable events have marked the history of China during the year—the eviction of Germany from Kiaochau, and the conclusion of a new set of treaties under which Japan has acquired a broader and better defined field of influence in Chinese territory than she possessed before. With the surrender at Tsingtao came the defeat of carefully prepared plans for the peaceful penetration of the province of Shantung by German capital and enterprise, and the abandonment of a far-reaching policy of railway development extending into the heart of China. It is too soon to estimate the effect on the material progress of the Chinese of the all but inevitable disappearance of German initiative in the Far East. The opening of Shantung to other than German enterprise is a manifest gain for the policy of the Open Door, and the lapsing of the treaty of Kiaochau frees China from a convention which seriously hampered her freedom of action, even though Japan cherishes ambitions to step into the place of Germany. On the other hand, it was a contribution of no slight value to the education of China in modern methods of administration to have before her so striking an object lesson in German organization and efficiency as was supplied in the leased territory around the Bay of Kiaochau. Exception has been taken to the methods of pushing their trade adopted by German firms in China, but these did at least help to expand the area within which the appliances of modern civilization were adopted, and to that extent served to stimulate the productive energies of the Chinese people. While one result of the war may be the abandonment by Germany of larger territorial ambitions, German industrial capacity must emerge from the struggle without serious impairment. Thus in so far as German influence in China advanced on legitimate lines, it will resume after the war the course which has been violently interrupted.

The only danger to be apprehended by China from her enforced contact with the European war grows out of the warning issued by Germany that she would hold China responsible for any damage that resulted to Tsingtao in consequence of China's acquiescence in the use of her territory for the conduct of hostilities. The reply made by China was that forcible resistance being out of the question she must disclaim all responsibility for the result.

No country has ever occupied a more trying position. As a Chinese newspaper put it: "If China were to remain neutral in the way Japan and Great Britain would have it, she must be violating neutrality in the eyes of Germany; and if she were to remain neutral in the way Germany would have it, she must be equally violating neutrality in the eyes of Germany's enemies." On the face of the record, the notes of the Allies were merely justificatory of their own action as being the inevitable consequence of what Germany had done.

The chances may be feeble of Germany being able to execute her threat of visiting on China the consequences of a violated neutrality, but that does not affect the desirability of making China a participant in the settlement of the conditions of peace. Whatever may be the result of the war, the counsels of the representatives of the European Powers at Peking must be absolutely divided in the immediate future. But some working agreement has to be reached in the peace settlement, and then at least there must be united action among all the Powers. That contingency, as has been well said, will be China's opportunity to put forward her case with courage, energy, and wise moderation. While the United States neither hopes nor desires to be a party to the deliberations of the Peace Congress, there are difficulties which will press for adjustment, touching the relations of China to the rest of the world, that lie beyond the sphere of action of that body. If there is a public opinion in China agreed on any one thing it is on this that as Chinese sovereignty has already suffered serious injury from being mixed up with that of foreign Powers, every right that the Government shall henceforth concede to any nation shall be frankly and openly given, receiving in return the full and frank indorsement of every other Power.

In holding to this position China should be able confidently to rely upon the support of the United States. From the Treaty of 1858, throughout the course of our diplomatic relations with China, it has been understood that should the Government of that country grant to any nation or the merchants or citizens of any nation, any right, privilege or favor connected with navigation, commerce, political and other intercourse, such right, privilege or favor shall at once inure to the benefit of the United States, its public officers, merchants and citizens. Since after the war China will have to deal with a divided Europe, her future action must be relieved from a check so variable and uncertain as that which would be supplied by a number of Powers at cross purposes with each other. The European concert in Eastern Asia, whether in the matter of loans or of railroad construction has ceased to exist, and there is no prospect of its renewal for a generation to come. Hence the necessity for convening a congress of all the Treaty Powers for some permanent adjustment of their relations in the Far East after the war—a move in which the Government of the United States might very properly take the initiative. Of any such Congress, Japan would of course be an important member, and she would necessarily participate in the antecedent Peace Conference. This latter body will doubtless insist on



making a final disposition of what is known as "German rights in Shantung," and Japan has already taken precautions against the revival of German claims under the clause of the Kiaochau lease binding China to provide a substitute station if so requested by Germany.

While it is well that the influence of the Japanese treaties on Chinese trade and finance should be carefully watched, there is no reason to question the good faith of Count Okuma's statement: "Japan's proposals are in complete accordance with the Anglo-Japanese Alliance, and with all treaties and engagements with other countries guaranteeing equal opportunity in and the integrity of China. . . . We are not seeking to establish any monopoly in China, or improperly to infringe the rights and interests of other Powers." If it be found that the practical effect of some of these treaties is to nullify the principle of equality of commercial opportunity in China, the following note delivered on May 16 to the Chinese Government by the American Minister at Peking should afford a basis for reopening the entire subject:

In view of the circumstances of the negotiations which have taken place or which are now pending between the Government of China and the Government of Japan and the agreements which have been reached as a result thereof, the Government of the United States has the honor to notify the Government of the Chinese Republic that it cannot recognize any agreement or undertaking which has been entered into, or which may be entered into between the Governments of China and Japan impairing the treaty rights of the United States and its citizens in China, the political or territorial integrity of the Republic of China, or the international policy, commonly known as the Open Door policy.

An identical note was handed to the Japanese Government through the American Legation at Tokio.

The visit paid to New York by the Honorary Commercial Commissioners of the Republic of China afforded the Association an opportunity to take a leading part in the ample and generous preparations which were made for their reception. The Commissioners were the guests of the Association at a dinner which furnished an occasion for the exchange of sentiments of mutual esteem and assurances of common helpfulness. The purpose of the visit of these representative Chinese business and professional men was to study commercial methods and industrial conditions in this country; to foster a friendly understanding between the business men of the two Republics, and thereby promote better trade and financial relations. In so far as the adverse conditions of the times permitted, their purpose seemed to have been successfully achieved. But it must be conceded that the recent record of American trade with China has been a profoundly disappointing one. In the first seven months of the calendar year the value of all the staple articles of export from this country to China shows a marked decrease. This is especially true of cotton cloths of which for the seven months ending with July, 1914, there was exported some 36,000,000 yards against a little over 13,000,000 yards in the corresponding period of 1915. Even mineral oils show a decrease in value of two millions of dollars and, as was to be ex-

pected from the sharp advance in price the exports of flour have been cut in two. Partly owing to the wide disparity between the American valuation of imports from China, and the valuation by the Maritime Customs of exports to the United States, and partly to the disturbing influence of the position of the Hongkong trade in the Chinese returns, it is difficult to determine the exact amount of the contribution of the United States to the foreign trade of China. But it seems highly probable that in the calendar year 1914 this came near being Hk. Tls. 127,000,000 instead of the Hk. Tls. 80,000,000 credited to us in the report of the Maritime Customs. But there is unhappily no uncertainty about the fact that our exports of cotton textiles to China have been steadily going down without any corresponding decrease in China's total imports under this head. A very significant feature of the cotton trade during 1914 was the large advance made in certain classes of Japanese goods at the expense of similar makes from the United States and Great Britain. So far as can be judged from the recent course of the trade that process is still actively at work.

With the death of William Woodville Rockhill on the 8th of December last there was lost to China a man exceptionally qualified to perform the function of mediator between her and Western Nations. Apart altogether from the special training, experience and acquired knowledge which lent themselves to the efficient discharge of his adopted function, Mr. Rockhill had an endowment of tact, temper and sobriety of judgment which made him a thoroughly capable exponent of the sentiments of China towards the rest of the world, as well as of the feeling of the rest of the world for China. There were few men of foreign origin to whom the Chinese were so ready to accord the reputation of being a sincere and unswerving friend of their country and their people. Among the statesmen of the old régime as among those of the new, there was a ready disposition to repose complete confidence in Mr. Rockhill, and throughout his whole public life Yuan Shih-Kai was acquainted with no man of our race whom he so completely trusted or so warmly esteemed.

It was pointed out in this report a year ago that for reasons intimately related to the character and history of the Chinese people, the perfecting of a Republican form of Government among them must be a very slow process, and that the sense of national consciousness was still very obviously in the early stages of its development. As a matter of fact it would appear that what President Wilson in his message to President Yuan called "the high ideals of Republican Government" have not greatly impressed the Chinese people. A movement looking to the substitution of a Monarchical or Imperial system for the present rather thinly disguised absolutism has been formally organized by an organization officially described as being composed of "highly educated scholars." One authority represents the President as having assumed an attitude of dogged opposition to the idea; another reports him as being ready to be guided by what is called the voice of the people. In spite of the fact that there is no people in the world who have been so long wedded to democratic ideals in the management of their local affairs as the Chinese,

there is no people who appear to be so profoundly indifferent as to the form assumed by their general government. They have for ages been accustomed to the minimum of official interference from above, but whether this interference or supervision is exercised in the name of a President or an Emperor apparently concerns them little. Notwithstanding the highly developed talent of their village communities for self-organization and self-government, a Republic represents to the Chinese mind a pure abstraction to which it does not readily yield obedience or respect. President Yuan represents to his fellow countrymen a personality whom they understand and who, happily, understands them. He happens to be the one capable administrator at present available for the needs of China, and in this fact is a very obvious element of danger, since one life is altogether too slender a basis for the assured prosperity of such a nation as China. But, considering the dangers which have been successfully weathered during the last two years it is surely not over-sanguine to hope that President Yuan may surround himself with men of sufficient ability and patriotism to give him effectual assistance in bridging over the interval between a dictatorship and a more popular and stable system of Government.

While a good deal of adverse criticism was elicited here by the attitude assumed by Japan toward China in the course of the negotiation of the new treaties there has been no disturbance of the good relations subsisting between the United States and Japan. The latter has its share of jingoes perniciously active in trying to disturb the continuance of friendship between the two countries, and there are Japophobes here equally industrious in sowing the seeds of animosity. There can be no baser enterprise than that which aims to keep two countries with so few reasons for serious discord and so many interests in common, in a state of mutual suspicion and distrust. The present Administration of our national affairs cannot certainly be charged with any failure to cultivate good relations with Japan, and there is every reason to believe that the Department of State was kept fully informed of the successive stages of the Sino-Japanese negotiations by the Foreign Office at Tokio. It must consequently be assumed that there was a frank expression of opinion from our side as to the bearing of the points discussed on the treaty rights of the United States.

In the foreign trade of the Philippine Islands for the fiscal year ending with June there was a decline in imports equal to about 20% on the value of the previous year, while the exports were only slightly below the total of 1914. The increased production of copra and the enhanced price of sugar saved the total of export values from any serious shrinkage. While the Islands bought considerably less cotton goods than they did the year before, the American share of the imports under this head amounted to \$5,244,179, by far the largest single item in our cotton exports for the year. While the Philippines have inevitably suffered from the dislocation of trade due to the war in Europe, their present prospects, both commercially and financially, are eminently satisfactory, and are likely to continue so if an effective quietus can only

be administered to the demagogic agitation in favor of early independence.

#### TRASURER'S REPORT.

The Treasurer presented his report, of which the following is a summary:

The last annual report, dated October 15, 1914,	
showed funds in hand of.....	\$652.62
Since that date receipts have been as follows:	
Dues collected from members.....	1,810.00
Surplus on receipts from entertainment given to Chinese Commission on June 3.....	51.79
Total .....	\$2,514.41

Disbursements to date .....\$1,511.20

Balance in National Bank of Commerce 1,003.21 \$2,514.41

The Nominating Committee appointed by the President made the following report, and on motion the Secretary was directed to cast a single ballot for the entire ticket:

New York, October 21, 1915.

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—Willard Straight, New York.

For Vice-Presidents—Eugene P. Thomas, New York; Theodore B. Wilcox, Portland, Ore.; Alba B. Johnson, Philadelphia, Pa.; John B. Cleveland, Spartanburg, S. C.; Charles M. Schwab, New York, and Ellison A. Smyth, Pelzer, S. C.

For Treasurer—Albert Cordes, New York.

For Secretary—John Foord, New York.

For Executive Committee, Class of 1918—Silas D. Webb, New York; I. Osgood Carleton, New York; E. P. Cronkhite, New York; Maurice A. Oudin, New York. Class of 1916—Joseph R. Patterson, New York.

(Signed) JAMES R. MORSE, *Chairman*.

A. G. MILLS,

S. D. BREWSTER.

#### CHINA'S RECENT WINDFALL.

(Correspondence N. C. Daily News.)

PEKING, Sept. 9.—The destiny of the £750,000 is settled at long last, and it is instructive of the backwardness of things in China to throw a passing glance at the history of the negotiations in regard to this sum. It will be remembered that £2,000,000 of the Reorganization Loan was set aside for the reorganization of the Salt Gabelle. Sir Richard Dane early in the day expressed the opinion that it would not be sound to spend a large sum of money in buying out Chinese merchants with vested interests in the salt trade, or to do several other things involving expenditure which were in the minds of the bankers when they provided the money in question.

So it lay idle until the salt payments in Canton were realized to consist of depreciated notes worth half their value. The Canton note question had already reached an

acute stage, and it was obvious that something had to be done to relieve the situation. The banks, therefore, agreed to release £1,000,000 of the salt money for the purpose of note redemption. The note problem was solved thereby, and the Gabelle incidentally has since derived considerable benefit from the improved condition of the finances of the province.

The Chinese have long clamored to obtain the other million. Several months ago it was agreed to release three-quarters of it, Sir Richard Dane deciding that it was sufficient for the purposes of the Gabelle if £250,000 were retained for contingencies. The banks, however, stipulated for the execution of certain reforms in the Gabelle recommended by Sir Richard Dane, and also that in case large sums were required hereafter for salt reorganization purposes, the money in question should be returned by the government. In practice that would mean that £750,000 of the future salt revenues might be retained instead of being handed over to the government.

Assurances in regard to the reforms were given by Chang Hu, and it only remained for the new Minister of Finance to agree to the refund, as stated, in case of need, when Mr. Chow Hsueh-Hsi suddenly evolved a salt policy of his own. He commenced by dismissing Chang Hu and bringing charges of corruption against him. He then sprung an iniquitous loan scheme on the salt merchants, whereby they were to lend the State £1,000,000 in exchange for certain privileges. They were practically to buy these privileges, and all the payments were to be put past the banks, which are entitled to have paid into them all the revenues of the Salt Gabelle. There were other things which indicated that the Minister of Finance intended thenceforward to conduct the affair of the Gabelle according to those to which the government was pledged by the terms of the Reorganization Loan Agreement and by subsequent arrangements with Sir Richard Dane.

The banks, therefore, broke off the negotiations for the release of the £750,000 and informed this new broom of a Minister that no money would be paid until it was made clear that there was to be no interference with the process of reorganization of the Gabelle on the lines laid down by Sir Richard Dane. Meanwhile Chang Hu's successor commenced well, and matters went smoothly until the Chinese reopened negotiations for the release of the coveted sum. The banks were willing, and the money was on the point of being paid over, when Chow Hsueh-hsi not only declined to agree to refund in case of need, but withdrew all the assurances given by Chang Hu in a letter that has been described to me as "most impertinent." So the Chinese Government had again to go without the money which is so urgently required.

Necessity, however, is a prime solvent of insurmountable difficulties. The Minister of Finance had to provide so much money for the Monarchical movement among other purposes that he had to find it somewhere. So he has climbed down, withdrawn the obnoxious letter, given all the necessary assurances, and retired to a bed of sickness by special permission. For several reasons besides the one stated it is hoped that he will remain sick. It is

hardly expected that he will remain much longer at the Ministry of Finance.

Meanwhile the government gets the £750,000, £200,000 of which will be devoted to reduction of short term debts due to nationals of the Quintuple Group. The remainder will be used for administrative purposes, and the expenditure will be supervised in accordance with the provisions of the Reorganization Loan.

It may again be observed that the revenue of the Gabelle is proving of incalculable value in the maintenance of Chinese credit at a time when the customs receipts have seriously declined. Large payments have recently been made for the purpose of meeting interest on the Indemnity and Crisp and Reorganization Loans. While this is evidence that enormous progress has been made under the direction of Sir Richard Dane, it has to be observed that the revenue might still further be enormously increased but for fatuous Chinese opposition to more comprehensive schemes of reform.

#### LAND TAXATION IN CHINA.

Some little time ago we briefly described the measures that were being taken to reform the system of land taxation in China. While the necessary investigations will take a considerable time and general reform will be a matter for the future, some steps have already been taken that will have the effect of increasing the revenue from this source. Immediately after the revolution the land tax machinery was working very badly. The provincial authorities in many instances collected the revenue on their own account, and in some cases the tax was decreased or abolished. As soon as the Central Government were in a position to do so they restored all the customary levies and charges and instructions were issued that the land tax should be collected in silver coins instead of taels or cash. The practice that had formerly prevailed of permitting the provincial authorities to deduct from the amount raised the cost of collection was abandoned. In many instances the cost of collection was out of all proportion to the total amount raised, consequently the provincial authorities were directed to meet this cost out of other provincial revenue.

As a result of these measures the Ministry of Finance in 1914 received an appreciable sum from land taxation. Some provinces remitted over \$1,500,000 more than had been received the previous year, and the saving in the cost of collection, which was added to the national revenue, was about \$2,000,000. When the survey that is now being undertaken is completed it is expected that the revenue will be greatly increased. Until a proper survey has been made it will be impossible for the government to put into force uniform regulations, and consequently collections will continue to be made at the varying rates that at present prevail. An equitable system of grading lands and the adoption of uniform rates of taxation are expected to result in doubling the revenue from this source. Moreover the survey will result in revenue being derived from

much land that now escapes taxation. Previous surveys were very carelessly made, and the landowners were frequently able by corrupting the officials entirely to escape taxation. Even when the land had been surveyed with approximate correctness the owner was often able to evade the tax. So much corruption prevailed that wealthy landowners were able to induce the tax collectors to leave them unmolested and to endeavor to make up the deficiency in the revenue by extorting a double tax from those who were too poor to obtain exemption by bribery. While it is impossible to ascertain with any degree of exactitude the extent to which this practice was carried on, it is certain that it was widely prevalent in the past and that there was much consequent loss of revenue.

With proper organization and honest administration it should be possible to obtain from the land tax a revenue equal to the total revenue from all sources now obtained by the Central Government. The estimated revenue from the land tax in 1913 was about eighty-two million dollars, about a quarter of the total estimated revenue. The land under cultivation in China was estimated in 1905 to amount to 650,000 square miles or about 400,000,000 acres. Taking the revenue at \$82,000,000 the tax is twenty cents Mexican currency per acre. Of course the productive capacity of the land varies greatly in different parts of the country and its value is affected by facilities for transportation of produce and so forth. These differences would preclude the imposition of a uniform tax, but the assumption that the landowners could bear a tax that would average \$1 per acre seems to be justified. Direct taxes are always unpopular, but as China is debarred from increasing her Customs duties she has no alternative. A tax that averaged \$1 per acre would probably not be found oppressive if the original valuation of land were fairly made and nothing beyond the assessed tax extorted by the collectors. However, to render the tax acceptable to those who pay it, the government will have to exhibit a willingness to recognize its obligations to a greater extent than in the past. Taxes are levied to provide the government with the funds necessary to give security to life and property, and to carry on the administration of the country for the benefit of the people. The landowners would pay their share more contentedly if they knew that their lives and property were thereby given proper protection and if roads, railways and canals were constructed or extended to afford them greater facilities for marketing their produce. The Republican Government have succeeded in restoring order throughout the country and may be said to be thus fulfilling the primary duty of every government. Reasonable security for life and property has been afforded. As the revenue grows so should the efforts of the government to improve the transportation facilities increase. Expenditure of part of its revenue in this way will be not only beneficial to the landowners but will increase the capital value of the land and, as periodical revaluations will undoubtedly be made, the future revenue will also increase. There is reason to suppose that the government are fully seized of these facts, and that increased revenue from land taxation so far from causing an additional burden to be laid on the people will result in an appreciable improvement of their condition.—*Far Eastern Review*.

## CANTON-HANKOW RAILWAY—PROGRESS OF THE LINE.

The Canton-Hankow Railway is at present almost completed as far as Shiukuan (Chiuchow), 140 miles from Canton. The work of the last twenty miles has been delayed about two years beyond the time originally planned on account of heavy rock cuts, tunnels, and troubles with the contractors. The revolution also caused considerable delay in building this part of the line.

Beyond Shiukuan station the only work which has been completed is about three miles of grading, piers for the bridge over the North River (East Fork) at Shiukuan, and part of a long tunnel about 12 miles beyond Shiukuan. It is not likely that the Kuangtung Yueh-Han Railway Company will build any further unless it is decided to open the coal mines north of Shiukuan. The country between Shiukuan and Lokcheong (170 miles from Canton) is rough and expensive to build upon, and besides it furnishes little traffic. Beyond Lokcheong the line runs through very rugged country, will prove expensive to construct, and will have no local traffic until Pingshek, on the Hunan border, is reached. It is expected that the government will take the line from Shiukuan to the Hunan border, and this matter is now being discussed.

### CONSTRUCTION OF THE LINE.

The construction of the line now furnished is of fair quality. Eighty-five pound rails of American, Belgian, and Hankow manufacture are used on the main line. The steel girders and trusses are nearly all from the American Bridge Company, and are of the best design and workmanship. Some of these articles, purchased from Europe, are of poor design, and one 200-foot span is very bad.

The locomotives in operation are products of the Baldwin and the American Locomotive companies. Last year five consolidated locomotives were purchased—three from the American Locomotive Company and two from the Baldwin.

The cars in use on this railway adds the "L. & C. Express" are of many kinds. The passenger cars are mostly of American manufacture, as are also the box cars, although some of the latter are of English construction. It seems likely that the short English cars will soon be rejected, and that only the eight-wheel American cars of all classes will be used. Some steelwork, such as tanks, turntables, warehouses, etc., has been imported from America, and much Oregon pine for false work, ties, etc., has been and is being purchased there, but these articles are usually placed by Japanese, German, or English firms, for the reason that the American manufacturers are not adequately represented at Canton—a matter frequently mentioned in consular reports.

### PROSPECTIVE TRAFFIC.

The passenger traffic represents about 60 per cent. of the whole. There is also a good business in the transportation of cattle, firewood, limestone, and other products, such as rice, tobacco, poultry, etc. Later on coal will be brought down, but, as this is anthracite, it will be necessary to establish a market before it can be handled. Salt is sent over the line from Hunan and the upper

North River districts. On the whole, the traffic is satisfactory, and a large increase is expected when the line reaches Shiukuan, but the railway cannot be expected to pay well until it has been completed to Hankow or Shanghai, when it should be the most important section of the railway and the most profitable in China. The line is well located, fairly well constructed, very well maintained, and should be profitable if well managed.

### THE CIVIL SERVICE IN CHINA.

A Presidential Mandate issued on August 5, runs as follows:

"When discussing the methods of administration with Tsu Chang, Confucius remarked: 'The ideal administrator is one who steadfastly holds to his post and performs his work with constancy and faithfulness.' If an official harbors the idea that he is to serve in his post for only a brief period (literally, five days) and looks forward impatiently to a change or promotion, then he will naturally neglect his duties, because he does not put enthusiasm into his work. Therefore, during the ancient Dynasty of Tang Yu, only the merits of an official of three years' standing were considered. In the Han Dynasty, the Magistrates who served a long term and rendered good service were given higher ranks and greater salaries as rewards. Changes of officials were rarely made. As a result, the districts acquired good customs and the people had respect for authority. Such a result was by no means an accident.

"At the beginning of the Republican Era, the official system was thrown into confusion. The officials were so excited that they could not calmly sit down to transact business. When a Minister or a Governor was changed, whole staffs of the organs were often dismissed and new persons were employed. This is a bad practice which causes delay and confusion of official business. In foreign countries, the office staffs were not affected by the change of the senior official. Therefore the members of the official organs can work calmly without being anxious about their positions. This peace of mind is a great asset; it prevents confusion in the administrative affairs even when Ministers are changed.

"I have instructed the Civil Service Bureau to amend the law regarding the examination and appointment of civil officials. Besides the shifting of officials serving in their native provinces, all other officials shall serve a definite period of time before they can be transferred or changed. The length of terms of office shall be definitely fixed so that the officials can serve long in their posts. This is done to show the importance attached by the government to official duties. A man can only do a little in a day, but he can accomplish much in a year. If an official is given opportunity and time, he will certainly make good and do his duties in a satisfactory manner. Thus the country will have efficient administration."

The most important portion of the Mandate is the third paragraph. Civil servants are to serve a definite period of time in the capacity in which they are employed before

they can be transferred. Though this period of time is not defined it is to be "long," which presumably means for a period sufficiently long to enable the officials to become qualified for higher posts. This is certainly a step in the right direction as security of tenure would undoubtedly favorably react upon the work of the officials. But an amendment of the law relating to the examination and appointment of civil officials, if it only affects the one object of giving security of tenure, will leave a great deal of what is absolutely essential unaccomplished. The Civil Service Bureau should be a competent body, utterly without party affiliations, armed with powers to see that the officials in government employment are competent to perform the duties with which they are entrusted. A great number of men have pitchforked into positions for which they have no qualifications because the "spoils to the victor" policy has hitherto prevailed. When the officials now employed have certificates of competency it will be time enough to give them security of tenure. Obviously if men are confirmed in positions before their competency to fill them has been established the effect of the new system will be to shut out men who may be fully trained and qualified while retaining the services of those who have no qualification other than a "pull" in useful quarters.

Perhaps it would be difficult to introduce the competitive examination system, as it is known in the West, in China, but some local adaptation should be possible. The system itself was for long identified with China's national life, though it was employed in ways that frequently resulted in the round peg being fitted—or misfitted—in the square hole. A system of some kind is clearly needed and, even without preparing elaborate machinery, it would seem to be the obvious duty of the government to ascertain whether officials' services were worth retaining before confirming them in their posts.

An article entitled "Yuan's Plain Duties," published in our issue of September 6, has, apparently been misunderstood in certain Chinese quarters. In it we advised Yuan Shih-kai to reorganize his Civil Service with the aid of foreigners and are in consequence taken to task by the "*Kuohuapao*" for advocating foreign interference with China's internal affairs. According to our Chinese correspondent in Peking, the "*Kuohuapao*" suspects us of desiring to use the monarchical movement as an opportunity for foisting a number of foreign employees on the Chinese Government. Anybody who cares to refer to the article quoted will see that we took particular pains to disavow any such purpose. "In advising the employment of foreigners," we said, "we are not advocating the creation of a number of posts the occupants of which shall be external to Chinese authority. We do not advocate the appointment of a number of nominees by the Legations, but the voluntary employment of foreigners by the Chinese Government itself, in such numbers as it considers necessary, to act as its servants, to carry out its orders and to be responsible to it alone, as are the members of the Maritime Customs." It is important that the attitude of the *North-China Daily News* in this matter should be

placed beyond all question. We ventured to advise the President to take this particular step in the first place because we do not think that an abandonment of republicanism without any attempt to distinguish the system to be substituted for it from the autocracy of the past would in the long run benefit China; and, in the second, because, without foreign assistance, we do not think that the only distinctions which the Chinese people will appreciate can be made. There is no necessity to enter again at any length on the question as to what these distinctions should be. Greater security for life and property is one of them and, in order to obtain that, reform of the financial administration. Every honest Chinese will confess that the financial administration of his country is far from satisfactory. Every honest Chinese will also confess that the only department in it which is entirely free from suspicion of leakage is the Maritime Customs. Most Chinese will admit, too, that since foreign supervision was introduced into the collection of salt taxes, the total at the disposal of the government has been greater than it was before. How long is it going to take the "*Kuohuapao*" and Chinese who share its sentiments to arrive at the conclusion that the employment of foreigners is a good and not a bad thing for their country?

We have said that foreigners in the Maritime Customs are responsible to the Chinese Government alone. The statement to be strictly accurate requires modification. The members of the service from commissioners downwards are in point of fact subject only to Mr. Aglen, the inspector-general, who, in the event of a fundamental disagreement with his employers, the Chinese Government, has behind him the support of the Treaty Powers. In other words, in the event of Mr. Aglen deciding on a line of policy that he considered vital to the interests of the service and to which the Chinese Government was opposed there might arise a clash of authority in which the inspector-general would have to insist on his right to independent action. That right, however, springs from the fact that the revenues of the customs are pledged as security for various debts, a circumstance which would not be present in any agreement voluntarily entered into to-day between the Chinese Government and foreigners employed to reorganize its administration. Moreover in the whole history of the Customs Service the occasions on which the inspector-general has found himself in opposition to the Chinese Government have been extraordinarily few. We doubt very much whether the "*Kuohuapao*," or any other Chinese newspaper, could point with accuracy to a single one. From first to last the late Sir Robert Hart was never tired of insisting on the Chinese character of the service. Writing to his commissioners in December, 1873, in connection with their position *vis-à-vis* Chinese superintendents, he said, "Remember that, although colleagues and meeting on a footing of equality, the foreigner is after all only the temporary guest, while the native is the standing and locally responsible official; recognize the fact that the foreigner is to assist and not to displace native authority." Writing to the service in general in July, 1905, when his long career in China was drawing to a close, he said: "It is not the aim of the

inspectorate—a Chinese and not a foreign service—to oust the officials the Chinese Government appoints and it is its duty to work with them amicably and loyally, sedulously avoiding friction of every kind, while endeavoring to do whatever can be done to simplify and facilitate the transaction of business, promote the interests of both trade and revenue and conserve and foster good relations generally." We challenge any Chinese to produce a single example of any departure from this policy. It animates the inspectorate today just as it did in 1873 and before. The Customs Service regards itself as a Chinese Service and is loyal to the interests of China from top to bottom.

Now, when such a statement can be made without fear of contradiction of a set of employees who, as we have shown, are in the last resort the representatives, collectively, of nearly all the gun-boats in existence, and could as a body, in the last resort, depend upon those gun-boats for support, what scrap of evidence can the "*Kuohuapao*," or any other Chinese organ, produce in support of the contention that to employ foreigners in China's Civil Service on the terms which we have suggested is to lay her internal affairs open to "interference"? It can produce none, and in accusing, the *North-China Daily News* of desiring to prepare the ground for such interference the paper is arguing along lines which bear no relation whatever to facts. We are convinced that sensible Chinese do not share the "*Kuohuapao*'s" views, nor should we have concerned ourselves with them at such length but for a desire to make clear once and for all what our attitude towards this all important question is. No proposals for exploiting China in the interests of foreigners alone ever has had, or ever will have, our support. We advise the employment of foreigners to reorganize the country's Civil Service partly because such reorganization will benefit foreign interests, mainly because, without it, we doubt very much whether China will ever be able to set her house in order. We desire to see China prosperous, strong and free and in her own interests urge her to sacrifice her pride and to copy from others what she cannot originate for herself. That and no less is what Japan did and what is the result? Whereas fifty years ago she was of no account in the world's affairs and could not have withstood an attack by any one of the powers, to-day she ranks as equal with them all and no single power would venture, for merely selfish purposes, to invade her shores.—*N. C. Daily News*.

#### RIVER CONSERVANCY IN SOUTH CHINA.

(Correspondence *N. C. Daily News*.)

HONGKONG, Sept. 19.—As each terrible flood ravages the country in the vicinity of the West River and inestimable loss of life and property is chronicled, the question naturally arises: Cannot something be done to prevent, or even to curtail, such apparently wanton waste of humanity and property? Twice within the last twelve months has the treacherous river risen above its banks, flooded large areas, destroyed much life, ruined crops and transformed the country into a desolate waste. The effects of

the recent flood are even now being poignantly felt by hundreds of homeless inhabitants who have also had their work of months in the fields ruthlessly destroyed.

But there is a silver lining apparently. So terrible was the cumulative effect of the last flood that the Central Government has at last been really and seriously moved; and moved to such an extent that definite steps are now being taken either greatly to minimize the destructive nature of the floods or, if found possible, to prevent flooding of any kind.

When one remembers the vastness of the West River and its many tributaries the necessarily extensive, and expensive, nature of any such scheme can easily be imagined. This has also been taken into consideration by the authorities, but the magnitude of the estimated cost has not deterred them in their laudable, though belated, determination to evolve and carry out a scheme to be submitted by the expert surveyors who have been engaged to collect data and report to Peking. A few days ago I secured an interview with a prominent government official who is actively connected with the work of curbing the truculent waterway, and he related to me the different schemes which are being considered, and also the *modus operandi* which is being adopted by the collector of surveying data.

#### FOREIGN ASSISTANCE.

At the present time Tan Hsinheung, Director General of River Conservancy Works of Kuangtung, who has been appointed to the position by the Peking Government, is engaged in surveying and searching for an effective conservancy scheme, with the assistance of Mr. Olivecrona, a prominent Swedish engineer. Absolutely nothing can be done until a comprehensive survey of the river has been made, otherwise all would be working in the dark and their efforts might easily prove futile. The varying volumes of water have to be discovered, also the peculiarities of the curves and "joints," of the river; in fact all the data necessary before the launching of any adequate scheme. This surveying work has already been in progress for some months—it was being carried on at the time of the last flood—and when these preliminary examinations and experiments are completed there are three schemes, I was informed, which may ultimately be decided upon.

#### SUGGESTED SCHEMES.

It might be found possible to erect a system of barrages high up the river above Wuchow, where there is the largest quantity of water. Another scheme which will most certainly have to be adopted, in addition to any other scheme which may be decided upon, is that of afforestation; the planting of trees in such proximity that the roots will become securely entwined, hold earth, etc., and so form a substantial natural barricade. This would, of course, take several years to develop into anything approaching a reliable barrier, and would also depend very much for its reliability or otherwise on climate peculiarities.

The third and great scheme under consideration, and one which seems to be, on paper, the most effective of the trio, is the building of another channel for the water, thus providing a sort of safety valve which will be capable of coping with any abnormal rising. This is, of course, an engineering question, absolutely, and in this connection at the present time those employed on surveying are running a line of levels from Wuchow down to the sea in order to discover the river's level at different periods and places.

The surveying is proceeding with these schemes in view, and when all the data has been collected the most likely scheme will be submitted to Peking for approval. The *pièce de resistance* in the consideration of schemes is the Liu River, which rises at Kuichau, and which was the chief cause of the recent disastrous flood. While the West River itself was running over its banks the swollen waters of the Liu also flowed into it with the terrible results known. Again, lower down the West River are the North and East Rivers, and these will also have to be taken into consideration. It will be realized, therefore, that the task before the surveyors is no light one, and their responsibilities are many.

Suggestions have been made that a standard type of bund would go a long way towards lessening the effect of floods, but the people who live in the treacherous area plead for something much more effective and lasting, and the government has listened to their plea, realizing that no standard type of bund would be sufficiently high to deal with such risings as were experienced a few months ago. If, however, standard bunds do form part of any scheme it will then be necessary to have a Conservancy Board, on the principle, say, adopted at Tientsin, which body will see to it that the bunds are regularly and adequately repaired.

Surveying up to the present has revealed another difficulty which will also have to be dealt with. Owing to excessive silting the West River has narrowed considerably in parts, and at some places small lands have been formed, all of which tend to increase the flow of water when a rise takes place. These will have to be removed and an elaborate system of dredging carried out.

#### THE QUESTION OF FINANCE.

And when the data has been collected and a scheme approved there comes the question of finance. Interrogated regarding this, my informant said that it was fairly obvious that the expense of any efficient scheme would be a big item for a country not plentifully supplied with ready money of its own. The cost would be anything from \$10,000,000 to \$20,000,000, and that is a mild estimate before the formulation of any scheme. Even the repairing of the bunds which were damaged in the recent floods will, Mr. Olivecrona estimates, absorb a sum of nearly \$2,000,000, and this by no means supplies a remedy; merely very temporary relief.

"And would the Central Government find it possible, and convenient, to spend this large amount of money?" I asked.

"Supposing the government cannot raise the money internally they might raise a foreign loan. That is what they probably will do, and from things I have heard, I do not think they will experience any difficulty in floating it, though the principal subscribers will desire to be provided with seats on any Conservancy Board formed, in order to see that the scheme which they are supporting is well and truly carried out."

From what I have written it will be realized that a serious effort is at least being made to prevent these recurrent West River disasters, and in so doing the Chinese government will have the sympathy of the many foreigners who know by personal experience all the horrors of the West River in flood; the all-round devastation of life and property and the vast picture of misery, desolation and ruin. When accomplished, the work will be a standing memento of an effort by China which met with all-round approval.



## THE FORM OF GOVERNMENT IN CHINA

*From The Far Eastern Review.*

The question of the form of government most likely to give the best results in China, has again become a subject of public discussion. Particular attention has been directed to the question by the establishment of a "Society of Peace" in Peking, which has openly pronounced in favor of a reversion to the monarchical form of government.

In considering a problem of this nature care has to be taken not to confound theory and actuality. From a purely academic standpoint it would be difficult to controvert the assertion that the republican system of government is superior to the monarchical. Theoretically, under the former system every citizen is given an effective voice in the management of national affairs. As the government is created by the citizens it is in theory an inferior body employed to carry out delegated duties. The same power that created it could at any time destroy it. In an ideal republic the citizen would be supreme. In practice it is doubtful whether the average citizen in a republic enjoys a larger voice in national affairs than the average subject of a constitutional monarch. In many instances the citizen has less opportunity of making his voice heard than the subject.

Under any form of government the actual power is wielded by a few individuals. To the practical man it makes very little difference whether these men are appointed by a monarch holding his position by hereditary right or by a president who owes his elevation to the fact that a plurality of the citizens consider him the man best qualified for the position. In each case, assuming government to be conducted on constitutional lines, the monarch and the president exercise but little personal power. They are both part of the respective governments, but in neither case are they *the* government. The government, whatever the appellation of its titular head, is composed of units that have no hereditary rights to their positions. This is true even of countries where there is a second chamber of hereditary nobles. Consequently, as a matter of fact the subject of a constitutional monarch has as much voice in national matters as the citizen of a republic, as he helps to choose those who exercise the government functions.

It is impossible in a consideration of this kind to form general conclusions from a study of particular cases. The United States of America have attained power and wealth under a republican form of Government. The British Empire has attained power and wealth under the system of constitutional monarchy. It is possible that the United States would have made as much progress under a monarchy, and that the British Empire would have become no less powerful and wealthy under a republican system. These two countries are taken as examples because they employ the same language and are the two nations that have for the longest time continuously adhered to the form of government that still prevails. The government of the

United States of America has been republican since it was established; that of Great Britain has been a limited monarchy since the time of King John, with a brief interregnum of fourteen or fifteen years. France has alternated between autocracy and republicanism. As we have said, it is impossible to declare from the study of the progress of particular nations that republicanism is demonstrably a better form of government than monarchy.

Clarity of definition is all-important in an inquiry of this kind. What is meant by "the best form of government"? We take it that the best form of government is that under which the life, the liberty and the property of the individual are the best protected. Evidently it is necessary to know in what consists the fundamental duty of government, before it becomes possible to argue that one form is better than another. Granting that the protection of life and property and preservation of liberty are the primary objects for which governments exist, what does history teach of the respective ability of republicanism and monarchy to secure these ends. The candid must admit that, other things being equal, the duties can be performed as well under the one as the other. Possession of life, liberty and property is as assured in the United States of America as in the British Empire. The citizen of the one is as safe and as free (but not more safe or more free), as the subject of the other.

The comparison made is between two states which have used moderation in the practical application of their political ideals. In countries in which more extreme views have determined the form of government the evidence points to life and property and even liberty being better safeguarded under a monarchical than a republican government. In Russia for example there is much greater security than in Mexico. Theoretically the Mexicans enjoy greater liberty than the Russians, actually they have much less. There is no protection given them by their courts; their property is liable to be commandeered; their liberties and even their lives are held on a precarious tenure. Every Mexican has a theoretical opportunity of becoming chief magistrate of his country, and the result has been that every aspiring individual who could gather a following sought to seize the position by force. In Russia the post of chief magistrate is by law vested in one family and for centuries there has been no attempt to change the dynastic succession. What is happening to-day in Mexico has happened in the past in Guatemala, Venezuela, Peru, the Argentine Republic and other Spanish-American states. It might then be argued that there is at all events a better prospect of domestic tranquility in countries in which a monarchical system of government obtains. Dynastic struggles have become practically unknown.

The nascent agitation for a revival of monarchy in China is attributed to some statements said to have been made by



Professor Frank J. Goodnow, Constitutional Adviser to the President. Dr. Goodnow was said to have stated that "a monarchical system of government is better than a republican system." The Society of Peace, to which reference has already been made, taking this alleged statement as its text, issued a manifesto on August 16. In this it was declared that the republican form of government was adopted in China without its suitability for the people being carefully weighed.

The civil disturbances in Mexico and other Spanish-American states and in Portugal since the revolution were referred to, and the people were advised to look upon Mexico as an object lesson. Though not distinctly so expressing it, the manifesto leaves it to be inferred that the Society of Peace desires to see the re-establishment of monarchy in China. The following day the *Asia Jih Pao*, a vernacular paper of some standing, published the following alleged statement by His Excellency the President:

"The proposals made by the said Association do not attract much of my attention, as statements of this nature have been in circulation long before the organization of what is called the Society of Peace.

"It may be said that since the outbreak of the war in Europe, the world opinion regarding the system of government has been somewhat modified. The present civil war waged in the Republic of Mexico has roused many intelligent people to ponder over the problem of safety and danger in connection with a newly founded republic and to study the advantage and disadvantage of a republican form of government. Nevertheless, as to my present position and in my way of looking at things, I must say that since we have adopted the republican form of government, we should continue the same system of administration, and it will not be right to contemplate the adoption of any other form of government.

"Some days ago a certain scholar called on me and thoroughly discussed the advantage and disadvantage of both the monarchical and republican forms of government. In response to his inquiry I said as to the functions of the President of a Republic and the exact form of government a country should adopt, it is too great a question and would take some time to study before a solution can be found. In my opinion, the fundamental principle of the Republican Government is to represent the public opinion of the people and to plan with whole efforts the greatest welfare of the greatest number of the people. As the society in question does not in the least conflict with the fundamental principle of the Republican Government, how can I interfere with its work?

"Repeatedly I have expressed to the public my ambition and my opinion regarding the adoption of a monarchical government. Again shall I declare that I am unwilling to become an Emperor, even if the circumstance requires. Nor am I ambitious for the retaining of the office of the President. I have no love for this post, so long as I have cherished my ambition to retire and resort to places among mountains and waters where I can enjoy beautiful scenery and the teachings of nature. This thought I cannot abandon for a moment. Therefore, with regard to the planning and

procedure of the said society, personally I have no prejudice or suspicion whatever.

"In attending to the administrative affairs of the Government, I cannot at the same time disregard the welfare of my family and security of my life and property. Likewise, it is the duty of each citizen to look after the prosperity of his children and kinsmen. How much more important is the problem of planning for peace and prosperity for 400 millions of people? The principal object of the society is to plan peace for the whole people of China, and its intention is therefore wholesome without question. Since I have received the sacred trust of the people, how can I unrightfully interfere with the activity of the association, the aim of which is for the good of the people. Moreover, an important question of this nature ought to be studied by the scholars of the country. In conclusion, I must say that since this society does not in any way cause disturbance in the country, it is not likely that I shall object to its existence."

On August 18 an interview with Professor Goodnow appeared in the *Peking Gazette*, in which Dr. Goodnow disclaimed the uncompromising advocacy of the monarchical system that had been attributed to him. He said that he had never declared that a monarchical system of government was superior, but that on the contrary he was of opinion that no form of government could be said to be superior *under all conditions* to other forms of government. In some countries—the United States and France for example, where the grade of intelligence was high and the people had learned the art of self-government by participating in the work of government—a republican form of government was the best. On the other hand a monarchy was often better suited for countries where conditions were different from those obtaining in the United States and France. In China the conditions made difficult the orderly development of republican government, on account, among other things, of the general lack of knowledge of the people and their long subjection to autocratic rule. The re-establishment of a monarchy in China could only be justified because under a monarchy the question of succession to the executive power might possibly be more satisfactorily solved than was probable under any sort of republican government that was likely to be established in this country. A monarchical restoration in China would in his opinion be justified only on conditions:

(a) That the change be acceptable both to the thinking people of China and to the Foreign Powers in order that it might not meet with such opposition as would lead to disorder.

(b) That the succession to the throne be so fixed that no doubt could arise on the death of the monarch as to who would succeed. If we might judge from the European experience the only proper method of fixing the succession was to give it to the eldest son of the monarch or in default of sons to the eldest male relative.

(c) That the monarchy established be a limited constitutional monarchy, which, while for the moment vesting large powers in the Crown, would permit of the gradual

development of greater popular government. The re-establishment of the former autocratic monarchy in China could not be regarded as promising any improvement over present conditions.

Dr. Goodnow declined to say whether those conditions could be met at present in China on the ground that he did not know enough about the country or of Chinese opinion, and he would, therefore, leave that question to be answered by those who did know China's conditions and were responsible for her destinies.

Apparently Dr. Goodnow, while anxious not to appear to advocate a reversion to monarchy, is personally of belief that the change would be in the best interests of China. At all events he is not opposed to a monarchical restoration. It has to be remembered that Dr. Goodnow, while a citizen of a republic, would not allow that fact to influence any recommendation that he might make as an Adviser. He would recommend what he conscientiously believed best in the conditions that prevail in China. The view that he takes, namely, that, if the best informed Chinese deem that the change would be conducive to the interests of the Chinese people, it should be made, is one that will commend itself to most foreigners. The interests of the people is the chief, in fact the only, consideration, and, if the people are likely to secure better protection for life, liberty and property under an Emperor than a President, republican fetishism should not be allowed to be an obstacle. On the other hand if better protection for life, liberty and property would not be secured, the change would be unnecessary and irrational.

#### MEMORANDUM SUBMITTED BY DR. GOODNOW TO YUAN SHIH-KAI.

The following is the text of the memorandum on governmental systems submitted by Dr. Goodnow to President Yuan Shih-Kai textually:

The determination in a given country of the form of government established therein has seldom if ever been the result of the conscious choice of the people of the country or even of the choice of its most intelligent classes. The establishment on the one hand of a monarchy or on the other hand of a republic has in almost all instances been due to influences almost beyond human control. The former history of the country, its traditions, its social and economic conditions all have either favored the form of government which has been adopted or, in case the form of government at first adopted has not been in harmony therewith, have soon brought it about that that form is replaced by one which is better suited to the country's needs.

In other words, the form of government which a country usually possesses is for the most part determined by the necessities of practical life. Among the contributing causes which fix forms of government, one of the most important is force. Almost all monarchies thus owe their origin in last analysis to the exertions of some one man who has been able to organize the material power of the country in such a way as to overcome all competitors. If

he has able sons or male relatives, if he has ruled wisely and if the conditions of the country have been such as to favor monarchical rule, he may be able to establish a dynasty which will during a long period successfully govern the country.

Under such conditions one of the most perplexing problems of government is probably more satisfactorily solved than has usually been the case in republics. For on the death of the monarch there is no question as to the succession to the executive power. No election or other method of choosing a successor is necessary. As the English law expresses it: "The King is dead, Long live the King." In order, however, that the desired result may be attained, it is absolutely necessary that the law of succession be clearly determined and practically universally accepted. Else the death of the monarch will bring into being numerous aspirants for the throne whose conflicting claims can be adjudicated only by resort to civil war.

History would seem to prove, furthermore, that the only permanently satisfactory solution of the question of succession in monarchical states is that which has been reached by the states of Europe. This consists in fixing the succession to the throne upon the eldest son of the monarch or in default of sons, upon the nearest oldest male relative. Under this method he who is by the law of succession entitled to the throne is permitted to waive his rights, in which case, if it is the eldest son who has so waived his rights, the next eldest son takes his place.

If some such method of fixing the succession is not adopted, if for example the succession to the throne is left to the determination of the monarch, who may choose as his successor a son not the eldest, or some other relative not the nearest eldest male relative, the uncertainty as to the succession is almost certain to produce trouble. Palace intrigues in favor of the various claimants to the throne are sure to develop which both embitter the closing days of the monarch's life and often lead to confusion if not civil war after his death.

The advantages which history would seem to show are attendant upon a monarchy as compared with a republic, so far as concerns this important question of succession to the executive power, are thus, it would seem, conditioned very largely upon the adoption of that law of succession which experience has shown to be the best, that is succession in the eldest nearest male line.

#### EUROPEAN REPUBLICS.

Until recently the accepted form of government both in Asia and Europe was monarchical. It is true that in Europe, contrary to the usual rule, there were a few republics, such as Venice and Switzerland. But the states possessing a Republican Government were few in number and small in size. In almost all the important states of the world the government was monarchical in character.

Within the last hundred and fifty years, however, there is noticeable among European peoples a distinct movement away from monarchical and in favor of Republican Government. The first attempt to establish Republican Government in any of the large European states was made in England in the 17th century. After a successful revolu-

tion Charles I, the English King, was tried by Parliament, convicted of treason and executed. A republic, the so-called "Commonwealth," was established with Oliver Cromwell as "Protector" or President. Cromwell obtained his power as a result of his control of the revolutionary army which had defeated the forces of the crown.

This Early English republic lasted only a few years and fell as a result of the difficulties attendant upon the question of the succession to the Protectorate which arose on Cromwell's death. Cromwell had attempted to place his son Richard in the position left vacant by his death. But either because the English people were not suited to a republic or because Richard Cromwell did not have the characteristics required of the possessor of executive power, this attempt to continue the English republic was a failure, and England abandoned the republican and re-established the monarchical form of government. Charles II, the son of the executed Charles I, was put upon the throne, largely as the result of the support of the army but with the almost universal approval of the English people.

The next attempt to form a republic among European peoples was made after the American revolution at the end of the 18th century when the United States of America was formed. The American revolution was due not so much to an attempt to overthrow monarchical government as to a desire upon the part of the English colonies in America to obtain their independence of England. The success of this revolution brought, however, in its train, almost necessarily, the establishment of republican government. There was no royal family left in the country to which its government might be entrusted. There was, furthermore, in the country a distinct sentiment in favor of a republic due in large measure to the fact that quite a large number of those who had participated in the establishment of the ill-fated English republic in the preceding century had come to America and had exerted even after their death an influence in favor of republican institutions.

It is, however, possible that George Washington, who had led the American armies during the revolution, might have if he had been so inclined, established himself as king. He was, however, in principle a republican rather than a monarchist. He furthermore had no son who, had he been crowned king, could have succeeded him.

The result was that, when the United States obtained its independence, it definitely adopted the republican form of government which has lasted during a century and a quarter. The unquestioned success which has attended the United States during most of its existence has done much to give to the republican form of government the prestige which it now possesses. It is well, however, to remember that the United States inherited from England the principles of constitutional and parliamentary government and that these principles had been applied in America for a century or more before the republic was established. The change from the form of government which was in force during the colonial period to the republic adopted in 1789 was not therefore anything in the nature of a change from autocracy to a republic. Such change as was made had been preceded by a long period of preparation and dis-

cipline in self-government. Furthermore, the American people even of that day possessed a high grade of general intelligence, owing to the attention which had from the very beginning of American history been given to the common schools, where almost every child could learn at any time to read and write.

#### THE FRENCH REVOLUTION.

The establishment of the American Republic was followed almost immediately by the formation of the French Republic. The government of France prior to the declaration of the republic had been autocratic. Almost all public powers were centered in the crown and the people participated hardly at all in the administration. The French people had thus had little experience in self government and were therefore unable to carry on successfully the republic which they endeavored to establish. Periods of disorder followed by military dictatorships followed in rapid succession. The monarchy was restored after the fall of Napoleon largely as the result of foreign intervention. A revolution in 1830 brought into being a more liberal monarchy. This was overthrown by a revolution in 1848, when a republic was again established. The President of this Republic, the nephew of the great Napoleon, overthrew it and declared himself Emperor. After the Franco-Prussian war in 1870, he was deposed and the present French Republic came into being. This republic has now lasted nearly half a century and gives every evidence of permanence.

It is well to remember, however, that the present permanence of republican institutions in France was secured only after nearly a century of political change, if not disorder, and that during that century serious attempts had been made both to give the people generally that education upon which intelligent political action must be based and to accustom them by participation in public affairs to the exercise of powers of self government.

The French, like the Americans, would appear to have solved successfully the most difficult problems in republican government, that is the succession to the executive power. In France the President is elected by the legislature. In the United States he is elected by the people. In both France and the United States the people have had long experience in self government through participation in public affairs, while in both countries, during the past half century particularly, great attention has been paid to their general education through schools in many cases supported by the government. The result is that the grade of intelligence of the people in both America and France is, comparatively speaking, high.

#### THE LATIN REPUBLICS.

The examples given in the latter part of the 19th century by the United States and France were very largely followed in South and Central America at the time the former Spanish colonies in this part of the world achieved their independence. As was the case in the United States when it became independent a republic seemed the only practicable form of government which could then be adopted. There was no royal family to which the people might look for guidance.

The success which had been attendant upon the establishment of a republic in North America had caused the belief to be entertained by many thinkers, both that a republic was the best form of government and that its establishment and maintenance were possible under all conditions and among all peoples. Republics were therefore established almost everywhere throughout South and Central America. But, either because of the disorders which were incident to the long struggle for independence or because of the difficulties inherent in a republican form of government among a low grade of intelligence, due to the lack of general education, and accustomed only to autocratic rule, the South and Central American republics have not been generally successful. For years after the independence of the Spanish colonies was achieved South and Central America was the scene of continual disorder, incident for the most part to the struggles of military leaders for political power. At times there were periods of comparative peace due to the success of some extraordinarily strong man who was able to seize and keep in his hands political power. Little if any attempt was for a long time made by any of those who obtained political power to educate the people generally through the establishment of schools or to aid them in the acquisition of political experience by according them participation in the government. The result was that when the strong hand which controlled the country was relaxed, owing either to the increasing age or death of him who possessed political power, disorder again appeared, due to the struggles of the claimants for the political succession—since no satisfactory solution of the question of succession was reached. Whatever progress the country had been able to make during its period of peace was arrested and not infrequently the anarchy and chaos which followed caused a serious deterioration in the economic and social conditions of the country.

What has happened in Mexico recently has too often been the lot of the Central and South American States under a republican form of government not suited to their stage of economic and political development. Under the government of Diaz, who acquired political power through his control of the army, it seemed as if Mexico had successfully solved the problem of government. Diaz, however, did little for the education of the people and discouraged rather than encouraged their participation in the government. When increasing age caused him to relax his control, revolution broke out again and he fell from power. Since his loss of power the country has been devastated by the contending armies of rival leaders, and at present it would seem that its salvation is possible only as the result of foreign intervention.

It is of course true that in some of the South American countries progress is apparently being made in solving the problems of republican government. Such countries are particularly Argentine, Chile, and Brazil. In both Argentine and Chile a long period of disorder and disturbance has been followed by a comparatively long period of peace. In Brazil the establishment of the republic about twenty-five years ago, was accompanied by little trouble and the subsequent life of the republic has been a peaceful one. In

all three countries considerable progress has been made in the establishment of constitutional government, in Argentine and Chile as one of the results of the struggles of the early part of the nineteenth century, in Brazil, partly at any rate, during the Empire which preceded the present republic, and which encouraged the participation of the people in the government of the country.

#### LESSONS FROM REPUBLICAN EXPERIENCE.

The experience of the South and Central American countries would seem to inculcate the same lessons which may be derived from the experience of the United States and France. These are:

First—That the difficult problem of the succession to executive power in a republic may be solved by a people which has a high general intelligence due to the existence of schools where general education may be obtained and which has learned to exercise political power through participation in the affairs of government; and

Second—That little hopes may be entertained of the successful solution of the question of Presidential succession in a country where the intelligence of the people is not high and where the people do not acquire political wisdom by sharing in the exercise of political power under some form of constitutional government. Where such conditions do not exist a republican form of government—that is a government in which the executive is not hereditary—generally leads to the worst possible form of government, namely, that of the military dictator. The best that can be hoped for under such a system is periods of peace alternating with periods of disorder during which the rival claimants for political power are striving among themselves for the control of the government.

#### GREAT POWERS WILL NOT PERMIT DISORDER.

At the present time, it may further be remarked, it is very doubtful whether the great powers of the European world will permit the government of the military dictator permanently to exist, if it continues to be accompanied by the disorder which has been its incident in the past. The economic interests of the European world have grown to be so comprehensive, European capital and European commercial and industrial enterprises have become so wide in their ramifications that the governments of the foreign countries interested, although caring little what may be the form of government adopted by the nations with which they deal, are more and more inclined to insist, where they have the power, that conditions of peace shall be maintained in order that they may receive what they consider to be the proper returns on their investments. This insistence they are more and more liable to carry to the point of actual destruction of the political independence of offending nations and of direct administration of their government if this is necessary to the attainment of the ends desired.

It is therefore becoming less and less likely that countries will be permitted in the future to work out their own salvation through disorder and revolution, as may have been the case during the past century with some of the South American countries. Under modern conditions

countries must devise some method of government under which peace will be maintained or they will have to submit to foreign control.

#### CHINA'S NEEDS CONSIDERED.

The question naturally presents itself: How do these considerations affect the present political situation of China?

China is a country which has for centuries been accustomed to autocratic rule. The intelligence of the great mass of its people is not high, owing to the lack of schools. The Chinese have never been accorded much participation in the work of government. The result is that the political capacity of the Chinese people is not large. The change from autocratic to republican government made four years ago was too violent to permit the entertainment of any very strong hopes of its immediate success. Had the Tsing dynasty not been an alien rule which it had long been the wish of the Chinese people to overthrow, there can be little doubt that it would have been better to retain the dynasty in power and gradually to introduce constitutional government in accordance with the plans outlined by the commission appointed for this purpose. But the hatred of alien rule made this impossible and the establishment of a republic seemed at the time of the overthrow of the Manchus to be the only alternative available.

It cannot, therefore, be doubted that China has during the last few years been attempting to introduce constitutional government under less favorable auspices than would have been the case had there been a royal family present which the people regarded with respect and to which they were loyal. The great problem of the Presidential succession would seem still to be unsolved. The present arrangement cannot be regarded as satisfactory. When the present President lays down the cares of office there is great danger that the difficulties which are usually incident to the succession in countries conditioned as is China will present themselves. The attempt to solve these difficulties may lead to disorders which if long continued may seriously imperil the independence of the country.

What under these conditions should be the attitude of those who have the welfare of China at heart? Should they advocate the continuance of the Republic or should they propose the establishment of a monarchy?

These are difficult questions to answer. It is of course not susceptible of doubt that a monarchy is better suited than a republic to China. China's history and traditions, her social and economic conditions, her relations with foreign powers all make it probable that the country would develop that constitutional government which it must develop if it is to preserve its independence as a state, more easily as a monarchy than as a republic.

But it is to be remembered that the change from a republic to a monarchy can be successfully made only on the conditions:

First—That the change does not meet with such opposition either on the part of the Chinese people or of foreign powers as will lead to the recurrence of the disorders which the present republican government has successfully

put down. The present peaceful conditions of the country should on no account be imperiled.

Second—The change from republic to monarchy would be of little avail if the law of succession is not so fixed that there will be no doubt as to the successor. The succession should not be left to the Crown to determine for the reasons which have already been set forth at length. It is probably of course true that the authority of an emperor would be more respected than the authority of a president. The people have been accustomed to an emperor. They hardly know what a president is. At the same time it would seem doubtful if the increase of authority resulting from the change from president to emperor would be sufficient to justify the change, if the question of the succession were not so securely fixed as to permit of no doubt. For this is the one greatest advantage of the monarchy over the republic.

Third—In the third place it is very doubtful whether the change from republic to monarchy would be of any lasting benefit to China, if provision is not made for the development under the monarchy of the form of constitutional government. If China is to take her proper place among nations greater patriotism must be developed among the people and the government must increase in strength in order to resist foreign aggression. Her people will never develop the necessary patriotism unless they are given greater participation in the government than they have had in the past. The government never will acquire the necessary strength unless it has the cordial support of the people. This it will not have unless again the people feel that they have a part in the government. They must in some way be brought to think of the government as an organization which is trying to benefit them and over whose actions they exercise some control.

Whether the conditions which have been set forth as necessary for such a change from republic to monarchy as has been suggested are present, must of course be determined by those who both know the country and are responsible for its future development. These conditions are present if there can be little doubt that the change would be of benefit to the country.

#### YUAN SHIH-K'AI'S STAND.

President Yuan Shih-k'ai probably is in a stronger position to-day with all China south of the Yangtze and with the Chinese abroad than at any previous period in his long and strenuous career. His firm stand in favor of the republic probably has averted a serious disturbance throughout the nation, if not another revolution. He has not attempted to dictate for the long future, but nothing could be clearer than his conclusion:

"It being my duty to maintain the general situation, I regard the proposed change as unsuitable to the circumstances of the country. As to the petition of our citizens, their object is, of course, nothing other than to strengthen the foundation of the State and increase the prestige of the country. If the opinion of the majority of the peo-

ple of the country is consulted, good and proper means will undoubtedly be found.

"Furthermore, as the constitution of the republic is now being drafted, by due consideration of the conditions of the country, careful thought and mature discussion, a suitable and practicable law will be devised. I commend this to your attention, gentlemen of the acting Lifayuan."

He regards a change in the present circumstances of the country as unsuitable and therefore he opposes such change. Under the republic, however strong the arguments that may be advanced against its present form, the country has been striding forward as never before. It is in enjoyment of domestic peace: its resources are being developed and vast plans being made for the future. The idea of a republic seems to have captured the Chinese imagination. Why take a situation such as this and turn it topsy-turvy? Why not, as Putnam Weale says, "let well alone?"

It is not as if the monarchists had something better to offer. They have nothing better on show for the present, nor can they promise anything for the future. As Liang Chi-chiao asks, why didn't they advocate a monarchy four years ago? Why do they do so now when there is no reason? And he very truly adds that the change to a monarchy now would be merely a change in the name of government and not a change in the administration of the government. A small clique of monarchists probably would have insured life-long official positions to themselves and to their children after them.

This famous Chinese declares to the monarchists that they cannot make Yuan Shih-k'ai a figurehead either as President or Emperor. His article concludes:

"My view is that if China is really in earnest for a constitution, the President should set the example himself by treating the Constitutional Compact as sacredly inviolable and to compel his subordinates to do the same. Every letter of the compact should be carried out and no attempts should be made to step beyond its limits.

"Meantime give the people as many opportunities as possible to acquaint themselves with political affairs and not to stifle the aspirations of the people or weaken their strength or damp their interest or crush their self-respect. Within a few years we shall be rewarded with results. If, instead of doing all these things, we vainly blame the form of State we are, as Chu Tse says, like a boat that blames the creek for its curves.

"The most powerful argument of those who advocate a change to a monarchy is that there is every possibility of disturbance at the time of a Presidential election. This is a real danger. It is for this reason that ten years ago I did not dare to associate myself with the advocates of republicanism. If the critics want to attack me on this point in support of their contentions, I advise them not to write another article but to reprint my articles written some time ago, which, I think, will be more effective. Fortunately, however, we have discovered a comparatively effective remedy. For, according to the latest Presidential Election Law the term of the President is to all purpose and intent a term for life. It is therefore impossible for such dangers to appear during the life of the President.

"What concerns us is therefore what will happen after the departure of the present President for another world. This of course is a question that we do not wish to touch upon but since everyone, even the patriarchs, must die some day, let us face the matter openly. If Heaven blesses China and allows the Great President to devote himself to the country for ten or more years—during which he will be able to assert the authority of the government, cleanse officialdom, store up strength, consolidate the country and banish all hidden dangers—then there will be nothing to choose between a republic or a monarchy.

"If, on the other hand, Heaven should not be pleased so to favor us and takes away our great president before he is half through with his great task, then the fate of China is sealed. No changes in the form of State will avail under any circumstances. Therefore the question whether China will be left in peace or not depends entirely on the length of years the great President will live and what he will be able to accomplish in his lifetime. Whether the country is ruled as a republic or a monarchy the consequences will be the same."

If the change were to be made now from republic to monarchy, after only four years of trial, there would exist a very large and influential element in China which would, say at Yuan Shih-k'ai's death, if not earlier, start a new revolution to restore the republic, and in case of failure it would begin planning other revolts. Disturbance and distress would be the rule. And always a vast population, viewing this chaos, would be looking back longingly, to what it would conceive as a golden era, and wondering, its mind's eye filled with the vision, to what high pinnacle of power and prosperity China might have ascended under the aegis of *The Republic*.—*The China Press*.

## CHINESE OPINION AND THE FORM OF GOVERNMENT.

As indicating the two main currents of opinion in China regarding the proposed change in the form of government, the following letter published by the *North-China Daily News* will be found interesting:

If you will forgive the presumption, I would like to be allowed to congratulate you upon the broad view you have taken of the movement to restore the Imperial system of government in China. Many of the foreign newspapers have adopted the narrow view that the movement is the outcome of a desire on the part of the President to exalt his family. In your articles you have indicated the real explanation—a desire on the part of the more thoughtful of our people to have restored the system of government to which we are accustomed, and under which some progress would be possible. You have pointed out that unless the reversion to Imperialism involved genuine reform in the direction of affording adequate security to life and property it would not be justified, and, unlike other critics who confine themselves to destruction, you make concrete constructive proposals. It is undoubtedly true that the change in the form of government to be justified must im-

prove conditions, and those of us who support the movement sincerely believe that it will. Though the president has great power in existing conditions he is unable to accelerate progress, because his mandates have not the validity and authority that they would possess if they were Imperial edicts. The average Chinese cannot understand how it is possible for a man, who in a few years' time would become a private citizen, to exercise power; whereas the idea of an Emperor exercising power is familiar.

China did not become a Republic because the Chinese people wished that form of government. The republican system was fortuitously thrust upon her. It has to be remembered that the Revolution of 1911 was at the outset purely anti-dynastic and not anti-monarchical. Most of the revolutionary leaders had no constructive programme; the destruction of the Manchu dynasty was their object, and they had no formulated plan for a government that was to take its place.

After Yuan Shih-kai had been recalled to power by the Manchus he proposed to the revolutionists that they should accept a limited monarchy and a constitution. This was rejected and hostilities were continued. Later the league of officers of the northern army petitioned the Throne to grant a constitution based on the British constitutional monarchy system. This was supported by the National Assembly and on November 3, 1911, an Edict of nineteen articles was issued by which the power of the Emperor was "to be limited by the constitution." The revolutionists, however, were determined to overthrow the dynasty. By this time the arrival of Dr. Sun Yat-sen, always a strong supporter of republicanism, had given birth to a movement for the adoption of the republican system. Overtures for the retention of the boy Emperor under a Chinese name, under Chinese guardians and married to a Chinese wife were rejected. At the Peace Conference held in Shanghai Dr. Wu Ting-fang for the revolutionists demanded the abdication of the Manchus and the establishment of a republic. Mr. Tang Shao-yi, the Imperial delegate, wired to Yuan Shih-kai for instructions and received a reply that the Manchus were ready and willing to permit the question of the future government to be put before a National Convention. An Edict was issued on December 28 by the Empress Dowager in which appeared the following:

"In my opinion, the question which of the two forms, Monarchical Constitution or Republican Constitution would better suit our country to-day, is a truly vital one, affecting, as it does, both home and foreign interests—it is not a question that a single section of people may monopolize, nor can it be decided arbitrarily by the Throne alone. A Provisional Parliament should therefore be summoned to which the question should be handed for public decision."

It is interesting to recall that the very day that the Manchus proposed to submit the question of the system of government to a Parliament or Convention Dr. Sun Yat-sen was elected by the provisional government at Nanking, President of the Provisional Republic. The convention was not held; on February 12, 1912, the Edicts of Abdication were issued; on February 14 Dr. Sun Yat-

sen resigned and on February 15 Yuan Shih-kai was elected President. His formal inauguration took place in Peking on March 10.

This slight history of the events preceding the establishment of the Republic shows that the idea of a change in the system of government was very little in evidence prior to the arrival of Dr. Sun Yat-sen in China, in December, 1911, and that in any event the main object of the Revolution was not the formation of a Republic. That came as an afterthought and there is reason to believe that it was agreed to by many of the revolutionaries because they believed that unless an alternative were provided the plan of retaining the boy Emperor as a constitutional monarch would be accepted. There was no historical accuracy in Dr. Sun Yat-sen's manifesto of January 5, 1912, in which he declared "The substitution of a Republic for a Monarchical form of government is not the fruit of a transient passion. It is the natural outcome of a long cherished desire for broad-based freedom making for permanent contentment and uninterrupted advancement."

Dr. Sun Yat-sen possibly believed that a Republic was "the will of the Chinese nation," but it is notorious that he was quite out of touch with the real feeling of the country. It may be said without fear of contradiction that the establishment of a Republic in China was an accident and in no way represented the realization of a long cherished national aspiration.

Foreigners who have lived long in China were, at the outset, dubious whether the republican system would be a success. The Venerable A. E. Moule, D.D., who was a resident in China for over fifty years, in his book "The Chinese People," published last year, effectively quotes Napoleon's sententious saying "Republics are not made out of old monarchies." Dr. Moule continues—"It is almost unthinkable that the new Western clothing and uniform should fit and adorn the ancient Eastern body politic and economic. Neither it is easy to approve of an insurrection and rebellion launched against 'the powers that be,' without notice or warning or parley, and against powers conceding point after point of popular demand. This movement was almost cowardly in its assault, and though to a real extent guided by a professed Christian mind and genius, it scarcely deserved to prosper. But it is not easy, viewing the matter from outside (though we claim very deep and intimate sympathy with Chinese aspirations and destinies), to judge a Christian's conscience in this matter. A patriotism (never quite extinct or unknown) is deepening and strengthening in all ranks now, and China for the Chinese would not have seemed so strange had it taken the form of the rallying cry which the T'ai-p'ing raised: 'Down with the alien Imperial family, up with the flag of a Chinese dynasty.' But that, coincidently with a jealousy and dislike of foreign influence and interference and control, China should hastily absorb Western Republicanism, seems so strange, that but for our knowledge and experience of China's marvellous power of cohesion and of recuperation, and her genius for assimilation and for accommodating her still unchanged and unchangeable theory of nature to the



changes of this troubled world, we should be in despair as to her near and further future."

Later on Dr. Moule is still more emphatic. He says: "Any Chinese patriotic in a high sense, and proud of his country's great past, knows well that Imperial rule is not a synonym for tyranny; and any Chinese student of foreign history knows that a Republic is not the sole panacea for a nation's woes of unrest or unjust rule. And here we touch the source of some of these energies of reform and revolution and change in the old unchanging China—namely, the intriguing and assertive, and in many cases really and justly influential, body of students and restless spirits who have for several years past resided and studied in the United States and in England. There they were made much of, and rightly so, distinguishing themselves in many cases at the universities, in the arts, in medicine, and applied science; and then, proud of their new attainments, and feeling it a duty to be ashamed of the so-called crude and partial enlightenment of the ancient polity and wisdom of their native land, they think patriotism best exhibited by denationalizing China, by clothing her in the spangled dress of their Western patrons and admirers, and by eradicating, not reforming and enriching, the old. They give no time to the inquiry: will the clothing suit and fit our native frame? And in great haste they take with them, and offer or impose upon China the ripest fruits, as they suppose, of Western reform and enlightenment, which are, in reality, rejected and discarded, as unwholesome and in decay, by the truest and deepest thinkers in East and West."

The majority of the thoughtful Chinese are absolutely convinced that the adoption of a system genuinely republican in character would be disastrous. Too much stress cannot be laid upon the fact that the republican experiment really ended in November, 1913, when the Parliament was dissolved and the Kuomintang, the strongest political party in China, ended. Since then the government, nominally republican, has been in reality monarchical. The agitation that is now going on is to make an end of a make-believe that deceives nobody, but which makes irregular actions that would be legal and proper were the head of the state a monarch instead of president.

The present condition of affairs is perilous in the extreme. The irregular system of government, republican in name, but monarchical in character, has checked progress and induced stagnation. It is believed by those best qualified to express an opinion that, with the re-establishment of the monarchy with Yuan Shih-kai on the Throne, reforms could be the more speedily accomplished and genuine progress made. This is, as you have pointed out, the sole justification for advocating a change, as, if there were no greater progress to be made by legalizing the President's practically autocratic sway, things might as well be left as they are.

I must apologize for taking up so much of your space, but I felt that you might like to know that some Chinese, at all events, are thankful to you for your articles, containing as they do helpful advice, instead of the destructive criticism that we so often receive.

IMPERIALIST.

A democratic form of government has not been tried in China because the attempt at a Parliament in 1913 was stopped owing to the opposition from the military party. The Republican party had a majority, but progress was obstructed by the Chinputang which was organized by the government. The events of 1913 showed clearly that the government and the military class were determined not to have a democratic form of government. Now that another constitution is being drawn up, and there is again some prospect of a Parliament assembling the military class again exhibits activity and under cover of the Chouanhuai are doing their utmost to prevent China from becoming a republic in actual fact. The agitation that is now being carried forward is the counterpart of the disgraceful campaign of 1913 against Parliament except that there is now no organized opposition. The military clique was at the back of both.

"Pro-China" states that popular control would resolve itself into a selfish struggle for official appointments. Of course a democratic form of government necessitates party government, and this is the form of government which has been adopted by all the enlightened and advanced nations in the whole world. It is not correct, however, that this means government by a "small percentage," but just the reverse—it means government by a majority. It is nonsense to say that it necessarily means corruption, because as long as you have an opposition you have a voice much more powerful than any body of censors. As long as that opposition is allowed free speech all administrative acts are closely criticized and examined. As a matter of fact publicity of this kind prevents corruption, and it is because England has had a democratic form of government for hundreds of years now that her Civil Service is practically incorruptible.

The Chinese have a genius for co-operation more strongly than perhaps any other nation. The whole of their life is based upon the family and the clan, and is largely controlled by the public actions of the numerous guilds. The whole of their philosophy is based upon obtaining a benevolent form of society and government. They are peculiarly suited for a democratic form of government. It was a custom in ancient times for the emperors to engage the sages and philosophers to come to their courts and discuss politics with them. Mencius and Confucius were such men, and in their standard works have left behind a splendid foundation for political discussions. With such illustrious examples before them the modern literati classes are quite capable of discussing political questions, and criticizing new laws and reforms.

The only difficulty would be in the elections, but here again as the franchise is strictly limited there would be no real difficulty in electing a parliament which would represent the best intelligence of the nation. Such a body would be ten times more valuable than any quantity of advisers.

I have no sympathy with the pessimists who foretell national disaster if any part of the nation is allowed a voice in the government. The nation has experienced disaster and national disgrace in the past as a result of the monarchical form of government of the Manchus. There is no guarantee that those national disgraces will not be repeated if the country goes back to the same methods



of government. Under a monarchical system of government there is corruption galore as we remember only too well. When power is concentrated into the hands of a clique as at present, or a clan as under the Manchus, there is the same incentive to back-stairs methods of getting promotion. I remember a case at Tientsin, when Yuan Shih-kai was there, of a lower official under him who in order to gain an important post at Kirin presented the son of Prince Ching with a concubine and got the post. Scandals of that kind are common under a monarchy, and the same thing will occur again even under a Yuan Shih-kai monarchy.

If China wishes to become strong she must move with the times, and follow the example of Western nations. Every country in Europe and America has a parliament, and the only difference between them is the amount of power which is in parliament, and what control the parliament has over the executive, taxation, and the ministers. In Great Britain that power is absolutely in the hands of parliament, and that has been the secret of her success as a nation. All those countries which have developed a democratic form of government are the most intelligent and most advanced in thought. In Europe monarchies are mere survivals of the medieval period, and are gradually being replaced by a more scientific and permanent form of government. The best periods in the world's history have been those when the people have had the power. Monarchies are always based upon force, whereas republics are based upon consent. Monarchies depend upon the army, whereas republics depend upon the people. Monarchies are the breeding centres for militarism, and the present war in Europe has been largely caused by the monarchs. This war is being fought against militarism, and indirectly monarchy—the German Kaiser is regarded as the evil genius of Europe.

At present China is governed by force, and as long as the military party controls the government there cannot be much progress. We must not forget what Mencius said about the military officials of his time. "Those who are skilful in fighting should suffer the highest punishment." Again, "When one by force subdues men they do not submit to him in heart. When one subdues men by virtue, in their hearts' core they are pleased." And again, "Now by striking water and causing it to leap up, you may make it go over your forehead, and by damming and leading it you may force it up a hill, but such movements are not according to its nature. It is the force applied which causes them to move so. When men are made to do what is not good, their nature is dealt with in this way." It is the same with government. If you rule by military force you may keep the people quiet for some time, but you cripple the nation and prevent the natural intellectual development. This has been the effect of monarchies all over the world in the past. The natural intelligence and energies of the Chinese people have been dammed up for ages for the sole benefit of the emperors and the Imperial clan, and the general result is a backward nation with a low standard of education, and prone to tricky ways of doing things. The revolution of 1911 was the first step in what may be made a great national awakening and regeneration, and it is the duty of all patriotic Chinese to see that the clock of progress is not put backwards. The next step in this national drama will be the taking of power out of the hands of the military clique, and transferring it to a parliament elected by the literati and merchant classes. If China fails at the present time to do this then the work will simply be postponed for a few years until some national disgrace comes along, or some outside pressure gives sufficient enthusiasm and force to produce the inevitable solution of this national problem. The military clique, with Yuan Shih-kai at their head, are already aware that the hour for their departure from sole power is at hand, and that is why we are witnessing their death struggle just now.

AJAX.

## SOUTHERN CHINA REPUBLICAN.

(By Associated Press.)

Canton, China, Sept. 5.—Southern China does not take kindly to the movement to make Yuan Shi-kai Emperor. Southern China, in fact, seldom takes kindly to any movement emanating from the northern part of the Republic. But the restoration of the Empire is a project especially distasteful to the great commercial center of southern China. Most of the wealth of China is centered here and in Hong Kong and Shanghai. The Cantonese have always been extremely independent. They financed and encouraged the two recent revolutions.

Many progressive Cantonese have become extremely wealthy through the development of the mines in the Straits Settlements. Others have made great fortunes in Java. And most of the wealthy Chinese in the United States are from the Canton neighborhood. Many of these men are reformers who back their views with money. Even before the Society for the Preservation of Peace set forth its plan for the restoration of the Empire there was extreme dissatisfaction with General Lung, the military governor named by President Yuan Shi-kai to direct affairs in Canton. War conditions made business bad. Then the floods came and intensified the unrest. While inspecting the damages done by the flood General Lung was injured by a bomb hurled at him by a reformer. A few days later two bombs were found in his house which had been smuggled in by a cook bribed by reformers.

General Lung has 25,000 troops in the vicinity of Canton, and the Yuan Shi-kai government has been able to pay them regularly so far. But in China there is always the danger than an enemy will offer more money and win away the military and naval forces. This happened before in Canton, and if the wealthy reformers were to advance sufficient money to finance the opponents of the imperial movement foreigners residing here are apprehensive of the results.

Southern China has been under the influence of Hong Kong so long, and through its extensive foreign trade is so closely in touch with the outside world, that it resents the domination of northern China. The desire for a separate government in southern China is always uppermost in the minds of the reform element. Reformers seek every excuse to advance their views and are seizing upon the movement to restore the Empire as a reason for reviving their efforts to throw off the control of what they regard as the more backward section of the country.

Shanghai, Nanking, Hankow and the other cities along the Yang-tse-kiang are well under control of the Peking Government. Warships patrol the Yang-tse-kiang River and it is easily accessible by rail from Peking. The Pearl River is more remote. Canton and other cities along this stream are not accessible by rail from Peking. Forts along this river are located in a densely settled country where there are many reformers who have in the past seized the forts and defeated naval movements against Canton.

Every precaution is taken now to protect Canton against revolutionists. The baggage of passengers arriving either by rail or water from Hong Kong is carefully searched. Chinese men and women are examined thoroughly to make sure they have no firearms nor bombs upon their persons.

Apparently there is no effective leadership for the sentiment against the restoration of the Empire. Sun Yat-sen is thoroughly discredited in Canton and all southern China. The reformers believe he tricked them and pay no attention to the movement against President Yuan Shi-kai which he is attempting to promote from Tokio. No other individual looms big in the anti-Government movement up to the present time, but it has the support of many guilds which are constantly opposing the Peking Government, regardless of its chief executive.

## “GETTING INTO THE PHILIPPINES.”

BY PATRICK GALLAGHER, Editor of the *Far Eastern Bureau*.

Mr. Gallagher, well known as the founder and first editor of the *Philippine Free Press*, was the guest of the New York Rotary Club at the Hofbrau House on the eve of “Occupation Day,” on which occasion he made the following address:

Seventeen years ago, to-morrow, our soldiers left their trenches between Pasay and Paco, crossed Camp Wallace field, and Lieutenant-Colonel Harry B. McCoy, of the Colorado regiment, raised the Stars and Stripes over the bastion of Fort Santiago, the main Spanish stronghold of the old Walled City of Manila. To-morrow, I dare say, among the many references to that event and the present political outlook in the Pacific, we shall hear from somewhere in this great country of ours the usual cry: “Let us get out of the Philippines.” Gentlemen, whenever I hear or read suggestions of this sort, I am always reminded of Lough Neagh Dan and the shadow. You know the stirring story of Moore:

“On Lough Neagh’s banks, as the fisherman strays  
In the clear, cold eve’s declining,  
He sees the round towers of former days  
In the wave beneath him shining.”

Dan went out, not to see the round towers, but to enjoy his evening pipe. And standing by the big lake, under the slope of a boreen, he saw the form and features of his friend Mick, dhudeen in mouth, smoking away contentedly in the water “forninst” him. “Och, mick avick, you spalpeen,” says Dan; “an’ what do you mean, you a respectable man, lying down there at the bottom of the water, drowning yourself when it’s safe home in bed with your wife you should be? Come out of it, ye omedhan.” From the rise of the boreen back of Dan came the voice of Mick: “Och and sure what in the world ails you, Danny, ma bouchal? That’s me shadow you see down in the lake. I can’t come out of it, man, for it’s not in it I am, at all, at all.”

Now, as a matter of fact, with all respect to the splendid work which has been done by our army and navy and civilian representatives in the Philippines, we could not come out of the archipelago because really, as a people, we are not in it. Commercially, we have been merely scratching along the border of the Philippine Islands. And there is the whole crux of what is called the Philippine problem, however considered.

Whenever I hear of “the Philippine problem,” it reminds me of the old story of the teacher, the boy and the doughnut. Some important visitors were inspecting the school, and the teacher was putting his brightest little boy through his paces. So he asked the bright little boy

to tell the ladies and gentlemen the difference between an island and a doughnut. The boy thought for awhile—as I said, he was a bright little chap—and offered this solution: “An island, teacher, is a piece of land surrounded by water; and a doughnut is *nothing* surrounded by something good to eat.” Now, the Philippine problem is really *nothing* surrounded by a good deal of political pother.

The truth of the matter is that American opinion has been sadly confused as to almost everything concerning our interest in the Philippine Islands. Because too much of our information has come from political channels, charged with bias and misrepresentation of one sort or another. Too little attention has been paid to the statements of the mercantile and non-political bodies in the Philippines, and to the valuable facts collected at considerable trouble and expense by permanent officials whose one object and interest has been to find the truth and lay it bare before us.

There are a great many books written about the Philippine Islands, most of which, doubtless, have been read by many of those who are here to-day. I wish I could say that all, or nearly all of these books actually add to the sum total of accurate information regarding the Islands and their people. But the fact is, gentlemen, that nine-tenths of the non-official literature concerning the Philippines and the Filipinos is calculated to confuse rather than to consolidate accurate, helpful information and opinion. Only a few days ago a very good friend of mind handed me a volume written by a more or less notorious explorer. In the course of this volume (which greatly appealed to my friend) the author set forth that he had traversed every one of the Philippine Islands; and, of course, he added that he was the first white man to set his feet on many of these islands. Now, not in egotism at all, but merely as an instance of the caution needed in considering literature of this kind, let me tell you that although I spent more years in the Philippine Islands than the author of that book spent weeks; and although I made long and difficult journeys through the archipelago, some of these journeys taking me a matter of several months from coast ports into the interior, I don’t think I can honestly say that I have actually been on ten or twelve per cent. of the Philippine Islands, nor at any one time have I visited an island where it is likely that no white man had previously wandered. There are in the neighborhood of 2,470 Philippine Islands, some of them among the largest in the Pacific seas, some of them almost small enough to put in your pocket. And all of these islands have been the happy hunting grounds of white adventurers before and since the day when Hernando Magallanes, after navigating the Straits which still bear his name, landed

on the Island of Mactan and made what is called the *pacto de sangre*, or "blood compact" with the Filipino chieftain who received him.

This is merely an eloquent example of the kind of nonsense which is spoken and written about the Philippines. And it is one of the reasons why American opinion is so much at sea when any Philippine question comes up for discussion. It is also, I have not the least doubt, one reason why we are not, as I say, actually in the Philippines.

Gentlemen, I wonder how many of our friends who are gathered here could tell me off-hand what is our annual trade with the Philippine Islands? Yet, you are business men. Your own individual interests, whatever they may be, are affected in some way or another by the fluctuations of this trade. If it has taught us nothing else, this terrible war which is still going on is giving the business men of the world new pointers as to the way in which foreign trade enters into remote ramifications of business and social life. And certain recent happenings in the Far East are causing us to wake up to the realization that great principles of American policy and the promise of concrete profits to our manufacturers and our workers are liable to be swept away at any moment because of our neglect to regard with sufficient seriousness and to safeguard with sufficient earnestness what is known as the "Open Door." The "Open Door," a phrase coined by the late Mr. Rockhill and made famous by John Hay, is a real thing, spelling the certainty of real and great advantage to Americans in every walk of life—*so long as it remains open*. But, as Mr. Root observed a few years ago, "of what use is an Open Door when little or nothing passes through it?" And I say, of what use is a nice, clean, commodious and convenient doorstep if you don't put your foot on it and utilize it?

Gentlemen, Manila is the too idle doorstep of American trade into the Orient.

So long as our competitors in world trade consent to leave open the door of China so long have we in the port of Manila, not merely a great mart for serving millions of customers throughout Malaysia and an advance base for our manufacturers and exporters doing business from Egypt to New Zealand, but there it is where we can and should concentrate our efforts to help China to share with us the trade of China and to co-operate with the merchants of the contiguous Asiatic countries in swelling our Pacific trade to really worth-while proportions. At present our total trade with the Philippine Islands after seventeen years of occupation is only \$48,000,000, imports and exports combined. That is not a tremendous showing. And it has been accomplished mainly through the expenditure of heroic efforts on the part of succeeding Philippine executives, but more particularly because of the characteristic pluck and endurance of those Americans who have blazed the business trail from Aparri to Zamboanga. *They have done their part, but the American business man at home has not done his part. Why?*

It is true that the answer is to be found very largely in the feeling of unrest and uncertainty which has obtained and which still obtains as to the political future of the Filipino people. With the very best intentions in the world the Philippine commission began its work in the Islands cautiously and carefully, and laws were passed with the express purpose of safeguarding the Filipino people from exploitation—American, European or Asiatic. I have no quarrel with that purpose, nor do I criticize the earnest and self-sacrificing spirit in which Mr. Taft, General Wright, Judge Ide, General James Francis Smith and Mr. W. Cameron Forbes, the predecessor of the present governor-general (Mr. Francis Burton Harrison, of New York), carried that idea into practice. Many ordinary and extraordinary difficulties obstructed their path at almost every step. And when we look back over the past

seventeen years we are entitled to a natural feeling of pride in the fact that so much has been done with so little hardship; that so much actual progress has been made without ruffling the political plumage of a people new to anything like national politics. Gentlemen, I have been always, I hope, a friend of the Filipino. It was my good fortune to make the acquaintance of most of the Filipino leaders. I have enjoyed their confidences, and I sympathize with their aspirations. What American does not? We cannot cleave to one policy at Washington and repudiate that policy at Manila. But I notice very often that both my Filipino friends and their critics lose sight of one fact which is very important in considering the Filipino's aspirations for nationhood and the probability of a solution of what is called "the Philippine problem" with honor to American principles and pledges, and with profit to those who may help to develop the economic prosperity of the Islands.

There is this great difference between the Malayan and the African races. That the African races have had at many periods in the history of the world opportunities of self-development is unquestioned. For reasons which I think are creditable rather than discreditable to the Malayan people, these opportunities did not come to them until well along in our own times. Gentlemen, the whole history of the Philippine Islands from the times of Magellanes and Legaspi to American occupation, seventeen years ago, could be put into a paragraph, and a very short paragraph at that.

The Filipino's past is in front of him.

And when I say this I want to be perfectly clear. I think I know and appreciate the real beauty of the lives of Rizal, Bonifacio, Del Pilar, and Luna: I am not belittling the unquestioned services of Aguinaldo and others in the important part which undoubtedly they have played in awakening what we might call the constitutional era in the oriental tropics. But, in the larger sense, what the Filipino people can hope to accomplish in the world is going to depend upon two things: (1) their willingness to trust us to do justice by them and to be true to our pledges; and (2) the willingness of the business men of the United States to go into the Philippines with their capital and their energy and to make our record in these Islands as creditable to us in a commercial, an industrial and a practical sense as it is bound to be in a political sense.

I say to you frankly that I have never had any fear of the ultimate political results of our entry into the Philippine Islands. Only those who have lived there and who know how much we have done can realize at all the value of our work.

We have made the Orient think.

We arrived in the Philippines eight years after Japan had won constitutional emancipation. Our flag went up at Manila at the identical moment when the great reform movement of K'ang Yu-wei was realizing a brief fruition at Peking to sow the seeds of the ultimate regeneration of China. With that free hand and genuine desire to be just and fair, which is peculiarly characteristic of the American, our merchants along the Escolta, the Muella del Rey and Plaza Moraga in the quaint composite of a Spanish-Oriental setting, provided work at hitherto undreamed of wages for the eager dusky Hindu, the Sikh and the tall Pathan from the highlands of India. And they saw with their own eye how we were making men, politically, of these Malays too long but dreamers politically, like themselves—teaching the Filipino to stand politically on his own feet. This is not the place to suggest the future of India; but, gentlemen, I can tell you, however gratifying or embarrassing it may be to John Bull, our government of the Philippine Islands has quickened the political pulse of the people of India—because it has been just, judicious, generous. And it is because this government of ours in the Philippines has been just,

judicious and generous that I say we have no right to doubt our future.

We have the good-will of every entity in Asia. We should as business men turn that good-will into substantial and legitimate profit; but we shall only proceed to do so when our business men, big and small, open their hearts and put their personal efforts and their capital into the Islands.

There are opportunities in the Philippines for all—big opportunities, particularly for the men of moderate or small capital. I know many young men who started in the Philippines with a few hundred dollars and who are now thriving, prosperous hacenderos, happy, healthy, with splendid futures. The climate of the Philippine Islands north and south is agreeable and healthful. Stories which we hear from time to time of the debilitating effects of that climate, of pests and tropical diseases, would be grotesque if they were not calamitously mendacious. The death rate among Americans in the Philippines will compare very favorably with that of most cities at home. And it must be remembered that the man who goes into business in the Philippines has the advantage of a large and very cheap labor market—trustworthy labor, too, as any of our American houses doing business in the Islands will certify. Speaking to you as business men, I would suggest that it will pay you to respond to the present cry of the Filipinos and the American pioneers in the Islands: "Come and exploit us! Come and help us put under cultivation the seven million-odd acres still lying fallow, uncultivated, in the Archipelago! Come and develop the rich mining, copra hemp, sugar and tobacco resources of the Islands!"

Let us get into the Philippines or get out of them. If we want to, if the American people feel that the time has come, in our own interest, to turn the Filipinos adrift, there is nothing to prevent us from doing so. Because, my friends, we have done more for the Filipinos than any nation, ancient or modern, has ever done for an alien people. Possibly the Filipinos do not appreciate all we have done for them. That is not for me to say. Possibly, in a military sense, our possession of the Philippine Islands is, just now, a source of weakness instead of a source of strength. Mr. Roosevelt seems to think so. I should not care to contradict a former President of the United States. I do think, however, that we should come to some definite decision upon this question, one way or the other; and if our decision is that our flag shall continue flying over the Islands then let us get seriously into them with our capital and our brain and our brawn; seeing to it that our army and our navy are given the proper opportunity and adequate appropriation to make our possession of the Islands a source of strength.

To those who desire to settle in the Philippines, or to make investments there, I would say: Get into communication with either the Philippine government itself, the Manila Merchants' Association in the capital of the Philippines; or the Bureau of Insular Affairs at Washington, whose very able chief, General McIntyre, will cheerfully place at your disposal information upon whose security and value you can implicitly rely.

The fact that a good New Yorker is now at the head of the Philippine government should strengthen New York interest in our Philippine opportunities. Still, gentlemen, these opportunities are bigger than any personal or temporary considerations. Their employment or their neglect is surely going to determine to a very large extent our status as a governing factor in the commercial control of the Pacific, our place as a nation capable of developing in a practical way the great principle of international and humanitarian advancement, our right to be considered as at once the most eminently sentimental and altruistic and the most business-like among the nations of the earth.

Don't let it be said of us by the future historian that in the field of foreign affairs we *knew how to mind everybody's business but our own*.

## RAILWAY CONSTRUCTION AND THE WAR.

One of the results of the European war is the practically complete stoppage of all railway construction in China. Dependent as they are upon foreign loans for this important work the Chinese Government are unable to proceed with the internal development of the country unless the foreign financial markets are open to them, and the result of the upheaval in Europe is that China must stand still so far as railway expansion is concerned until long after peace is established. America can and may step into the field, but for some reason difficult to explain the capitalists of that country have never evinced any particularly keen desire to participate in the great developments proceeding in China. There are opportunities for them now, and judicious procedure might easily land for them a line or two which continental powers now heavily involved in war might be only too glad to hand over.

At present the work on the Pukow-Sinyang Railway, being financed by the British, is being closed down. The whole of this route—some 250 miles—has been surveyed, the plans have been completed, and nine miles of earth-work have been constructed. Unhappily the loan for the construction of the line was not floated before the war began, and the work so far done has been carried out upon advances made by the British and Chinese Corporation.

The survey of the projected railway between Nanking and Pinghsiang is being continued but when completed about June next, operations will cease unless conditions have materially changed and money is available.

On the railway under construction between Lanchow and the sea, work is being carried on in a desultory manner upon finances derived by a local Chinese loan. The section connecting Kiafeng and Hsuechowfu, on the Tientsin-Pukow Railway, has been practically completed and traffic is now being carried upon it, and the managing-director of the line is making brave efforts to have work to the west of Honan continued despite the war.

On the Shasi-Shingyifu line, a portion of which has been surveyed, work has been definitely suspended until after the war; and on the lines from Tatung to Chengtu, and from Yamchow to Yunnan and Chungking, nothing has yet been attempted, and cannot now be attempted until the financial sky materially clears.

Operations are still continuing on the extension of the railway from Kalgan to the Yellow River, via Tatung. The money now being used was derived from a local loan, but it will be insufficient to carry construction work far, and a stoppage will have to be made unless further funds can be raised.

### THE KAIFENG-HSUECHOWFU LINE.

As mentioned above the connection has been made between Kaifeng and Hsuechowfu, thus creating a link between the Peking-Hankow and the Tientsin-Pukow railways. The route follows the embankment of the old bed of the Yellow River over a total distance of about 200 miles, and is free from any engineering difficulties whatever. In fact it is almost perfectly level. The total waterway on the line is 4,055 metres, comprising 89 steel bridges, of a total of 3,315 metres, and 5,260 culverts, measuring a total of 740 metres. The gauge is the standard; the rails are 85-lb. Hanyang steel; and the sleepers are partly Belgian steel and Japanese timber. There are ten stations on the line, and ten flag-stations. The locomotives, of which there are six, are of French and Belgian pattern, the cars and wagons being of the type used on the Peking-

Hankow Railway. Workshops are situated at Chinchow and Hsuehchowfu. Construction was begun in the spring of 1914 and was finished in June of 1915.

#### THE PUKOW-SINYANG RAILWAY.

As mentioned above, work on the Pukow-Sinyang Railway has been temporarily suspended, though an effort was made to finance continued construction by floating a loan in China. Negotiations between the British and Chinese Corporation, Ltd., the concessionaires for the railway and the government resulted in no agreement being arrived at on the subject and it was dropped. It was suggested by the financiers that a silver loan of some \$12,000,000 should be raised in China, the original sterling advances made by the financiers to carry out the survey, etc., totalling some £200,000, also to be converted into silver; the whole to be redeemed at a later period by a gold loan to be floated to complete the construction and equipment of the railway. China objected to a suggestion that the silver loan should be redeemed as soon as a gold loan should be raised in the future, though she expressed readiness, we understand, to redeem the silver loan in a specific number of years. China appears to have balked at the double discount that would come to the banks as a result of the manoeuvre, it having been proposed that the silver loan should be issued at a discount and be redeemed at par upon the issue of the gold loan. As an alternative China suggested that a silver loan should be issued as part of the sum called for in gold in the original agreement, the term of the silver loan to be forty years, and the security to be similar to that called for in the original agreement with interest at 6 per cent., while the discount suggested by the financiers was accepted by China. The parties could come to no agreement on the question, and it was ultimately decided to suspend operations.—*Far Eastern Review*.

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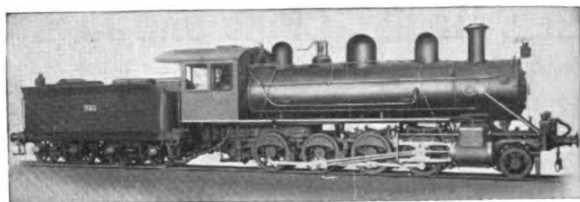
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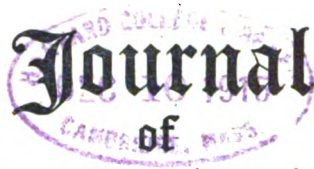
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New York City.

THE organization of the American International Corporation is an event of considerable moment for the future of the financial and commercial enterprise of the United States in China. The company is capitalized at \$50,000,000, and its charter, derived from the State of New York, confers on it very broad powers. Its President, Mr. Charles A. Stone of Boston, gives the following summary of the working plans of the corporation:

"It has been organized for the purpose of doing an international business, and to promote trade relations with the different countries which will help make a world market for our products; for the financing and promoting the development in foreign countries by American engineers and manufacturers of great public and private undertakings; for the assisting in financing the rehabilitation of industries in foreign countries; for the purpose of undertaking such domestic business as seems advantageous in connection therewith."

Specifically, the efforts of the corporation will be directed toward strengthening trade relations between the United States and South America, China, Japan, India, Russia, and other countries with which trade can be carried on. The fact is recognized that any country desirous of pushing its foreign trade is handicapped if there is no company ready to finance that development, and the United States has had this disadvantage up to the present time. The bearing of the following provision of the company's charter on the extension of American influence in China will be readily apparent: "The company also has the right to enter into any arrangements with any domestic or foreign governmental or municipal authority for the benefit of the corporation; to obtain by purchase, lease, or any other manner any powers, rights, privileges, immunities, franchises and concessions which the corporation may desire to exercise, and to undertake any business dependent thereon."

For the nine months of the calendar year ending with September our exports to China and Hongkong are still below the total of last year, the figures being \$22,694,742 for 1915, against \$25,075,857 for 1914. Our imports from China and Hongkong show, however, a considerable increase—the total for 1915 being \$40,544,427, as compared with \$31,360,579 for 1914. To Japan there has been an increase in exports from \$27,316,941 in 1914 to \$32,010,808 in 1915, and a decrease in imports from \$79,571,114 to \$73,784,444. For all Asia, exports for the nine months

to break his oath to respect the integrity of the Republic, he begged that a task would not be forced upon him which would involve the casting aside of "great principles of morality and faith."

JUST how much of this hesitation and unwillingness was genuine, it is as difficult to determine as the real dimensions of the movement which culminated in the action of the Citizens' Convention. While the pressure for a change in the form of Government unquestionably originated with a comparatively small clique, it is none the less certain that the movement acquired momentum with remarkable rapidity. The earlier petitions were described by the Council of State as coming from various bodies representing the Provinces, Special Administrative Areas, Inner and Outer Mongolia, Chinghai (Kokonor), Moham-medan Regions, Inner and Outer Tibet, the Eight Banners of Manchuria, Princes and Dukes, as well as Chambers of Commerce, Boards of Education, Oversea Merchants, and the United Chinese Emigrants' Association, all making and reiterating their request for a change in the form of government. There were 83 of these original petitions which were promptly reinforced by others covering, in their official description at least, a very wide range. These petitioners were said to be unanimous in the opinion that since China had been for over 2,000 years a monarchy, and the people had thus been long accustomed to submit to a one-man rule, the change to the Republican form of State effected in 1912, was not in accordance with existing conditions and consequently resulted in an unsettled state in the minds of the people and an uncertain standing of their Government. It was said that since, according to the Republican system, the office of President has to be constantly subject to change, no continuous policy can be guaranteed on the part of the Government and no definite plan can be laid down on the part of the people. In addition, "there is also the danger of the ambitious, unduly aspiring to the highest position, thus resulting in sowing the seeds of rebellion, and causing a disturbance every few years or every few decades."

IN the last number of the JOURNAL, there was reproduced from the *Independent* an article purporting to be a statement of the personal views of Yuan Shih-kai. On apparently sufficient warrant, the authenticity of this interview has been denied. There seems, however, no reason to doubt the genuineness of the statement made by President Yuan to the correspondent of the *Chicago Daily News* on October 9. In the course of this he said that from the beginning of his official career, he had always had three special objects in view: (1) The establishment of a sound and far-reaching system of education in its widest sense. (2) The expansion of the country industrially and the exploitation of its great resources. (3) A thorough reform of the army. He had realized early in life that it was only by the institution of a sound system of education which would reach to every corner of the

great country that real progress could be made and the many necessary reforms effected. He also saw that to make China strong within itself, its vast resources should be developed on up-to-date lines and every encouragement should be given to industrial and commercial enterprise. But to enable the people to carry out such enterprises, and to facilitate generally the promotion of trade, it was necessary that peace and order should prevail. To insure this, it was indispensable that the army should consist of an efficient and thoroughly disciplined body of men. It may be remarked incidentally that all testimony goes to show that the Chinese army which exists to-day fulfills neither of these requirements, and that it is on the whole the greatest of the existing obstacles to the peaceful development of the country, whether the Government be republican or monarchical.

WHETHER Yuan has the army as well in hand as he apparently thinks he has, and whether it is to prove sufficient to deal with the nascent discontent which is apparently making considerable headway, are questions vitally affecting the future of China. It is plain that internal disorder will not be allowed to proceed very far without intervention on the part of foreign Powers, and that the readiest agency for the restoration of order will be the army of Japan. Concede that the motives of that Power are as altruistic as its Government has steadily declared them to be, its intervention for the purpose of crushing the head of revolt in China would inevitably lead, for a time at least, to something very closely resembling a Japanese protectorate under the sanction of Great Britain, France and Russia. It is plain that the opportuneness, or the reverse, of the monarchical movement will shortly be demonstrated, and that all the good intentions of Yuan Shih-kai will not avail to vindicate its timeliness should he prove incapable of dealing single-handed with the revolutionaries. Yuan may readily be taken at his word when he scouted the idea that the re-establishment of monarchy would lead to a restoration of the Peacock Feather flummery at the Manchu Court. There is as little reason to fear that a period of reaction would follow the re-establishment of monarchy, since it is clearly impossible for China to revert to the old order of things. It is hardly doubtful that the Young China Party would have a fair chance to supply foreign educated officials in a new order of administration, unless they cut the ground from under their own feet by organized rebellion. Nothing could be better calculated than that to make impossible the carrying out of Yuan's programme of "Progress and Constitutionalism," and just in proportion to the strength and organization of the rebellion, will be the danger of forces adverse to popular liberty coming to the front. A China compelled to invite or to submit to foreign intervention for the purpose of maintaining order within its own territory might achieve a certain amount of material prosperity, but could hardly advance very far in the path of self-government.

**Exports of Domestic Cotton Cloths, Mineral Oils, and Wheat Flour from the United States to China and Hongkong, during the nine months, ending Sept. 30, 1914 and 1915.**

**EXPORTS TO CHINA.**

Months. 1914	Cotton Cloths. Yards.		Mineral Oils (illuminating). Gallons.		Wheat Flour. Barrels.	
January.....	5,834,057	374,844	5,862,678	550,580	20,438	83,928
February.....	5,917,505	386,094	3,933,710	365,668	9,128	37,567
March.....	3,480,246	234,926	10,357,055	761,109	6,842	25,543
April.....	7,774,295	523,534	10,576,471	850,158	1,192	4,960
May.....	4,649,948	343,630	6,672,558	633,491	863	3,825
June.....	5,039,603	353,991	13,673,612	986,760	2,565	11,277
July.....	3,291,763	263,090	16,200,906	1,035,214	2,940	11,819
August.....	354,756	28,435	.....	.....	1,636	7,182
September.....	115,112	10,279	9,872,856	473,218	5,567	22,635
Total.....	36,457,285	\$2,518,823	77,149,846	\$5,656,198	51,261	\$208,367
1915						
January.....	1,550,177	79,779	3,774,475	188,596	106	650
February.....	2,677,813	174,038	2,410,000	287,993	6	38
March.....	313,708	15,870	3,925,498	190,912	500	3,000
April.....	1,904,616	122,496	8,151,813	536,420	.....	.....
May.....	2,962,437	175,464	15,368,319	820,977	526	3,184
June.....	894,511	54,703	12,922,592	868,533	161	1,048
July.....	2,897,333	175,359	16,381,169	847,840	1,000	5,925
August.....	1,501,138	92,162	8,503,496	498,789	528	2,981
September.....	2,811,780	264,987	4,794,382	278,662	125	625
Total.....	17,513,513	\$1,154,858	76,231,744	\$4,517,822	2,952	\$17,451

**EXPORTS TO HONGKONG.**

1914						
January.....	26,947	4,210	3,069,936	154,129	156,240	630,482
February.....	37,817	5,925	2,313,350	137,351	45,483	182,177
March.....	25,151	4,034	60,770	6,182	84,138	328,602
April.....	34,782	4,823	2,591,000	145,570	37,677	148,345
May.....	68,994	10,245	1,650,000	74,250	19,915	76,043
June.....	22,030	3,856	1,706,300	170,630	52,982	202,709
July.....	5,612	1,588	2,301,531	207,341	118,225	452,024
August.....	8,249	1,157	800,000	70,800	22,540	86,240
September.....	4,516	1,263	.....	.....	54,154	212,662
Total.....	234,098	\$37,101	14,492,887	\$966,533	591,354	\$2,319,284
1915						
January.....	28,154	5,234	4,838,766	228,754	72,418	340,377
February.....	518	95	125,000	12,750	28,208	193,451
March.....	3,685	666	4,500,485	195,821	38,398	227,564
April.....	46,648	6,446	.....	.....	10,438	98,540
May.....	12,076	2,771	.....	.....	16,911	109,014
June.....	41,680	5,500	1,000	182	14,273	82,619
July.....	63,373	16,831	50,200	4,513	3,470	19,280
August.....	20,410	2,397	605,016	44,652	3,750	17,450
September.....	45,517	5,183	3,136,489	152,350	30,700	144,325
Total.....	262,061	\$45,123	13,256,956	\$639,022	218,566	\$1,202,620

DEPARTMENT OF COMMERCE,

Bureau of Foreign and Domestic Commerce.

WASHINGTON, D. C., Nov. 10, 1915.



### Imports of Tea and Silk into the United States for the nine months, ending September 30, 1913, 1914 and 1915.

Imported from	1913.		TEA.		1914.		1915.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
United Kingdom.....	9,381,730	2,854,910	9,852,614	2,739,454	10,417,648	2,660,690		
Canada .....	2,351,268	690,339	2,591,354	697,570	2,374,827	710,210		
China.....	11,660,049	1,569,650	13,072,474	1,822,534	14,149,768	2,052,413		
East Indies.....	6,857,268	1,146,846	8,435,432	1,446,882	10,215,017	1,954,879		
Japan.....	32,184,329	5,723,330	32,891,020	6,005,522	38,093,657	7,080,370		
Other countries .....	713,199	139,085	1,028,484	205,670	715,042	98,448		
Total.....	63,147,834	12,124,160	67,871,378	12,917,638	75,965,959	14,557,010		

Imported from	SILK.		SILK.		SILK.		SILK.	
	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.
France.....	68,044	171,737	63,153	236,814	37,808	109,426		
Italy.....	1,966,792	7,531,998	1,491,704	6,649,371	2,424,792	8,782,800		
China.....	4,240,152	10,300,213	3,374,680	9,487,398	4,746,596	9,566,080		
Japan.....	12,665,382	42,878,303	14,269,834	53,487,980	13,527,308	40,839,491		
Other countries .....	216,864	770,435	191,828	757,385	46,646	178,293		
Waste.....	4,700,811	2,148,213	4,045,024	2,250,010	4,120,634	2,043,980		
Total unmanufactured	23,858,045	63,800,899	23,436,223	72,870,076	24,903,784	61,560,879		

## THE SIGNIFICANCE OF THE MIKADO'S CORONATION

K. K. KAWAKAMI.

When the late Mikado, the father of the ruling sovereign, was enthroned forty-eight years ago, no courtiers and officials privileged to participate in the coronation felt the necessity of rehearsing the ceremonies so that the occasion might not be marred by any improper conduct or uncomely appearance. The robes they wore at the coronation were patterned little differently from the everyday robes of the court, and they were familiar with the etiquette that was observed on all such occasions.

The half century that has since passed by proved a millennium. In that short period Japan has effected a complete change of her government. She has cut loose from mediaeval traditions and has inaugurated a new social order. She has even said good-bye to the beautiful and picturesque, which invested her country with peculiar charm, and has adopted in their place the material civilization of the Occident based upon the principle of efficiency. And what is the result?

So far from her former moorings has she been removed that to-day her nobles and officials, save the masters of ceremonies of the Court, know nothing of the time-honored custom of coronation. When the Imperial Household announced a few months ago that the coming coronation would, in deference to the memory of the imperial ancestors, be conducted in accord with the ancient tradi-

tions of the Court, the personages invited to attend the ceremonies felt that a difficult task was in store for them. For few of them knew how to don the ancient court robes, much less how to conduct themselves as the courtiers of yore would have conducted on such occasions. As the greatest of great days drew near these privileged subjects of the Mikado organized a class for dress rehearsal and for the practice of the various rites which would constitute the coronation.

This is, indeed, a significant indication of the signal transformation which Japan has witnessed in the past few decades. To the new generation which dominates the island empire to-day, the Japan of fifty years ago is like a quaint print of ukiyoe, no longer familiar to the Japan of to-day. The metamorphosis is not confined to the progressive class of people, but is apparent even in the citadel of conservatism, the Court of the Mikado. The Emperor himself, though still revered and respected as was his august ancestors, is no longer shrouded in the atmosphere of mystery which surrounded his father. The modern educational system, that destroyer of social castes, could not fail to influence even the princes and princesses of the blood, for they, too, must be educated.

Yoshihito, the present Mikado, in his boyhood days, received a liberal education in a modern school. True, he

did not go to school with plebeian sons, for he matriculated himself in the Tokio School for Nobles. Nevertheless, he read books, ran races, played ball with boys who, had it been in his father's days, would never have dared to stand face to face with him. It would, perhaps, be too much to say that Emperor Yoshihito is to the Japanese an individuality as familiar as King Edward or Kaiser Wilhelm is familiar to his subjects. But the day is gone, never to come back when the Mikado was simply the Mikado and not a personality animated with desires and feelings common to all humanity.

Not less remarkable than the democratization of the country is the cosmopolitan tendency which it has witnessed in the past half century. Of this tendency the coronation bears a strongest testimony. While the ceremonies follow the traditions of Shinto, the representatives of the Buddhists and Christians are permitted to be present on the occasion. A most radical departure from ancient usages of the Court is the formal acceptance by the Mikado of the English Bible presented by the Christians of America to commemorate the auspicious day. Dr. E. A. Sturge, of San Francisco, has gone to Japan carrying the sacred book with him.

Nor is it only in the matter of religion that the coronation will be cosmopolitan. Look over the musical programme for one thing. At the entertainment following the rites of enthronement, the musical programme consists of selections from the classical compositions of Japan. On the next day the music is Chinese, and on the third day Western genii such as Verdi, Wagner, and Gounod are well represented. Even in the cuisine of the banquets this cosmopolitan tendency is evident. The banquet on the first day is purely Japanese in style. The next banquet follows the Chinese custom. In the final and grandest banquet the covers are laid in accord with the Western manner, and the cuisine is entirely Occidental.


In spite of all that has been said above the ceremonies are marked with simplicity, for simplicity is the keynote of the Shinto ritual which is followed in the festival. The structure where the enthronement ceremony takes place is of the plainest nature, and is modelled after the Shinto shrine which is little different from the modest hut of the mediaeval ages. The robes worn by the Mikado and his attendants are made of equally plain material. There is no gorgeous pageantry. Pomp and grandeur are not the words to characterize such a festival.

The rites of coronation are essentially religious, if we may call Shinto a religion. The Mikado humbles himself before the Mirror, the Sword, and the Jewel, the sacred trinity bequeathed by the founder of the imperial dynasty. The Mirror says, "Know Thyself," the Sword says, "Be brave," and the luminous Jewel says "Enlighten Thyself." Bowed low before the sacred symbols of the imperial dynasty and of the state, the Mikado holds communion with the spirits of his forefathers, invoking their guidance in the discharge of the grave responsibilities which he has assumed as the sovereign ruler of the land. He talks to them humbly but lovingly, as if to his living parents.

This particular scene of the coronation is illustrative of the attitude of the average Japanese towards his ancestors. Even in these latter days of materialism almost every household has a small shrine where rest the spirits of the dead symbolized in tiny wooden tablets. Before this miniature shrine or "god-shelf" members of the household, young and old, sit for a few moments every morning before they break the fast, murmuring a few words of reverence and affection for the spirits that dwell there. Professor Hozumi, a distinguished Japanese scholar of jurisprudence, illustrates this characteristic Japanese attitude towards the dead with the ghost scene of Hamlet as played by Henry Irving. "Hamlet, as represented by Irving," he writes, "appeared to me as constantly showing signs of fear and dread, not only on account of the horrible story told by his father's ghost, but for the ghost itself. A Japanese actor, acting the part of Hamlet, would certainly show strong marks of love and respect towards the father's spirit, mingled with the feeling of sorrow and sympathy for his father's fate, and horror and anger at the foul and most unnatural murder."

With the Japanese, Shinto is a religion of the heart, and because it is a religion of the heart it has, and will continue to have, remarkable vitality. In the words of Lafcadio Hearn, "Shinto is the whole emotional life of the race, the Soul of Japan." In the course of its long development, out of unrecorded beginnings, Shinto became at an ancient epoch, and below the surface still remains, a dominant force of Japanese life. Prone to look backward rather than forward, Shinto is essentially conservative. Yet its very conservatism, especially in these days of rapid change and radical innovations, has not been without its advantages. But for the national trait developed by Shinto, the people of Japan, in their rash eagerness to assimilate all of the foreign present, would have committed to the mercy of the winds the whole worth of their own past.

In the glorification of ancestor worship, perhaps, lies the greatest significance of the coronation. Above the apparent change of material life and amid the onrush of Western influence, Shinto stands forth unmistakably as a religion of the heart. It is not only a living source of poetry but a national sentiment of tremendous force. And this sentiment receives now and then a strong stimulus from such state festivals as the coronation. With all its fatal limitations, Shinto as a canon of daily conduct is certainly admirable. Let us listen to the words of Hirata, the modern exponent of Shinto: "Devotion to the memory of ancestors is the mainspring of all virtues. No one who discharges his duties to them will ever be disrespectful to the gods or to his living parents. Such a man will also be faithful to his prince, loyal to his friends, and kind and gentle to his wife and children. For the essence of this devotion is filial piety."

This is a factor which even Christian propagandists must not ignore. The white harvest which lies before them in the Mikado's land can be reaped without destroying the spirit and practice of ancestorship.—*Japanese American Commercial Weekly* 

## THE NEW EMPEROR AND JAPAN.

By THOMAS J. O'BRIEN.

Ex-Embassador.

This month of November will long be indelibly impressed upon the minds of all the people in Japan, because it will witness the official entry into his exalted office of Emperor Yoshihito.

This fortunate person succeeds in the imperial seat, his father of splendid memory, Emperor Meiji, long to be honored—perhaps it may be said, forever honored as an exalted and faithful ruler during a period of forty-eight successive years.

The function of this month is not a new one in the history of Japan. Indeed, it is the one hundred and twenty-second of a like kind, forming an unbroken line covering a period of nearly twenty-six hundred years.

Emperor Yoshihito promises to be a worthy successor of his illustrious father. He has reached the ideal period of a splendid manhood and having been reared in the atmosphere of the Court, the duties and responsibilities of his high office are already well known to him. His private life has been pure and he is happily free from any unfortunate idiosyncrasies of character or temperament which might tend to imperil his important reign.

The life of the late Emperor has witnessed vast changes in the history and government of the Island Empire. From an unfortunate condition of provincial strife, the people, inspired by considerations of patriotism, united in casting off what was useless and harmful in the past and founded in its place a real nation. In lieu of internal dissension under conditions of feudalism, the people joyfully placed themselves under all those restraints which are to be found in states of the most advanced character. The new nation thus born and since developed, has furnished an exhibition to the Western world of an Oriental people who have during a period well within the life of an individual, transformed themselves into harmony with the older peoples of the world whose histories relate back to the dawn of civilization itself.

The activities of agriculture, manufacture and commerce were so promptly entered upon that in a period absurdly short, the nation assumed a foremost place in every part of the world. If her just rights were invaded, an army and a navy with the necessary munitions of war, were at hand to successfully repel and conquer. It cannot fairly be said that Japan is warlike or aggressive in its tendencies, and as the well wishers of the country look into her future, only peace and national prosperity can be foreseen.

Japan's nearest approach to the Western world is by way of the United States of America. Both have a conspicuous place on the Pacific Ocean, Japan on the West side and the United States on the East. Between the two lies a vast body of water, free and open not only to the two nations bordering it in a like latitude, but to all the world besides. It is valueless except to furnish a glorious highway for the commerce of the world.

Commercially Japan is in a condition to stimulate and to successfully transport to market the products of the farm, the factory and the mines, for she has a modern and absolutely first-class line of railway from Chanchun

in Northern Manchuria to Fusan, the Southern extremity of Korea and but a few miles distant from Nagasaki, the southernmost part of Japan proper.

Any cause of misunderstanding which has heretofore existed in the not very remote past between the United States and Japan touching emigration and the like, no longer exists, and in the future nothing but happy relations between the two peoples can be prophesied.

Japan provides much that the United States needs and must buy, while America produces much which Japan requires and must procure somewhere. She will prefer the United States for many reasons, and the exchange of commodities, enormously increasing as the years go by, may be made to practically balance each other, thus contributing to the comfort and enrichment of both peoples.

Citizens of the United States are not likely to emigrate to Japan and while in the past some Japanese have emigrated to the United States, their government has wisely decided to wholly discourage this emigration—partly because such was the desire of the United States, but for the better reason that she prefers her growing population to continue within the domain of their own territory.

Happily, therefore, economic laws will largely limit the dealings between the two peoples to trade and commerce, with such international activity touching education and the growth and extension of civilization as may prove beneficial to both races. — *Japanese-American Commercial Weekly*.

## EMPEROR YOSHIHITO AND THE "TAISHO ERA."

By DR. JOKICHI TAKAMINE.

All Japanese, either at home or abroad, hail to-day with one acclamation the happy crowning of their Emperor. His Majesty inspires within us not only the most loyal devotion but love and affection as well. This comes from the knowledge we have been permitted to have of His Imperial Majesty—his personality, education and training. His illustrious father by his very greatness occasioned within us a feeling of reverence akin to awe. There is nothing mysterious about the Emperor to whom we offer our congratulations to-day. Schooled in the Peers School, the new Sovereign is well versed in modern literature and in the affairs of the West. His Majesty is fully conversant with the condition of life ruling among the common people. Many are the stories told that illustrate the profound sympathy His Majesty deigns to show toward his subjects, who, therefore, in turn enjoy the grace of looking up to the Emperor not only with reverence but with affection and love. With such a benevolent, liberal and progressive ruler it is not beyond our power to gauge the features that will distinguish his reign.

With the accession to the throne of Emperor Yoshihito a new era dawns upon Japan. Among the signs of the time the most striking and easily discernible is a democratic tendency. By a "democratic tendency" is not, of course, meant that there is in Japan an undercurrent that makes for the adoption of a republican form of govern-

ment. Far be it. Japan will ever remain as England a constitutional monarchy. But there is an unmistakable sign of a strong tendency to attach more importance to the voice of the people than heretofore in the conduct of public affairs. The power that has hitherto been invested in the hands of the few is being gradually transferred into the hands of many. Representatives of the people in the Diet are daily gaining prestige before the public eye. The government by a party system is already a recognized principle. The press, too, is growing in power and has begun to wield, as faithful organs of public opinion, an influence which no ministry, however powerful, can safely ignore. Not only in the political field, but in educational and social affairs, we observe the same movement on foot. The status of women also, in the scheme of social life, is undergoing a remarkable uplift.

Another evidence of this growth of democratic ideas is the wonderful increase in the influence exerted by the commercial and industrial classes. This is reflected not only in the phenomenal development of Japanese trade and industry, but in the weight given to the counsels of business men in the management of national affairs. Bold indeed would have been the prophet who would have dared to predict at the beginning of the Meiji Era that before its close there would arise advisors to the Throne and leaders of national movement out of the class whose heritage from feudal days was none but contempt. But we find to-day many influential members of the Cabinet, some of whom have led business careers and others who have represented the press. And among those who are most active at the present moment in the movement to secure for Japan her proper international status we find directors of banks, railroad and steamship companies and other important industrial firms.

This democratic tendency is, in fact, fostered by the liberal leadership of the Sovereign who is crowned to-day. Many of the Imperial Proclamations and Edicts issued bear witness to the fact how dear to the heart of the Emperor is the principle to conduct national affairs in accordance with the wish of the people.

The growth of democratic ideas and of industrialism is, however, only a phase of one cardinal feature that will no doubt characterize the Taisho Era, which will unfold itself, we believe, out of Japan's determination to enter heart and soul into the world movement; to ride side by side with the great Powers on the current of time with common purpose, for common destiny. With this firm determination Japan will exert her best to bring into the world current her neighbors who are still standing by. And thus, we believe, the full participation of Japan in the world movement and the evolution at home of a unique civilization which combines the best of the West with that of the East, will be the great mission whose fulfillment awaits her during the "Era of Righteousness."—*Japanese-American Commercial Weekly*.

## THOSE WHOM THE PACIFIC JOINS.

By REITARO ICHINOMIYA.

Of the Yokohama Specie Bank.

The coronation ceremonies at Kyoto which bring a joyous thrill to the heart of every son and daughter of Japan, and which are viewed sympathetically by millions of well-wishers in America and Europe should remind us of many things. When we look back over the long centuries of authentic history—two thousand years and more

—and observe that the Imperial office has been held in one unbroken family line, we get a perspective of continuity unique among the nations of the world. That long line backward portends an equally long line forward, for in the immediate past the Japanese empire has successfully crossed a condition of change remarkable in every way, namely the taking up and applying the material progress of the Western world to the uses of Japan. It is well to note this acceptance of Western culture as a part—a notable part indeed—of our history, but not as the whole of it.

In summing up what the Japanese have achieved in the past fifty years great credit is doubtless the due of Japan, but fifty years may be long or short according as we view it—short in the scale of the life of a race, long in the terms of a generation of man. During that fifty years—long or short—since the opening of the country the momentous changes have been the Restoration of the Mikados to their normal and original position in the State; the promulgation of the Constitution bringing representative government into being, giving through Parliament a great share in the government to the people; the promotion on a vast scale of educational activities that reached not merely the learning of the schools but cover the field of Western science from the lowest to the highest, and mechanical advance in every department of industry and commerce. That period saw the progress made in Japan's banking and monetary systems which underwent several changes, coming in the end to their present unassailable position. It saw, too, the gold standard firmly established. Out of all these came great agricultural, mining and industrial progress, with railroads, shipping and commerce rapidly growing, not counting several other constructive measures put in operation.

When we look back and count the things we have accomplished, comparing the result with what other countries have done in this period of fifty years, it may seem comparatively short; but if we turn to our national and individual aims and find that this progress is after all only a preparation for higher and more effective measures, it may seem altogether too long, and that we have really been moving too slowly. However, from whatever angle we observe it, we should combine to regard it only as the period of preparation. It was the period of experiment and assimilation. Now is to come the long stretch of real development and working out of national, racial and individual ideals.

The United States need a strong and reliable neighbor, financial and otherwise, on the other side of the Pacific Ocean, and may confidently look forward to finding such in Japan for larger future profit pecuniarily and of firmer fibre nationally to sustain the comity of international relationship and to meet which the present relations should be more closely welded, that the highest mutual benefits may accrue. This spirit on both sides of the ocean would result too in profitable co-operation in many enterprises.

When we bear in mind the history and mass of all round development in the United States we behold a marvellous rate and sum of growth in material power, and it is to be noted how magically the war in Europe has quickened the economic pace, and Japan and the Japanese at home and in this country should observe carefully these ever-growing activities in the United States and recognize in these new conditions a higher standard than that which has been held heretofore and turn to the advantage which a truly mutual sympathy and active understanding would demonstrate to the advantage of both. As a result America from one side and Japan from the other would meet half way, and out of this would come a solution of all questions and the joint advance in peace, progress and prosperity of those whom the Pacific Ocean joins.—*Japanese-American Commercial Weekly*.

## A GUARANTEE OF THE REPUBLIC

BY YUAN SHIH-KAI.

*(From The Independent.)*

The Republic has not been a failure. It is absolutely certain to continue. Monarchical government is as dead in China as it is in the United States, where, excepting in a very limited sense, it never existed.

I am president of China; and that means president of a Republic. I have no desire to be anything else; and I wish to continue as head of the Chinese nation only according to the wishes of those who are qualified and competent to say who shall be the official leader of the Chinese people.

I am asked to speak to the American people, and indeed for a number of reasons I am most happy to do so. First, the American people have always seemed to me to be unselfish in their interest in Chinese political affairs. They have never wanted to control our government nor to direct our policies, though the United States Government has often advised us as to the best course to pursue in international matters. Secondly, the American people are naturally more interested in the success of what has been termed our experiment in democracy than are other peoples; and, thirdly, the American nation, alone among the great powers, has the time and inclination to listen to a recital of China's position at this time. I gladly speak to the Government and people of the United States.

## MISLEADING NEWS FROM CHINA.

I am misrepresented even in the American and British press. Excerpts from the newspapers and magazines are sent me by our legations in Washington and London; and they show that there is either a wilful plan to destroy foreign confidence in Chinese democracy or that there are Chinese enemies of mine who wish to see me thrust out of the way even if they must go to the extent of re-establishing the crown.

Your journals cannot too strongly impress upon the officials and people of the United States that the assertions to the effect that I am in favor of the re-establishment of the monarchy and that I desire to be Emperor are made by my enemies, not by my friends.

Had I continued to believe a monarchical form of government to be best for our country I would have thrown all my weight on the side of the dynasty. But I saw that a change was inevitable; that China as a monarchy was weak against internal disturbers no less than against foreign aggressors; that kingly institutions were not in keeping with progress and enlightenment. I sought, personally, the prominent members of the royal house and urged that the will of the intelligent and modernistic portions of the people demanded that a change be brought about. I arrayed myself with the forces of democracy, and democracy won. Nor am I hesitant about saying that had I stood for the old order the monarchy would not

have gone so quickly or surely. A long and terrible civil war would probably have resulted.

Some of my critics, both at home and abroad, think they see in my order for the official resumption of Confucianism a reversion to all things old. Without reason they couple Confucianism and monarchism. And when they do this they betray their ignorance of the founder of our great national code of ethics; for Confucius was neither of royal blood nor favorable to royalty. He was a sincere and humble man—like the Christian Saviour; and was not in the favor of the rulers of his time.

I am a believer in Confucius—and so are you; and so are all Christian men and women, for the Great Sage taught Truth. Jesus taught Truth and humility and love. They taught the same; one on one side of the earth, the other on the other. Were they living on earth to-day they would be firm friends, teaching side by side, and telling men how to live.

There is no political significance in this reaffirmation of our national belief in the Great Sage, unless it might be taken that the closer knitting together of a people in morals and ethics had political significance. If the United States were to declare Christianity to be the religion of the country would that mean that the United States was committed to some special form of government? It would not so appear to me; for religion is that which concerns a man's thoughts, government regulates his conduct.

## THE REPUBLIC WILL NOT FAIL.

If the Republic of China should fail—and I declare now that it will not, if the decision is to rest with me and my supporters—I would repeat in lamentation the dying phrases of the Great Teacher: "Tai shan, ki tui hu!" (The great mountain is broken!) "Liang muh, ki huai hu!" (The strong beam is thrown down!) "Chi jin, ki wei hu!" (The wise man is decayed!)

It is true that there have been loud calls from some sections of the country for a return to the monarchical form; and it is equally true that as late as yesterday the Council of State advised that I issue an order for the assembling of a citizens' convention to act on a new constitution. The order will be issued. It is now being prepared, and will be sent out to all the officials within a fortnight. I expect that the convention will assemble late in December or early in January and that it will take important action. But not any of this relates to the changing of the form of government, although I hope for many changes in the administration of certain departments and particularly as relates to the powers of the executive and to the methods of provincial elections. The question of reverting to a monarchical form may be

brought up; I presume it will, and that it will be discussed earnestly and at considerable length; but there is not the remotest chance that the royalists will be in a majority.

It has been urged in certain quarters that a republic was not of a strength sufficient to cope with enemies within and without the State, and many unthinking and poorly informed people have been led to believe this. In truth China was never so well able to defend herself against internal and alien foes as at present. I do not mean to say that we have such foes, at least that we have any immediate fears of them; but the Republic is stronger in actually developed and potential strength than ever the monarchy was.

#### JAPAN'S CLAIMS EXAGGERATED.

The supposed claims of Japan have been wickedly exaggerated by those who do not want to see peace exist between the two nations; and in the Western world the press has published widely that the Japanese are exerting and asserting political and commercial authority throughout China. And upon this feature I wish your journals would speak plainly, without misquoting me. Japan is not pursuing a policy of aggression with us. The Government of the Mikado is conducting all business with China through regular channels, and in a regular, routine, diplomatic and friendly manner. That Government has made many requests since the British-Japanese occupation of Kiao-chau. Some of these requests—they were never in the nature of demands nor accompanied by threats—have been granted, others have been refused. Still others are under diplomatic consideration.

We have received assurances from Japan that the concession of Kiao-chau, from which the Germans were ousted by Great Britain and Japan, is to be held by the two nations only until such a time as full adjustments are made of the affairs of the European nations upon the termination of the present war.

Japanese occupation of Manchuria is with our consent and with the approval of the United States, Russia and Great Britain. The maximum number of troops to be quartered in the province is 72,000; and when this number was exceeded by nearly 100,000 some months ago, we protested and the excess troops were at once withdrawn. We did not know at the time that these were extra forces held for possible service in Europe, and that their quartering in Manchuria was intended to be but temporary.

It is not true that Japan has in any sense secured control of the Central China iron mines, the iron works at Hankow, or any other mines or works within our territory outside the province of Manchuria. Nor have concessions been granted Japan or any other nation in the Shen-si and Shan-si coal fields. These fields, the most extensive and valuable in the world, are owned and will continue to be owned solely by the people of China. We have let it be known in New York, London, Paris and other large centers that we are ready to grant private or corporate concessions for the working of vast coal

areas, as well as for zinc and copper mining in Yun-nan and marble quarrying in various provinces; along with railway concessions necessary for the profitable working of them; but no government, Japan or any other, has been or will be given control over China's natural resources.

While Manchuria can supply Japan and Korea with fuel for a century and a half, the Shen-si and Shan-si coal areas can keep the world warm for 2,000 years. German Government engineers first surveyed the latter fields in 1886, 1887 and 1888, and in 1892 Germany made a secret offer to China to mine the coal and pay her 63 cents per ton for it, and to enter into a contract covering the life of the mines; but the offer was declined.

As for foreign military aides, a large number of Japanese drillmasters have been employed here at the capital and at Tientsin, Nanking, Shanghai and Canton in the instruction of our officers and soldiers; but as more of our own citizens become proficient the services of the foreigners are dispensed with.

Personally, as Viceroy of Shangtung, and afterward as Viceroy of Chihli, I had in my service many German engineers and tacticians and some few of these still remain. A number of German as well as British officers were employed in the national forces and at the chief training school, but only a very limited number of these are now in China. I expect that within three years—five at most—there will not be a foreigner, in the strict sense, in either our army or our navy.

#### A CHINESE MERCHANT MARINE.

I have of late months had many conferences with Chinese capitalists regarding the establishing of a Chinese merchant marine, and I may say that a number of important projects are on foot. Now that we are at last beginning to realize the tremendous extent of our natural resources and the great need for their proper development, we naturally think of becoming a commercial and manufacturing people. We are the youngest nation in natural resources.

In order to work our mines and to build our railroads we must have machinery, and in order to get our machinery without being wholly at the mercy of foreign steamship lines, we are compelled to think of the possibilities that await us on the ocean. I may say that the establishment of one or more first-class lines of ships between China and the United States is just now occupying the thought of some of our ablest men. We have capitalists who are amply able to finance such projects, and I confidently expect that within a year—secured by purchase—or within three years, if we must have them built, great vessels will fly the Chinese mercantile flag in the harbors of New York and San Francisco.

But for the European war many millions of British, Belgian and American capital would now be made use of in the furthering of new enterprises and China would be fully entered upon an era of long-postponed commercial development. I have a list of some thirty large enterprises, each of them involving the expenditure of from one to nine millions of dollars, gold, which were projected for

1915, 1916 and 1917, but which, I suppose, must now await more satisfactory world conditions. Still, we are not feeling the effects of the war as seriously as some of the other neutral nations, for we are thankfully very remote from this horrible and unnecessary butchery and waste. Both our friends and our enemies are engaged in this suicide of nations—we are sorry for all of them!—*Peking.*

### GOVERNMENT IN CHINA.

The Society of Peace, which must be credited with having initiated the public discussion of the advisableness of a re-establishment of monarchy, has been severely criticized by some sections of the Chinese Press, notably by those papers which are controlled by Chinese educated abroad, but the bulk of editorial opinion appears to be in favor of the change. The military governors of the provinces and a great number of prominent civil officials have openly supported the movement, while the open opponents of note have been few. Mr. Liang Chi-chiao, as was only to be expected when the respective parts played by the President and by himself in the reform movement which culminated in the coup d'état of 1898 are remembered, has expressed himself as opposed to the reversion to monarchy. No other Chinese publicist of importance has come forward in defence of the republican system, though there is a tendency in some quarters to consider a change inopportune at the present time.

The foreign press published in China, with the noteworthy exception of the *North China Daily News*, has questioned the advisableness of the change and has taken in some instances the view that the movement is due to personal ambition on the part of the President. The *North China Daily News* has regarded the question from a broader view-point, and has subjected it to sound constructive criticism. The Japanese papers for the greater part take the view that the question is one that concerns the Chinese alone, but several of them express the belief that China will be more likely to progress under a monarchy than under a system nominally republican.

The Council of State met in Peking on September 1. It was inevitable that the question that was engrossing public attention should come before this body, and considerable curiosity was evinced as to the attitude its members would adopt. When Vice-President Li Yuan-hung, the head of the Council, did not appear at its first meeting, a rumor was circulated that his absence was due to his disapproval of the monarchical movement. This rumor does not seem to have been based upon accurate knowledge. General Li Yuan-hung presided at the meeting held on September 6, at which a message from the President was read. We quote the official translation of this message textually:

"It is now four years since the people have entrusted me with the high office of President of the Chinese Republic. Moved by the fear that the task might be beyond my capacity, I have labored, during the past troublous years, under much anxiety and misgiving and have looked

forward to the time when I might be relieved of the pressing burdens of the State and permitted to retire from the same.

"But while I occupy my present position, it is my imperative duty and responsibility to protect the country and the people. It is my special duty to maintain the Republic as the existing form of government. Many citizens from the provinces have been lately petitioning the Tsan Cheng Yuan in its capacity of the Li Fa Yuan calling for a change of the form of the present government of the country. But this is incompatible with the position that I hold as President. Since, however, the office of the President is conferred by the people, the same must depend on the will of the people. And since the Tsan Cheng Yuan in its capacity of the Li Fa Yuan is an independent body and is therefore free from external interference, I ought not—strictly considered—to express or communicate any views (on the issue raised by the aforesaid petitioners) to the people of the country or to the Tsan Cheng Yuan in its capacity of the Li Fa Yuan. Inasmuch as any alteration in the form of government makes and involves an important and radical change in the Executive Power—and since I am the Chief of the Executive—I feel that it is impossible for me to observe silence, even though my speech may expose my motives to the risk of misinterpretation.

"In my opinion a change in the form of government carries with it such a momentous alteration in the manifold relations of the State that the same is a matter which demands and exacts the most careful and serious consideration. If the change is decided on in too great a haste, grave obstacles will arise. The duty being mine to maintain the general situation, I have to state that I regard the proposed change as unsuitable to the circumstances of the country.

"As to the aforesaid petition of the citizens, it is obvious that the object of the petitioners is precisely to strengthen and secure the foundation of the State and to increase the prestige of the country; and it is not to be doubted that if the opinion of the majority of the people of the country is consulted, good and proper means will assuredly be found.

"Furthermore, it is not uncertain that a suitable and practicable law will be devised, if due consideration of the conditions of the country and careful thought and ripe discussion enter into the preparation of the Constitution of the Republic which is now being drafted.

"I commend this to your attention, gentlemen of the Tsan Cheng Yuan, in your capacity as acting members of the Li Fa Yuan."

In some quarters it was expected that this expression of the President's views would be followed by the dissolution of the Society of Peace and general discouragement on the part of the promoters of the movement. Why this opinion should have obtained it is difficult to conceive, as the President did not condemn the movement *per se*. His Excellency, while expressing his personal opinion that the change was unsuitable to the circumstances of the country, indicated that the question was one that could



only be dealt with properly by an organ that was representative of the people. The interpretation to be put upon this is that the President holds that the people themselves must decide what system of government should be adopted, and inferentially that the President is prepared to submit to the will of the people, despite his own personal beliefs and predilections. A report, that appears to be well-founded, has gained currency, that the President by adopting the attitude he did probably saved the country from a *coup d'état*. It is said that the supporters of the movement for the re-establishment of a monarchy were much more numerous and more powerful than was generally believed, and that they included practically all the military officials and a large number of the civil officials.

The demand for a reversion to the monarchical system was, therefore, supported by such a powerful and influential body of opinion that the President could not meet the situation by an emphatic *non possumus*. The constitutional course to adopt in such circumstances was obviously to remit the question to a body representative of the people, and, if it were found that the majority really wanted the change it would be clearly the duty of the President to allow their desire to become effective. The President, owing to his firm control of the situation, was able to compel the advocates of the monarchical system to await an authoritative expression of popular opinion through a representative organ.

A regrettable incident in Shanghai has shown the irrecusable character of some opponents to the movement. A bomb was thrown into the office of a newspaper that had recently been established to support the Society of Peace, and several people were killed. No doubt the better elements among the party that opposes any change in the form of government deprecate such outrages, but their cause is bound to suffer by this ready reversion to the "bomb and dagger" argument.

The Commission that is drafting the Constitution is continuing its labors. The preliminary elections for the Kuoming Hui-I, or Citizens' Convention, will take place in the middle of October, the final elections will be concluded by November 20, and the Convention will assemble in January next, if not earlier. Its first task will be to consider the draft Constitution, and in this connection it will be called upon to declare either in favor of a continuance of the republican form of government or the establishment of a constitutional monarchy. In most well-informed quarters it is believed that the majority will declare for a constitutional monarchy.

As a result of consideration of the petitions in favor of a monarchy the State Council, on September 20, submitted the following suggestion to the President: "The Council has received from different bodies and persons throughout the country the first and second series of petitions in regard to the form of the State, amounting in all to eighty-two petitions. These petitions have been referred to a Committee for examination. On the report of the Committee, a meeting of the Council has been held and the matter discussed. It has been unanimously resolved that the form of the state is a matter of paramount im-

portance. The intention and purpose of the petitions are no other than to strengthen the foundation of the state and to increase the prestige of the country. When the Constitution comes to be drafted, no doubt careful consideration will be given to the popular desire of the whole country for permanent peace and welfare and after mature thought and discussion, a good constitution will be framed. But the form of the state is an important constitutional question the decision of which rests with the National Convention. In accordance with Clause 7 of Article 31 of the Constitutional Compact this Council submits the suggestion to the Government that the President be requested to accelerate the convoking of the National Convention within this year or devise other proper and adequate means to consult the will of the people, with the view that a fundamental solution be found so that the general situation may be settled and the minds of the people be set at ease. The 82 petitions are sent herewith."

In reply to this suggestion President Yuan Shih-kai replied informing the Tsanchengyuan that as the power of finally passing the Constitution rests with the National Convention the question must be carefully discussed and solved without haste. The final election of the Convention will be completed on November 20, which has already been announced by Mandate. After the completion of the electoral affairs the Convention will be convoked as soon as possible in order to obtain an accurate and proper interpretation of the will of the people. The Bureau for the Convocation of the National Convention has been instructed to take note of the communication from the Tsanchengyuan and to hasten the completion of the arrangements for the election, which will take place in accordance with the fixed dates.—*The Far Eastern Review*.

### A CHINESE CRITIC OF PROFESSOR GOODNOW.

By SUH HU.

The Chinese Legation at Washington has officially denied the recent report that Dr. Frank J. Goodnow, President of Johns Hopkins University and Constitutional Adviser to the Chinese Government, had expressed approval of a project to proclaim a Chinese Monarchy. The statement issued by the Chinese Legation, however, admits that in an academic discussion as to whether a republic or a monarchy was more suitable for China, Dr. Goodnow's conclusion was that, inasmuch as the republican form of government had no fixed method of determining presidential succession, the monarchical form would for that reason be safer and more satisfactory. "But," the statement concludes, "he did not say whether this was the proper time for such a change."

It seems to the present writer that Dr. Goodnow has only himself to blame for having thus been made to appear as the spokesman of the Chinese reactionary movement. It is he, together with a number of other constitutional authorities of the world, who has supplied Chinese reactionism with a political philosophy which



speaks with authority. It is he who has helped to kill the first constitution of the Chinese Republic, and has wrought into the new constitution many of his views which have made the Chinese Government what it is today. It is he who has advised China that "in the reorganization of the government more stress will have to be laid in immediate future upon power than upon liberty, upon the cultivation of respect for political authority than upon regard for private rights, upon government efficiency than upon popular representation."

A careful examination of Dr. Goodnow's public utterances on the question of democracy in China, especially his two articles in *The American Political Science Review* (Vol. 8, No. 4, and Vol. 9, No. 2), will convince us that the reactionaries in China have certainly shown excellent judgment in selecting that eminent scholar as their political philosopher. The present writer has no doubt that Dr. Goodnow uttered these views with good intentions and perhaps not without strong convictions. But we know very well that good intentions alone are often dangerous, and that strong convictions, if not supported by a first-hand knowledge of the concrete facts involved, are nothing but bias or prejudices. It is the belief of the present writer that much of what Dr. Goodnow has said respecting China has been colored by his political bias, and that since these biased views emanate from a recognized scholar, they are detrimental to the growth of democracy in China and should therefore not pass unchallenged.

Here are some of his prejudices. First, there is his advocacy for a strong executive department, which has now made the Chinese chief executive more powerful and no less permanent than the Czar or Kaiser. It may be that Dr. Goodnow's stress upon executive supremacy is in perfect accord with the present American revolt against the 18th century idea of political check and balances. But it must be remembered that although the check and balance idea may have outlived its usefulness in America, it did once render a no mean service to mankind by curtailing the arbitrary powers of rulers and by making possible the development of individual liberty and rights. All those who have known the way in which the Chinese Government has built up its arbitrary power, are compelled to question Dr. Goodnow's prophecy that "as power is consolidated, liberty will spring up. Moreover, when he argues for his advocacy on the ground that it is necessary "in order that all tendencies toward the disintegration of the country may be checked," he absolutely fails to see the all-important fact that China cannot be united except as a republic, and that a reactionary government with arbitrary powers necessarily breeds disintegration because it is against the wishes and aspirations of the best thinking people which, to use Dr. Goodnow's favorite expression, "really count for something in the life of the state."

Secondly, there is what seems to the present writer to be a fallacious application of the historical point of view. "It may be," says Dr. Goodnow, "that the study of the past development of European political institutions will reveal the fact that at one time conditions in European

countries were similar to, if not identical with, the conditions now existing in China. So far as this is the case, there is a presumption that what suited European conditions of former days may suit Chinese conditions of the present day." On this basis Dr. Goodnow concluded that if China were to have a representative system, she should follow the example afforded by Europe and particularly England at a time when European conditions resembled much more closely Chinese conditions than do modern European conditions. So he advocated a system of "class representation" in the parliament of China, modeled after early England when the Church, the landholding interest and the merchants alone were represented in the legislative body.

Now, it seems to the present writer, this application of the historical point of view is fallacious. For even though Dr. Goodnow were able to establish the resemblance between the social and economic conditions of early England and those of modern China,—which he has so far failed to do,—he would still have to admit that modern China has at least one advantage over mediaeval England, namely, that China has had access to the intellectual inspiration and practical experience of the democracies of modern Europe and America,—a privilege which was denied to mediaeval England. Just as more than a hundred years of achievement in the science of electricity has enabled the modern student to avoid repeating the crudities of such early electricians as Gilbert, Franklin, or Cavendish, so will many centuries of political experience, and historical study and general progress be able to prevent a modern nation like China from repeating the archaic systems of the past.

Here is a typical example of the way in which this historical method is being made use of by the reactionaries in China. Having passed the unique law of presidential election which entitles the President alone to nominate his own successor, the Constitutional Convention argues in its final report: "The fundamental law of a nation must be based upon the history and tradition of that nation. No amount of theoretical abstraction can ever profit any people." Then it goes on to cite the historical example of Emperor Yao who selected Emperor Shun to succeed himself. And every member of the Convention knows that Emperor Yao reigned in the 24th century B. C., that is, more than 4200 years ago! Is it strange then that Chinese reactionism eagerly welcomes Dr. Goodnow's statement that "conditions are different in China and America, and it is impossible to transplant a system from one country to another"?

The seemingly logical character of the historical point of view has not only appealed to the Chinese reactionaries, but also found ready response from many other quarters. Here is an example which I quote from *The Outlook* of September 1. "The change (from old political ideals into modernism) certainly did not seem typical of those passive virtues which have distinguished a people whose most cherished possession has been their cult of ancestors, and who have found their most powerful cohesion in their sentiment of duty to the dead. Starting

with this as a foundation, a patriarchal-monarchical system of government has seemed perfectly logical." Needless it is to point out that the fallacy of the above statement lies in its failure to take into consideration the dynamic forces which have been working in China for decades and which have actually achieved what might be called an intellectual revolution without which the political revolution of 1911-1912 could have never happened. Without an understanding of these forces, the attempt to establish a democracy by a people "who have found their most powerful cohesion in their sentiment of duty to the dead," naturally appears as inconceivable and incomprehensible as the effort to abolish graft in politics by a people who have had the reputed superstition of dollar-worshipping. He who holds the historical point of view and at the same time denies a nation's possibility of change and revolution under the influence of new ideas and ideals, has not understood the true meaning of history.

In short, the fundamental fallacy of Dr. Goodnow and of all other well-meaning "friends of China" who are inclined to think that China will be better off under a monarchical form of government, seems to consist in the fact that they have failed to understand and take into consideration the inspirations and aspirations of the intellectual class in China. The best form of government for a somewhat benighted country like China, it seems to the present writer, is one which will enable the enlightened class of people to utilize their knowledge and talents for the education and betterment of the ignorant and the indifferent. Evidently the criterion of fitness for a certain form of government should be sought not so much in the latter as in the former class of people. For, if the American Republic for example, is to be judged only by the ignorance of the man in the ditch and the indifference of the average man of the street,—or even by the indifference of the average college undergraduate,—what form of government shall we say the Americans are fitted for?—*The Chinese Students' Monthly*.

### DEMOCRACY AN INHERITANCE OF THE CHINESE PEOPLE.

*The following excerpt is part of an address recently delivered before the Chinese Students' Conference at Middletown, Conn., by Mr. Kai-Fuh Shah, the Chinese Minister to Washington.*

It has often been said that the people of China have given no evidence of their fitness for self-government, and that their civilization has not yet reached this point. I emphatically challenge the accuracy of such statements, which are simply made through utter ignorance of the character and history of the Chinese people. The principles of a republican form of government are not principles of government new to the Chinese people. China was a republic in the time of Yao and Shun, about two thousand years before Christ—just at the dawn of Chinese history. That period in Chinese history has always been regarded as the Golden Age of China. To the Chinese mind, therefore, the adoption of a republican form of

government means a return to the good old days when China was under Yao and Shun; although it is to be expected that the republic of ancient times differed from the republics of the present age in many respects, because the conditions that prevailed in those days were different from the conditions that prevail now. Owing to differences in local conditions, the application of the same principles has resulted likewise in the different republican forms of government that exists now in France, Switzerland, and the United States.

Democracy is an inheritance of the Chinese people. Even though thousands of years of monarchical government, as I have said, the affairs of the nation have always been managed by the people themselves and not conducted by an aristocratic class. The strongest evidence I can give you of the fitness of the Chinese people for self-government is the record they have made during the last four years, that is, since the establishment of the republic. At the very beginning there was very little bloodshed in effecting the transformation of government; such a thing had never happened before in the history of the world. Ever since we have satisfactorily managed our own affairs, though we have had some differences to settle among ourselves and many difficulties to contend with, which are to be expected in the progress of any country. In the eye of Constitutionalists of the present day it is probable that the government we have now does not come up to the usual tests for a republican form of government. Nevertheless, it cannot be denied that we have for our inheritance the spirit, the character, and the aspirations of a democratic nation.

We should not, however, be too proud for this reason and go to extremes, for as a republic we are still young and have not yet attained our goal. Just like in the construction of a house, we have erected only the foundations and structure but have not yet put in the windows, doors, and paper-hangings. Macaulay said "that as a man can never learn how to swim without going out into the water," so a people can never learn to govern itself without trying to govern itself. But swimming is a dangerous experiment for a beginner if he strikes too far into the deep water. This is also true of a nation. We are in the water, learning to swim; but we do not want to get drowned. Therefore, we must be very careful about our national reconstruction. Revolutions are bad for any country. We do not want any more of them in China. What we want is a strong, united and powerful centralized government in order to be able to meet the requirements of modern conditions. I am happy to say that under the wise leadership of President Yuan the government is now firmly and successfully established. We can safely rely upon his great ability, wide experience, and patriotic devotion to carry the nation through whatever crisis that may confront it. He is always ready to act for the good of the country, and willing to accept responsibility for his acts without fear of criticism. This is the kind of man we want at the head of the government under the present circumstances. Such a man is open to the suspicion of favoring monarchism, and it has just been re-

ported that Dr. Goodnow, President of Johns Hopkins University, has advised him to set himself on the throne. According to the information I have received, there is absolutely no such thing. The facts are, that in an academic discussion as to whether a republic or a monarchy is more suitable for China, Dr. Goodnow's conclusion was that inasmuch as the republican form of government had no fixed methods for determining presidential succession, the monarchical form of government would for this reason be safer and more satisfactory, conforming, as it does, more to the genius of the Chinese people and the historical development of the nation. He did not say that this is the proper time for such a change.

### A CHINESE STUDENT'S VIEW OF PRESENT-DAY CHINA.

By P. H. Hsu (Michigan)

I admit, without a moment's delay, that floods had devastated parts of our country and made millions of our people homeless. I admit that our officials to-day are still corrupt. I admit that our military strength has not progressed so far as to be able to resist foreign aggression. I admit also that China to-day, though a Republic, has no national parliament, no provincial assemblies and that all powers are concentrated in the hands of one man. If all these are grounds for pessimists, then I agree with them in all their claims. But in spite of these dark prospects of present-day China, there are still bright aspects, which, after all, are more important and vital to China, and which encourage us, the optimists. There are four things, which I consider as bright.

First, our people are better informed and more acquainted with current problems and thoughts to-day than ever before. This is made possible, not only through a better organization of schools, but also through an increasing number of newspapers and magazines. To-day we find in China not only magazines dealing with general problems, but also those treating special topics, such as sciences, industry, commerce, railway problems, salt reform and so on. To-day we find not only magazines for the consumption of the high literary class, but also those for the use of business men, children, and women. If there were no demand for such magazines, there would not be any supply, the economist tells us. Therefore, while this demand is the evidence of the eagerness on the part of our people for knowledge, this supply will inevitably lead our people to a higher intellect. A higher intellect, after all, is the first step for a country's motion toward progress.

Secondly, our financial conditions are greatly improved. Just after the outbreak of this great war, many foreigners, who were supposed to be well informed about the Chinese financial situation, predicted that China, without the aid of foreign loans, would go into bankruptcy. But after one year of war, our national revenue is not only sufficient to defray our current expenses, but to pay off foreign obligations as well. Furthermore, we have accumulated a national surplus as is shown in the successful floating of several issues of bonds. In short, we have demonstrated that we can stand on our feet financially.

Thirdly, there is the raising of moral standard among our people. We as a people, are almost perfect so far as individuals are concerned. But in the past we lacked public spirit and patriotism. Fortunately, we find in China to-day many of our highly educated citizens spending their time in giving free lectures to the uneducated. We find others contributing money toward the establishment and maintenance of private schools. We find still others organizing factories, not to earn money, but solely to relieve the poor. We find also that many corrupt officials

of high rank were punished recently. All these are positive and negative evidences of the rise of public spirit among our people. With this rise of public spirit there is also rapid growth of patriotism, especially among our student body and businessmen. The evidences of this rapid growth of patriotism are so numerous that I deem it unnecessary for me to name them. Patriotism, in this twentieth century, is the best and only foundation for a nation. Therefore, I cannot help to see this growth of patriotism without feeling satisfaction and joy.

Lastly, our people never before so fully realized as now our difficult political position in this world. We were inactive in the past, because we were ignorant. But recently our people really awoke from their long dreams. They began to act. They began to help themselves. This real awakening has been manifesting itself both in governmental circles and among the masses. In the governmental circle, it was shown in the severe punishment of several corrupt officials and in the various schemes for the future development of China. Among the masses, the notable evidences of this real awakening were the large contributions toward the "National Salvation Fund" and the "Made in China" movement, whose purpose is to encourage native industries. You may count also the movement boycotting the Japanese goods throughout China if you please. I am glad that our people really awoke, that after their awakening they began to act, and that they began to show to the Powers that hereafter whenever they dealt with our government, they must take into consideration the four hundred million people, who stood at its back.

In view of these four most vital and encouraging features of present-day China,—the intellectual advancement, the improved financial conditions, the raising of moral standard, and the real awakening of our people—we to-day can still be optimists and cherish our noble hopes and high ambitions. Therefore, let us be true optimists and make all these encouraging things a beginning toward China's future greatness and glory.—*The Chinese Students' Monthly*.

### PROTEST AGAINST THE SEAMEN'S BILL BY THE AMERICAN ASSOCIATION OF JAPAN.

The following resolution was passed at a meeting of the Executive Committee of the American Association of Japan, Kobe Branch, October 7, 1915.

*Whereas*, The Pacific Mail S. S. Co. and the Great Northern S. S. Co. have withdrawn their vessels from the Pacific Ocean, with the result that where formerly there were six vessels, aggregating 80,000 tons, flying the American flag on this ocean, there will be hereafter not a single American vessel of any character engaged in regular service;

*Whereas*, The reasons assigned for these withdrawals are the provisions of the so-called Seamen's Bill, which discriminates against American owned vessels in favor of foreign ships, most of which are subsidized and in addition employ cheap Asiatic labor;

*Whereas*, The American Association of Japan, Kobe Branch, is greatly concerned at the great harm that will be done to American commercial and political interests through the absence of American shipping on the Pacific Ocean;

*Be it Resolved*, That the American Association of Japan, Kobe Branch, place on record its profound conviction that the Seamen's Bill now in force should be amended or repealed, and that adequate legislation be enacted whereby American ships may traverse the Pacific Ocean on equal terms with those of any other nation.

(Signed) STANLEY F. GUTELIUS, Hon. Secy.

## GOVERNOR-GENERAL HARRISON ON HIS ADMINISTRATION

OFFICE OF THE GOVERNOR-GENERAL OF THE PHILIPPINE ISLANDS

Manila, September 9, 1915.

Dear Mr. Gallagher:

I take pleasure in saying to you personally that I am desirous of aiding legitimate business in the Philippines in every possible way. Last year, by depositing government funds in local banks. I made available P2,000,000 for loans at 8 per cent. per annum to the sugar growers of the south, and this year I have made available P2,700,000. To aid the tobacco growers of the north, P1,000,000 was likewise made available. The Mindoro Sugar Estate Company has been aided in a similar way, by depositing P900,000 of government funds in local banks, and aid has also been given to other agriculturists and business concerns in various ways. Of course, in all cases the Government is fully protected by the banks or by the deposit of marketable securities.

In every operation of any size of the kind mentioned, I have had the benefit of the counsel and advice of my Filipino and American colleagues in the Government, and whether aid was proposed for American or Filipino interests there has been a unanimity of desire to assist.

I intend to present to the Legislature at its next session a plan to deposit P4,000,000 additional in the Agricultural Bank and to enlarge the scope of the bank's activities by removing some of the restrictions on loans now imposed, at the same time, of course, protecting the Government's interests in every way.

The present administration is pushing to the fullest extent the cadastral survey of the Islands, and the only limitation on our work is the ability of the Government to finance this great project. By the reorganization of the courts during the 1913-1914 session of the legislature, additional facilities were provided for expediting the decision of land registration cases.

Great work was done in the past in the development of a permanent road and bridge system. The present administration is using every possible effort to make these highways of commerce in the Philippine Islands profitable and successful by developing the agricultural resources and at the same time by providing for the maintenance of the present system and extension of road work as rapidly as conditions warrant.

We were, during the first year after my arrival here, sadly handicapped by the loss of revenues, due in part to the removal of the export tax, and to the disturbed conditions of the world's commerce incident to the present war. We found it necessary at the 1914-1915 session of the Legislature to impose an additional business tax. This measure met with some opposition at first but is now accepted as necessary. Through the imposition of this tax it is estimated that we will receive at least an additional P4,000,000 revenue during the year and will without doubt close the fiscal year, which by the way has been made coincident with the calendar year, with a small though safe surplus in our treasury for the first time in a number of years.

Business conditions, notwithstanding the war, are practically normal and residents of the Islands, both government officials and business men, returning from visits to the United States, Europe and to neighboring colonies, as well as tourists, state that we are without doubt more favorably situated so far as regards business than any other section of the world. I believe we are in better con-

dition to-day than is the United States, so far as conditions resultant from the war are concerned.

We are having a terrible visitation of locusts at the present time, but the people throughout the Philippines are co-operating to eradicate this pest. To this end, every able-bodied man in infested districts is required to labor from two to four days each week without pay, or in lieu of such labor to pay a stipulated sum to be used in the locust campaign.

Rinderpest is still with us to a great degree. Its violence has, however, according to the Bureau of Agriculture officials, decreased and notwithstanding endeavors some months ago to make it appear that conditions are worse than ever before, so far as regards rinderpest I have no hesitancy in saying that conditions are better. Of course, for this statement I depend on official records and on the statements of officials of the government who were here before my arrival. The success of our campaign has been due to the much maligned act of the Legislature placing the supervision of such campaigns in the hands of the provincial governors. This was done as an experiment and after all measures previously taken had proved to be unsuccessful. Quarantine by armed guards, I am told, was in effect when you left the Philippine Islands, and this proved not to be a success, as was personally reported to me by the commanders of Scout companies detailed by the military authorities on rinderpest quarantine duty. Both military and insular officials were agreed that to eradicate this terrible disease the co-operation of the people was necessary, and that such co-operation could only be obtained by sympathetic handling of the problem in those sections of the Islands affected.

We are now also experimenting in Iloilo and Pampanga with serum with a view to immunizing the carabao. This would appear to be a success thus far, for as a result of immunization less than 1 per cent. of the carabao die and only one case has been reported where a carabao immunized has contracted rinderpest. However, we cannot as yet claim full success, as we have no means of judging how long a period carabaos will remain immune. I am told by the responsible officials that three years at least must elapse before we can say definitely that we have found a solution of our difficulty.

We are at present undergoing a drought which is affecting some sections of the Philippine Islands seriously. In some of the provinces there has been no rain since a year ago last June, and in a few provinces the rice seed beds have been killed by drought three times. The people, however, are cheerfully standing up under these troubles, which I hope will soon end.

The relations between Filipinos and Americans are constantly growing more friendly.

I have made this letter rather longer than I had intended, for the reason that I feel your desire for information is a sincere one and that your interest in the Philippine Islands has been unwavering.

I hope that the prospective visit to the Philippines you mention may soon be made.

Again thanking you for your letter, I am,

Sincerely yours,

(Signed) FRANCIS BURTON HARRISON,  
Governor-General.

Patrick Gallagher, Esq.,

Editor, The Far Eastern Bureau,

13 Astor Place, New York, N. Y.

## THE TRADE IN COTTON GOODS IN CHINA

*(From the Manchester Guardian, China Number.)*

The distributing centres of cotton manufacturers are turning their attention year by year more actively to the development of their export trade in cottons to China. It is realized what a vast field of undeveloped trade possibilities there is in that huge overpopulated Empire. Every year an increasing number of travellers is sent out by Manchester houses, who before were more or less unrepresented in that market. Only a few years ago commercial travellers were practically unknown in the Treaty Ports of China.

That country grows for its own use year by year a fair quantity of cotton of a very short staple, and suitable only for spinning low counts of yarn, not exceeding 14's. The bulk of this crop, of which there are no figures available to show what it amounts to, is used up in the form of wadding for native winter garments, bed quilts, and the coarsest of native woven fabrics. With this exception, China can be considered a country free for the exploitation of cotton manufactures of every description. It has a population variously estimated between 335 and 400 millions, and it may be said that, so far as this trade has been developed up to the present, the surface has hardly been scratched.

## A RETROGRADE MOVEMENT.

If one reviews the last three decades of Manchester's trade with China, one finds that exports under the main headings of plain staples have not only not developed, but have shown a distinct retrograde movement. Several lines of former importance are rapidly dwindling to the vanishing point. Among them may be instanced heavy sheetings and drills, 32 in. and 36 in. T-cloths, and yarns. It is true that some part at least of these lines has been substituted by goods coming under other headings, particularly under the headings of bleached goods and jeans, both of which classes show substantial increases. The aggregate, however, of exports in plain and bleached goods, when taken over the three decades, not only does not show increase, but indicates a disquieting falling off in the total quantity. The reason is not far to seek. Japanese productions have made and are steadily making inroads into the trade in the commoner classes of goods, while this competition is slowly but surely spreading upwards into the better grades of cloths as Japanese activities in the cotton industry develop. English yarns have been practically entirely ousted from the market by Japanese spinnings, and this competition affects not only British goods, but also Indian yarns, T-cloths, sheetings, and drills, all of which show a rapid decline from the same cause. The Chinese mills share to a large extent in the capture of this trade, so far as yarns and common plain cloths are concerned. In yarns, the Japanese exports to China of their surplus have risen to about 700,000 bales per year, and the production of the Chinese cotton-spinning mills also runs this figure very close. Furthermore, drills, sheetings, and jeans in particular were at one time a rapidly progressing business between America and China, competing successfully against the productions of the Chinese hand-looms, employed in weaving cloths from imported yarns. This trade is in turn in course of being driven out by the Japanese, and to a minor extent by the Chinese mills. The figures of American business in plain staples in China have, after one glorious burst of frenzied importation during the period of the Russo-Japanese War, steadily fallen. So far as Manchester goods are concerned, the exports to China of the principal classes of plain staples taken over three decades—namely, 1885-1894, 1895-1904, and 1905-1914—are as follows:

	1885-1894.	1895-1904.	1905-1914
Grey shirtings .....	54,138,064	45,811,032	33,887,974
T-cloths, 32 in. and 36 in.	15,348,300	7,653,822	5,387,447
Bleached goods, all kinds	17,621,139	18,894,193	27,099,840
Drills and sheetings.....	9,364,394	8,364,500	2,925,526
Jeans .....	1,373,006	1,531,896	8,095,960
Total .....	97,944,903	82,255,453	77,396,747

It will thus be seen that, while the figures of bleached goods have made satisfactory advance, the grand total shows a falling off in turnover in the last decade, as compared with as far back as from 1885-1894, of no less than 20,400,000 pieces, of lengths between 30 and 40 yards, equaling 21 per cent. decrease.

## JAPAN AS A COMPETITOR.

That Japan is geographically so situated as to render her a dangerous competitor in China's trade cannot be denied; furthermore, it would be amusing to watch the face of a cotton operative in Lancashire who was offered a wage of about 9d. for a full twelve-hour day's work, which is about the average wage in a Japanese cotton-spinning mill. Similar severe competition, however, upon this latter score exists in regard to Manchester's trade with India, and yet this is successfully combated. The main difference in regard to Japan is that that country is a large user of American cotton, which she imports in increasing quantities year by year, her own home trade being protected by a heavy tariff. She is, consequently, able to turn her attention to the manufacture of a gradually improving class of fabrics for her own home consumption, and at the same time devote a part of her energy to the production of cloths which can successfully rival those already established in China markets. "Chops" (trade marks) can resist, some for a time, some for a long time the effects of geographical competition, but they cannot stand up indefinitely against rivalry when energetically pushed in China itself, unless this rivalry is combated with equal energy by British traders. The Japanese have an undoubted advantage in their intimate knowledge of Chinese methods of trade and also of the language in dealing direct in the interior.

In so far as business in textiles is concerned, Manchester plain staples have, as already illustrated, not only failed to progress but given way in the China markets. The trade in colored and fancy goods shows, however, far more cheering results, although at the same time the fact that Manchester is being ousted from her own by severe competition must be borne in mind. In colored and fancy goods a remarkable headway in recent years can be recorded, and the results can be directly attributed to the application and perfecting of the "mercerizing" and "schreiner" processes, which have brought "silk finishes" to their present state of excellence. China is a silk country, and although even in its native surroundings the price of this article confines its uses in clothing to the richer classes, it is a fortunate trait in the human character that the humbler classes imitate their betters, and the introduction of cotton goods in their present-day close imitation of genuine native silks has opened out a possibility of future development along these lines which is capable of almost limitless expansion. Only a few years back it was considered that a black cotton lasting up to the value of about twelve shillings, or a colored figured lasting in a plain calendered finish, running to, at the outside, not more than ten shillings for a piece of thirty inches by thirty yards, was about the limit in values for articles of this class that the Chinese could possibly afford to buy. Nowadays, however, fine qualities of figured

poplins, and fine plain and figured venetians running to well over thirty shillings for a piece of thirty yards in thirty-inch width, are taken in quantity, and the list of high-priced fancy textiles to that country shows yearly expansion. The old trade in black cotton lastings is now replaced by a large and vigorous business in black Italians in "silk" finishes, the lowest-priced cloths of which in former days would have been considered too expensive for consumption.

#### PRINTS.

Prints are a classification which require more than a passing reference, for the scope afforded in these goods is large, and yet the expansion of this trade has not been altogether satisfactory. German houses in China have always done a large share of it, for what reason it is difficult to determine, unless it is that the great amount of detail and careful attention called for in this business have been supplied by our Teutonic rivals to a greater extent than by our own commercial representatives. The keen competition, however, has resulted in the lowering of standards to such an extent that in many instances the qualities supplied have almost become all printing and no cloth. This result has given the opportunity for competition recently from a new and unexpected quarter—namely, the Russian printers, who have stepped into the breach and made a large trade for themselves in fast-color printing of excellent workmanship upon cloths which in recent years would have been vetoed as far too expensive for China's requirements. These cloths have been vigorously pushed from the beginning by direct trading and representation in important trade centres in the interior of China, and have undoubtedly obtained a considerable measure of success. The experiment of their introduction commenced in the Northern Manchurian markets within reach of the branch line of the Siberian Railway, running southwards to Chang-chun, and the sale has gradually expanded thence throughout the principal markets of Northern and Central China. Since its commencement, however, this business has gradually concentrated itself into direct sampling in the interior through Chinese hands against stocks held in the Treaty Ports, illustrating the probability that the Chinese themselves can distribute goods upon at least equal, and indeed upon more favorable, terms than foreign merchants of any nationality attempting to deal direct in the interior. In spite of the fact, however, that the Chinaman is by nature a born trader, there is probably not the keen incentive for pushing new lines of goods that would be brought about by direct up-country representation through channels other than those existing in the Treaty Ports of entry.

#### THE MONEY SYSTEM A HINDRANCE.

The difficulties in the way of direct sales into the interior are great, for the lack of a standard currency constitutes a severe handicap to such a method of furthering commercial enterprise, while the systems of credit between native and native, involving different sets of customs in almost every article and every place, are such as can be properly dealt with only by the native traders themselves.

In former times the ring of native banks known as the Shansi Banks were the principal medium through which this trade was carried on; recent political troubles in China, however, have undermined the position of these banks, which formerly had so great a hold in the country by reason of the flow of revenues between the different provinces and the Government in Peking, which passed entirely through their hands. The Revolution which started in 1911 acted as a final deathblow to these banks, and their supporters, who were of the official class connected with the now deposed Empire, hastened to save from the precarious channels of trade such funds as these banks possessed and to place them in secure keeping. A great

deal of these funds has found its way into investments controlled by Europeans in China, and into the vaults of the European banks in the Treaty Ports, so that a large amount of capital which was previously at the disposal of trade interests has been withdrawn, and practically no regular financial facilities for the carrying on of trade in the interior have yet been substituted. The Chinese banks' short-usance drafts were formerly considered a gilt-edged security in the European discount market in Shanghai, but since the first Revolution, in 1911, the daily discounting of native bank orders with the European banks has ceased entirely. The money withdrawn from trade figures large at the present time, in the shape of a huge stock of silver, with no earning power, that has accumulated in the hands of the Shanghai banks, amounting now to some eighty-six million taels.

#### A COUNTRY WITH NO CURRENCY.

Chinese trade, however, must go on, despite handicaps against it in the shape of the financial disabilities from which the country is suffering; the demands of a large and industrious population have to find their trade outlets by some means. The Chinese banking system is probably the oldest in the world and the most primitive, being interdependent with an involved system of credit between native traders; currency, as such, is not known in Chinese trade. During the Revolution of 1911 credit and banking became nothing but a crumbled ruin; European business houses had a large proportion of their goods paid for in actual lumps of silver, and the country's trade was practically back to the old prehistoric days of exchange and barter. It is difficult from a European point of view to imagine a country devoid of currency, whose trade is carried on by a system of coinage which exists only in imagination; the tael weight of silver is the only currency medium existing in China, while even this is of a differently recognized standard of weight in every province. A proper system of standard coinage for China has loomed large in all external financial schemes and dreams for the development of that country, but China's assistance in bringing about the consummation of these ideas has been a matter of considerable difficulty. The disintegration of native banking from 1900 onwards led to an assumption on the part of certain German firms of liabilities in trade which properly belonged exclusively to such banks, in the form of granting delivery of cargo to Chinese on credit, whereas, unlike those banks, the European merchant in the Treaty Ports could not be in a position to follow his lien upon the goods once they had passed out of his possession. In 1908, the year of reaction following the activity caused by the outpourings of money in the Far East during the progress of the Russo-Japanese War, the position of goods delivered upon credit became very precarious, and outstanding liabilities, mostly belonging to German traders, more especially in the Tientsin market, amounted to several millions of taels, of which only a small percentage was recoverable. This was followed up by an attempt on the part of the German Government to foist the responsibility for these trade losses of its subjects upon the Chinese Government, but the latter very properly refused to assume any shadow of liability in connection with them. The claim put forward by the German Government for injury to its subjects' trade caused in the 1911-'12 Revolution was again far out of proportion to that of other nations having greatly preponderant interests, and the persistent rumors that at the present exists as regards direct German Government support and monetary interest in the commercial enterprise of its nationals in China are probably not without a very strong foundation in fact. No doubt if Germany's scheme for world power had been realized the iron heel would have been applied to China, and these claims actively revived once again.



## CHINA'S FINANCIAL POSITION.

Intimately connected with China's power of absorbing imports is her financial position, and this by no means gives confidence in her ability for trade development in the light of her present impoverished state. The average adverse balance of trade against China during the last ten years has been taels 140,000,000 per annum; to this has to be added her interest and redemption payments against external loans, amounting to £9,500,000, or, say, close on taels 70,000,000 a year, making in all an annual debit of no less than taels 210,000,000. A large part, of course, of these external loans is against industrial and railway enterprise, but a sum of taels 450,000,000 (£67,500,000), upon which the interest and redemption charge amounts annually to taels 20,000,000 (about £3,000,000 at the exchange upon which this loan was based), is entirely unproductive, for it represents the amount of indemnity which the country has to pay for its indiscretions of the Boxer era of 1900. Against these heavy outgoings there is, of course, the amount which she receives annually in remittances from abroad from her emigrant population. The annual export of coolies from China is said to amount to about 250,000 men, the bulk of whom, no doubt, remit something to China of their earnings abroad, and, taking the whole Chinese emigrant population throughout the world, the amount received from this source must be no mean offset to her adverse trade balance, though what this sum is there is no means of estimating. China's securities for loans contracted in the European money markets are already pledged up to the hilt, unless the new Salt Gabelle administration under the supervision of Sir Richard Dane, which is working successfully, should prove a further source of borrowing power. It is unlikely, however, in China's own interests, that the foreign money markets will show any keen desire in countenancing loans for other than productive enterprise.

## THE "LIKIN" QUESTION.

A method by which China has fond hopes of increasing her borrowing capacity in Europe is by the increase of duties leviable upon foreign imports, in accordance with the terms of the Mackay Treaty of 1902, by which she would be entitled to increase her duties, that are at present on a basis of 5 per cent., by an additional  $7\frac{1}{2}$  per cent., making a total of  $12\frac{1}{2}$  per cent. duty leviable upon foreign importations. The terms of this treaty, however, stipulate as a *quid pro quo* for this increase the total abolition of likin—that is, of internal duties—leviable in transit and at destination upon goods passed into the interior from the Treaty Ports. The danger of granting such a concession, based no matter upon what earnest desire and promises on the part of the Central Government, is fully recognized, however, by mercantile interests engaged in importation into China. The Japanese in particular are quite alive to the indirect blow which would be dealt to their trade if it proved to be at the same time the means of affording protection and stimulus to competition in China itself, from the rival enterprises that would spring up should the abolition of likin have proved only to be nominal rather than actual.

To deal with the likin question in all its ramifications is not within the scope of this article, or, for that matter, of the writer, but it is closely interwoven with the whole system of governing the country by provinces. The Empire is divided into provinces; these provinces again are subdivided into districts and the districts into townships, while these are further sub-divided. Each has its own set of officials, who are responsible for those under them, and so on down to the least of them.

## CLOTH-WEAVING.

Of late years a considerable amount of activity has been shown in cotton yarn and cloth weaving mills situated in the interior, away from the Treaty Ports. In cloth-weaving an entirely new industry has come into existence in the weaving of colored materials in fancy designs from Japanese yarns, mostly 32's, 42's, and twofold 42's, which are sold by Japan at prices at which Lancashire spinnings cannot compete. In twofold 42's alone some 6,000 bales annually are used up in this industry, the yarns are mostly dyed in China, the Chinese having recently attained a considerable amount of skill in both the dyeing and mercerizing of yarns manufactured from American cotton, which the Japanese spinning mills use nowadays to so large an extent. The field that exists in China for Manchester fabrics is of course immense, and capable of vast development, but instances such as the foregoing show that the Chinese are extending their own industry along less stereotyped lines than heretofore, and it is an industry which combines infinite taste and skill trained for centuries in the manufacture of fine silks, with abundant cheap labor worked upon lines that in other countries would be regarded as a criminal sweating system, but which must count to her advantage in competition with outside. Still, India has the latter advantage also, and yet she is far and away Lancashire's most important customer. The trade in Manchester's textiles to the whole of China is at the present time no more than one-third of that with Calcutta alone, and yet the field to be supplied is incomparably greater.

One of the main hopes for the expansion of China's future trade lies in better means of communication in the interior. The development of railways which China has now taken to with enthusiasm should bring about considerable changes, for the parts of the country unserved by the great waterways and their excellent system of tributary canals are reached only by trade routes that have existed for centuries. These are not in any sense roads, but mere tracks, along which merchandise is carried, mainly by coolies, pack-horses, or mules, and in the north by camels. This means of transport, for instance, accounts for the fact that many bales of Manchester goods are required to be packed in two trusses hooped together in one bale, so that when the bale arrives at some interior point it is divided into its two trusses and slung on either side of the pack animal. Chungking and Chengtu, the two innermost Treaty Ports, situated, respectively, about 1,200 and 1,500 miles up the great Yangtze river and one of its tributaries, are the trading centres of the rich province of Szechuan, which, though itself one of China's most important consuming markets for European-made cotton fabrics, represents merely the doorway of the great Asian field that lies westward beyond it. With existing trade communication in some cases many months must elapse before the proceeds realized by goods sold to these distant outlets can be received at the port of entry, and it can be well imagined what a great bearing rail transit would have in bringing these outlets into closer touch with the points of import.

Not only to China's imports would the improvement of her internal communications be of incalculable value, but the opportunities for developing her export trade would also be extended. India exports more than she imports, and therein lies the kernel of her prosperity, while the balance of trade against China, as already indicated, amounts to a considerable annual sum against her that has yet to be wiped off. The prosperity which would accrue from the development of her mines alone would quickly readjust in her favor this adverse balance.

## AN ALMOST INEXHAUSTIBLE FIELD.

The conclusion that presents itself regarding the textile trade with China is that there is an almost inexhaustible field for development, but no adequate means for its achievement under present circumstances, until reforms and improvements are instituted from within the country itself. There has been increased competition, in which Japan has actively participated, for the existing channels of trade rather than the opening out of a wider field. Lancashire asks for nothing more than a fair field and no favor, which is the principle of the "Open door." Some headway might perhaps be made by more direct representation by business houses in China in important outlets up-country, in the same manner as the British-American Tobacco Company and the oil interests have pushed their business in the interior. Those trades, however, are of a somewhat special nature, and the Chinese merchant up-country recognizes no less clearly than the European trader the sound principle of always purchasing in the biggest markets, such, for instance, as Shanghai.

## THE "OPEN DOOR."

Sir Edward Grey's statement in the House of Commons towards the end of last month that it is the intention of His Majesty's Government that the policy of the open door in China shall continue, will please all Britons in the Far East provided it means certain things and does not mean others. For the former we may turn to treaties, for the latter to recent events. Clause VIII of the Treaty of Tientsin, signed in June, 1858, stipulated that British Consuls should be allowed to reside in any open port and that they should enjoy "the same privileges and immunities as the Consular officers of the most favored nation." From this "most favored nation" clause developed the principle of equal opportunity, which, after the great struggle between Russia and Japan, was enshrined amongst other places in Article III of the Treaty of Portsmouth and in the subsequent agreement relating to China, wherein both Powers agreed "to recognize the independence and the territorial integrity of the Chinese Empire and the principle of equal opportunity for the commerce and industry of all nations in the said Empire." A literal interpretation of these words has never been possible because, long before the agreement containing them was signed, there had grown up, side by side with the doctrine of equal opportunity, that of special interests. Germany had obtained special interests in Shantung, Britain in the Yangtze Valley, and, following these precedents, Japan possesses special interests in South Manchuria and Russia in Mongolia. Nevertheless the doctrine of equal opportunity still holds good because it transcends and embraces these special interests which, besides recognizing the sovereign rights of China, do not, as far as trade is concerned, confer exclusive, dog-in-the-manger rights. In this sense the "open door" is a reality and must, if British merchants are to develop their trade to its utmost possible extent, remain one. Sir Edward Grey's assurance, therefore, in so far as it implies a determination on the part of the British Government to see that nobody injures British trade by putting unfair restrictions in its way, will be welcomed.

It will not, however, be welcomed if it means that, after the war, and in spite of all its lessons, the "open door" is to include a policy of indifference to the workings and effects of cosmopolitan finance. We have no desire to rake up past history merely for the sake of doing so, especially when the actors concerned have long since realized the mistakes which they made. It is necessary, however, to refer as briefly as possible to events which took place in

the Yangtze Valley as a result of the agreement entered into in 1895 between the Hongkong and Shanghai Bank and the Deutsch-Asiatische Bank. That agreement was made before the seizure of Kiaochow and before there was any indication of the intrigues which Germany was setting in motion, and the Hongkong and Shanghai Bank was actuated by a perfectly legitimate and intelligible desire to avoid unnecessary competition in a field which, up to that time, had been generally neglected by other Powers. The consequences, however, were disastrous, for it was in virtue of the agreement that a few years later Herr Cordes, formerly of the German Consular Service, and then representative of the Deutsch-Asiatische Bank at Peking, was enabled to open negotiations with Chang Chih-tung, the Viceroy of Wuchang, for the Hankow, Canton and Szechuan Railway loans. Both lines had been recognized by the Chinese Government as enterprises reserved for the British, only the United States being entitled to a half share in the financing of the Szechuan Railway, and in entering into competition for these loans, the Deutsch-Asiatische Bank violated the agreement made on September 2, 1898, whereby German financiers bound themselves to respect the Yangtze Valley as a British railway sphere. Nevertheless, in June, 1909, German participation in these schemes became an accomplished fact. The British Government's policy—not, indeed, that of its Minister in Peking—was deplorably weak throughout the negotiations and anybody who cares to turn up the files of *The Times* for May of that year can see what views were expressed on the whole episode by the paper's Peking correspondent or, if our own files are consulted, by ourselves.

On that occasion, as on others, the doctrine of equal opportunity became one of weak-kneed surrender, and if the spirit which animated it is to remain part of the "open door" Sir Edward Grey's re-affirmation of that policy will be very far from welcome. By all means let us have equal opportunities and fair dealing, but let us have a firm and courageous appreciation of our own position too. By all means let us keep clear of any policy that is in the nature of extortion, buccaneering and disregard for other people's rights and points of view, but let us keep a firm hold on our own rights and see that the fair-spoken advances of cosmopolitan finance, with its bland references to universal brotherhood, the futility of war and the desirability of making it impossible by a huge network of international organizations does not lead us into traps in which we lose while our competitors gain. The "open door" is a fine thing as long as it does not mean that anybody can enter in and take away. It is a fine thing as long as it means a fair field and no favor, but it is a weak and decadent conception if it means that what we have won in the past, and what we have every right to keep, can be filched from us either by threats or guile. We may be quite sure that, when the war is over, the Germans, who were our enemies before, will continue to be our enemies still, that they will leave no stone unturned, no trick untried to win back the position which they are losing now. The agents of no British firms, be they banking, shipping or cotton trading associations, resident in China are not likely to be taken in, but their home offices may be. It is right that the latter should be warned and that the Foreign Office should be in no doubt as to the feeling of Britons in China on this all important question. Fortunately, since the war began, a new institution, the British Chamber of Commerce, has come into existence and through its help, combined with that of the China Association, the "open door" will, we trust, be a virile and not an invertebrate policy.—*N. C. Daily News.*



## RAILWAY DEVELOPMENT IN CHINA

*(From the Manchester Guardian, China Number.)*

In spite of her age, China is one of the youngest countries of the world from the point of view of railway development. Having introduced railroads some sixty years later than most of the European countries, China may be said to be just beginning her railway history. With a territory of some 4,000,000 square miles and an industrial population of about 400,000,000, the vast possibilities of China's railway future may readily be seen. It is no exaggeration to say that there will be more railways built in China during the coming twenty-five years than in all the rest of the world combined. The Peking Government has been making earnest efforts since the Revolution for the expansion of railways.

Broadly speaking, the railway history of China falls into four stages. Of these the first is that of foreign attempts to persuade unwilling China to introduce railways; the next is the progressive movement emanating from certain high Chinese officials for the introduction of railways; the third is the movement of the provincial and local gentry to build railways within their borders themselves; and the last is the present progressive movement of the Government to map out and build the trunk lines according to a prearranged programme. Mingled with the last three stages, however, there has been what is often called the "Battle of Concessions" by foreign Powers. Chronologically, these several stages may be considered as roughly corresponding to the periods between 1863 and 1878; 1879 and the conclusion of the Russo-Japanese War; 1905 to the end of the Revolution in 1912; and thereafter to the present time.

## EARLY DIFFICULTIES.

As might be expected, in the beginning there was much prejudice against the introduction of railways. But in addition to the usual opposition which might have been anticipated, there was the singular difficulty which exists, perhaps only in China—the difficulty resulting from *fengshui*. This is a system of geomancy, in accordance with the principles of which the fortunes of places are determined by certain features of the surrounding country. The fortunes of future generations are said to be dependent upon the *fengshui* of the graveyards of their forefathers. To this must be added the ignorance and lack of energy of the then tottering Manchu Court. To overcome the difficulties the enlightened officials on many occasions had to urge military expediency as their only excuse for advocating railways. To give some definite idea of the first stage of railway development and the troubles which were found in its way, we may briefly cite some incidents of the two earliest railways.

The first attempt to introduce railways in China was made in 1863, when twenty-seven foreign merchants, mostly British, petitioned Li Hung-chang for the right to build a line between Shanghai and Soochow, a distance of some

eighty miles. This proposal, however, was premature. Li Hun-chang, who at a later period took an actual part in fostering railway enterprise, strongly objected to such a scheme, on the ground that the employment of numerous foreigners in the interior would be harmful to the country. The people were even more unprepared for this sort of new enterprise. The landowners, as in England in the early forties, were specially opposed to it. Moreover, there must be added the trouble due to the graveyards. With the exception of charitable institutions there are not any public burial grounds. Every family has its own graveyard. Consequently in many parts of the country no railway can go any distance without coming upon a graveyard. When it is remembered that the Chinese are great ancestor worshippers, whose graveyards are held in such sanctity that the law even provides capital punishment for the disturbance of such sacred places, one may imagine the great obstacles which lay in the way of railroads. In the face of such opposition and prejudice, the first attempt to introduce railways failed completely.

## THE FIRST RAIL LAID.

In spite of this discouraging outcome of the first attempt, however, the merchants continued their efforts. Several attempts were made, but it was not until 1878 that the first rail was laid by Mrs. G. J. Morrison, on the famous Shanghai-Woosung Railway. A 30-in. gauge, with 26-lb. rails, was adopted. A locomotive called the Pioneer, weighing only 22 cwt., specially designed in England, made the first locomotive run on February 14 of that year—that is, exactly 50 years after the Rocket made its debut. Through the cleverness and persistent efforts of the promoters the road was finally completed; the total distance was some seven miles. Contrary to expectations, no opposition was manifested by the Chinese in the district. On the contrary, an increasing and friendly interest was displayed. Thus a newspaper correspondent wrote: "Several miles of road have been completely ballasted, and the whole countryside is alive with interest. Literally, thousands of people from all the neighboring towns and villages crowd down every day to watch proceedings and criticize every item, from the little engine down to the pebbles of the ballast. All are good-humored, and evidently intent on a pleasant day's outing. Old men and children, old women and maidens, literati, artisans, and peasants—every class of society is represented." This promising state of affairs went on for about six months, when suddenly a trespasser was run over and killed by the little engine. The unfortunate tragedy gave rise to renewed opposition, which became so strong that in October, 1877, the local Government had to purchase the line and property at cost price in order to silence popular clamor. The rails were torn up and conveyed across the channel to Formosa to rust, thus ending the career of the first railroad in China.

## PEKING-MUKDEN RAILWAY.

After an interval of ten years, in 1878, Imperial sanction was obtained for the construction of the Kaiping Tramway for carrying coal from the Kaiping mines to navigable water. As the Imperial sanction only permitted the use of animals on the tracks of this tramway, no locomotives could be imported. So while construction was in progress the British engineer commenced to build a locomotive which he himself described as being of "very extraordinary design." The boiler originally belonged to a portable winding engine. The wheels were bought as old iron, while the frame was made of channel iron borrowed from the headgear of a shaft at the Tongshan Colliery. The total cost of construction, including labor and material, was about £28. In 1881, just one hundred years after the birth of George Stephenson, this "extraordinary" locomotive was christened the "Rocket of China." Thus began the first stage in the development of the present Peking-Mukden Railway system, which connects the capital with Tientsin, the seaport and gateway of North China, and Mukden, the most important city of Manchuria.

The section inside the Great Wall, that is between Peking and Shanhaikuan, a distance of some 250 miles, was completed in 1894. But the Peking terminus, instead of being where it is now, in the heart of the city, was by Imperial edict located in a village about three miles from the city, so as not to disturb Peking's good luck. Trains were run regularly for six years, and a very profitable business was rapidly developing itself, when suddenly came the Boxer uprising of 1900, during which the railway employees were chased away, most of the stations burned, rails removed, and bridges torn down. Thus for a second time in the railway history of China this new means of transportation came to an unhappy end. But the Boxer uprising, bad in all other respects, has certainly done one good thing, though unintentionally, by breaking down a great deal of the old prejudice against railways. When the Boxer indemnity was footed up, construction beyond the Wall began at once. After a series of other troubles the line was carried to Mukden in 1906, making a total of some 500 miles from end to end.

## OFFICIAL INITIATIVE.

We have seen some of the difficulties which confronted railway development in the early stages. The prejudice of a populace who had never heard of railways, together with the irregular behavior of some of the foreign promoters, combined to make development difficult. To this must be added the difficulties resulting from the ignorance and lack of energy of the Court. In the face of such difficulties, which at times appeared insurmountable, a number of the enlightened officials, such as Tong King-sing, Ting Fu-tai, Liu Ming-chuan, Li Hung-chang, Yuan Shih-kai, etc., persisted in their efforts to introduce railways into the country, even at great personal risks. Sometimes these men were suspected of being bribed by the foreigners; sometimes they were accused of being accomplices with foreign nations who had evil designs upon China; but quietly and

ingeniously they continued their labors, which, in spite of difficulties of all sorts, were rewarded with great results. Step by step the extension of railways went forward. Thus by 1907—that is, when the "localization" movement had started—important lines such as the Peking-Mukden, the Peking-Hankow, the Peking-Kalgan, the Tientsin-Pukow, the Shanghai-Nanking, the Kirin-Changchun, the Cheng-tai, the Canton-Kowlun, the Chuping, the Pien-lo, and the Tao-ching Railways, etc., with a total length of more than 4,000 miles, were all for the greater part open to traffic. In addition to these a network of most of the important trunk lines, such as the Canton-Hankow, the Hankow-Szechuan, the Ning-Hsiang, the Kiangsi, the Inner Mongolian, and the Manchurian railways, a total length of some 3,500 miles, were either mapped out, "concessioned," or under construction. A glance at the accompanying map will help to show at once what this expansion means. Indeed, were it not for international intrigues, financial disruption, and the stupidity of certain of the foreign and Chinese parties who undertook the financing of some of these lines, a number of them would have been finished before this. In fact, after the Boxer uprising China woke up so rapidly that her former hostile attitude towards railways suddenly changed. Indeed, after the Russo-Japanese War the country was so impressed with the possibilities and advantage of railway development that for a time it looked as if the pendulum was swinging so violently in favor of railways that a railway mania was probable. From the Emperor down to the country farmer, all were crying for railway extension.

## NOTABLE EARNING CAPACITY.

We have seen that through the persistent efforts of a number of the enlightened officials and the object-lesson which China gained from the Russo-Japanese War the former prejudice against railways was gradually changed into enthusiasm. A third cause which added no small share to this change was the good financial showing of the early railways. It has been pointed out that those who tried to introduce railways at first based their argument chiefly on military expediency in urging their construction upon the Throne, and the commercial aspects were relegated to the background. But this did not prevent the railways from demonstrating to the country what they could do financially and commercially. For example, from the time of its completion the Peking-Mukden Railway began to develop its earning power with extraordinary rapidity. Between 1902, when the Chinese Administration resumed control of the railway, after the Boxer uprising, and September of 1903, the net earnings approximated to 5 per cent. on the capital cost. In the following year they were more than 7 per cent., while between September, 1904, and September, 1905, they exceeded the magnificent figure of 20 per cent.

This line, during the ten years ending 1913, has been earning an average net revenue equal to about 17 per cent. on the total capital investment, leaving an average net profit of 12 per cent. over and above all expenses, interest,

and dividend charges, a record which very few railways can show. It may be added that the policy of the railway has been to charge, as far as possible, all expenses for maintenance and additions and betterments to revenue. So the figures of net revenue are, if anything, too conservative. This unexpected showing of the Peking-Mukden Railway naturally came as a revelation to the whole country of the earning power and benefit of railways.

#### THE PEKING-KALGAN RAILWAY.

In addition to the Peking-Mukden line, the Peking-Kalgan Railway, which is the first railroad of importance financed entirely with Chinese capital and built entirely by Chinese engineers, made similarly promising returns. This line is only a short section of about 125 miles of the Peking-Suiyuan Railway, the whole system being about 400 miles. It passes through very difficult country. In fact, from an engineering point of view, it is the most difficult line now existing in China. Starting from Fengtai, where it connects with the Peking-Mukden and Peking-Hankow Railways, the line proceeds in a northern direction, along the west wall of Peking, to the Nankow Pass, in the neighborhood of the Ming Tombs. This section of about 33 miles is comparatively easy; but from this point up, for a distance of about 15 miles, including the Nankow Pass, where the altitude suddenly rises to over 2,500 feet, the country is difficult. The road winds along deep gorges and high mountains, necessitating four tunnels aggregating a mile in length and numerous bridges, viaducts, deep cuts, and high embankments. In fact, at first many people thought it was an almost impossible piece of engineering work. The scenery along this section of the railway is extremely beautiful. With mountains lording over it on one side and deep gorges and rippling silver creeks creeping along the other, the line passes a series of historic and most picturesque places. Ancient temples hidden among thick trees dot the bosoms of the foot hills; while the famous Great Wall, with its watch-towers and signal pagodas, creeps along the crest of the highest mountains. The Nankow Pass is exceedingly rich in scenery and historic relics and is rapidly becoming an excursion and summer resort. Few travellers in North China fail to pay it a visit.

The following table gives the operating results of the four years of its existence:

Year.	Operating revenue.	Operating expenses.*	Net revenue.	Per cent. to Capital.
1909	\$ 476,442	\$ 802,598	.....	.5
1910	1,329,632	1,254,237	75,395	1.0
1911	1,486,241	979,447	506,794	6.0
1912	2,209,031	919,361	1,289,670	17.0
1913	2,865,394	1,298,024	1,567,370	20.0

\* Including all operating and maintenance expenses.

In studying the foregoing figures, attention must be called to the fact that these results represent only the working of a section of about 125 miles of the line immediately after its completion. When the whole railway of 400 miles is completed, and the line has had enough time to build up

and develop its traffic, it is needless to say that better results are likely to obtain.

#### THE PEKING-HANKOW RAILWAY.

The Peking-Mukden and the Peking-Kalgan lines are not exceptions. The Peking-Hankow Railway has produced similarly satisfactory results. This trunk line of some 800 miles runs north and south through the heart of the plains of North China. It connects Peking with Hankow, which latter, situated as it is in the heart of the eighteen provinces, is the most important city on the Yangtse. About half-way, between its north and south termini, the line crosses the Yellow River by a steel bridge over two miles long. Construction of the line was begun in 1897 and completed in 1904. This line, which will eventually make connection with the Hankow-Canton Railway, has been developing its earning capacity very satisfactorily, as the following table will show:

Year.	Operating revenue.	Operating expenses.	Net revenue.
1909	\$11,114,514	\$6,849,557	\$4,265,057
1910	12,242,858	7,341,907	4,900,951
1911	11,398,460	8,563,249	2,835,211
1912	13,656,618	7,356,457	6,300,161
1913	16,774,794	9,226,203	7,548,591

These results are obtained in spite of the Revolution and rebellions of the last three years, during which constant fighting took place along this line. When the Hankow-Canton and Hankow-Szechuan lines are completed and through traffic begins to run between Peking, Canton, and Szechuan one can safely prophesy that the earning of this line is likely to grow to enormous proportions.

The operating results of all the railways taken as a whole are very satisfactory, as may be seen from the accompanying table:

Year.	Operating revenue.	Operating expenses.	Net revenue.	Proportion of net revenue to total capital. P.c.
1909	\$27,117,820	\$17,780,915	\$ 9,336,905	4.6
1910	29,149,691	18,273,079	10,876,612	5.4
1911	28,185,699	19,673,162	8,512,537	4.2
1912	34,782,513	18,687,967	16,094,546	8.0
1913	39,420,686	22,774,523	16,646,163	8.3

The figures in the last column are smaller than they should be, which is due to the fact that some of the lines were purchased from concessionaries at much higher prices than the real capital cost. Some of the lines are only short sections of uncompleted systems, and the construction of these short sections has only just been finished. These two factors also combine to reduce the net revenue of the whole system, for it is a universal rule that short lines and lines newly constructed usually do not pay well. As the figures show, a steady increase is seen in the operating results; and as years go by and the lines extend into connected system, better results are bound to come.

## LOCAL ACTIVITIES.

These splendid results obtained by the railways naturally made a great impression upon the people. They began to see the possibilities of railways as investments. About 1905 the "localization" movement began. The papers were full of railway news. Railway extension became the topic of every city. Many railway companies were organized. Rights for a number of railways were obtained from the Government. Shares were selling fast. In addition to the private railway corporations, several provincial Governments, those of Szechuan, Hunan, Canton, Kiangsu, Chekiang, Anhui, etc., also embarked upon numerous railway schemes in conjunction with the people of these provinces. There began a race between the provinces to see which should be first in building railways within its boundaries. Meetings were called; subscriptions were opened everywhere; new provincial taxes were imposed—all for the building of railways. A considerable amount of money was raised, and a number of lines were put under construction.

But enthusiasm is one thing, practical experience is another. As a result of the lack of the latter in this new enterprise, actual railroading began to slacken in several of the provinces in spite of local enthusiasm. In order to prevent these enterprises from becoming complete failures and to extend the then favorite policy of centralization, the programme of railway nationalization was adopted. The Government began to take back the railway concessions one after the other from the private and provincial corporations.

This step of the Manchu Government met with immediate and widespread opposition. Very soon almost the whole country was aroused in opposition. The discontent against the young Manchu princes, which had long been brooding, added to the confusion. The revolutionaries at once saw their opportunity. Using the cry against railway nationalization as a pretext or lever, they found it quite easy to raise the revolutionary standard in Szechuan and Hupeh. Other provinces which had similar reasons for discontent soon followed suit. In the guise of an anti-railway nationalization agitation, the revolutionary movement spread like wildfire, and in a few months' time resulted in the overthrow of the Manchu Dynasty. Strangely enough, the "localization" fever, as if expressly sent by heaven for the purpose of overthrowing the Manchu Dynasty, also subsided with the downfall of the Imperial Family. Since the Revolution there has been no recrudescence of the anti-railway nationalization movement.

## SINCE THE REVOLUTION.

The Revolution of 1911-'12 wrecked the Manchu Dynasty, ended the "localization" movement, interrupted all railway construction, and incidentally averted a railway mania. For two and a half years the country was in the throes of famine, revolution, and rebellion, to say nothing of the complications due to external causes. It is interesting to examine briefly what China has done during the last three years in the midst of such extreme difficulties.

As has been already shown, the railways which had been completed up to the time of the Revolution have all been kept in good working order. The staff have shown splendid discipline and efficiency. On account of the financial difficulties of the country, the salaries of the railway employees were greatly reduced and on some occasions suspended. Moreover, they were constantly called upon to work overtime day and night. Nevertheless, with zeal and loyalty, they continued to perform their duties. For the first time in China it was demonstrated what invaluable services railways can render to the army.

It is recognized that the railway service had no small share in the quick suppression of the rebellions which for a time assumed quite serious proportions. But what the railways have accomplished commercially deserves even greater credit. During the worst phases of internal disturbances the railways, besides rendering great assistance to the military operations, were able to earn considerable profits for the Government.

Upon the outbreak of the Revolution the work on the Canton-Hankow, the Hankow-Szechuan, the Lung-Hai, the Pukow-Hsin-yang, and the Peking-Kalgan extension, which were under construction, had to be suspended. But as soon as the Republic was established immediate steps were taken to resume work on these lines. Surveys were being made, and construction was being pushed on rapidly, when the European war broke out. The money markets were paralyzed and the loans for the building of a number of these lines could not be raised. In spite of this financial collapse, however, construction work went on. By reducing expenses and by domestic loans the Government is endeavoring to tide over the crisis. The Kalgan extension is progressing as steadily as before, and the section to Tatung, a distance of some 90 miles, has just been completed. Work is still proceeding, and by the coming autumn Fengchen will be reached, making a total length of about 130 miles from Kalgan. As Fengchen is one of the most important agricultural centres in Inner Mongolia, the earnings of the Peking-Kalgan Railway will be likely to increase a great deal.

## BELGIUM'S EFFORT.

The work on the Lung-Hai Railway, for which the loan funds come from Belgium, has necessarily been much reduced on account of the war. Belgian money naturally ceased to be available, and the Belgian engineers, who constituted a great proportion of the technical staff, left for the front. So the railway was left in an unenviable position. But the Chinese have succeeded in making the best of a bad business. Largely with money raised in China and with native engineers, the section between Hsuechowfu and Kaifengfu has been completed, thus establishing connection with the Pien-Lo and Peking-Hankow Railways. The result of this effort will be to add considerably to the revenue pending the necessarily slow progress of the rest of the line. Efforts are being made to raise a domestic loan to push this railway westward to Tungkuan, the gateway to Shansi Province.

The Canton-Hankow and Hankow-Szechuan Railways have also been greatly affected by the war. In view of the financial prospects, it has been decided to suspend work on the American section (Ichang to Kweichowfu) and to apply the funds thus released in completing the British section from Wuchang to the Kwangtung border, at which point it will link up with the railway from Canton. By so doing revenue will be derived to a greater extent and much sooner than by pushing on with two incomplete lines.

Surveys have been started on the Nanking-Hunan Railway. The unfinished Shanghai-Hangchow-Ningpo Railway is being relocated, and a better route has been found. Construction work to complete this line and to connect it with the Shanghai-Nanking Railway is under way. So, taken all in all, railway construction, though on a much more limited scale than before, is nevertheless steadily going forward.

The localization tempest quietly subsided with the downfall of the Ching Dynasty and the nationalization of railways has been progressing satisfactorily. The line connecting Shanghai, Hangchow, and Ningpo, which was owned by a private company, was taken over by the Government and placed under the management of the Shanghai-Nanking Railway Administration. The shareholders of the Hunan Railways have been paid off, and these lines have been included in the Canton-Hankow railway system; as have been the Szechuan Provincial Railways, which form part of the Hankow-Szechuan Railway. The private railway in Anhui Province has also been purchased and put under the Nanking-Hunan Railway management. Arrangements have also been made whereby a commanding proportion of the shares of the Canton-Hunan Railway has been secured by the Government. So, with the exception of a few very short lines, amounting in all to about 50 miles in length, all the private lines have been taken over by the Government since the Revolution.

#### STEADY EXPANSION.

From the beginning the Republic has adopted a definite policy of steady railway expansion. There has been a readiness evinced to consider sympathetically any proposals to extend railway construction, so long as the interests of the country are not jeopardized. A number of important trunk lines have been surveyed and the loan agreements signed. Of these first may be mentioned the Lung-Hai Railway which runs from Lanchow, the capital of Kansu Province, through Sian, Tungkuan, and Kaifeng to Haichow on the coast of the Yellow Sea. This line of about 1,000 miles, as seen in the map, bisects North China and passes through very fertile country. The loan was made with Belgium.

The next railway concession which may be mentioned is that granted to the British firm Pauling & Son, which provides for a trunk line from Shasi in Hunan Province to Shingyifu, with a branch from Changte to Changsha. This agreement is of special interest, in that it is the first one of importance which provides that the line should be built on the contract basis by the underwriting firm, which receives a commission equal to a certain percentage of the net cost of the line.

Loan agreement for the construction of the Tatung-Chengtu and the Chengtu-Chungking-Chinkow lines have been made with Belgian and French firms, respectively. These two lines will run from the Mongolian deserts to the South Sea. With the exception of the section in Szechuan, they run through undeveloped country. On account of the war, these two agreements have been left dormant.

The last, but not least, is the Nanking-Hunan Railway, the loan agreement for which was granted to the British and Chinese Corporation. This eventually will become one of the most important systems in the Lower Yangtze Valley. At Nanking it connects with the Shanghai-Nanking and Tientsin-Pukow Railways. From Nanking it runs to Nanchang, the capital of Kiangsi, with branches to Wuhu, Hangchow, and Kwangtechow. From Nanchang it goes to Pingsiang to link up with the existing Pingsiang-Chuchow Railway, which latter connects with the Canton-Hankow line. Special interest is attached to this agreement in view of the demands made by Japan early this year, for the exclusive right to construct lines between Wuchang and Nanchang, Nanchang and Hangchow, and Nanchang and Shaochow. As it is well understood that the Yangtze Valley is within the British "sphere of influence," Japanese demands for such exclusive railway rights in the heart of the Yangtze Valley cannot be regarded lightly. Indeed, much speculation has been created by Japan's insistence that China should break her engagements with Great Britain and transfer to Japan rights already given to Japan's ally, just as she has insisted that the German railway rights in Shantung should be transferred to her.

Thus since the Revolution financial arrangements for the construction of some 6,000 miles of trunk line have been made. Were it not for the war and the paralyzation of the loan market construction would have been in progress.

#### PRACTICAL MEN INSTEAD OF POETS.

While internal troubles and the war have checked construction work, a number of fundamental and useful administrative reforms have been carried out. Scientific Bureaux in the charge of experts have been created in the Ministry of Communications for the control of the different railways as well as for considering new schemes. A number of the old "literati," whose knowledge of railways was confined to writing poetry about them, have been removed and experienced railway men have been selected to fill the vacancies. Through traffic arrangements have been made whereby passengers and goods which had to be reshipped at each junction point may now be transported from any point on any one of the connecting lines to that of any other line. Through passenger service has also been arranged with the international railway managements of Europe, and one may now travel from Europe to the important cities of China. Further steps are being taken to arrange with some of the steam-

ship companies for the through transportation of both passengers and goods from both Europe and America. Both by home construction and purchase from abroad the comfort and convenience of the passenger coaches have been greatly improved. It used to be a common sight to see the third-class passengers huddled in open box cars under the burning sun or in the pouring rain of the summer, and the piercing cold and sleet and snow of North China. But since the Revolution, in spite of all sorts of financial troubles, the Republic has succeeded in providing both cover and seats for third-class passenger traffic. Sleeping accommodation has been added, which has given a great impetus to long-distance travel.

#### UNIFICATION MOVEMENT.

Last, but not the least, is the unification movement which has been undertaken. The first problem taken up was that of unifying the railway accounts and statistics. On account of the lack of intelligent understanding and proper control, formerly the railways were left to themselves to design and keep their accounts and statistics in their own way. Consequently the accounts and statistics of each road were different from those of all the rest. There were the so-called British, Indian, Belgian, German, Japanese, and Chinese systems of accounts in use in the different railways. Moreover, in some cases, the accounts and statistics of each road also were changed from year to year. To this must be added the confusion resulting from the use of so many different languages, chief among which are Chinese, English, French, German, and Japanese. In such circumstances it was exceedingly difficult to exercise any effective control of this important branch of railway administration by any one central authority; and it was impossible to make any use of the accounting and statistical records of the different railways in making comparisons, etc. The Republican Government saw the seriousness of this lack of system, and in the second year of its existence a Commission, consisting of the important accounting officers of the Central Government and the chief accountants of the important railways, was organized to unify the railway accounts and statistics. The Director General of Railways, Mr. Yeh, and the assistant general manager of the Peking-Hankow Railway, Mr. C. C. Wong, an honors graduate of Yale and Ph. D. of Illinois, who spent eight years in Europe and America in making a special study of railway administration and finance, were appointed presidents of the Commission, while Dr. Henry C. Adams, for years the expert in charge of railway accounts and statistics of the Interstate Commerce Commission of the United States, was appointed adviser. The Commission went to work without delay, and to-day all the railways in the country, whether they are managed by Chinese, British, Belgian, German, or any other nationality, have adopted a uniform system of accounts and statistics as recommended by that Commission, and good results are already forthcoming.

The Government is also taking steps to unify all the engineering standards. It aims to bring all the railways into harmony with one another as units of a national system instead of permitting them to remain isolated, independent lines.

#### THE NEED OF MORE RAILWAYS.

What the Republic has done in the short period of three and a half years and under unusual difficulties may indicate what it will do in future. About 5,000 miles of railway are now in operation, about 7,000 miles are "concessioned" or under construction; but in order to equip the country with adequate transportation it will be necessary to add at least another 10,000 or 15,000 miles to these operating and projected lines. The following table will suggest China's need of railways:

Country	Population	Area square miles	Mileage of railways	Number of square miles to one mile of railway	Population to one mile of railway
Japan.....	42,290,606	162,655	4,237	38.38	10,446.21
India.....	231,899,507	1,087,204	28,956	40.33	8,602.89
Russian Empire.....	128,161,249	8,379,044	37,930	220.90	8,378.88
China and Manchuria	372,000,000	1,780,000	5,000	356.00	77,114.42

It is China's aim to build the necessary mileage as rapidly as practicable.

It is well known that China's own financial strength is far from being sufficient to carry out the necessary programme. Capital must be forthcoming from other countries. As railways in China have been shown to be profitable investments, and if properly managed cannot fail to yield good returns on the invested capital, and as railway loans to China bring to the lending country far more benefit than the mere specified rate of interest, the so-called "battle of concessions" for railways in China is bound to renew itself with enhanced fierceness soon after the war is over. In fact, one Power in the Far East has taken advantage of the European complications and has already started to steal a march on its competitors. It will therefore be interesting to examine briefly what railway loans to China mean to the lending countries as well as to see what share Great Britain has had and should have in this forthcoming great railway expansion in China.

#### SIGNIFICANCE OF RAILWAY LOANS.

We have on several occasions used the word "concession." It must be stated that this word is rather loosely applied. Roughly speaking, there are at least three meanings to this word as it is applied in this connection.

Firstly, there is the case of the real concession, which gives the concessionaries the right to finance, build, and manage the line as they please, and which deprives China of all control and profits. Such concessions seriously prejudice China's sovereign rights within the territory through which these railways run. The worst cases are the concession for the Chinese Eastern Railway, which connects Changchun and Manchuria with Vladivostok, which was granted in 1896, entirely for political reasons; that for the South Manchuria Railway, connecting Dalny, Mukden, and Changchun, which was exacted by Japan for fighting against Russia in 1905; and that for the German railways in Shantung, which was exacted from China as a partial payment for the lives of two German missionaries who were murdered in the interior by robbers. These railway concessions are really "means to an end, an incident in a larger policy, which can only be described as in intention a policy of colonization." Germany, Japan, and Russia have been following this policy; and what they aim at is to secure such a complete hold or monopoly as to exclude not only other foreigners but the Chinese themselves.

The second kind of concession is in the nature of underwriting contracts. A certain line is specified. An agreement is made between the Chinese Government and the contracting syndicate, according to which the latter undertakes to float a loan of so many million pounds, repayable at a certain specified time, and bearing interest at the usual rate of 5 per cent. per annum. For its services in floating the loan, the syndicate is usually given a commission equal to about 2 to 5 per cent. of the normal value of the loan. Furthermore, the syndicate is often also given the agency for the purchase of materials which may be required by the specified railway from abroad; and for the service another commission equal to about 5 per cent. of the net original cost of the materials is charged. The agreements usually stipulate that, price and quality being equal, the manufacturers of the country in which the loan is floated should be given the preference over those of all other foreign countries. This provision has proved, and

will in the future prove, to be a great boon to the manufactures of the country so favored. The agreement generally states that the chief engineer and the chief accountant should be selected conjointly by the Chinese Government and the Syndicate, and that they should be subjects of the lending country. Other important officials must be experienced and properly qualified men from China or abroad.

As to the security, besides a first lien upon the whole railway property and its earnings, the Government always unconditionally guarantees the proper payment of interest and repayment of principal. Sometimes a sufficient amount of revenue from specific sources is even ear-marked as additional security over and above the railway itself. It is this kind of "concession" which has been giving the greatest success and satisfaction. The Peking-Mukden, the Tientsin-Pukow, the Nanking-Hunan, and the Hukwang railways are all of this kind. Great Britain, America, and to a less degree Belgium and France have been following this policy. It may be added that this form of arrangement for the finance and administration of railways has been highly endorsed by different observers, and there is every indication that this form of arrangement will be adopted entirely hereafter by the Chinese Government.

The third kind of agreement or "concession" is similar to the second, with the principal difference that it carries with it the right for the syndicate to construct the line entirely at the expense of the Government, and in return for its supervision services the syndicate is allowed a commission equal to about 5 per cent. on the actual cost of the construction of the line.

#### CONCLUSION.

A system of State railways has been evolved. Some ten or twenty thousand miles of trunk line must be built within the coming ten or fifteen years. With this railway expansion the market in China must grow a hundredfold.

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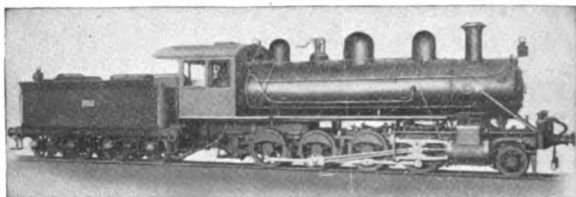
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